I appreciate your well-researched and appropriately founded observations in the July 4 Bacino Report. From your personal experience at NCUA and unique perspective as a twice presidentially appointed federal regulator, your assessment was naturally much more fact-based than the incredibly poorly researched and agenda-driven NY Times story that initiated your comments in the Bacino Report.

When Uber formed in 2009 as what proved to be the ultimate disruptor to the taxi industry and, as you pointed out, the medallion credit unions were indeed among the strongest in the country. Although they were largely state-chartered and NCUA was their insurer and not their primary regulator, NCUA had been concerned enough about their concentration risk to require almost four times as much capital to be retained as the average credit union. The agency had been active in supervising the concentration risk in those credit unions for several decades.

Most medallion credit unions, even with no losses reported in their medallion portfolios for almost ten years, held in excess of 20% capital - most with close to 30%. That was a proactive supervisory action by NCUA that eventually saved the NCUSIF well over a hundred million dollars when those credit unions were unfortunately conserved over the last several years. Even though the often-criticized blanket waivers to the medallion credit unions on loan-to-value ratios which the NCUA Inspector General cited in his report were issued post-Uber in the 2011-14 time period, even they were an attempt – perhaps misguided - to save the credit unions. (For the record, contrary to the erroneous NY Times reporting, no blanket waivers were granted during either of our tenures at NCUA which ended in 2004 – five years b before the first Uber driver picked up his first ride share.) Therefore, as you pointed out, it is not fair to say that NCUA did nothing to mitigate the potential losses in these credit unions. In actuality, the losses were indeed mitigated by the millions in additional capital that had been required from these credit unions for almost twenty years.

Again, thank you for making sure your readers have the facts about the unfortunate loss of these credit unions. Since the NY Times didn't bother to get the facts straight, I want to express my appreciation to the Bacino Report for taking the time to point out the proper timeline and to make sure your readers realize the lesson of the medallion credit unions. That lesson is, that none of us know what disruptors may be lurking in other industries as well as we look at today's marketplace and tomorrow's as well. Who of us could have realistically have prophesied that a smart phone app would turn the taxi industry, and with it about a half dozen healthy medallion credit unions, upside down in just a matter of a few years. This speaks to the value of strategic planning and credit unions being as nimble as possible in a dynamically changing marketplace. And also to the value of diversification in a credit union's field of membership.

Good luck with your Elephant Conference. Sounds like a "can't miss" event for credit union leaders that are not afraid to look at the challenges of today with an eye on the potential victories properly addressing those challenges can bring for tomorrow.

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