

July 8, 2013

The Honorable Debbie Matz, Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Dear Ms. Matz:

The American Bankers Association (ABA)¹ has become aware of almost fifty federal credit unions that are allowing anyone to join their credit unions through the American Consumer Council (ACC). It appears that these federal credit unions have partnered with ACC for the express purpose of qualifying individuals, who otherwise are ineligible, for credit union membership. In fact, some of these credit unions advertise on their websites that if you are not eligible to join through any of the listed groups or affiliates, you can join through ACC.

However, the addition of individuals through ACC appears to contradict congressional intent that there needs to be a genuine affiliation between credit union members, in order for credit unions to fulfill their public mission.

As best as ABA can tell, ACC was added to these federal credit unions' fields of membership via the associational common bond. NCUA's Chartering and Field of Membership Manual states the following regarding associational groups:

“The common bond for an associational group cannot be established simply on the basis that the association exists. In determining whether a group satisfies associational common bond requirements for a federal credit union charter, NCUA will consider the totality of the circumstances, which includes:

- Whether members pay dues;
- Whether members participate in the furtherance of the goals of the association;
- Whether the members have voting rights. To meet this requirement, members need not vote directly for an officer, but may vote for a delegate who in turn represents the members' interests;
- Whether the association maintains a membership list;
- Whether the association sponsors other activities;
- The association's membership eligibility requirements; and
- The frequency of meetings.”

¹ The American Bankers Association represents banks of all sizes and charters and is the voice for the nation's \$14 trillion banking industry and its two million employees. The majority of ABA's members are banks with less than \$165 million in assets. ABA's extensive resources enhance the success of the nation's banks and strengthen America's economy and communities.

However, ACC on its website states “if your intention is to join one of our participating credit unions, or if you are already a member of a credit union, **you can join for free!** (emphasis added)”

So if a person is not charged membership dues for joining one of ACC’s participating credit unions, then what other factors did NCUA consider in determining that ACC satisfied the associational common bond requirement?

ABA is requesting that NCUA disclose its legal analysis on how ACC satisfies the associational common bond requirements.

In conclusion, ABA is concerned that some federal credit unions may be adding ACC for the expressed purpose of circumventing field of membership restrictions. There needs to be a meaningful affinity and bond among ACC members so as to satisfy the associational common bond requirements. Membership in ACC needs to be more than the checking of a box on a credit union’s membership application.

Sincerely,



Keith Leggett
Vice President and Senior Economist