



# Financial Services West, Inc.

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Financial Network Investment Corporation located at:

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July 25, 2005

Mary Rupp, Secretary to NCUA Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

**VIA E-MAIL**  
**RE: IRPS Number 05-1.**

Dear Ms. Rupp:

Your review and consideration of the following response to the proposed IRPS Number 05-1 is appreciated. This response is not in the form of a legal document, rather it is a response from one involved in offering investment products to members of a credit union.

The credit union I am affiliated with, Credit Union West, has an agreement with Financial Network Investment Corporation (FNIC) serving as Broker/Dealer (B/D). FNIC has a division within the B/D, which is dedicated to providing a vast array of investment services to credit unions. Among other things, FNIC is known as a firm that places heavy emphasis on compliance issues and is a firm that has established internal controls and procedures far more detailed than the NASD and the SEC have required.

I am a very lucky individual, the financial services business has provided me with great personal successes that cannot be measured by money. I am one who takes the responsibility of my business very seriously, using my experience and knowledge as intended, I am able to assist individuals and families in realizing their financial goals. My career in the financial services industry began in September 1984.

New to the business, I worked for an established and reputable life insurance company through 1990, offering annuity products and personal life insurance policies (fixed and variable) and disability insurance products. In 1990 I joined a large national bank and worked for them until 1994, when an even larger and more impersonal profit oriented bank purchased the bank. In 1994 I accepted a position with one of the largest brokerage firms in the country, which lasted about six dreadful weeks. Directly after this

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experience I accepted a position with a credit union, and have held the same position since 1994.

In general terms, members of many credit unions do not have sufficient assets for investment with some of the better known financial services firms in the U. S. Often times these people are forced to work with smaller firms and inexperienced representatives who have limited experience, knowledge, supervision, and support networks in which to serve this sector of the population effectively.

Credit unions are fulfilling a badly needed role in the non-traditional financial services industry. Credit unions fortunate enough to offer investment related products to members put great emphasis on servicing the member's needs in the most timely, suitable and ethical manner. It must be noted that one of the positive attributes of a credit union is service to the member. The fact that service is such an integral component of credit unions and investment services within a credit union, members are benefited that would not otherwise have this service available to them.

Within the credit union I am affiliated with, FNIC and its parent company ING, conducts at least one extensive branch audit on my files and offices annually. Furthermore, the credit union employs a compliance person who oversees the traditional operations of the credit union, but does have some investment related compliance training, and this person also inspects my files quarterly on a random basis to ensure compliance with credit union policies.

I am a Certified Financial Planner (CFP), Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), Certified Long Term Care Specialist (CLTC), Chartered Retirement Planning Counselor, Chartered Retirement Planning Specialist, and have an MBA. I have always met or exceeded my continuing educational requirements set forth by the College For Financial Planning. Additionally, I have an Arizona Life, Health, and Variable Product licenses; I have a series 7, Series 6, Series 51, Series 24, as well as the series for a Registered Investment Advisor.

Obviously my credit union fosters an environment of compliance and continuing education while conducting the financial services business in the most professional manner possible. It has been my experience that this environment was sadly lacking in the life insurance industry, the large banks, and certainly the major brokerage firms. None of these previous organizations that I have worked for have promoted clean ethical business, and adhering to sound business and compliance policies like my credit union.

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Taking the current way we do business within this credit union away from the members would be a giant leap backwards, at the full expense of the members. It is worth repeating, no where else in the financial services business would a credit union member receive the level of professionalism, dedication to their needs, and service that they currently enjoy at their credit union. Should the NCUA follow through on IRPS Number 05-1, it is the member that will assume the brunt of this policy change.

My credit union is blessed to have a CEO and CFO who have created a professional working environment, and this attitude permeates the organization as it conducts all facets of it's business. Both have formal educations and training that have provided them with the tools to oversee traditional credit union services and products, but also extending to the non-traditional financial services side of my business.

Everyone of our offices display the appropriate disclosures indicating that my area offers products that are not insured by the NCUA and further states the risks of investing, including possible loss of principal. All of our correspondence and marketing material contain the same disclosures. Any new piece of correspondence or sales related literature is scrutinized by the FNIC Compliance Department, ensuring these disclosures are present in any advertising or correspondence our membership may read.

I can confidently reassure the NCUA that we, and the great majority of credit unions run their investment service in this manner. Changing the manner credit unions offer investment services would harm the members, place an undue financial burden on credit unions, and take this valuable service away from those who may not qualify to invest with larger firms.

From the credit union's perspective, and certainly mine, the goal is not to make huge sums of money promoting our investment services. The goal is offer another quality option to our members where they can take advantage of our services in a highly regulated environment and provide these members with unparalleled service with their best interests in mind.

It is my belief that the current organizational structure of the credit union and the Investment Department is the best model for delivering quality investment services to the membership. In conjunction with FNIC and their compliance professionals, our plan

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functions well, is compliant with the NASD, SEC, and the NCUA, and has created a method to deliver and service investment products solely with our membership in mind.

If the proposed IRPS Number 05-1 is implemented, it will create an environment where credit unions will most likely be unable to continue offering investment services to their members. The cost for credit unions will be immense, as they will be forced to hire and maintain an internal compliance department, staffed with people who are Registered Principals, and have thorough understandings of the securities business as well as compliance regulations.

This redundant layer of oversight will also expose credit unions to additional liability, as their responsibilities will increase dramatically. This additional oversight is redundant as FNIC employs professionals who do this very job for all credit union programs they have relationships with. The increased costs of staffing internal compliance people, in conjunction with greatly increased liability, will in fact have the effect of shutting down investment services within credit unions and preventing the members we serve from obtaining quality investment services. Ultimately our members will be forced to seek out unknown financial advisors who may not have the member's best interest in mind, thereby further harming the member.

Thank you for taking the time to consider what our investment services department is about and the detrimental impact IRPS Number 05-1 will have on credit unions and their members.

Yours truly,



Brad E. Baker, CFP  
Certified Financial Planner