



Where you're more than a credit score.

Marine Credit Union  
811 Monitor Street  
La Crosse, WI 54603

August 7, 2017

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

RE: Notice of Proposed Rulemaking on Voluntary Mergers of Federally Insured Credit Unions (12 CFR Parts 701, 708a and 708b); (the "Proposal")

Dear Mr. Poliquin:

On behalf of Marine Credit Union, I offer the following comments regarding the Proposal as it relates to Disclosure, Merger Related Financial Arrangements (MRFAs), Notice Period and Member to Member Communication (MTM). We appreciate the opportunity to provide input and be heard as NCUA addresses this important matter.

Marine Credit Union is a \$700 million asset FISCU (WI) serving over 60,000 members and has participated in multiple mergers over the past two decades. These mergers have strengthened our credit union, improved offerings and convenience and preserved credit union service in markets where no others operate branches, such as small towns in Minnesota and Iowa and an inner-city branch in Milwaukee, WI.

Consolidation through the democratic process of voluntary mergers has been and should continue to be an important process, serving to strengthen our industry. With nearly 6,000 credit unions at present – half of which are under \$30 million – the current environment of increasing regulation, technology and competition from non-traditional providers leaves many smaller credit unions few viable options. We fear the Proposal will serve to quash healthy merger conversations among credit unions that could lead to healthier institutions providing better value to their members.

Specifically to certain points raised in the Proposal:

**FISCUs**

We do not believe the proposal, however modified, should apply to Federally Insured, State-Chartered Credit Unions. In all mergers wherein a FISCU is merging into a Federally Insured Credit Union (FICU), NCUA is already involved in the approval process in the name of safety and soundness. We fail to see how application of this Proposal would further enhance the agency's responsibility as an insurer.

Further, as a Wisconsin State-Chartered institution, we are subject to merger rules promulgated by our own legislature and the Wisconsin Department of Financial Institutions.

**Covered Person**

We support the improved definition in this section and agree with other commenters who have suggested NCUA use the lower of the five (5) executives as proposed OR the threshold defined by the IRS for

Where you're more than a credit score.

completion of the 990 could be a reasonable benchmark for inclusion. We would not support on grounds of complexity differing definitions based on credit union size.

### **Merger Related Financial Arrangement**

We believe the current rule makes additional monetary clarification unnecessary, as it already requires disclosure based on straightforward calculations of income/benefit increases. The current rule itself could be clarified, however to:

1. State that the threshold is the pay rate for a comparable position at the continuing credit union, thus demonstrating to members the true “benefit” to the executive of the merger transaction.
2. Increase the 15% / \$15,000 threshold to keep pace with increases in executive pay and benefits since the original rule was implemented.

We strongly disagree with any consideration for disclosure of salary information below the most senior level executives. Transparency is important, but so is privacy. Staff below the senior level likely had no input into the merger decision and should not be thus inconvenienced.

### **Timing of Notice for Special Meeting**

We support the Proposal’s efforts to ensure inclusion by extending the notice period to 45 days.

### **Member to Member Communication**

This part of the proposal is burdensome at best and will likely create reputation and litigation risk. We see a scenario where a merger agreement negotiated in good faith by democratically elected boards with significant fiduciary responsibility for their decisions is batted around publicly by ill-informed members, competitors, disgruntled former employees or members. One can anticipated the arrival of the anti-merger carpet-baggers as we saw in the “heyday” of credit union to bank conversions. The reputational damage done in this process could: a) leave a credit union that a well-intentioned Board of Directors knew ought to merge to struggle on its own, and b) frighten other such credit unions into solitude and death by a thousand cuts.

The proposal puts NCUA in a position to be arbiter of comments for and against a proposed merger. The law makes clear this is the Board of Directors’ responsibility.

In closing, we thank you once again for the opportunity to comment on the Proposal, which we believe is very important to Marine Credit Union and the credit union industry. Please do not hesitate to contact us if we can provide further clarity or more information on this issue.

Respectfully,



Shawn L. Hanson  
CEO  
Marine Credit Union  
Shanson@marinecu.com  
O: 608.791.1310