

Subject: The Daily Exchange -- January 8, 2014
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From: New Jersey Credit Union League <news@njcul.org>
To: staff@njcul.org
Conversation: The Daily Exchange -- January 8, 2014

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January 8th, 2014

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Sponsorship:

U.S. News & World Report Touts Benefits of Joining a CU

Customers frustrated with bank fees might want to consider their options, including switching their money over to a credit union, an article on *U.S. News & World Report's* Web site states. The article, titled "The Benefits of Joining a Credit Union", cites CUNA statistics on the number of credit union members (96 million Americans) and credit unions' marketshare compared that of banks (banks hold \$14.45 trillion in assets versus credit unions' \$1.03 trillion).

The article goes on to list five commonly asked questions about credit unions, including those concerning eligibility, rates, deposit insurance, and financial literacy.

As far as membership goes, the article points out that most consumers are eligible, even though many don't realize it. It's worth looking into, says the article, because on average, credit unions offer lower rates on loans and higher rates on savings accounts. For example, the NCUA reports that five-year loans for new cars at banks have an average interest rate of 5.19%, compared with 2.87% for credit unions.

CUNA calculates that taken together, higher yields, lower rates and lower fees add up to about \$5.8 billion total in benefits to members, or about \$118 per member household in 2012.

The article then goes on to explain that credit union deposits are insured by the NCUA, similar to the way the FDIC insures deposits at banks.

When it comes to financial literacy, credit unions "pride themselves on being a top source for financial information." The article says many offer seminars and information on topics such as preventing identity theft and managing credit cards.

The article can be found in its entirety [here](#).



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For more information on how it works, click [here](#).

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Upcoming Events:

January 15, 2014
Webinar: IRA & HSA Review
& Update, Including DOMA
Implications
3:00 pm to 4:30 pm
[More Information Click Here](#)

January 16, 2014
Full-Day: Learn How to

Reality Check: Mix and Mingle Poolside!

ATLANTIC CITY, N.J. – With the weather outside entirely frightful, look forward to a touch of spring at the 2014 CU Reality Check conference!

Join the action taking place March 10-12, 2014 at Harrah's Casino Resort in Atlantic City, which includes a poolside welcome reception at The Pool!

It might be cold outside now, but imagine mingling and networking poolside with your peers in the balmy 82 degree-dome at The Pool on the first night of the conference!



Besides, Credit Union Reality Check is all about interaction. Its unique format involves all attendees, all the time. There are no breakout sessions; every session takes place in one room so you don't need to choose one session over the other or miss out any vital information.

Be sure to follow [@CURealityCheck](#) on Twitter for up-to-the-minute information on the conference.

Check out the Web site at www.CURealityCheck.com for more information and to register.

Thank you to our sponsors who make Reality Check possible: Alloya Corporate FCU, Alpha Omega Laser, CO-OP Financial Services, *Credit Union Journal*, CUinsight, CUNA Mutual Group, Federal Home Loan Bank of New York, Financial Services, Inc. (FSI), Invest in America, Lendkey, Symbionce, and UBS.



Become Your Members' Mortgage Solution
Location: NJCUL and via Video Conferencing
10:00 am to 2:00 pm
[More Information Click Here](#)

January 16, 2014
Webinar: Fee Income 2014: Challenges, Issues & What's on the Horizon
3:00 pm to 4:30 pm
[More Information Click Here](#)

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NCUA Offers Jan. 22 Exam Modernization Webinar

ALEXANDRIA, Va. – Credit unions of all asset sizes may participate in a free, Jan. 22 NCUA webinar designed to give participants a better understanding of new procedures related to Documents of Resolution and examination reports. The NCUA recently made changes to streamline and improve the consistency of the examination report process.

The changes, effective Jan. 1, are intended to improve the overall exam process by setting clearer expectations for credit unions and examiners, and were introduced in October in the agency's Letter to Credit Unions (13-CU-09). The Credit Union National Association has long sought the kind of changes provided in the NCUA letter, Deputy General Counsel Mary Dunn said at the time.

