

From: [Ann Dubie](#)
To: [Regulatory Comments](#)
Subject: Comments on Voluntary Mergers of Federally Insured Credit Unions
Date: Monday, July 31, 2017 5:43:48 PM

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Dear Mr. Poliquin:

I am writing in support of The Illinois Credit Union League position on the *Proposed Rulemaking on Voluntary Mergers of Federally Insured Credit Unions: RIN 3133-AE73*.

NuMark Credit Union, an Illinois State Chartered Credit Union is the perfect example of why the merger of two healthy credit unions with common fields of membership and culture should not be restricted by the proposed changes to NCUA Rule 708b. Members Equity and Dynamic Credit Union were among the first “Mergers of Equal” in the State of Illinois in 1996. The merger of these two healthy credit unions met with strong objections, but the single biggest question that the regulators had was, “Why would two healthy credit unions want to merge?” The response then was much the same as the response would be today. We had much in “common” with our merger partner: Our SEG base, a similar geographic footprint, a retiring CEO, and difficulty seeking qualified/ DEDICATED volunteers. More than 20 years later I believe the numbers speak for themselves, the economies of scale, branch expansion, the merging of the two Board of Directors resulted in a much stronger management and board committed to the future of “NuMark Credit Union and its members.”

Today, NuMark CU is one of the strongest credit unions in the State of Illinois. The Board of Directors exercised sound business judgment, they had a vision for our members and could see past the regulatory roadblocks and did what was in the best interest of our members and for the future of the two credit unions. Many smaller mergers have come since that time, but the single most impactful merger was that of the merger of equals. As we continue to see burdensome regulatory oversight, compliance regulations, increasing technology costs, challenging recruitment/retention of senior management, and the fiduciary responsibility of a volunteer board of directors, mergers of healthy credit unions will be a part of our future and should be entrusted to the respective Board of Directors of the merging credit unions with the best interest of their members.

The Board of Directors of NuMark Credit Union concurs with the following points outlined by the Illinois Credit Union League:

- (1) The rulemaking should not apply to FISCUs.
- (2) The expanded definition of “merger-related financial arrangement” is problematic, because it will generate an over-disclosure of financial information that will be confusing and irrelevant to the membership of the merging credit union.
- (3) The current standard for disclosure of “merger-related financial arrangements” is the “but-for” test. In determining whether such compensation exists that requires disclosure, the NCUA evaluates whether the senior management official or director would not otherwise receive the compensation “but for” the merger. That standard (and the existing materiality threshold of an increase in compensation of the greater of 15% or \$10,000) should be preserved. Further its scope should be clarified to limit disclosures to financial incentives that go beyond the benefits offered to other similarly situated management employees in the continuing credit union.
- (4) The creation of pre-merger/post-merger standards with no “but for” test for pre-merger compensation and no materiality threshold will complicate compliance, not simplify it.
- (5) The best assurance that the interests of the merging credit union membership are protected is the oversight and sound exercise of judgment provided by the board of directors of the merging credit union, not more and more federal regulations. The NPRM contains elements that undermine the authority of the board and the trust and confidence the membership places in the board.
- (6) The proposed member-to-member communication process is ill-advised and unworkable. It will generate the merger timeline complications and other problems that are acknowledged in the NPRM.
- (7) The merging credit union membership vote required to approve the merger should remain a majority of the members who vote, not a majority of the entire membership.

Please consider the comments of the credit unions that are working diligently every day to make a difference in the lives of our members, and ask that this additional regulatory oversight NOT apply to FISCUs. Thank you for your time and

consideration.

Sincerely,

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