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April 8, 2008

The Hon. Henry M. Paulson  
Secretary of the Treasury  
1500 Pennsylvania Ave, NW  
Washington, DC 20220

Dear Mr. Secretary:

The changes you propose in your report "The Department of the Treasury Blueprint for a Modernized Financial Regulatory Structure," would inevitably lead to the destruction of credit unions in the United States. Many of them, like our own, have served the most underprivileged communities for the past few decades.

If adopted, the report's recommendations would force credit unions to become banks, under the label of Federally Insured Depository Institutions ("FIDIs"), unless they pass some new series of tests. These FIDIs would be fully taxed and would lose the unique characteristics of today's credit unions.

Credit unions are tax exempt not because of the types of products and services they offer, but because of how they offer those services: as member-owned, not-for-profit cooperatives - generally with volunteer boards of directors - which do not seek to provide a return to third-party investors. These characteristics enhance the credit unions' fiscal responsibility and have helped many of them, including our credit union, to escape the pitfalls of the recent sub-prime lending fiasco. In majority, the credit unions practices should be looked at as a model for ensuring the financial safety of all Americans.

Should credit unions become FIDIs, they would never be able to render financial assistance to their Members the way they do it now. In case of our community, were PSFCU forced to become a bank, such conversion would deprive 65 schools, scores of parishes, many scouting organizations, various community groups, hundreds of college students and over 170 other organizations, of almost \$1 million in assistance annually. That money is vitally important to their financial survival and to the well-being of the entire Polish-American community on the East Coast.

Our credit union was created 32 years ago to help immigrants from Poland and Eastern Europe to obtain mortgages to purchase houses in the Greenpoint area, which was so dilapidated at the time that no bank was willing to serve it. Today, Greenpoint is one of the most viable neighborhoods in Brooklyn, mainly because it was fortunate enough to have a credit union.

For seven years, this Administration has strongly supported credit unions. This sudden change of policy is extremely puzzling. I urge you to withdraw or modify the recommendations as it pertains to credit unions.

Sincerely,

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Krzysztof Matyszczyk  
Chairman of the Board of Directors of PSFCU

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Bogdan Chmielewski  
Chief Executive Officer, PSFCU