



KINECTA™

FEDERAL CREDIT UNION

TRACIE TABOR LYONS • GENERAL COUNSEL

VIA E-MAIL: regcomments@ncua.gov
ORIGINAL MAILED SAME DAY

June 23, 2008

Mary Rupp, Secretary of the Board
NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street
Alexandria, VA 22314-3428

Re: Kinecta Federal Credit Union Comments on Proposed Rule 712, CUSO Amendments

Dear Ms. Rupp:

This letter is written on behalf of Kinecta Federal Credit Union, one of the nation's leading credit unions, with more than \$4.4 billion in assets and serving over 200,000 member-owners across the country.

We note that our attorneys, Styskal, Wiese & Melchione, LLP have also commented on the Proposed Rule. Particularly with regard to the Pre-approved Activities under Rules and Regulations Section 712.5, we agree that the NCUA's Proposed Rule does not go far enough in recognizing the full scope of the Financial Services Regulatory Relief Act of 2006, which granted credit unions the express power to serve the underserved. We suggest that the NCUA's CUSO Rule should permit federal credit unions to invest in CUSOs that primarily serve persons in their field of memberships with regard to the sale, servicing, and processing of money transfer instruments.

As you may know, Kinecta Federal Credit Union purchased a check-cashing business, Nix Check Cashing, in August of 2007. Check cashers, payday lenders, and other similar businesses are currently utilized by a large number of unbanked and under-banked consumers. We believe that our acquisition of Nix provides a model by which other federal credit unions may be able to expand their services to the underserved and by which an increasing number of unbanked and under-banked consumers may be introduced to traditional financial services relationships.

The NCUA should ensure that the CUSO Rule provides adequate support for such acquisitions to further our shared interest in serving the underserved. Without the ability to offer alternative financial services that these consumers currently use, credit unions and their CUSOs will not be able to compete with the existing businesses that offer these products and services to the underserved. Without the tools necessary to serve the unbanked and under-banked, it seems

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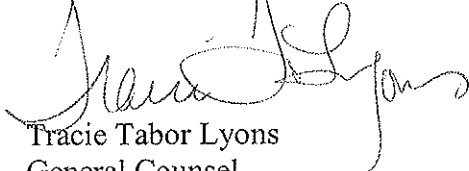
unlikely that other federal credit unions will reach out to this important segment of the population.

In all, we hope the NCUA recognizes the need to grant CUSOs the full powers attendant to the Financial Services Regulatory Relief Act of 2006. We believe that the CUSO Rule should provide for a category of preapproved activities that encompasses the sale, processing, and servicing of money transfer instruments, and that the primarily serves test, when applied to these services, should be that the CUSO primarily serve persons within the credit union's field of membership.

We hope you find these comments helpful. We thank you for the opportunity to comment on these important topics.

Sincerely,

KINECTA FEDERAL CREDIT UNION



Tracie Tabor Lyons
General Counsel