NCUA noted it considered feedback from credit union industry officials as it developed these changes. The agency also incorporated recommendations from the U.S. Government Accountability Office and NCUA's Office of Inspector General.

One specific change adopted by the agency is separating the Document of Resolution and Examiner's Findings sections of the examination reports into stand-alone documents.

"Separating the DOR and Examiner's Findings documents--and providing descriptive definitions of each document's purpose--will help credit union officials clearly differentiate between major and minor problems in order to prioritize corrective actions," the agency wrote.

Presenters at the NCUA's 2 p.m. (ET) webinar include Dominic Carullo, an economic development specialist with the Office of Small Credit Union Initiatives; Amanda Parkhill, a loss and risk analyst with the Office of Examination and Insurance; and Clarence Jones, an NCUA national training specialist.

Use the resource link below for registration information. Participants may submit questions to the agency in advance of the session at WebinarQuestions@ncua.gov. The subject line of the email should read "Examination Modernization Webinar." Participants with technical questions about accessing the webinar may email audience.support@on24.com.

To register for the webinar click [here](#).

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Obama Sends McWatters NCUA Nom to

Senate

WASHINGTON – Mark McWatters' nomination to serve on the NCUA board has been sent to the U.S. Senate by President Barack Obama.

"This is a pro forma step in the process that formally puts the nomination in the hands of the Senate. Now, the Banking Committee will begin their vetting process in advance of an eventual hearing," CUNA Senior Vice President of Legislative Affairs Ryan Donovan said.

Obama announced his intent to nominate McWatters in mid-December. McWatters' nomination is subject to a nomination hearing by the U.S. Senate Banking Committee and a confirmation vote by the Senate.

If confirmed, McWatters would replace board member Michael Fryzel, whose term ended Aug. 2 this year, but he is allowed to continue serving until another board member is confirmed.

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CUNA Survey Seeks Target Data Breach Cost Details

WASHINGTON – CUNA is asking credit unions for Target data breach cost information, and details on how the breach has impacted members, through a new [online survey](#).

"We want to know—because the scope of this breach is so big (the second largest, in terms of total persons affected), the costs to credit unions (and ultimately to their members) are so immense for replacing cards and reimbursing members who have lost funds due to fraudulent transactions, and because Congress is taking notice of this whole affair—particularly the costs of it all," CUNA President/CEO Bill Cheney wrote in the latest edition of The Cheney Report, where the survey was first unveiled.

Questions in the 14-item survey include when credit unions were notified of the breach, how many of their cards were impacted, whether or not any of the affected cards were EMV cards, how much call volume has been affected by members asking about the breach, and whether credit unions have had to increase staffing as a result of the breach.

The survey will help CUNA better represent credit union interests to lawmakers, regulators, and the media.

Senate Banking Committee members and CUNA have asked for congressional hearings on data security issues.

"When hearings take place, the information we gather through our survey will be vital for expressing the impact of this event on credit unions and their members—and urging Congress to consider our ongoing concerns of the responsibility of merchants to protect data, and be accountable for the consequences of data breaches when they occur," Cheney said.

This week's Cheney Report also includes details on what actions credit unions are expected to take in the event of a data breach.

Other issues addressed in the first Cheney Report of 2014 include details on NCUA guidance on upcoming qualified mortgage rules, CUNA's upcoming interchange testimony, and concerns regarding NCUA's stress test proposal.

The Cheney Report is available [here](#).

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New Financial Education Webinar Series Available!

HIGHTSTOWN, N.J. – If you participate in Financial Education Webinars presented to you by the NJ CU League, you know they offer relevant content presented by subject matter experts.

NEW for 2014 are Webinar Series, a line-up of 6 Webinars for specific topics/staff members. Receive 6 Webinars for the price of 5!

Click the links below to view the series for each topic area and to view registration options for each series:

- [ACH Specialist Series](#)
- [Director Series](#)
- [Emerging Leader Series](#)
- [Frontline Series](#)
- [Real Estate Lending Series](#)
- [Required Compliance Series](#)

Beginning with the January 2014 Webinar line-up, you will purchase these Webinars directly through the Credit Union Web Training site. Each Webinar is listed on our education calendar with a link at the bottom to order online.

