

State Employees' Credit Union

Administrative Offices

May 16, 2011

Ms. Mary Rupp
NCUA, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

REF: 12 CFR Part 741
Interest Rate Risk
(Proposed Rule)

Dear Ms. Rupp:

There are six clear reasons why expanded interest rate risk authority for NCUA is incredible.

- 1) NCUA has not demonstrated competence in managing interest rate risk – **US Central Federal Credit Union.**

The Agency has a very visible, well-documented, highly expensive lack of expertise in interest rate risk analysis.

- 2) NCUA has not demonstrated competence in managing interest rate risk – **WesCorp Federal Credit Union.**

The Agency has not published any significant changes in its internal policies, practices, and procedures to correct its prior absence of expertise in interest rate risk analysis.

- 3) NCUA has not demonstrated competence in managing interest rate risk – **Members United Federal Credit Union.**

The Agency, for expertise, continues to rely on the same talented, internal personnel who administered past, ineffective interest rate risk analysis programs.

- 4) NCUA has not demonstrated competence in managing interest rate risk – **Southwest Corporate Federal Credit Union.**

The Agency has not sought open dialogue with credit union practitioners, state credit union supervisors, and other qualified external parties on how best to avoid its repeated lapses in interest rate risk analysis.

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- 5) NCUA has not demonstrated competence in managing interest rate risk – **Constitution Corporate Federal Credit Union.**

Failure by the Agency with its existing interest rate risk authority makes a proposed expansion of that authority appear, at best, overly ambitious.

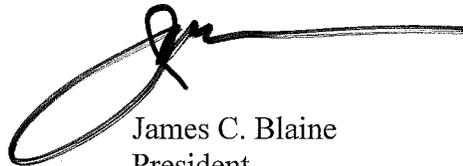
- 6) NCUA has not demonstrated competence in managing interest rate risk – **CapCorp Federal Credit Union (1995).**

This is **not** a new problem.

In proposing “more of the same”, does NCUA intend to “stand on its record”?

Honest, thoughtful reform should be the first priority of NCUA, not further regulation.

Sincerely,

A handwritten signature in black ink, appearing to read 'JCB', with a long horizontal flourish extending to the right.

James C. Blaine
President

JCB/ji