



CUNA & Affiliates
A Member of the Credit Union System

**Credit Union
National Association, Inc.**

601 Pennsylvania Ave. NW, South Bldg.
Suite 600
Washington, D.C.
20004-2601

Telephone:
(202) 638-5777
Fax:
(202) 638-7734

Web Site:
www.cuna.org

September 27, 2005

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

Re: Comments on Proposed Rule 796, Post-Employment Restrictions

Dear Ms. Rupp,

The Credit Union National Association (CUNA) is pleased to respond to the National Credit Union Administration (NCUA) Board's request for comments on its proposal restricting an NCUA officer or employee who serves as senior examiner of a federally insured credit union from accepting employment with that credit union for one year after leaving NCUA employment. By way of background, CUNA is the largest credit union trade association, representing over 90% of our nation's nearly 8,900 state and federal credit unions, which serve nearly 87 million members.

Summary of CUNA's Position

- CUNA supports NCUA's proposal prohibiting an NCUA senior examiner of a federally insured credit union from accepting employment with that credit union for one year after leaving NCUA employment.
- CUNA believes that NCUA's proposed regulation strikes an appropriate balance between the Congressional intent in the Intelligence Reform Act and the preservation of at-will employment.

Discussion of CUNA's Views

Under the Intelligence Reform Act, enacted in December 2004, NCUA is required to issue regulations implementing new post-employment restrictions for certain examiners. NCUA issued a proposal that would prohibit an NCUA officer or employee who serves as a senior examiner of a federally insured credit union for two or more months during their last 12 months of employment with NCUA from accepting employment with that credit union for one year after leaving NCUA employment.

Under the proposal, an examiner would be considered a senior examiner if he or she has continuing, broad responsibility for examination of that credit union; routinely interacts with officers or employees of the credit unions; and devotes a substantial period of time to examining or supervising that credit union, which is determined on a case-by-case basis. CUNA believes that this definition of a senior examiner appropriately addresses Congressional concern, while maintaining post employment opportunities for examiners.

NCUA examiners can have a wealth of knowledge and expertise that they can offer to many credit unions following their employment with NCUA and should have the freedom to begin and end employment relationships if they choose. However, there is Congressional concern regarding potential conflicts of interest. Additionally, there is concern that examiners that are identifying potential problems at credit unions are simultaneously being placed in a position to promote themselves as the ones to correct it. NCUA's proposed regulation strikes an appropriate balance between the Congressional intent in the Intelligence Reform Act and the preservation of at-will employment.

Conclusion

CUNA supports NCUA's proposal setting restrictions on senior examiners from accepting employment with a federally insured credit union if they had continuing broad responsibility for examination of that credit union for two or more months during their last 12 months of NCUA employment. If you have any questions, please contact me at (202) 638-5777.

Sincerely,

Lilly Thomas
Assistant General Counsel