

News Release

Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090



For Immediate Release
NR-08-02 (02-14-08)

Contact: Martha Schober or Christine Quinn,
703-883-4056
E-mail: info-line@fca.gov
Web site: www.fca.gov

FCA Board Identifies Conditions Warranting Referral to the FCA Regulatory Enforcement Committee

McLEAN, Va., February 14, 2008 — The Farm Credit Administration (FCA or Agency) Board today adopted a policy statement (PS 79, "Consideration and Referral of Supervisory Strategies and Enforcement Actions") to ensure that situations that may warrant enforcement action are promptly and appropriately addressed by the Agency.

The policy statement accomplishes this by identifying the conditions in a Farm Credit System (FCS) institution that will trigger a review by the Agency's Regulatory Enforcement Committee (REC). Such conditions include, among other things, the inability or unwillingness of an institution or person to address an unsafe or unsound condition or practice or to correct a violation of law or regulation.

When the REC receives a referral, it will review the situation to determine the appropriate supervisory strategy and will make recommendations to the FCA Board regarding enforcement actions. Enforcement actions include formal agreements, orders to cease and desist, civil money penalties, and suspensions or removals of directors or officers.

In other business, the Board granted preliminary approval of a request to merge Sacramento Valley Farm Credit, ACA, and its subsidiary associations with and into Farm Credit West, ACA, and its subsidiary associations. Final approval is subject to two conditions: an affirmative vote by the majority of the voting stockholders of each ACA and FCA's determination that all requirements for final approval have been met.

-more-

The Board also approved a Bookletter providing guidance to System associations and banks in receiving nominations for director candidates from the floor. Section 4.15 of the Farm Credit Act of 1971, as amended, states that nominations shall be accepted from the floor. Bookletter 055 clarifies that an institution may not have burdensome procedures that prevent voting stockholders from exercising their express right to nominate from the floor.

In addition, the Board heard two reports. The first report was an update on the trends and market conditions for issuance of Systemwide debt.

The second was a quarterly report by the Office of Management Services, which included updates on employee development initiatives, a major technology project, and a quarter-end financial report.

Notational Vote

Since the January 10 FCA Board meeting, one notational vote has occurred. Notational votes are actions taken by the FCA Board between Board meetings.

On February 12, the Board authorized AgFirst Farm Credit Bank to invest in agribusiness investments under appropriate conditions. The Board also required the Director of the Office of Regulatory Policy to submit a report to the Board upon conclusion of the pilot investment program.

###

The Farm Credit Administration is the safety and soundness regulator of the cooperative Farm Credit System. FCA charters, regulates, and examines the 106 banks, associations, and service corporations of the FCS. System institutions make loans to agricultural producers and their cooperatives nationwide. Members of the FCA Board are Nancy C. Pellett, Chairman and CEO; Dallas P. Tonsager; and Leland A. Strom.

Note: FCA news releases are available on the FCA Web site at www.fca.gov.