

From: [Robert Frizzle](#)
To: [Regulatory Comments](#)
Subject: Risk-Based Capital Comment
Date: Tuesday, May 13, 2014 8:47:27 AM

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From: Robert Frizzle
CU*Answers, Inc.

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Dear Mr. Poliquin:

I am both an employee of a CUSO and a member of 3 great credit unions. Recently I came across a number of articles in credit union trade sites regarding a proposed regulation that the NCUA has formulated with respect to risk-based capital requirements. My understanding is that this proposal will affect both my employer and my credit union in a very negative way.

It seems that most industry professionals view this proposal as going well beyond what is necessary to protect the insurance fund, and with the resulting consequence of limiting services to members. It will also discourage credit unions from investing in CUSOs such as the one I work for, which have provided credit unions with extensive benefits including, but not limited to, patronage dividends returns and reduced expenses as a result of cooperative bargaining on technology.

I hope that you can understand my concern in that while both my CUSO and my credit union are very strong organizations, placing such heavy-handed regulation on them will undermine the cooperative principles they hold dear as the true differentiator in the industry. My recommendation is that the NCUA take this proposal off the table until such a time as a capital requirement regulation that meets the needs of the industry can be designed—and not one that's solely concerned with the health of your insurance fund.

At a minimum, eliminate the 250% risk weighting reserved for CUSOs as there is no basis for any more reserve than 100%. I would also ask that you revisit your legal opinion that states you have the legal authority to regulate CUSOs. I do not believe that opinion to be correct and I also believe that Congress has explicitly removed that power from NCUA after Y2K.



Robert Frizzle
CU*Answers, Inc.