



# Farm Credit

Farm Credit of Central Oklahoma  
Mission & Georgia, P.O. Box 910  
Anadarko, Oklahoma 73005  
405 / 247-2421  
FAX 405 / 247-3582

June 20, 2014

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

RE: Standards of Conduct Proposed Rule

Dear Mr. Mardock:

Farm Credit of Central Oklahoma appreciates the opportunity to comment on the Farm Credit Administration's proposed rule regarding standards of conduct. Farm Credit of Central Oklahoma fully supports the highest standards of conduct and business ethics in day-to-day transactions of the association and from our employees and board. Furthermore, high standards of conduct is integral to the associations ability to conduct business and build new relationships for the future. Farm Credit of Central Oklahoma is a trusted member of our service area and exemplifies high standards of conduct and business ethics – all built on the integrity of our board and employees.

Farm Credit of Central Oklahoma fully supports the comments submitted by CoBank, the Farm Credit Council, and the individual comments of our board. We urge the FCA to fully consider these comments in drafting the final rule. In addition to supporting the full comments of CoBank and the Farm Credit Council, Farm Credit of Central Oklahoma would like to comment on some particular areas of concern.

#### **§612.2135 Responsibilities and Conduct**

The proposed rule's addition of "guidance" is ambiguous and makes full compliance with this section impossible. The expectation that Associations must not only comply with the regulation but with "guidance", places the association in an impossible situation of not knowing what regulations to follow. This section gives each examination team the ability to "redefine" the requirements in regulation without going through the rule making process. The proposed rule should be removed from the final rule.

#### **§612.2136 Conflicts of Interest, §612.2140 Director Reporting, & §612.2150 Employee Reporting**

We strongly disagree with the implication that all transaction in the normal course of business causes conflicts or potential conflicts of interest. Directors are not involved in the loan approval process and as such; do not know all borrowers by name. The expectation that the numerous normal course of business transactions a director is involved in on any given day present conflicts of interest is inaccurate. Furthermore, in rural areas where directors and employees operate, businesses and individuals that supply farmers/ranchers with goods and services in the normal course of business are severely limited. In many cases, there will only be one supplier of a particular good or service in the entire county. The expectation that the director or spouse of an employee must engage the SOC officer on day-to-day, normal course of

Mr. Barry F. Mardock  
June 20, 2014  
Page 2

business transactions is completely unrealistic. The requirement will directly affect the number of borrowers willing to serve on the board and for those currently serving; the requirement will bring to question their ability or willingness to continue to serve. High quality director candidates have many normal course of business transactions in a day and in rural areas, most of the suppliers of goods and services are probably Farm Credit customers. The proposed rule will limit those willing to serve on the board.

Farm Credit serves an important role in rural development by providing needed credit to those that provide goods and services to farmers and ranchers. As indicated above, the providers in rural areas are limited. As a consequence, many of the suppliers will be Farm Credit customers. The proposed rule will put businesses and individuals in the position of possibly losing customers (Farm Credit directors and employees) should they choose to obtain credit from the association.

Lastly, we believe the addition of "consultants" further complicates compliance with this section and extends the affects discussed above to an entirely new group.

The proposed rule impedes the ability of the association to serve rural areas. We respectfully request that FCA consider the rural nature of many association territories across the country in formulating the final rule.

Thank you again for allowing us the opportunity to comment on the proposed standards of conduct. I hope that the comments above assist you in understanding the rural nature of Farm Credit of Central Oklahoma's territory and the effects of the proposed rule on our directors, employees, customers, and loan applicants. Please contact me if you have any questions or if additional information is needed.

Sincerely,



Blake Byrd  
President/CEO

BB/rs