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August 19, 2011

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Comments to the Proposed Amendments to the
NCUA Regulations re: CUSOs 12 CFR Parts 712 and 741

Dear Ms. Rupp:

Credit Union Financial Network (CUFN) is a collaborative CUSO owned by eleven Arizona based Credit Unions. The CUSO exists to help credit unions build and maintain Investment, Insurance, Business, and Estate Planning programs designed to be highly integrated, ethical, and profitable. This has been our Vision since forming in January 2005.

At CUFN, we are proud of our compliance record and external audit results since inception. This CUSO is also proud to have helped the NCUA appointed task force at Arrowhead Credit Union clean up their Financial Planning Department during a time of many challenges.

The perceived need for additional regulation is questionable given the credit unions' investment in the CUSO is immaterial by all measures and less than 1% of their assets.

CUFN is currently subject to the oversight of the SEC, FINRA, AZ State Banking Department, and on an indirect basis NCUA already. As longstanding members of NACUSO, we agree with there concerns, including:

- NCUA's information disclosure and regulation of CUSOs will:
 - a.) stifle the ability of CUSOs to innovate and provide collaborative solutions that will sustain credit unions as regulatory considerations will often replace value factors in the decision to invest in a CUSO; and
 - b.) not provide any recognizable regulatory value beyond what already exists, especially for CUSOs that are regulated by other financial services regulators (e.g., SEC and insurance regulators).

- Many very successful CUSOs that drive significant savings and income to credit unions do not have a sizable capital structure or generate income. Operational CUSOs are designed to save the credit union's operating costs and not to make money. Financial service CUSOs are often formed solely for marketing or license purposes and income flows from a third party vendor directly to the credit unions. If NCUA is to review CUSOs based solely on balance sheets and income statements, there are questions that must be answered.
 - a.) How does NCUA expect to see the value of CUSOs to credit unions or analyze risk solely through a balance sheet or income statement?
 - b.) What will be the NCUA's standards of review for CUSO success?
 - c.) Does NCUA intend to shut down a CUSO that does not have a large balance sheet or income statement regardless of the positive financial or service impact the CUSO has for its credit union owners?

The answers to the questions posed by NACUSO are critical to a CUSO like CUFN, as we try to manage a "break even" bottom line to increase savings and income to our Credit Union partners. The positive, total value of CUFN to its credit unions and their members cannot possibly be measured by reviewing our balance sheet and income statement.

This proposal, for the reasons outlined above, will have a detrimental impact on CUSOs and the credit unions that invest in them. With all due respect, we strongly encourage the NCUA Board to withdraw this proposal in its entirety. We thank you for the opportunity to comment.

Please feel free to contact me with any questions at 602-568-4514 or at priorm@cufn.org.

Sincerely,

Michael T. Prior
President/CEO
Credit Union Financial Network