



June 3, 2008

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

RE: Guidance Regarding Prohibitions Imposed by Section 205(d) of the
Federal Credit Union Act

Dear Ms. Rupp:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions (FCUs), I am responding to National Credit Union Administration's (NCUA) request for comment regarding Proposed Interpretive Ruling and Policy Statement 08-1(Proposed IRPS).

NAFCU welcomes the proposed IRPS as guidance that provides the standards for determining employees and affiliated parties that are covered by § 205(d) of the Federal Credit Union Act (FCU Act) and what steps credit unions must take to obtain consent from the NCUA Board. We strongly believe that credit unions should require high ethical standards from those they employ, especially those with high degree of participation in the management and affairs of credit unions.

NAFCU, however, encourages the NCUA to clarify the duties of a credit union. In particular, it is not clear from the proposed IRPS whether a credit union must inquire about existing employees or an institution affiliated party. NAFCU does not believe the proposed IRPS or the statute impose such a duty. Thus, we request that NCUA make clear that the duty to act upon discovery that an employee, official or anyone else covered by the proposed IRPS does not give rise to the affirmative duty to perform background checks or other investigations on persons currently in a capacity covered under the proposed IRPS.

Additionally, NAFCU urges the agency to also clarify what is a "reasonable" investigation. While the proposed IRPS states that the investigation should, at a

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minimum, include a screening process that would enable the credit union with information concerning convictions or pretrial diversion programs, we believe the NCUA should provide more guidance regarding this matter. Specifically, we recommend that the final IRPS include specific examples of background checks that would qualify as "reasonable." We believe providing "safe harbor" provisions could prove helpful for credit unions.

NAFCU appreciates this opportunity to share its comments on the proposed guidance. Should you have any questions or require additional information please call me or Tessema Tefferi, NAFCU's Associate Director of Regulatory Affairs, at (703) 522-4770 or (800) 336-4644 ext. 268.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Dan Berger". The signature is stylized and somewhat cursive.

B. Dan Berger
Senior Vice President of Government Affairs
BDB/tt