From:	debbie.baumann@mazuma.org
To:	_Regulatory Comments
Subject:	Credit Union Service Orgnazations (CUSO) Comments
Date:	Tuesday, September 20, 2011 7:01:29 PM

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September 20, 2011

NCUA National Credit Union Administration

Dear NCUA National Credit Union Administration:

I currently sit on the Board of Directors for one of Mazuma Credit Union's CUSOs. One of the issues that we continue to struggle with is the corporate veil and how much information is appropriate to share. I support enhanced transparency for credit unions, including more information from CUSOs to participating credit unions, including sharing quarterly financial statements.

With that said, I am, however opposed to requiring financial statements of the CUSOs be provided directly to NCUA and state regulators since this exceeds NCUA's authority. NCUA does not have regulatory authority over CUSOs yet this proposal requires CUSOs to provide financial information directly to NCUA which NCUA will retain and evaluate. This looks and feels like vendor authority and direct regulation of CUSOs which has not been authorized by Congress. In addition, NCUA's information disclosure and regulation of CUSOs will stifle the ability of CUSOs to innovate and provide collaborative solutions that will sustain credit unions. Regulatory considerations will often replace value factors in the decision to invest in a CUSO and 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).

CUSOs help credit unions earn and save millions of dollars under the current regulatory model. There is no evidence that CUSOs pose a systematic risk to credit unions that requires regulatory change. The aggregate amount invested in and loaned to CUSOs is only 22 bps of industry assets. It's inconceivable that this truly can represent "systemic risk" to the industry, especially when the total aggregate investment in and loans to CUSOs is considerably less than the annual corporate stabilization assessments in any of the last three years. Each credit union's CUSO investment risk is less than 1% of its assets. NCUA already has the ability to examine the books and records of CUSOs and exercise full leverage over the credit union owners to resolve any safety and soundness issues. NCUA cannot make the case that CUSOs had anything to do with the financial difficulties in the credit union industry.

Sincerely,

Debbie Baumann
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