



A Core and More ... Solutions for Credit Unions

August 15, 2011

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

Dear Ms. Rupp:

EPL, Inc. is a premier service organization committed to supporting credit unions through providing quality services, products and software. As a thirty-four (34) year old CUSO, we support NACUSO and the position taken in regard to regulations recommended by NCUA. We strongly believe that the NCUA's proposed regulatory revisions to the CUSO Regulation (12 CFR Parts 712 and 741) will negatively impact CUSO's and their credit union customers for the following reasons:

- If enacted, these burdensome and unnecessary regulations will have a potentially chilling effect on CUSO development and competitiveness with non-CUSO competitors, thus contributing to higher costs passed on to the individual credit unions.
- CUSO's are regulated by other financial services regulators (e.g., SEC and insurance regulators) and are not a systemic risk to credit unions which they serve.
- NCUA does not have legal authority over CUSO's yet this proposal requires CUSO's to provide financial information directly to NCUA which NCUA will retain and evaluate thus exposing private business secrets to public dissemination through FOIA requests. There is no compelling reason justifying these proposed regulations as nothing has been done to warrant far-reaching regulations in this business space.
- The proposed regulations imposed by NCUA will create a financial hardship to our company and adversely impact our effectiveness as a CUSO in providing quality low cost services to our customers. Successful CUSO's are designed to save the credit unions' operating cost by making money through marketing and licensing channels and/or income flows from a third party vendor directly to the credit unions.

CUSO's, like us, help credit unions earn and save millions of dollars under the current regulatory model. There is no evidence that CUSO's pose a systemic risk to credit unions as each credit union's CUSO investment risk is less than 1% of its assets. Also, NCUA has the authority to examine books and records of CUSO's and exercise full leverage over the credit union owners to resolve any safety and soundness issues. The additional costs of the proposed CUSO rule in staffing and operational budget of NCUA is an unjustified and unnecessary expense the industry will have to bear.

The NCUA proposed regulations will create an undue hardship CUSO's and the credit unions that invest in them. Respectfully, we stand with the NACUSO and its members in encouraging the NCUA Board to withdraw this proposal in its entirety.

Thank you for your support.

Sincerely,

Wayne Benson, CEO
EPL, Inc.

Cc: The Honorable Debbie Matz, Chairman
The Honorable Michael Fryzel, Board Member
The Honorable Gigi Hyland, Board Member
Mr. Jack M. Antonini, NACUSO President