

March 27, 2000

The Honorable Donald S. Clark, Secretary
Federal Trade Commission
600 Pennsylvania Ave., N.W. Room H-159
Washington, DC 20580



**Re: Gramm-Leach-Bliley Act Privacy Rule, 16 C.F.R. Part 313 –
Comment**

Dear Mr. Clark:

Thank you for the opportunity to comment on the Commission's proposed regulations implementing the privacy provisions of the Gramm-Leach-Bliley Act (The Act) (Public Law 106-102). The California and Nevada Credit Union Leagues (the League) represent the more than 725 credit unions in California and Nevada that serve almost nine million Americans. The League has a number of member credit unions that are state-licensed and are privately insured and thus will be within the jurisdiction of the Commission when the final rules are implemented.

We strongly encourage the Commission to state in the Supplementary Information in the final rule that any privately insured credit union that complies with the regulations promulgated by the National Credit Union Administration (NCUA) will be deemed to comply with the Commission's regulations. As the federal regulatory and deposit insurance agency for credit unions, NCUA will develop credit union-specific regulations that take into account the unique nature of not-for-profit, volunteer-directed financial cooperatives. Furthermore, it will allow all credit unions to work together in developing one set of regulatory standards and forms that all can use in delivering this important information to their member-owners (depositors).

Privately insured credit unions offer the same products/services and use similar service providers as their federally insured counterparts. Instead of charging NCUA with the regulatory authority for privacy compliance, Congress gave the responsibility for overseeing privately insured credit unions to the Commission. The League believes that one standard would be in the best interests of all credit unions.

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Financial Institution Definition

The League encourages the Commission to specifically exclude from the definition of "financial institution" any cooperatively-owned company that provides intermediate services between financial institutions and its members (customers).

Credit unions have created separate companies (credit union service organizations or CUSOs) to provide specific services that either they cannot provide independently or are more cost-effective to conduct on a collective basis. Examples of these CUSOs are ATM networks and "shared-branches." Credit unions formed their own ATM networks in order to provide these services to their members when they were not able to join networks owned by banks. The network simply acts as the conduit between the source of the member's money (credit union) and the access point (ATM, supermarket, gas station, etc.). These networks do not maintain any personal information about the member that is not needed to complete the member-requested transaction.

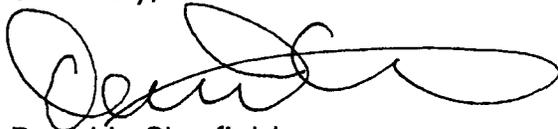
Because of their size, credit unions have formed alliances that allow members of one credit union to use a different credit union to make deposits, withdraw cash and/or finalize loan transactions. The other credit union simply acts as a stand-in for the member's home credit union and does not maintain any personal information except that needed to complete the requested transaction.

In these circumstances, these companies should not be considered financial institutions just as the U.S. Postal Service is simply the conduit transporting documentation between credit unions and their members.

Conclusion

If you have any questions or if we can be of assistance, please feel free to contact our Vice President – Federal Governmental Affairs, Chris Kerecman, at 800.472.1702 extension 3228.

Sincerely,

A handwritten signature in black ink, appearing to read "David L. Chatfield", with a large, sweeping flourish extending to the right.

David L. Chatfield
President/CEO