Bethpage
Federal Credit Union

899 S. Oyster Bay Road
Bethpage, NY 11714-1030

1.800.628.7070 Tel
www.lovebethpage.com

September 8, 20 SEP15'11 AM11:05 BOARD

Mary Rupp, Secretary of the Board

National Credit Union Administration

1775 Duke Street, Alexandria, VA 22314-3428

Re: Comments to the Proposed Amendments to the NCUA Regulations on CUSOs

12 CFR Parts 712 and 741

Bethpage Federal Credit Union is a federally chartered credit union based out of New York State with an asset size exceeding $4 Billion and one of the largest community charters in the country. Bethpage is pleased to submit this comment letter in response to the NCUA's request for comments with respect to the proposed regulation of CUSOs.

CUSOs allow Bethpage and other credit unions to leverage financial and cooperative resources to gain economic benefits on a macroeconomic scale which it would not be able to achieve on its own. Bethpage maintains CUSO relationships to provide many financial services to our members including technology, insurance, title, and settlement services.

CUSOs help credit unions earn and save millions of dollars under the current regulatory model. There is no evidence that CUSOs pose a systemic risk to credit unions that requires regulatory change. Each credit union's CUSO investment risk is less than 1% of its assets. Additionally, the 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.

The 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 as 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).

By imposing regulatory burdens on them, CUSOs are put at a competitive disadvantage with non-CUSO competitors. The NCUA wants CUSOs to submit their business plans, balance sheets, income statements and customer lists. In gathering and holding this information, the NCUA puts CUSOs in a competitive disadvantage by exposing private business secrets to public dissemination through FOIA requests.

The NCUA's two reasons for regulatory authority over all CUSOs are inadequate to justify new regulation. First, the NCUA desires parity with banks' regulatory authority over bank operating subsidiaries yet there is no evidence that the banks' regulatory authority over bank operating subsidiaries mitigated bank losses in the current economic crisis. The NCUA also cites substantial loan losses realized in a certain business lending CUSO. Even if CUSOs that make business loans pose a risk that need addressing, NCUA's attempt to apply a regulatory cure for a business lending CUSO to all CUSOs is misguided when business lending CUSOs constitute less than 1% of total CUSOs.

In conclusion, many very successful CUSOs that drive significant savings and income to credit unions do not have a sizable capital structure or generate income. Operational CUSOs are designed to save the credit union's operating costs and not to make money. Financial service CUSOs are often formed solely for marketing or license purposes and income flows from a third party vendor directly to the credit unions. If the NCUA is to review CUSOs based solely on balance sheets and income statements, there are questions that must be answered: (1) How does the NCUA expect to see the value of CUSOs to credit unions or analyze risk solely through a balance sheet or income statement? (2) What will be the NCUA's standards of review for CUSO success? (3) Does the NCUA intend to shut down a CUSO that does not have a large balance sheet or income statement regardless of the positive financial or service impact the CUSO has for its credit union owners?

It is due to these significant concerns that Bethpage submits this comment letter. I urge the NCUA to strongly consider these factors and weigh the true impact that this proposed regulation may have on the credit union and CUSO industries. The end result may not be what the aim of the regulation entailed. Thank you.

Regards,

Tanweer Ansari, Esq.

Associate General Counsel and Compliance Officer