Or, if you prefer, you can visit <http://njcul.fed.cuwebtraining.com/store/webinar/> to view upcoming Webinars by profession as well as archived sessions.

If you have any questions, please contact Barbara Agin at bagin@njcul.org.

EDUCATION CANCELLATION POLICY: NJCUL must receive written cancellation in our office seven (7) days prior to the education session in order for you to receive a refund; substitutions only after this date. All cancellations will be subject to a \$25 cancellation fee.



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JPMorgan Ignored 'Red Flags'; Fined \$461 Million by FinCEN

JP Morgan Chase Bank Admits Violation of the Bank Secrecy Act for Failed Madoff Oversight

WASHINGTON, D.C. – The Financial Crimes Enforcement Network (FinCEN) yesterday fined J.P. Morgan Chase Bank, N.A. \$461 million for willfully violating the Bank Secrecy Act (BSA) by failing to report suspicious transactions arising out of Bernard L. Madoff's decades-long, multi-billion dollar fraudulent investment scheme. In consenting to the assessment of a civil money penalty, JPMorgan admitted to the facts set forth by FinCEN and that its conduct violated the Bank Secrecy Act.

"When JPMorgan suspected Mr. Madoff's fraud, it focused on its own investment exposure and saved itself approximately \$250 million," noted FinCEN Director Jennifer Shasky Calvery. "If it had given the same attention to its anti-money laundering responsibilities, it could have saved itself \$2 billion, and potentially saved thousands of other fraud victims untold misery and loss."

From the 1970s until he was arrested in December 2008, Bernard L. Madoff committed a massive securities fraud scheme against investors that resulted in more than \$20 billion in losses to thousands of victims. JPMorgan, its predecessors and affiliates, had a long relationship with Bernard L. Madoff Investment Securities LLC (BLM), including holding the primary bank accounts in the United States used by BLM to facilitate its fraudulent investment scheme. In addition, from 2006 to 2008, JPMorgan also made its own investments in BLM's so-called "feeder funds."

In 2007, JPMorgan had concerns that BLM could be engaged in fraud that culminated in the identification of several "red flags" by 2008. These red flags included: (1) BLM's investment performance appeared too good to be true; (2) BLM's trading techniques and investment activity lacked expected transparency; (3) BLM used a small, unknown auditor; and (4) BLM repeatedly refused to provide full information to JPMorgan as part of its due diligence reviews. In the Fall of 2008, JPMorgan took steps to protect its own business interests yet failed to notify FinCEN of the same suspicious, potentially fraudulent, activities and failed to file any Suspicious Activity Report (SAR) with FinCEN as required by the BSA.

To read the full FinCEN story click [here](#).

To schedule BSA training for your board or staff, contact nfoggie@njcul.org or call 1-800-792-8861, ext. 112.

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430 CUs Already Respond to Breach Survey, CUNA Wants More

WASHINGTON – CUNA has already received 430 submissions to its recently released data breach impact survey, and CUNA

...recently released data breach impact survey, and CUNA continues to encourage credit unions to forward on their own information as it comes in.

Questions in the 14-item survey on the effects of the Target data breach include when credit unions were notified of the breach, how many of their cards were impacted by the breach, whether or not any of the affected cards were EMV cards, how much call volume has been affected by members asking about the Target breach, and whether credit unions have had to increase staffing as a result of the breach.

There is no deadline for responses, but CUNA encourages credit unions to respond as soon as the information is available. "CUNA recognizes that many credit unions have not yet incurred all of the costs. Those that have a handle on the costs should report right away. The rest should complete the survey as soon as the data is available," CUNA Chief Economist Bill Hampel added.

The survey will help CUNA better represent credit union interests to lawmakers, regulators and the media.

The Senate Banking Committee chairman said Monday that he is considering conducting a hearing to study the recent data breach at Target, and CUNA has reached out to Senate Banking and House Financial Services Committee leaders to encourage them to "fully examine the chronic issue of merchant data breaches, their impact on consumers and financial institutions."

