

Jordan, Sheron Y

From: Nick Meyer [Nick@MNValleyFCU.Coop]
Sent: Thursday, March 26, 2009 12:41 PM
To: _Regulatory Comments
Subject: Comments on Advanced Notice of Proposed Rulemaking for Part 704

Hello NCUA:

It is prudent we're reviewing the entire Corporate CU structure now; it would have been wise to do it before the crisis. That might have helped prevent the crisis. Safety and soundness is "Job 1" of NCUA as regulator and is "Job 1" of Corporate CU management. The extreme economic pressures exposed both key protectors as inadequate to the task. We're all very sorry for that, from natural person credit union members all the way up to US Central in KS and the federal regulator NCUA in Alexandria, VA. Yes, unfortunately, though a reality like we all know, one key role of government is to protect "people from themselves."

Ultimately, sure, it's the Corporate to blame...well, actually, it's Wall Street, selling private label MBS and the rating / insuring agencies, who packaged in too many cases "weeds but said they were roses....."

Thus, in this remakes, there has to be clear, inalienable guidelines that ensure "safety and soundness" is back on top as Job 1....please.

We don't need 28 Corporates as that's inefficient. We don't need a US Central. Five big Corporates geographically dispersed, sort of like NCUA Regions, done right, would achieve economies of scale.

We do need Corporates to remain Co-ops. We natural person co-op credit unions can't be "thrown to the wolves" of the bank dominated Fed Reserve system or FHLB. We're too small even collectively to have sufficient voice to protect the best interests of our members. Clearly, the "for-profit" sector has shown it's true colors....greed** evidently is alive and well. When it comes to members, hard earned money, their cash flow, we can't allow Mega Banks to mess with it to their own advantage. Long live the Coop structure.**

Capital is king...Corporates have to have and hold more, and counting natural person credit union capital deposits is a little like a hostage situation.....we didn't really believe NCUA and the Corporates would allow it to be absorbed / lost / wasted....my goodness folks! Where were ya?

Corporates do have to be competitive to pull back the big credit unions into the fold, no question about that....some of the biggest credit unions forgot how they got big (tax advantage might have been one of the top three reasons). Another, by the way, is NCUA and the state's Commerce Dept's limiting what a credit union can get involved in, lending, investment and service wise. Don't let up on that, please. Guidelines are always vital no matter how much some credit unions complain.

Lastly, ALM models must be tested at least annually by outside, unbiased experts. Also, a team of 6 internal auditors, traveling the country, but not employees of the Corporates, not NCUA, but 2 from the CPA world, 2 from the investment world, 2 from the payment system world, should be hired to routinely "examine" Corporates, in addition to annual CPA opinion audits and NCUA exams. That's one additional layer of protection. A volunteer board and s/c just doesn't cut it...they're too busy with their own natural person credit unions.

Thanks for asking and best regards. Nick FYI below from Treasury today

=====

[Treasury Outlines Framework For Regulatory Reform](#)

March 26, 2009
tg-72

Treasury Outlines Framework For Regulatory Reform

Provides new Rules of the Road, focuses first on containing systemic risk

The crisis of the past 18 months has exposed critical gaps and weaknesses in our financial regulatory system. As risks built up, internal risk management systems, rating agencies and regulators simply did not understand or address critical behaviors until they had already resulted in catastrophic losses.

These failures have caused a dramatic loss of confidence in our financial institutions and have contributed to severe recession. Our financial system failed to serve its historical purpose of helping families finance homes and college educations for their children or of providing affordable capital for entrepreneurs and innovators – enabling them to turn new ideas into jobs and growth that raise our living standards.

The President's comprehensive regulatory reform is aimed at reforming and modernizing our financial regulatory system for the 21st century, providing stronger tools to prevent and manage future crises, and rebuilding confidence in the basic integrity of our financial system – for sophisticated investors and working families with 401(k)s alike.

As Secretary Geithner stated in his testimony today, "To address these failures will require comprehensive reform -- not modest repairs at the margin, but new rules of the road. The new rules must be simpler and more effectively enforced and produce a more stable system, that protects consumers and investors, that rewards innovation and that is able to adapt and evolve with changes in the financial market."

MINNESOTA VALLEY FEDERAL CREDIT UNION

Nick Meyer, **PRESIDENT / CEO**

1640 ADAMS STREET AND
100 MEMORIAL VIEW COURT, MANKATO, 56001
507-387-3055 (AFTER HRS EXTENSION: 211)
800-247-0522 / FAX 507-387-5235
ART (AUTOMATED TELLER): 507-387-3088

WWW.MNVALLEYFCU.COOP

MISSION: EXCEEDING YOUR EXPECTATIONS !!!

YOUR BANKING ALTERNATIVE SINCE 1934 – YOU'RE #1 AND PART OWNER

Confidentiality Notice: We need your help. This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is, of course, prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and kindly destroy all copies of the original message. Thank you very much.