

Submitter Info.txt

Please Do Not Reply To This Email.

Public Comments on Alternative Capital: =====

Title: Alternative Capital
FR Document Number: 2017-01713
RIN:
Publish Date: 2/8/2017 12:00:00 AM

Submitter Info:
First Name: Brad
Last Name: Tower
ZIP/Postal Code: null
Email Address: null
Organization Name: null
Comment: Mr. Gerald Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RIN:
Docket ID: NCUA-2017-0007
FR #: 2017-01713

Subject: Comments on Advance Notice of Proposed Rulemaking for Supplemental Capital
Dear Mr. Poliquin:

Thank you for the opportunity to provide comments on the National Credit Union Administration (NCUA) proposal for alternative capital for credit unions. Allowing credit unions to accept supplemental capital has the effect of transferring the tax benefit that was intended for the members of credit unions (and more specifically, low income individuals and households) to any financial interest large enough to provide funds that would become the credit union's supplemental capital (subordinated debt). Just as enormous brewers bought up or created craft breweries in order to capture market share, why would Bank of America or Wells Fargo not supply supplemental capital for credit unions in small markets in order to capture revenue streams that would otherwise go to community financial institutions? And then the credit union would be subject to possible destabilization if the large bank chose to withdraw its capital from the credit union. Allowing credit unions to accept supplemental capital is potentially good for credit union executives, but not for credit union members.

The NCUA should focus on the intended mission of credit unions which is to serve people of modest means through a mutual ownership structure. It is not the mission of credit unions to issue subordinated debt instruments to wealthy investors. If the NCUA allows credit unions to raise alternative capital, then Congress should reexamine the tax exempt status of federal and state credit unions.

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

RIN:
Docket ID: NCUA-2017-0007
FR #: 2017-01713

Subject: Comments on Advance Notice of Proposed Rulemaking for Supplemental Capital
Dear Mr. Poliquin:

Thank you for the opportunity to provide comments on the National Credit Union

Submitter Info.txt

Administration (NCUA) proposal for alternative capital for credit unions. Allowing credit unions to accept supplemental capital has the effect of transferring the tax benefit that was intended for the members of credit unions (and more specifically, low income individuals and households) to any financial interest large enough to provide funds that would become the credit union's supplemental capital (subordinated debt). Just as enormous brewers bought up or created craft breweries in order to capture market share, why would Bank of America or Wells Fargo not supply supplemental capital for credit unions in small markets in order to capture revenue streams that would otherwise go to community financial institutions? And then the credit union would be subject to possible destabilization if the large bank chose to withdraw its capital from the credit union. Allowing credit unions to accept supplemental capital is potentially good for credit union executives, but not for credit union members.

The NCUA should focus on the intended mission of credit unions which is to serve people of modest means through a mutual ownership structure. It is not the mission of credit unions to issue subordinated debt instruments to wealthy investors. If the NCUA allows credit unions to raise alternative capital, then Congress should reexamine the tax exempt status of federal and state credit unions.