Sen. Bob Menendez (D-N.J.) is among three Senate Banking Committee members who have called on the chair to hold such a hearing.

CUNA's Target Breach Survey is available [here](#).

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CUNA, World Council Highlight 2014 CU Funding Needs

WASHINGTON – Credit union priorities such as the Community Development Financial Institutions (CDFI) Fund, Community Development Revolving Loan Fund (CDRLF), and Cooperative Development Program (CDP), as well as microenterprise and microfinance development must be considered as appropriations bills are developed, CUNA said in Tuesday letters to appropriations and financial services leadership on Capitol Hill.

In letters to U.S. House and Senate Appropriations financial services subcommittee leaders, CUNA asked Congress to restore funding to the CDFI Fund and the CDRLF Fund at levels set in 2012. The suggested funding levels were \$221 million for the CDFI Fund and \$1.25 million for the CDRLF.

The CDFI Fund helps locally based financial institutions--including credit unions--offer small business, consumer and home loans in communities and populations that lack access to affordable credit. The CDRLF provides loans and technical assistance to federal and state credit unions that are designated as low-income credit unions,

as defined by NCUA regulations.

In another pair of separate letters, CUNA and the World Council of Credit Unions also advocated for funding the CDP and microenterprise and microfinance development, all of which "play a critical role in increasing access to safe and affordable financial services to people in developing countries." Such programs need adequate funding to "continue to help credit unions provide credit, investment capital, and financial services to distressed communities worldwide," CUNA President/CEO Bill Cheney and World Council President/CEO Brian Branch wrote.

CUNA and the World Council urged Congress to maintain the current funding levels of \$10 million for the CDP and \$265 million for microenterprise and microfinance development.

The CDP accelerates economic growth, enhances the understanding and use of democratic principles, and improves stability in some of the world's most impoverished countries, enabling individuals in those countries "to access high quality, reasonably priced financial services by building networks, creating enabling regulatory environments, and providing training to credit union leaders and staff," Cheney and Branch wrote.

Cheney and Branch also noted that the microenterprise and microfinance development program has allowed the World Council to expand financial access to nearly 100,000 farmers and other credit union members in Afghanistan who previously did not have access to financial services.

The full letters are available [here](#).

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Credit Unions, Mark Your Calendars

HIGHTSTOWN, N.J. – The New Jersey Credit Union League would like you to mark your calendars for these upcoming events:

January 14 -- [Retirement Fair Training](#)

January 14 -- [Southern Chapter Meeting: Importance of Director Education](#)

January 19-22 -- [CEO Summit in Key West, Florida](#)

January 31 -- [Deadline to Submit YIB Scholarship Participation Agreements](#)

February 11 -- [NJ DNA Meeting: Idea Implementation](#)

February 20 -- [Compliance Update & Roundtable: 10 Fraud Areas Affecting Credit Unions](#)

February 23-27 -- [CUNA's 2014 Governmental Affairs Conference](#)

March 10-12 -- [2014 CU Reality Check Conference](#)

March 28 -- [Reality Fair at The Wallace School](#)

April 2 -- [Financial Fitness Day](#)

April 4 -- [NJ CU Foundation Casino Night](#)

April 8 -- [ELS Session: Economic, Political and Tech Trends: 10 Things You Need to Know to Grow Your Business](#)

April 20-26 -- [National Credit Union Youth Week](#)

May 3 -- Jersey Shore FCU's 5th Annual 5K in May for the Marianne DiNofrio Pancreatic Cancer Research Foundation at Birch Grove Park

May 16 -- [Reality Fair at Ewing High School](#)

May 20 -- [NJCUL's 26th Annual Golf Tournament](#)

June 2 -- North Jersey FCU Foundation's 5th Annual Above and Beyond Golf Outing at Picatinny Arsenal Golf Course

July 30 - August 1 -- [NYIB Conference](#)

September 21-23 -- NJCUL's 80th Annual Meeting & Convention at Trump Taj Mahal

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