

May 2, 2014

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

RE: Comments on Proposed Rule: PCA - Risk-Based Capital; RIN 3133-AD77

Dear Gerald Poliquin,

I am writing as the CEO of Los Angeles Federal Credit Union. I have been a credit union professional for 38 years and Los Angeles FCU has over 52,000 members and assets of approximately \$800 million.

I support a risk-based capital rule, but believe that the current proposal is costly and the wrong approach for a credit union system that withstood, under current rules, the worst financial crisis in 80 years.

For risk-based capital to be implemented correctly, it must be part of overall capital and prompt corrective action reform---changes that will require congressional action.

The reforms should include:

- Lower leverage ratios for well- and adequately capitalized credit unions.
- Authority for supplemental capital for federally insured credit unions that want to use it to meet capital ratio requirements.
- Provisions more reasonable than bank capital, because credit unions did not cause the bank crisis, were already much stronger than banks, suffered fewer losses than banks and in most cases are much less complex than banks
- A reduced capital requirement for credit unions with assets under \$10 billion and a better definition of complex credit union to not punish and increase the regulatory burden on more traditional and less complex medium sized credit unions.
- I believe this rule is being proposed to limit a small number of credit unions with high concentrations of non-traditional services but it also will affect thousands of other more traditional well run and well capitalized credit unions.

NCUA should be pursuing these legislative plans no less vigorously than it is pushing for its major RBC rule.

Updated risk-based capital requirements should also be in relation to the adequately capitalized, statutorily defined as maintaining a 6% net worth ratio, and not to the well-capitalized level and no rule should afford any greater authority for the agency to impose additional capital requirements on a case-by-case basis.

Thank you for the opportunity to express my opinions.

Sincerely,

John T. Dea, President/CEO  
Los Angeles FCU

