

**From:** [Jay Johnson](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Risk-based capital proposed regulation  
**Date:** Monday, April 27, 2015 12:27:01 PM

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Mr. Poliquin,

As a member of National Institutes of Health FCU, I am concerned that this proposed regulation will limit the ability of my credit union to serve its members in the way that responds to their needs most effectively. I urge the Board to withdraw this rule.

As a CFA charterholder who has worked in financial services my entire career, I am very familiar with the various regulatory approaches that have attempted to identify risks via complex ratios. Not one of these approaches has worked in the past and there is no reason to believe they will in the future.

More important than the failed history that other regulators have experienced is the simple fact that credit unions have a fundamentally different model that simply should not be subject to approaches that mimic that of banks. The cooperative member-owner model inherently mitigates risk-taking associated with for-profit entities. NCUA's own data shows that fraud is a primary source of credit union failures, not the financial/capital model. Credit unions are formed to serve member needs. Those needs can vary greatly and change over time. To force all credit unions to adhere to a regulation that drives them towards homogeneity defeats their fundamental purpose and ultimately creates more risk for the insurance fund as it reduces business model diversification.

While I appreciate the objective of the rule, it would be better served as an examination tool that allows for discussion between NCUA and the board and management of each credit union.

Thank you for the opportunity to comment.

Jay Johnson