Farm Credit

Farm Credit of Central Oklahoma
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May 21, 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 Farm Credit of Central Oklahoma (FCCO), 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 farming/ranching operation. I routinely have business transactions with a wide variety of individuals, some of whom might be FCCO customers. For the most part, I don't know whether someone I'm doing business with is an FCCO customer. Even in instances where I know I'm dealing with an association customer, there is no conflict of interest since directors at Farm Credit of Central Oklahoma do not have any role in approving loans or the terms of loans.

Requiring me to disclose 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 Farm Credit of Central Oklahoma 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 FCS association.

In the normal course of business, the people I do business with that could be FCCO customers are 1) the equipment dealers where I purchase parts and equipment, 2) the sale barn where I purchase and sell cattle, 3) the hay producer where I buy my hay, 4) the veterinarian that cares for my cattle and sells me veterinary supplies, 5) the mechanic who repairs my equipment/vehicles, 6) the accountant that prepares my taxes, 7) the insurance agent where I purchase insurance for my home and my farming/ranching operation, 8) the farmer that sells equipment at a local auction and countless others that I do business with on a daily basis.

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 the other directors of FCCO, CoBank, and the Farm Credit Council. Thank you for your consideration.

Sincerely,

Alan Schenk
Director