September 26, 2011

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428
Email: regcomments@ncua.gov

Re: Comments to the Proposed Amendments to the NCUA Regulations re: CUSOs 12 CFR Parts 712 and 741

Dear Ms. Rupp:

Callahan Credit Union Financial Services LLLP (CUFSLP) has provided innovative credit union-focused investment options and member solutions throughout its 24-year history as a CUSO. Examples of these innovations include the Trust for Credit Unions, the first and largest family of credit union mutual funds (launched in 1988); Credit Union Online Organizational Link, launched in 1995 to help credit unions establish a leading presence in the internet delivery channel; Procura, launched in 2005 to provide a credit union-owned purchasing card program to the industry; and Credit Union Student Choice, launched in 2008 with a goal of positioning credit unions as value leaders in college education financing.

Our 37 credit union limited partners are leaders in pursuing collaborative solutions to deliver member value. Their ability to contribute to and draw on shared intellectual, operational and financial resources is a core reason for their participation in our CUSO. This approach provides the opportunity for them to realize significant benefits for their organization and members while making a relatively small investment of time and resources.

CUFSLP has serious concerns regarding the above referenced Amendment to NCUA Regulations. CUSOs help credit unions earn and save millions of dollars under the current regulatory model. CUFSLP partner credit unions have earned over $9 million in direct dividends from the CUSO partnership over its history. This amount, however, does not begin to capture the benefits from being able to invest in and earn returns on cooperative ventures that deliver market-leading value to members with minimal capital at risk.

While we certainly understand NCUA's interest in obtaining accurate information, we believe NCUA already has this ability by examining the books and records of CUSOs, as well as accessing any due diligence performed by a credit union on the CUSO. New reporting requirements will not only impose additional paperwork burdens on the over 700 CUSOs in existence today but also raises many questions, including:

- How will the reported information be used?
- Who will review the information?
- What expertise will NCUA need to develop in order to properly evaluate the potential "risks" of each CUSO given the broad range of businesses CUSOs encompass?
- What will be the cost to credit unions for NCUA to develop and maintain such expertise?

In addition to these points, CUFSLP would be placed at a clear disadvantage versus non-CUSO competitors by providing confidential business plans, balance sheets, income statements and customer lists. Our CUSO researches and invests in a range of initiatives that present unique market opportunities not just for our partner credit unions but for the entire credit union system. Losing "first mover" advantage on many of these initiatives would represent a significant setback for the industry.

Finally, long-standing NCUA regulations already limit CUSO investment risk to 1% of capital. This regulation on its own limits the systemic risk to the industry, and credit unions currently have only 22 basis points of total assets invested in CUSOs. It is a significant stretch to deem this level of investment a systemic risk.

Given the immeasurable benefits that CUSOs bring to the credit union system and the members it serves, CUFSLP respectfully requests that NCUA withdraw its CUSO regulation proposal.

Sincerely,

Jay Johnson
Executive Vice President
Callahan Financial Services, Inc., CUFSLP General Partner

cc: The Honorable Debbie Matz, Chairman
The Honorable Michael Fryzel, Board Member
The Honorable Gigi Hyland, Board Member