

October 16, 2013

John Ryan
President & CEO
Conference of State Bank Supervisors
1129 20th Street, NW
Washington, D.C. 20036

Dear Mr. Ryan:

The American Bankers Association (ABA) is seeking the assistance of your association members to stop impermissible advertising by state chartered credit unions stating that anyone can join—an action that would be consistent with that taken by the National Credit Union Administration (NCUA) for federal credit unions.

As you are aware, credit unions are required to have a common bond. Stating that “anyone can join” without limitation *misrepresents* this common bond requirement. In September, the NCUA wrote federal credit unions stating that “[i]f your credit union is advertising that anyone, without limitation, is able to become a member of your credit union, then you may be in violation of federal law and regulation.” ABA strongly endorsed NCUA’s action to ensure membership standards are upheld.

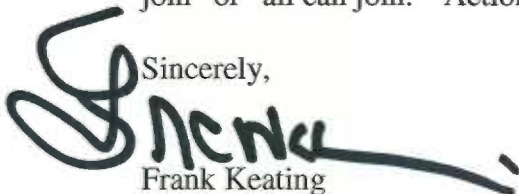
However, NCUA’s admonishment of some Federal credit union practices does not apply to approximately 2,600 state chartered credit unions.

Most state banking departments also regulate state chartered credit unions. ABA believes that a notice similar to NCUA’s should be sent by state regulators to assure compliance with the common bond requirements which is so central to all credit union charters, state or federal.

We would note that at least one state regulator, California, has already taken this important step. The California Department of Financial Institutions in its April 2013 DFI Monthly Bulletin wrote about impermissible advertising campaigns by credit unions stating that “everyone can join” or “all individuals can join” the credit union.

Given the valuable taxpayer subsidy that credit unions receive, we believe supervisors of state chartered credit unions have an obligation to ensure that membership standards are upheld. ABA strongly urges CSBS to support this effort to assure compliance with law and consistency with federally charter credit union regulators. No credit union should be advertising “anyone can join” or “all can join.” Action to stop any such practice is needed.

Sincerely,



Frank Keating