



August 3, 2017

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

Dear Mr. Poliquin:

Re: NCUA Part 746, Subpart A – Supervisory Review Committee (SRC); Procedures for Appealing Material Supervisory Determinations.

Alaska USA Federal Credit Union (Alaska USA) appreciates the opportunity to comment on the NCUA's proposed changes to the Rule on the Supervisory Review Committee; Procedure for Appealing Material Supervisory Determinations. Alaska USA is a federally chartered credit union with over \$6.9 billion in assets and over 625,000 members.

As noted in the request for comment, Section 309(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 requires the NCUA to ensure appeals of material supervisory determinations are heard and decided expeditiously. In this request for comment, the NCUA Board proposes to amend its procedures for appealing material supervisory determinations to the NCUA Supervisory Review Committee (SRC) to expand the number of supervisory determinations appealable to the SRC and provide credit unions with the opportunity for additional review by the Director of the Office of Examinations and Insurance. It is suggested that these changes will enhance due process and create consistency with federal banking agency practices.

Alaska USA supports each of these recommendations, so long as the changes and clarifications outlined below are considered before final implementation.

With regard to the recommendation to expand the types of supervisory determinations that can be appealed, Alaska USA supports redefining the term "material supervisory determination" to include other supervisory determinations, such as those that may affect the capital, earnings, operating flexibility, or that may otherwise affect the nature and level of supervisory oversight of a federally insured credit union. That said, Alaska USA is strongly concerned and suggests the omission of the proposed changes to Section 746.107 Procedure for Appealing to the Supervisory Review Committee which expand the authority of the SRC Chairman to: (1) adopt supplemental rules governing its operations; (2) order that material be kept confidential; and (3) consolidate appeals that present similar issues of law or fact. While it is suggested that the proposed change would be wisely used to ensure efficiency of the process, Alaska USA believes this broad language leaves too much room for interpretation and that these authorities could be misused in the future. We do not believe the SRC Chairman should have the flexibility to adopt such supplemental rules, but rather that those changes should have to occur through a more formal process.

With regard to the proposal to restructure the nature and composition of the SRC pool, Alaska USA believes greater clarification is needed. Per Section 746.108 Composition of Supervisory Review Committee, the Board proposes creating a rotating pool of not less than eight individuals appointed by the NCUA Chairman. In this proposal, however, it is recommended that certain current SRC members, such as various NCUA regional and head office staff (regional directors, associate regional directors, executive directors, deputy directors, general counsel and senior policy advisors or chiefs of staff of the Board), will be ineligible to serve as members of the SRC pool in the future. While, the justification for each of these exclusions seems warranted due to the explanation included in the proposal, it may create an absence of professional oversight, knowledge and experience in the SRC process. For this reason, the lack of definition of who is considered the remaining potential "senior staff" for the pool is concerning. It is Alaska USA's opinion that if you remove what appears to be executive level knowledge and experience, and instead delegate this to senior staff, potentially at the same level as those already making the determination, they may be subject to a lack of knowledge and experience and, more importantly, significant peer pressure and influence, even if from a different regional office.

In closing, Alaska USA supports each of the recommendations, but has concerns about the expansion of the SRC Chairman's authority as proposed, and suggests the removal of this section. Additionally, Alaska USA seeks further clarification and requests further consideration of the proposed changes to the nature and composition of the SRC pool to make executive level individuals, as noted above by title, ineligible to serve in the SRC pool.

Sincerely,

A handwritten signature in cursive script that reads "Brian E. Wolf".

Brian E. Wolf  
Chief Operations Officer