



**1st Advantage**  
Federal Credit Union

from the desk of:  
**Adrian G. "Casey" Duplantier, Jr.**  
President/CEO  
cduplantier@1stadvantage.org

27



June 30, 2005

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

**RE: Proposed Interpretive Ruling and Policy Statement No. 05-1**

Dear Ms. Rupp:

1st Advantage Federal Credit Union understands that the National Credit Union Administration ("NCUA") is proposing to adopt an Interpretive Ruling and Policy Statement ("IRPS") regarding Sales of Nondeposit Investments, which will replace the NCUA Letter to Credit Unions No. 150.

We are writing to provide general comments on the IRPS as follows:

**1. Regulatory Flexibility Act**

According to the NCUA, the IRPS will not have a significant economic impact on the small credit union. We disagree based on the following:

- a) The compliance function is now done by an independent department within our brokerage firm, which does an excellent job.
- b) Our credit union cannot afford to provide compliance in the way that the regulation requires. If this provision is adopted, we may have to do away with our program.

**2. Paperwork Reduction Act**

According to the NCUA, the IRPS will not increase paperwork requirements. We disagree based on the following:

With trade reviews, compliance reports, surveillance reports, audits, our files are swelling and will get even larger under the new regulation.

**3. Proposed Contract Provisions**

The below proposed contract provisions may negatively affect and/or are not practical for credit unions as follows:



from the desk of:  
**Adrian G. "Casey" Duplantier, Jr.**  
President/CEO  
cduplantier@1stadvantage.org

28

Page two  
June 30, 2005

Our credit union is not in the best position to conduct this task. We do not have people with the skills necessary to do product analysis. As mentioned above the broker/dealer is in the best position to conduct this task. Once again, adopting this provision would significantly impact a decision for us to continue in these programs.

**4. Compliance with the requirements of the IRPS and applicable law and regulation.**

The below proposed compliance requirements may negatively affect and/or are not practical for credit unions as follows:

Our staff is not sufficiently trained to do client contacts. The broker is in the best position to conduct these reviews.

**5. Dual Employees**

The below restrictions on dual employees may negatively affect and/or are not practical for credit unions as follows:

Dual Employees need to co-ordinate financial planning with both credit union and non-deposit products. Many times, credit union products are best for the members. Separating responsibilities would cause a disservice to our members.

**6. Non Deposit Sales to Nonmembers**

We disagree with the IRPS proposal on sales to non members based on the following:

The measurement of this activity will be almost impossible to accurately detail and accumulate. With many credit unions being community credit unions, this issue should not be significant and does not need to be changed.

In summary, we believe that the requirement for a credit union to have an independent compliance function is (i) not practical since the credit union may not have staff qualified for this function, (ii) redundant since the brokerage firm already has this function, (iii) and an unnecessary additional expense for the credit union and (iv) will likely increase, and not reduce, credit union liability for investment activities.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adrian G. Duplantier', is written over a horizontal line.

Adrian G. Duplantier  
President/CEO