

**From:** [Howard M Headlee](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Comments on Notice of Proposed Field of Membership Rulemaking  
**Date:** Friday, February 05, 2016 9:06:32 AM

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Gerard Poliquin  
National Credit Union Administration  
Alexandria DC 22314

## Comments on Notice of Proposed Field of Membership Rulemaking

Dear Gerard Poliquin:

Dear Mr. Poliquin:

As a banker, I am concerned about the impact of further expanding the credit union industry's potential field of membership through the proposed rule on Chartering and Field of Membership. The provisions of this proposal, when implemented all together, would provide federal credit unions with the opportunity to increase membership drastically, resulting in a broad expansion of the credit union industry's tax subsidy.

- Your proposal would result in fields of membership much larger than most of the footprints of the tax-paying banks in Utah. This will result in much broader tax-subsidized competition than currently exists, something Congress has specifically tried to limit.
- The proposed rule defy federal court rulings here in Utah in its proposal to treat a Combined Statistical Area and a Congressional District as a well-defined local community. In addition, the proposal expands the rural district population limit by four times the current threshold to one million.
- Congress has kept in place advantages for the credit union industry, but those advantages come with limitations, including the size of the institutions and scope of activities. Congress understood that if community credit unions were to fulfill their public mission, there needed to be a legitimate shared bond among members, even amending the FCU Act in 1998, to include the term "local." Combined with the terms "well-defined," it is clear Congress intended to impose finite and narrow limits on the area that a community credit union may serve. This proposal goes beyond any reasonable definition of local and well-defined.
- Congress deliberately instructed NCUA through the FCU Act to keep credit unions small and focused on providing services to specific groups that lack other access to financial services. The proposal would disregard this Congressional directive by modifying NCUA's process for assessing stand-alone feasibility of groups that seek to be added to the field of membership of an existing multiple common bond credit union by allowing a streamlined determination for groups with between 3,000 and 4,999 potential new members.

This letter demonstrates that such a broad expansion of authorities as proposed greatly undercuts Congressional-mandated limits on field of membership and will lead to a broad expansion of the credit union industry's tax subsidy—already valued at \$26.75 billion over

the next 10 years. This abuse of regulatory authority has vast implications for both marketplace dynamics and the potential increase of tax subsidies at a time when governments are working with large budget deficits. It is clear that the NCUA Board has blatantly disregarded Congressional intent and is overstepping its regulatory reach.

When will you see that your actions are actually destroying the credit union industry and the value it provides to Americans who might otherwise have no access to credit other than through a meaningful affinity or bond. You are creating an industry of tax-exempt banks. Do you not realize that you are forcing Congress to address this egregious example of tax-subsidized competition just as they have multiple times in different industries before? You are fools if you think that the favor you have traditionally found among elected officials knows no bounds. Your policies blur the distinctions between banks and credit unions for the general public and will eventually yield the same outcome with Congress.

Sincerely,  
Howard M Headlee  
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