

June 20, 2014

Mr. Barry F. Mardock, Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090

RE: 12 CFR Part 612

Dear Mr. Mardock:

As director of a Farm Credit institution, I am directly accountable to the stockholders of the Association that I serve and am committed to the highest ethical and moral standards of conduct. Serving as a member of the Board is a responsibility that I take very seriously. I have pledged to uphold the high standards of the Association and to work for the betterment of the Association.

Serving on the Board is just that--a service. The scrutiny of each director is not unexpected, if not a little bit disarming. I recognize that this may be necessary, however it is a consideration when making the decision to accept the nomination to the Board.

If FCA's proposed Standards of Conduct rules are implemented, association stockholders are going to be unwilling and unable to serve on the Board because of the undue burden these rules will place on their day-to-day business operations. My fellow directors and I, must be able to continue to tend to the business of our farms and ranches without the intervention of unjustified regulations in order to be able to tend to the business of our Farm Credit association as well.

I would like to address a few of the proposed rules specifically:

612.2135 Responsibilities and conduct.

The addition of the words "and guidance" to paragraph (b) are confusing, if not vague. Guidance of each Farm Credit institution is provided by its board of directors. As part of that guidance, the board is compelled and guided by FCA, as it were, to adhere to the laws and regulations put forth and administered by FCA. Those laws and regulations *are* the guidance provided by FCA.

In this context, adding the words "and guidance" makes observation of FCA's guidance a requirement, therefore *guidance* becomes *regulation*. I object to the added wording.

612.2136 Conflicts of interest.

The example given in the summary of proposed rule 612.2136 indicates that a director must disclose common business transactions if they involve another borrower of the institution. This discourages stockholders from serving on the board, and inhibits a director's ability to conduct his business.

Directors of Farm Credit Institutions are customers of that same institution. They each have ongoing agricultural business interests within the same region as other borrowers of the institution. Business transactions between borrowers are common occurrences.

It is not uncommon for a borrower to acquire and operate an ongoing business that sells supplies, parts, seed, feed, equipment, etc. and has other borrowers as its customers, including directors and employees of the institution. More often than not, the customer will charge purchases, paying the balance only monthly. Requiring disclosure of transactions with each individual borrower that he does business with would be untenable for the business owner and prohibitive of his ever serving on the board, no matter how beneficial to the association his service as director could be.

Furthermore, if such transactions are automatically treated as suspect, a director may be less likely to enter into business transactions with other borrowers, to the detriment of both parties and to their Farm Credit association.

612.2145(a)(7) Directors-Prohibited Conduct.

This proposed regulation requires that a director obtain authorization from the Standards of Conduct Official before entering into business transactions with other institution borrowers. As stated previously, oftentimes a director charges multiple purchases throughout the month, receiving only a monthly statement. If such charge accounts involve another borrower, the director is now required to get pre-authorization for this type of common arrangement. This proposed rule, and 612.2136 border on an invasion of privacy and are a hindrance to the everyday business dealings of directors and of the borrowers they do business with. Consider, if the business relationship existed prior to the director's election to the board, he is already in violation of this regulation when his term begins by not having prior authorization from the Standards of Conduct Official.

612.2165 Code of Ethics, Policies and Procedures.

In 612.2165(c)(1) there is a reference to the avoidance of "the appearance of a conflict of interest". As director, I do not want there to ever be an "appearance of a conflict of interest". However, this is a highly subjective notion and may not always be avoidable or definable. For my part, I would strongly suggest that the rule deal only with actual conflicts of interest, and remove the words "appearance of a conflict of interest".

Thank you for your consideration.

Sincerely,

Linda Miller Brown, director
Ag New Mexico, Farm Credit Services, ACA