



Florida Credit Union League
NEWS RELEASE

FOR IMMEDIATE RELEASE
For Further Information Contact:
Mark Ivester—(850) 576-8171
or 1-800-342-1266
November 7, 2005

FCUL BOARD ADOPTS CONVERSION POLICY

Tallahassee—Saying that the only thing that matters is what is in the best interest of a credit union's members, the Florida Credit Union League Board of Directors has unanimously adopted a policy that states that it sees no set of circumstances under current law and regulations where members are better off converting the credit union to a bank charter. The policy was adopted at the FCUL Board's quarterly meeting on November 2.

FCUL Board Chairman Trudy Prince said it was vital for the Board to state a policy on this issue.

"The Board feels strongly that the League has a role," said Prince, "to support a structure that provides information resources for credit unions, their members and boards, should they contemplate seeking a charter conversion."

The policy, adopted after a three-month review by the Board, begins by stating that the League "believes that the member-owned, not-for-profit credit union charter is the charter of choice for providing the public with consumer-friendly financial products and services."

Acknowledging that credit unions currently face more restrictions on their operations than do mutual savings banks or commercial banks, the policy states that "research has confirmed that even with these greater restrictions, the credit union charter provides by far the best deal for credit union members...Credit unions are able to offer a far better economic return to their members than would be possible for a stock owned bank or a mutual thrift."

The policy position recognizes that even more onerous restrictions or policies, such as removal of the credit union tax exemption, might alter the environment currently enjoyed by credit unions. In that extreme scenario, it is possible that for the benefit of the members a conversion is the right choice, therefore, the FCUL Board policy continues to support the existence of the conversion option. However, the Board believes that such a possibility should exist only as a "safety valve" and it cannot be misused by current credit union management.

In order to protect the interests of credit union members, the policy states, the Florida Credit Union League will:

- Continue to seek legislative and regulatory changes (state and federal) that will make the advantages of the credit union charter even stronger.
- Provide credit union officials with information and persuasion prior to any decision to convert.

- Pursue state and federal regulatory changes to strengthen conversion disclosure requirements to ensure that members are more fully informed about their ownership interests and the consequences to them of a conversion.
- Work with state and federal regulators to address guidelines that ensure an open and fair voting process.
- Illuminate credit union directors' fiduciary responsibility to protect the members' interests by advocating for:
 - Disclosures of personal conflicts of interest.
 - Providing alternative structural mutations which might include merger, liquidation, dividend prior to conversion, etc...
- Seek ways to eliminate any unjust enrichment of insiders in credit union conversions or in subsequent conversions of the thrift to stock ownership.
- Express fact-based opinions to the media regarding the value of the credit union alternative as well as the importance of complete, fair and balanced disclosures, the avoidance of undue enrichment on the part of any credit union official, and the need for a fair voting and conversion process in order to protect the interests of all members.
- Direct members, the media, and the general public to a central repository of information regarding conversions and their impact on credit union members.
- Direct members opposing a conversion to information resources.

The policy takes effect immediately.