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**From:** John McKenzie [mailto:JohnM@icul.org]

**Sent:** Friday, June 27, 2008 4:10 PM

**To:** \_Regulatory Comments

**Subject:** Indiana Credit Union League's Comments on Proposed Revisions to 12 CFR Parts 712 and 741- Credit Union Service Organizations

June 27, 2008

Ms. Mary Rupp

Secretary of the Board

National Credit Union Administration

1775 Duke Street

Alexandria, VA 22314-3428

Re: Proposed Revisions to 12 CFR Parts 712 and 741- Credit Union Service Organizations

Dear Ms. Rupp:

The Indiana Credit Union League (ICUL) appreciates the opportunity to provide comments on NCUA's proposed revisions to the agency's credit union service organization (CUSO) regulations. The ICUL represents 189 of Indiana's 209 credit unions with those credit unions' memberships totaling more than two million members.

We support the additional powers granted to CUSOs contained in the proposed regulations. We also support the elimination of duplicate regulation regarding requesting the NCUA Board to approve non-approved CUSO activities. Less regulation is a positive step, and eliminating duplicate regulations is a good start. We also can support the limitations preventing less than adequately capitalized credit unions from recapitalizing an insolvent CUSO without prior approval from NCUA.

We do not agree with the portion of the proposed regulations that require the CUSOs of federally insured state chartered credit unions (FISCUs) to permit NCUA access to their books and records and that they maintain corporate separateness. The proposal narrative states that NCUA does not feel that under current regulations, access to FISCU CUSOs' books and records are allowed. We disagree with that reasoning. It is our thinking that NCUA, as the insurer, would have the authority to access the books and records of all aspects of a credit union, including CUSOs, particularly where a safety and soundness issue might exist. The need to add additional regulation in this area is unnecessary.

The narrative also discusses the concern on the part of NCUA that not all state laws require the same level of corporate separateness that NCUA feels is appropriate, and uses this reasoning to propose regulations for CUSOs to create a federal solution to override the state's authority in this area. We do not believe that it is the purpose of regulations to "fix" concerns with the laws of various states where they apply to organizations incorporated under state law. Again, as the insurer, NCUA has sufficient authority over credit union operations to address instances where there does not appear to be sufficient separateness between a credit union and its CUSO, and where a safety and soundness issue exists.

We would like to again express our concern with NCUA looking at promulgating new regulations during a time of economic challenges for many credit unions. We would encourage the Board to look more for opportunities to reduce the regulatory burden on credit unions; not increase it.

Thank you for the opportunity to comment on the proposed revisions to the CUSO regulations.

John McKenzie

President

Indiana Credit Union League

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