

Securing a Successful Mutual Savings Bank Charter Conversion

In late January, for the first time, the National Credit Union Administration disapproved the methods and procedures employed by a credit union in its proposed conversion to a mutual savings bank. According to the NCUA, there were several missteps by the credit union in soliciting and conducting the membership vote and in providing appropriate disclosure to its members.

Regardless of whether that credit union ever attempts another membership vote, the NCUA's disapproval letter provides important guidance on the voting process that should not be ignored by other credit unions considering the mutual savings bank charter.

Luse Gorman Pomerenk & Schick has added the following dates to its complimentary seminar schedule to address the importance of advance planning in securing the member vote on a charter conversion. The remaining seminars are as follows (with locations in the cities to be determined near the seminar date):

- Los Angeles, CA – May 14th
- Jacksonville, FL – June 21st
- Los Angeles, CA – July 16th
- Washington, DC – September 10th
- Chicago, IL – October 15th
- New York City – November 19th

At these seminars you will have the opportunity to meet in an informal setting and learn about the mutual savings bank charter and the conversion process firsthand from experienced professionals providing objective and unbiased information.

Topics covered will include:

- the benefits of the mutual savings bank charter;
- securing a successful charter conversion;
- the mutual holding company structure and the opportunity for growth;
- how to raise capital and remain in mutual form;
- the benefits of mergers between credit unions and mutual savings banks;
- working with the new NCUA disclosure rules on conversions; and
- the credit union hidden tax.

As part of our national financial institutions practice and our charter conversion services to credit unions, Luse Gorman Pomerenk & Schick is pleased to announce that Richard S. Garabedian, recognized by the *American Banker* as the leading authority on credit union conversions to mutual savings banks, has joined the firm as a partner. Mr. Garabedian was instrumental in drafting the charter conversion

provisions of H.R. 1151. Together with Robert B. Pomerenk, also a partner of Luse Gorman Pomerenk & Schick, they have completed 14 conversions, almost four times as many as any other lawyers in the United States. The attorneys at Luse Gorman Pomerenk & Schick have successfully obtained NCUA approval on every charter conversion they have handled.

Luse Gorman Pomerenk & Schick has more experience than any other law firm in the charter conversion area. Just as important, for those credit unions seeking growth through the mutual savings bank charter, Luse Gorman Pomerenk & Schick's work *following* the charter conversion is unmatched by any other firm:

- Most experienced firm in forming mutual holding companies and raising capital for mutual holding companies and mutual savings banks – more than 70 transactions in the past 10 years, with over \$1.5 billion raised in the past two years alone.
- Most stock offerings by mutual savings banks in 2001, 2002 and 2003.
- Most former credit unions that have issued or are in the process of issuing common stock: Affiliated Bank, Allied First Bank, Kaiser Federal Bank, Atlantic Coast Federal and Monadnock Community Bank.

merger transactions completed.

- Ranked among the top ten law firms in mergers and acquisitions for each of the past three years, with over 20 transactions worth \$3 billion from 2002 through the first quarter of 2004.

No other law firm brings together this level of expertise on charter conversions, mutual holding company formations, capital raising and mergers and acquisitions.

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If you have any questions about the mutual savings bank or mutual holding company charter, or would like to register for a seminar, or if you would like to be included in future distributions on this or related topics of interest, please contact one of the following partners of the firm:

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- Most credit union and mutual savings bank