



Credit Union National Association

[cuna.org](http://cuna.org)

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PRESIDENT & CEO

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June 16, 2010

The Honorable Barney Frank  
Chairman  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Christopher Dodd  
Chairman  
Committee on Banking, Housing and Urban Affairs  
United States Senate  
Washington, DC 20510

The Honorable Spencer Bachus  
Ranking Member  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Richard Shelby  
Ranking Member  
Committee on Banking, Housing and Urban Affairs  
United States Senate  
Washington, DC 20510

Dear Chairmen Frank and Dodd, and Ranking Members Bachus and Shelby:

On behalf of the Credit Union National Association (CUNA), I am writing regarding the House Offer for Subtitle E of Title IX of the Conference Base Text of H.R. 4173, the Wall Street Reform and Consumer Protection Act. CUNA represents nearly 90% of American's 8,700 state and federally chartered credit unions and their 92 million members.

We understand the concern some have regarding the effect compensation structures that encourage excessive risk-taking have on the safety of financial institutions and the economy. We applaud efforts to address these egregious practices. However, we oppose the inclusion of this language, as it would apply to credit unions, because the provision is unnecessary and will add to an already overwhelming regulatory burden for credit unions.

The language is unnecessary because the credit union structure combined with strong compensation regulations already in place have resulted in credit unions being largely immune from both excessive and unsafe risk-taking and from the criticism assigned to for-profit financial services providers. As you know, credit unions are unique, member-owned, not-for-profit, financial cooperatives, and they simply do not have the same operational motives as for-profit depository institutions. For example, stock options are simply not an option at credit unions. As a result, credit unions are risk-averse institutions operating in the best interest of their members. Further, the compensation structure of credit unions is not only less aggressive than the for-profit financial institutions, it is also more modest. According to our most recent survey of our members, the median salary for a credit union CEO is approximately \$71,000; the average salary is approximately \$93,000.



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The House Offer for Subtitle E of Title IX, as it applies to credit unions, would at best be duplicative of current regulations and at worse could increase the cost and regulatory burden for credit unions. The National Credit Union Administration Board (NCUA) already has compensation regulations in place that are designed to prevent the types of dangerous compensation structures that exist in other sectors. These include Section 701.21(c) of NCUA's Rules and Regulations, compensation prohibitions for officials and employees in connection with any loan or line of credit to members; Section 701.33, compensation prohibitions and other provisions regarding credit union board members; and Section 712.8, compensation prohibitions concerning credit union employees or board members from credit union service organizations in which the credit union has an outstanding loan or investment.

Credit unions are a sector of the financial services industry that neither caused the economic crisis nor engaged in the type of compensation arrangements that this language seeks to address. Therefore, we urge the Conference Committee to reject either the House Offer or amend it to exclude credit unions from its scope.

On behalf of America's credit unions, I appreciate your consideration.

Sincerely,

A handwritten signature in black ink that reads "Daniel A. Mica". The signature is written in a cursive, flowing style.

Daniel A. Mica  
President & CEO

cc: Members of the Conference Committee on H.R. 4174, the Wall Street Reform and  
Consumer Protection Act