

From: [Jennifer Green](#)
To: [Regulatory Comments](#)
Cc: LCULAC@aol.com
Subject: Comments on Notice of Proposed Rulemaking (CUSO)
Date: Sunday, September 18, 2011 10:31:07 PM

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

Re: Louisiana Credit Union League Comments on Notice of Proposed Rulemaking (CUSO)

Dear Ms. Rupp:

This comment letter represents the opinions of the Louisiana Credit Union League (“LCUL”) and its opposition to NCUA’s proposed amendments to the credit union service organization (CUSO) regulation. LCUL feels that the proposed amendment is unnecessarily burdensome on CUSOs and credit unions, particularly when taking into consideration the detrimental impact the regulation will have on cooperation and innovation throughout the industry.

Many credit unions are reliant upon the use of CUSOs to provide members with the financial services they have come to expect from a financial institution. The proposed regulation ostensibly seeks to ensure the health and stability of credit unions. However, the regulation poses a strong risk of adverse secondary effects by hindering the credit unions ability to compete in the financial market through its offering of products and services provided by CUSOs. As evidence of this, the NCUA merely needs to look at the comment letter from the American Bankers Association (“ABA”). It seems evident from the ABA’s response that they view this regulation to be in their favor, and, as a direct corollary, to the disadvantage of credit unions.

When considering a change in any regulation, there should be a need for change and regulations that specifically address those needs. The NCUA has failed to demonstrate adequately the need for such stringent regulation or their authority to implement such regulation. Although some CUSOs may have had problems in certain areas, the overall risk posed by CUSOs does not seem to warrant such aggressive regulation by the NCUA.

LCUL believes that the broad reach of the new requirements extends beyond the authority granted to the NCUA under the Federal Credit Union Act. Past regulations tend to show that the FCU Act did not intend for the NCUA to regulate CUSOs directly and with such extensive oversight, but rather place the burden on the credit unions to evaluate the performance of the CUSO and any potential risks it may pose to the Credit Union, through a periodic review.

In conclusion, the NCUA has failed to sufficiently consider the effect this regulation poses to credit unions. The NCUA should strongly consider revising the proposal to reflect the need for regulations, within the boundaries of the FCU Act, while taking into consideration the great value of CUSOs. NCUA and credit unions should work towards the same goal, and LCUL believes this is best accomplished by revisiting and polishing the implementation of

current regulations.

Thank you for your consideration.

Sincerely,
Anne Cochran, President/CEO

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