



## **Daniel Corey Farms / Nu Seed Corp / Seed Pro Inc / Corey Equipment**

May 12, 2014

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

Dear Mr. Mardock:

Subject: Proposed Rule on Standards-of-Conduct Requirements (RIN 3052-AC44)

I am writing in regard to the Farm Credit Administration's proposed rule on Standards of Conduct.

I own and operate Daniel Corey Farms and Nu-Seed Corp., producing 1,000 acres of seed potatoes, 1,500 acres of grain, and 100,000 Christmas trees; Seed Pro Inc., a tissue culture facility; and Corey Equipment Inc. and I serve on the Board of Directors of Farm Credit East.

These regulations if approved would cause significant hardships for me and my business. For individuals like me, these regulations will make it nearly impossible to serve on the Board of Directors and will discourage excellent directors and candidates from considering future service on Farm Credit Boards. As a Director with Farm Credit East, I do not see, review or discuss individual loan applications unless they are "official" loans involving other Farm Credit East Directors or employees. The reality is that as a Director, I am simply not making decisions on individual customers of Farm Credit East - that is not my role!

My specific concern is with the proposed regulation's requirement that I obtain the prior, written approval of the association's Standards of Conduct Officer before entering into any transaction with an association borrower (as set forth in Section 612.2145 (b)). The association's Standards of Conduct Officer will have to "demonstrate," for each such transaction, that the transaction is in the ordinary course of my business or is not material in amount and also document that I did not participate in the determination of any matter that affected the financial interest of that borrower except those matters affecting all borrowers in a nondiscriminatory way. This requirement for written, pre-approval of my transactions with association borrowers will be nearly impossible for me to comply with and would essentially prevent me from being able to conduct business with my existing customers. In my annual disclosure statement, I should report the types of transactions I do that may involve Farm Credit East customers and that should be adequate.

I have a very diversified business. I potentially deal with dozens, if not hundreds, of Farm Credit customers in the normal course of business. I negotiate transactions on a daily basis and like any business I collect my accounts payable. I do not know day to day who I might be negotiating with during the next day of business. I clearly do business with both Farm Credit members and non-Farm Credit members - I don't think about their Farm Credit involvement and generally do not know if they are a Farm Credit customer. Even if I think they are a Farm Credit member, I don't know that for sure and I need to transact the business without delay.



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These regulations seem to miss the basic point that Farm Credit institutions are farmer-owned cooperatives. I am sure that Farm Credit East (previously Farm Credit of Maine) customers know about my business operations when they elected and reelected me. They elected and re-elected me because they believe I have the understanding and skills necessary to be a strong Board member. More importantly they believe that I have the integrity to not relate or confuse in any manner my personal business from my role as a Farm Credit director.

I don't think it is possible to comply in any reasonable manner with this regulation. What if I attended a widely held Farm Credit meeting with an attendance of 120 farm families? If 6 months later I happen to transact business with one of the 120 in attendance - would I have been expected to remember that that individual was at the Farm Credit meeting? At many of Farm Credit meetings, we invite farm leaders that may not always be Farm Credit members - should I be expected to know or guess who is and isn't a Farm Credit East member?

In my business I grow and market seed potatoes to farms throughout Maine. As one aspect of my business I grow seed potatoes for a processor that wants their contract growers to use certain varieties. I have obligations to both the processor and to the grower - I can't jeopardize my business by delaying a transaction because I think it might be a Farm Credit customer and I need to contact the Standards of Conduct officer. Further I grow seed potatoes used for chips and table stock. I don't review the customer names and try to think if I have ever seen them at Farm Credit a meeting - that is simply not reasonable and workable and would cause me irreparable harm in my personal business and my ability to serve on the Farm Credit East Board.

In addition to growing grain, we also operate a grain elevator which buys and sells grain and feed. In this aspect of my business I am serving dozens of customers, some of which may be Farm Credit East customers. I shouldn't be put into the position of trying to cross reference someone that may have attended a meeting, served a Farm Credit East committee or customer service council with those individuals that I am involved with on my personal business.

I strongly recommend that the Farm Credit Administration withdraw these regulations and look for a much simpler and straightforward approach on Standards of Conduct. It should be simple - I should be asked to report what types of business I operate that may serve other Farm Credit customers. This is basically already apparent as part of the Annual Report and should be adequate.

Thank you for your consideration.

Sincerely,

Daniel Corey