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Growers, Packers and Shippers of California Almonds

June 02, 2014

Mr. Barry F. Mardock

Deputy director

Office of Regulatory Policy

Farm credit administration

1501 farm credit drive

McLean, BA 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 CoBank, 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 the System's cooperative structure and the way I do business in my own almond growing and processing/mkt. business. I routinely have business transactions with a wide variety of individuals, some of whom might be CoBank or an affiliated association's customers. For the most part, I don't know whether someone I'm doing business with is a System borrower. Even in



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instances where I know I'm dealing with a customer, there is no conflict of interest since directors at CoBank 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 CoBank and I would spend an enormous amount of time shuffling paperwork and 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.

We would need to consult almost daily concerning routine matters we perform on our customers behalf. Marketing decisions would be delayed and opportunities lost on daily marketing considerations.

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 CoBank and the Farm Credit Council. Thank you for your consideration.



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Sincerely,

David S. Phippen