



May 19, 2014

Mr. Gerard Poliquin
Secretary, NCUA Board
1775 Duke Street
Alexandria, VA 22314-3428

**REF: Risk-Based Capital: Commenting on Your Future –
Part 11: THE FINAL STRAW – IMPOSING “FINANCIAL EMINENT DOMAIN”
ON 100 MILLION AMERICANS**

Dear Mr. Poliquin:

We've seen that NCUA's proposed risk-based capital (RBC) rule 1) guts the competitiveness of credit union lending and investments, 2) adds substantial, unnecessary financial costs to credit union members, 3) unilaterally attempts to rewrite federal law as it applies to credit union "net worth" statutes, and 4) **effectively attempts to bypass Congress and our Constitutional system** of "checks and balances". All "proposed" without any substantial industry dialogue, and no published quantitative data analyses.

The "final straw" within the NCUA proposed RBC rule is the adoption by NCUA of the power to expropriate credit union assets and ownership through the concept of individual minimum capital requirements" (IMCR). **Translated "IMCR" means NCUA may arbitrarily lower the capital category on any and all credit unions on a whim!** And, of late, NCUA has become widely infamous for regally appearing to substitute the rule of whimsy for the rule of law, when examining individual credit unions. Without any form of visible accountability, NCUA has threatened to designate itself in this rule as prosecutor, judge, jury and appellate authority over all credit unions – a power entirely unto itself.

If this regulation goes into effect, NCUA will have the following definitive authority over all credit unions:

1. NCUA will have full authority to increase the future risk-based capital requirements for any risk category for all credit unions without consultation, review, nor oversight.
2. NCUA will have full authority to increase the risk-based capital requirements of an individual credit union without any provision for a public hearing or for an external appeal by the credit union of the regulatory action.
3. NCUA will self-exempt its actions from external review, public accountability, and the checks and balances of regulatory transparency.

1000 Wade Avenue  PO Box 27665  Raleigh, NC 27611-7665  919-839-5000  Fax 919-839-5353

www.ncscu.org

"Equal Employment/Affirmative Action Employer, M/F"

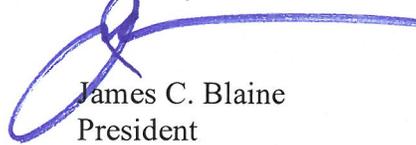
Mr. Gerard Poliquin
Secretary, NCUA Board
May 19, 2014
Page 2

Has NCUA earned this right to unchallenged and potentially arbitrary authority over credit unions? Most think not.

With the RBC rule, NCUA is anointing itself with the power of “financial eminent domain” over the assets of 6,500 federally insured credit unions, with “pre-emptive, non-challengeable, superior wisdom” over democratically elected credit union boards, and with unrestrained rights to expropriate the cooperative ownership rights of 100 million American working men and women – who own America’s credit unions.

There is much wrong with the proposed RBC rule. But, the worst abuse, **the final straw**, is that the RBC rule is both anti-credit union and un-democratic – **a clear return at the Agency to a “Joe McCarthy Era attitude” toward the rights of American citizens.**

Sincerely,



James C. Blaine
President

JCB/ji