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Gerard Poliquin
Secretary of the Board
National Credit Union Association
1775 Duke Street
Alexandria, VA 22314-3428

Comments on Proposed Rule: Risk Based Capital

Dear Sir:

I am a member-owner of Bothwell Hospital Employees Credit Union and someone who has worked in the financial sector since 1980. A year ago I wrote a comment letter asking that the first proposed rule on Risk Based Capital be withdrawn. After seeing the revised proposal put forth by NCUA, I feel compelled to write again.

The first proposal was a bad idea and poorly executed. It is bad for credit unions, bad for credit union member-owners like myself and bad for the cause of financial cooperatives.

Once again, I say: "Withdraw this rule."

For credit unions, Risk Based Capital standards are a particularly ill-suited solution to a problem that does not exist and never has. This rule serves no constructive purpose and can never work as advertised. A trailing indicator cannot be a "tripwire," which is why a CUNA study shows that only one of the 189 credit unions that failed during the financial crisis would have been covered by this rule prior to failure.

Further, this would cost credit unions and member-owners like me, millions and millions of dollars to comply with and will deflect the attention of credit union managers from real problems, which would only weaken the system. Even banking regulators themselves are abandoning this failed concept.

If initiated, I believe this will cause irreparable harm to the credit union system and the future of financial cooperatives.

Respectfully Submitted,



Donna M. Weston