

June 10, 2005

Proposed Rule for FDICIA Disclosures, Matter No. R411014
Federal Trade Commission
Office of the Secretary
Room H-159 (Annex A)
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580



RE: Proposed Rule for FDICIA Disclosures – Matter No. R411014

Dear Secretary:

Our credit union currently has \$91,614,448 in assets and serves 23,193 members representing three local school systems, three local city groups, the three campuses of Cuyahoga Community College and the community of Cuyahoga County. Our credit union has been privately insured for over 25 years. I wish to address several issues involved in the proposed rule for FDICIA disclosures – Matter No. R411014.

ISSUE #1 – PAST COMPLIANCE AND RECORD DESTRUCTION – In 1994 PSE Credit Union, Inc. complied with the requirements of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA,) by mailing three sequential notices to our then-current members, seeking their signed acknowledgments in recognition of the credit union's coverage of private insurance and not federal insurance. At that time, the credit union had 18,813 members. Cost for the process was substantial given three mailings including postage, envelopes, printing and mailing services. Having been involved in the process, I can emphatically state that only a handful of members called regarding the notice and of those most inquired as to "WHY" a notice was being sent at all! After the process, records were retained and eventually destroyed in accordance with our record retention policy.

Since that time, PSE Credit Union has followed all compliance regarding disclosure requirements of FDICIA with respect to all current and new member knowledge of our private insurance choice. Member statements have the required verbiage in two spots on the first page of every statement. Membership cards require member initials indicating their direct knowledge of non-federal insurance.

ISSUE #2 – MERGER REQUIREMENTS – Having been involved in the merger of a federally insured credit union into our own credit union, it is obvious that sufficient notice is given to members involving the change of insurance protection from NCUA to

Proposed Rule for FDICIA Disclosures, Matter No. R411014
Federal Trade Commission
Office of the Secretary
June 10, 2005
Page 2

ASI. Further notice after a merger would, indeed, be burdensome in cost and time and definitely unnecessary additional regulation. Requiring all members to sign acknowledgements would be a futile attempt. Members would be annoyed and find the regulation as unwarranted government paperwork.

ISSUE #3 – DISCLOSURE SIGNAGE ON ATM’S – PSE Credit Union currently owns four ATM’s and has partnered with Key Bank to use all 1,450 of their ATM’s. We are also a member of the STAR ATM Network, a privately held company that has numerous banks, savings and loans, and credit unions as participating members. To place notice on our ATM’s would clearly cause confusion to those using our terminals when the individual’s account may, indeed, be at a federally insured institution. The citizens that you represent need to be able to access their funds at as many terminals as possible without being confused by a provision that is anti-consumer in nature and defeats the true intent of the law to broaden consumer awareness.

ISSUE # 4 – ADVERTISING DISCLOSURES – At PSE Credit Union we are very conscientious about insurance knowledge on the appropriate marketing pieces. Clearly, it is impractical and has no intrinsic value to post such notices where it is not physically conducive; such as pens, golf caps, mugs, credit union shirts, etc. To resolve this obvious dilemma the NCUA and the FDIC have established somewhat similar lists of deposit insurance disclosure statement exemptions. We would request that the FTC give due consideration to these regulatory exemptions/exclusions in finalizing its rule affecting privately insured credit unions (NCUA rule 740 and FDIC Rule 328.)

Regarding printed materials, we do see the logic in posting such disclosure in member newsletters and other printed materials that promote savings account investments or display current or promotional interest rates on savings. However, we see no reason to include such disclosures on loan promotional materials, such as VISA card or mortgage loan advertisements. These materials have no consequence on a member’s depository relationship with the credit union. To clarify this issue, we would propose that the final rule contain language requiring such disclosure only on printed or electronic materials (websites or broadcast media) that mention share or deposit accounts or deposit account rates.

PSE Credit Union does support the FTC’s proposed rule governing consumer disclosure requirements as they relate to privately insured credit unions; specifically the FTC’s position as to what constitutes “conspicuous disclosure.”

Proposed Rule for FDICIA Disclosures, Matter No. R411014
Federal Trade Commission
Office of the Secretary
June 10, 2005
Page 3

I applaud the FTC's taking into consideration comments from privately insured credit unions and I trust that your true intention is to protect the citizens you represent. I also embrace the fact that our country is built upon choice and that the quality of a financial institution is NOT the insurance it holds or the disclosures it makes available. The quality is in its management, its board of directors and in the decisions they make. The safety and soundness of the financial institution can only be secured by adequate oversight of high quality audit practices and the integrity of all those in control.

Sincerely,

PSE CREDIT UNION, INC.

Jañice L. Thomas
President/CEO

JLT/gm