

14



April 10, 2002

Regulations and Legislation Division
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington DC 20552

Re: GLBA Study

Thank you for the opportunity to comment on credit union information sharing practices and the provisions of the Gramm-Leach-Bliley Act. USA Federal Credit Union would like to comment on the following items.

1.a, b, c and f USA FCU restricts information sharing with affiliates and non-affiliates to member name, address and occasionally, phone number. We only share account number and other account information if it is necessary to complete a transaction and report on transaction activity to the member.

1.d. Information sharing with non-affiliates is done only to help provide additional services to members.

1.e. Information sharing with non-affiliates is only done to perform a transaction, provide account information to the member (i.e. statements) or to market a credit union service.

1.g and h No comments.

2. All We have security procedures in place to protect member information, including restricting access to physical premises and employing firewalls and other means to prevent invasion by electronic means. We also ensure that third party providers have adequate security. Current regulatory safeguards are sufficient.

3. All We recognize the risks associated with the sharing of personal financial information and account numbers. This is why we limit information sharing. Of course, there is always some risk associated with sharing of information with third-parties but these risks are more than offset by the benefits provided in performing member transactions and providing information on accounts to members.

4. No comments.

5.a. Consumers benefit from sharing information with affiliates because it helps credit unions meet more of their members needs. If a credit union has an investment service affiliate, it would benefit the member if the affiliate representative could view their financial information to better counsel the member.

5. b Consumers benefit from information sharing with non-affiliates if the information shared is used to perform a transaction, provide information on accounts (i.e. statements) to members, or helps the member learn more about the services available from their credit union.

5. c and d No comments

5.e Further restrictions of information sharing could severely inhibit the ability of financial institutions to serve consumers. Without the ability to share information, they would have to acquire the tools and expertise that they are now outsourcing. Eventually, this would result in higher operational costs, lower savings rates, higher loan rates and more fees.

6. All Current laws are more than adequate to protect consumer information.

7. All The disclosure requirements probably exceed what members want to know for those credit unions that share only in ways that are allowed without providing an opt-out. Some members have been confused because they read or hear in the media that they must be given the right to opt-out from information sharing. Then when they receive our disclosure, which says that we do share information with some third parties, they don't understand why they are not given the opt-out option. It would be better if we could simply disclose that we do not share their personal information with any third parties that require us to allow them an opportunity to opt out.

8.a and b Opt-in is not feasible. Since most financial institutions could not operate efficiently without using third party servicers and affiliates, this would require consumers to pick and choose the types of information sharing they permit. Without receiving prior opt-in permission, credit unions may not be able to perform even the simplest transactions and services for their member. Opt-in would cause operational costs to skyrocket.

8.c. It may be operationally feasible to require financial institutions to permit consumers to opt-out of information sharing with affiliates, but again this would cause operational costs to increase tremendously and would not be in the best interest of consumers in the long run.

8.d Allowing consumers to direct that information not be shared with affiliates or nonaffiliated third parties would unreasonably increase costs as financial institutions would need to provide some sort of checklist of permissible information sharing from the member. Members could opt-out of services that would severely impact the financial services they receive.

9. No additional comments.

Thank you for your consideration in this matter.

Sincerely,



Thomas H. Alter
Executive Vice President
USA Federal Credit Union
2100 Executive Hills Boulevard
Auburn Hills, MI 48326
(248)322-9800