



September 11, 2006

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

Dear Ms. Rupp:

The Regulatory Sub-Committee (“Committee”) of the Credit Union Association of Colorado appreciates the opportunity to comment on the NCUA’s Proposed Rule 717, Identity Theft Red Flags. The Credit Union Association of Colorado is a state trade association that represents approximately 130 state and federally chartered credit unions in Colorado.

The Committee first wants to stress that all Colorado credit unions are very concerned about the safety and protection of their members’ personal information and the unauthorized and improper use of that information resulting in identity theft. As not-for-profit, cooperative financial institutions, credit unions make every effort within their means to ensure the security of members’ information and assets in their control. Credit union boards of directors and management staff have long been responsible for assessing and managing risks of many different types as part of the daily operations of credit unions. For this reason, the Committee believes that requiring the use of every “relevant” Red Flag is unnecessary management of the operations.

Such requirement will work an undue hardship on smaller asset-size credit unions that lack the financial and human resources and the technology to implement every relevant Red Flag. For these reasons, the Committee recommends that the NCUA adopt a flexible approach for credit unions with assets of less than \$20 million that does not require the use of every “relevant” Red Flag, but that permits these credit unions to manage the risks using other reasonable methods that do not create an undue burden on the credit unions’ resources.

Next, the Committee would like to address the Red Flags specifically associated with information obtained from a consumer reporting agency. Consumer reports very frequently contain outdated or erroneous information, and, therefore, are often not reliable indicia of identity theft. For this reason, the Committee recommends that information contained in a consumer report be considered “relevant” only in combination with other Red Flags, and not by itself.

**Mary F. Rupp, Secretary of the Board**  
**Proposed Rule 717, Identity Theft Red Flags**  
**September 11, 2006**  
**Page 2**

Finally, while the Committee recognizes the limits on NCUA's rulemaking authority and jurisdiction, we believe it is very important that the agency understand that credit unions' ability to mitigate many of the risks of identity theft are limited by the card issuers' (Visa, MasterCard, et. al.) use of antiquated technology. Use of such antiquated technology is a significant factor in the risks associated with the use of such cards. We believe consumers will not be protected to the greatest extent reasonably possible until these technology deficiencies are corrected.

The Committee thanks the NCUA for the opportunity to comment, and appreciates its consideration of the Committee's concerns.

Respectfully,

Brad Johnson  
President, Aurora Schools FCU  
Chairman, Regulatory Sub-Committee, Credit Union Association of Colorado