

I urge the FCA to revise the proposed rule substantially prior to issuing a final rule. I would also like to offer my support for the comments submitted by Frontier Farm Credit, CoBank and the Farm Credit Council. Thank you for your consideration.

May 20, 2014

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

Dear Mr. Mardock:

Thank you for the opportunity to comment on FCA's recent proposed rule regarding Standards of Conduct. Adherence to appropriate Standards of Conduct is important to the integrity of the Farm Credit System and a topic which should be carefully considered. The FCA's proposed rule, however, does far more harm than good and should be substantially revised.

As a director of Frontier Farm Credit, ACA, I find that the disclosure requirements in the Conflicts of Interest section of the proposed rule to be entirely inappropriate and completely unrealistic. The proposed rule ignores my association's cooperative structure and the way I do business in my own operation. I routinely have business transactions with a wide variety of individuals, some of whom might be Frontier's customers. For the most part, I don't know whether someone I'm doing business with is a Frontier customer. Even in instances where I know I'm dealing with an association customer, there is no conflict of interest since directors at Frontier Farm Credit do not have any role in approving loans or the terms of loans.

Requiring me to disclose in any transaction with a customer, even when I know I am doing business with a customer, is not realistic. The number of transactions I have in the normal course of my business means that both the staff at Frontier Farm Credit and I would spend an enormous amount of time shuffling paperwork with absolutely no impact on any conflict of interest. Perhaps most importantly, the proposal will immediately discourage qualified individuals from serving on the board of their association.

There are numerous examples that could be provided by all of our directors. One that I would mention is the purchase of seed for my own operation. These purchases are regularly made from local seed dealers, who are often farmers themselves and therefore could likely be customers of Frontier Farm Credit. The requirement for me to get advance approval of a purchase when I'm in the field trying to complete planting is simply unreasonable and cumbersome. Even if the association set a high "material" limit, the purchase of almost any piece of equipment would likely exceed that. The last thing I need is to have yet another person involved in approving the purchase an item of equipment I need for my operation. The disclosure of every transaction, done in the ordinary course of my business, with another customer of Frontier Farm Credit seems very burdensome and unproductive, and does nothing to change the risk profile of the association.

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Sincerely,

Gerald Gerstner

Gerald Gerstner
300 E. 10th Street
Frankfort, KS 66427

Mr. Brian F. Marbock
Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-8000

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There are numerous examples that could be provided by all of our sectors. One that I would mention is the purchase of seed for my own operation. These purchases are regularly made from local seed dealers, who are often local competitors and therefore could likely be customers of Frontier Farm Credit. The requirement for me to get advance approval of a purchase when I'm in the field trying to complete planting is simply unreasonable and cumbersome. Even if the association set a high "material" limit, the purchase of almost any piece of equipment would likely exceed that. The last thing I need is to have yet another person involved in approving the purchase of equipment I need for my operation. The disclosure of every transaction, done in the ordinary course of my business, with another customer of Frontier Farm Credit seems very burdensome and unproductive, and does nothing to change the risk profile of the association.