



Mutual Alert

AMB and ICBA Mutual Committee Send Joint letter to OCC Acting Comptroller Opposing Approval of Credit Union Acquisition of Brainerd SL F.A.

The Mutual Council of the ICBA and the AMB have collaborated in their review of the legal and policy considerations involved in the proposed acquisition by Wings Financial Credit Union of Brainerd SL, F.A., Brainerd, MN. The two groups in a joint letter, a copy of which is attached, call on Acting Comptroller Michael Hsu to immediately pause regulatory consideration of the application by Brainerd SL to liquidate until disposition of pending FOIA requests in order to provide transparency to the public to adequately assess the compliance of the proposed transaction with legal requirements and its impact on the public interest.

In their letter dated today, Thomas Fraser, Chairman of ICBA's Mutual Council and Leonard Stekol, Chairman of AMB, express a variety of concerns arising from information appearing in public announcements. They state:

In addition to the troublesome systemic impact on the mutual banking industry, the nature of the transaction raises troubling precedents regarding depositor rights in the distribution of a mutual institution's residual assets. The OCC administers a complex and systematic regulatory scheme to regulate the treatment of member rights in mutuals. Its regulations cover every aspect of a mutual's lifespan from the corporate cradle to the corporate grave. Conversions to stock, merger conversions and voluntary liquidation are transactions which receive special scrutiny in order to prohibit depositor windfalls or insider advantage. The absence of public information supporting the proposition that the proposed transaction involving a viable mutual is consistent with this regulatory scheme does not serve to affirm longstanding precedents involving the treatment of member rights.

We are pleased to join with the ICBA in raising issues of significant importance to mutual institutions before the Bank regulatory agencies and look forward to continued collaboration. We urge you to consider the concerns raised in today's letter and express your views to the OCC.

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