

Regulatory Comments

From: Samantha Seume <no-reply@cuanswers.com>
Sent: Wednesday, March 04, 2015 1:52 PM
To: _Regulatory Comments
Subject: Risk-Based Capital Comment

To: Regulatory Comments
From: Samantha Seume
CU*Answers

03/04/2015

Dear Mr. Poliquin:

Our credit union's board of directors believes this rule is overreaching as many of the failures this proposed rule is trying to mitigate do not even take into consideration the reasons for the losses during the great recession. As has been depicted during the board meeting and in the proposal, over 40% of failures were the result of fraud; all of us have been following the St. Paul Croatian's fraud loss dilemma, which cost the insurance fund \$170 million dollars to date. Economic policy had nothing to do with many of these losses, regardless of the shape of credit unions' balance sheets. The idea that passing a rule—a seemingly typical government reaction—can stop fraud, eliminate mismanagement and prevent external circumstances from decimating credit union's market environment is wrong. Effective supervision is not rule making, it is intelligent supervision and patient reorganization when problems arise. This is lacking in our cu regulatory community today.

The NCUA should reconsider implementing a two-tiered RBNW that is at odds with the agency's past interpretation of its powers, and which conflicts with the plain language and intent of Congress. Not only has an NCUA Board Member strongly dissented from the NCUA's proposed Rule, but the legal foundation the NCUA is relying upon is weak. Much of the weaknesses in the NCUA's arguments can be found directly in the memo prepared by the Paul Hastings, LLP, law firm, for the NCUA Board.



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