

CROSS FINANCIAL SERVICES

Accounting † Consulting † Investing

August 7, 2017

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA. 22314
Via e-mail

Dear Mr. Poliquin,

Thank you for the opportunity to provide feedback regarding the proposed rule changes for “Voluntary Mergers of Federally Insured Credit Unions.” Cross Financial Services provides outsourced CFO, accounting, consulting and investing services to financial institutions. We believe that credit union mergers are likely to become more common place due to the necessity for efficiencies of scale. While we believe that there is a place for all sizes of organizations, the smaller a credit union is, the more difficult it can be to be efficient, which ultimately often results in higher costs to members. Therefore, we believe that the rules regarding voluntary mergers are more important than ever, so we appreciate your attention to them. Our comments will be brief.

We support increasing the transparency of merger details for CU members. The proposed changes combined with the current rules generally accomplish this. We have concerns with two specific points – 1. Member to member communications and 2. Disclosure requirements of merger related financial arrangements.

The proposed structure for member to member communications seems to serve as an invitation to create a battlefield funded by the credit unions, which is ultimately the members. It seems that the boards of directors are in place to make such decisions in the best interest of the members, which combined with the regulatory agencies’ approval or denial authority appear to be sufficient in our opinion. Members who do not agree with a proposed transaction may voice their opinions through publicly available media points as well as through direct communication with the credit union management and board.

The disclosure requirements of merger related financial arrangements are a double edged sword. While we understand the spirit of the proposal to foster good corporate governance and to avoid self-interest, we would again suggest that the role of the fiduciary boards of directors along with the oversight of the regulatory agencies should be more than sufficient to keep those issues in check. Disclosing such levels of personal compensation seems to be overreaching.

We greatly appreciate the opportunity to serve the industry and to provide input on this important topic. If you would like to discuss or would like us to expand on our thought process regarding the issues above, please feel free to call me at 317-560-4045 or email me at jeff.joyce@cross-financial.com at any time.

Very Truly,

Jeff Joyce
President