



P.O. Box 90240 • Sioux Falls, SD 57109-0240

April 14, 2015

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

Re: RBC2 Proposal

Dear Mr. Poliquin,

Thank you for allowing me to introduce my personal observations about the updated Risk Based Capital proposal.

As President/CEO of Sioux Empire FCU for 25 years, I have seen our organization grow from less than \$10 million in assets to now broaching the \$100 million mark. We have not always had a steady growth trajectory; in membership, assets or in net worth (capital), but the biggest negative event that has impacted our capital was forced upon us by NCUA. The assessments in essence stole many years of the ~75 years worth of accumulated capital our members had built up in this organization. You can understand how any attempt to touch/control/value/devalue/appropriate/segregate our member's net worth by the organization that has impacted it in the most profound negative manner is met with an incredibly high degree of in trepidation and skepticism.

Even though we are still a relatively small Credit Union, we have been offering many levels of service and products not common in our peers. We have done that primarily through our involvement with multiple CUSOs; one wholly-owned and the other three (3) multiple owners. Our first CUSO involvement was back in 2003. All of our CUSO investments have paid us back handsomely; both in real quantifiable benefits for our members, but also in monetary benefits to our financial statements. For us to say these investments are "risky" and need to be weighted in any negative manner against our capital is simply absurd. If this proposed weighting becomes statutory, we may have to reevaluate our investments in our CUSO partners, thereby decreasing a substantial real benefit to our members and to our financial statements. It would most certainly thwart any positive movement forward looking into participation in any additional CUSO's too.

The drive to create a system of measuring our member's capital against the capital in a for-profit bank seems illogical and a waste of time. Our organizations are created with separate goals in mind; one to make all the money they possibly can to reward their shareholders, and the other to attend to the financial needs and wants of their member-owners for the benefit of all. The point on the spectrum where these two philosophies intersect is so minute that trying to force a Credit Union capital structure on a bank is as silly as trying to force a bank capital structure on a Credit Union. I cannot see where this RBC2 proposal displays any quasi-recognition of the unique nature, our structure and philosophical purpose of the Credit Unions it will be imposed upon. Isn't that why we have a separate Share Insurance Fund and Regulator in the first place? Don't help blur the lines any more please.

EAST BRANCH
3400 S. Sycamore Avenue
Fax: (605) 371-3153

NORTH OFFICE
901 N. West Avenue
Fax: (605) 331-3658

SOUTHWEST BRANCH
5010 S. Solberg Avenue
Fax: (605) 367-4344

VA BRANCH
2501 W. 22nd Street
Fax: (605) 335-3976

Phone: (605) 367-7070



www.siouxempirefcu.org

Be honest and admit that had this RBC2 rule been in effect over the past 10 years, little would have been changed and/or prevented. The banks modeled that for us very clearly. This proposal is a solution in search of a problem. Don't create a problem to justify its existence.

Obviously our Credit Union will be breaking the \$100 million asset mark very soon, perhaps before you even read this letter. Will we be a significantly different organization in three months from now, solely because of our asset size? Of course not. I understand drawing a simple line in the sand based on asset size is a simple way to delineate a complex Credit Union for another one, but this is a fallacy. If this proposal is truly to be best laid upon a complex Credit Union, take the time to define it properly. Obviously we believe \$100 million is woefully too low in our opinion, but a better recognition of complex should be a Credit Union's activities, not their asset size.

In summation, I believe the Board has the power to retract this proposal and work with it once again to grind off the rough edges. No one will fault the Board for that action, in fact the Board will be the recipient of respect and admiration for listening to the comments of its constituents and responding in a manner worthy of a regulator of a cooperative financial system.

Thank you in advance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Jorgensen", with a long horizontal flourish extending to the right.

Jeff Jorgensen
President