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

Dear Ms. Rupp:

I was recently made aware of the NCUA's proposed revisions to the CUSO Regulation (12 CFR Parts 712 and 741). The propositions provide negligible benefit especially when compared with the harm it poses to credit unions and the CUSO model.

As the NCUA already has the ability to indirectly influence CUSOs through its regulation of credit unions, I see little value in the addition of requiring CUSOs to submit business plans, balance sheets, income statements, and customer lists. These regulations would place CUSOs at a competitive disadvantage to non-CUSO competitors and would result in higher fees paid by credit unions for services provided.

Also, I am concerned that if these new regulations are put in place, the reporting requirements will grow over time. The reporting requirements as outlined are quite broad in nature: "to preserve maximum flexibility for the agency to adjust its information gathering to the changes in the ways in which CUSOs operate and conduct business." In the future the agency could recommend that a CUSO actually obtain independent third party valuations of the organization without any consideration for cost or proof of need. To leave the reporting requirement out of the regulation opens the door to future undo expense and regulation.

Given the lack of evidence to support CUSOs' involvement in the difficulties of the financial industry, I find the propositions an unnecessary risk to the CUSO industry and an unnecessary cost to the NCUA operational and staffing budget in light of recent economic developments—yet another cost the credit union industry would likely be asked to bear.

CUSOs have helped credit unions earn and save millions of dollars and embody the spirit of cooperation that formed the industry that the NCUA now governs. These additional regulatory burdens on CUSOs do not protect credit unions; they damage their ability to seek innovative means of attaining sustainability.

Please reconsider the need, value, and burden of this proposal.

Regards,


Daniel Martillotti
Managing Director
Procura, LLC