

Formerly Riverside County's Credit Union

July 7, 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:

Altura Credit Union understands that the National Credit Union Administration ("NCUA") is proposing to adopt an Interpretive Ruling and Policy Statement ("IRPS") regarding Sales of Non-deposit 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. We believe the additional cost of credit union compliance surveillance as proposed in the IRPS is a duplication of efforts since our broker already has a compliance system in place which is subject to oversight by multiple securities regulators.

**2. Paperwork Reduction Act**

The paperwork required would be duplicated by the brokerage firm compliance department and therefore would place an unnecessary burden on our credit union.

**3. Proposed Contract Provisions**

The proposed IRPS would require the credit union to identify and analyze the products that the broker may offer. It is not reasonable to believe the credit union is qualified to conduct this task.

It is proposed that the brokerage firm should allow the credit union the right to check for compliance and access member brokerage accounts for oversight. As discussed above, we believe the brokerage firm and not the credit union is in the best position to evaluate

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securities and ensure compliance. There may be no qualified credit union employees to monitor compliance and allowing the credit union to access client brokerage accounts may violate state and internal privacy policies.

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

Such reviews are already being conducted by the brokerage firms' OSJ's (*Office of Supervisory Jurisdiction*) and compliance departments, and are subject to oversight by the SEC, NASD, Self Regulatory Agencies and the individual state securities regulators. The employees of the brokerage firm with the requisite licensing, knowledge and experience are responsible for compliance functions. There may be no employee at the credit union with the qualifications required to conduct these functions.

**5. Dual Employees**

The dual employees are likely the only employees with securities licensing and investment sales experience. Therefore, the dual employees' guidance is critical with respect to investment practices and the credit union's policies and control.

**6. Non-Deposit Sales to Non-members**

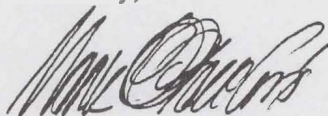
We may agree that credit unions need guidance in this area, but the monitoring of any minimum level of non-member business activity would be expensive and difficult to administer. We suggest credit unions be allowed to receive reimbursements for the credit union's direct and indirect expenses related to this business.

In summary, we believe the requirement for credit unions to have an independent compliance function is 1.) Impractical since the credit union may not have qualified staff for this function; 2.) Redundant since the brokerage firm already has this responsibility; 3.) Is an unnecessary additional expense to the credit union. And, 4.) will likely increase, and not reduce, the credit union's liability for investment activities.

We appreciate the time and effort the NCUA has devoted to supervising federal credit unions. We look forward to reviewing the NCUA's continuing efforts to carry out its mission.

Should you have any questions, please contact me at (951) 571-5300.

Sincerely,



MARK HAWKINS  
PRESIDENT, CEO