

Subject: The Daily Exchange -- January 30, 2014
Date: Thursday, January 30, 2014 12:26 PM
From: New Jersey Credit Union League <news@njcul.org>
To: Marissa Anema manema@njcul.org
Conversation: The Daily Exchange -- January 30, 2014

[Unsubscribe](#)

To ensure that you continue receiving our emails, please add us to your address book or safe list.



- January 30th, 2014
- Today's News:
- › The Collaborative Connection: Regulatory Reaction
 - › Alleging Insurance Kickbacks, CFPB Takes on NJ-Based Mortgage Company
 - › Meet the New NJ CU Foundation Chair at the Next Northern Chapter Meeting on Feb. 18th
 - › January 2014 Issue of *The Exchange* Available!
 - › Target Breach Investigation Needed, Sen. Schumer Tells CFPB
 - › Reality Check: Wawa Vice Chair to Reveal How Values Revolutionize Convenience
 - › Metsger Discusses Card Security Changes in First NCUA Report Article
 - › Two Compliance Sessions in One! Get a Compliance Update and Share in a Roundtable on Feb. 20th!
 - › 80 Credit Unions to Vie in 'The Great Transaction Challenge' with MY CU

The Collaborative Connection: Regulatory Reaction

By: Greg Michlig, President/CEO

On Monday evening I decided it would be nice to do a little light reading. Instead, I started in on NCUA's 197-page Proposed Rule on Prompt Corrective Action—Risk Based Capital. Let's just say I didn't make it all the way through that evening. I did, however finish up on Tuesday and, over the past couple of days, have taken in a series of other articles through the trades and from financial analysts.

The most important reading on this topic I have done, however, has been the emails that I have received from the CEOs of a few of NJCUL's affiliated credit unions (along with several direct conversations)...[More](#)

[\[BACK TO TOP \]](#)

Alleging Insurance Kickbacks, CFPB Takes on NJ-Based Mortgage Company

WASHINGTON – The CFPB has filed an administrative proceeding against New Jersey-based PHH Corp. and certain subsidiaries, alleging that the firm has participated in a mortgage insurance kickback scheme.

The filing is against PHH Corp. and residential mortgage origination subsidiaries PHH Mortgage Corp. and PHH Home Loans LLC, and PHH's wholly owned subsidiaries, Atrium Insurance Corp. and Atrium Reinsurance Corp.

The CFPB has charged that once mortgages were originated, PHH referred consumers to mortgage insurers with which it partnered. These insurers would then purchase "reinsurance" from PHH's subsidiaries. While reinsurance is meant to protect mortgage insurers from losses, the CFPB said PHH took the reinsurance fees as

- › Challenge Financial Services
- › NJ May Soon Lead Nation in Foreclosures
- › Complimentary Credit Union Loan Portfolio Analytics Program Webcast from CU Direct Feb. 4th
- › Credit Unions, Mark Your Calendars



Are You Ready to Get Real???

Don't miss out on the one and only hard-hitting conference taking on all the issues that you need to know about. Join us March 10-12th at Harrah's Resort in Atlantic City for CU Reality Check 2014!

Check out www.curealitycheck.com for more information and to register! Please keep in mind that the deadline to secure a hotel room at the reduced rate is Feb. 20th.



Upcoming Events:

from 2008, the CFPB said PHH took the reimbursement fees as kickbacks. This is a violation of the Real Estate Settlement and Procedures Act (RESPA).

The CFPB said this PHH scheme resulted in consumers paying more in mortgage insurance premiums. PHH received as much as 40% of these premiums, resulting in millions of dollars in kickbacks, according to the CFPB. PHH also allegedly overcharged borrowers that did not buy mortgage insurance from one of its kickback partners.

The bureau in the administrative proceeding is seeking a civil fine, a permanent injunction to prevent future violations, and victim restitution.

The CFPB in 2013 settled with five mortgage insurers that took part in similar schemes. The bureau noted that the PHH proceeding is not a finding, or a ruling that the defendants have actually violated the law.

The CFPB's media advisory is available [here](#).

[[BACK TO TOP](#)]

Meet the New Chair of the NJ CU Foundation at the Next Northern Chapter Meeting on Feb. 18th

EAST HANOVER, N.J. – Get to know the new Chair of the NJ CU Foundation Michael Hou at the first Northern Chapter Meeting of the New Year on Tuesday, February 18th.



Hear from the new Chair about what is on the Foundation's agenda for 2014 and how you can be part of it all!

The meeting will take place at The Hanover Manor in East Hanover, N.J. with a cash bar from 5:30-6:30 p.m. and dinner at 6:30 p.m. The cost to attend is \$38.

Click [here](#) for more information and the [registration form](#). The registration deadline is Friday, February 15th.

Chapter meetings are not limited to credit unions in that chapter only. All meetings are open to any NJCUL member credit union, regardless of their chapter affiliation. Please feel free to attend any chapter meeting to mix and mingle!

[[BACK TO TOP](#)]

January 2014 Issue of *The Exchange* Available!

HIGHTSTOWN, N.J. – The first monthly newsletter of 2014 is now available! Download the January 2014 issue of *The Exchange*. In this issue, you'll find credit union New Years resolutions from credit



February 11, 2014
VirtualCorps Webinar:
Affordable Car Act:
Employee Benefit Issues
and Marketing
Opportunities; Training and
Education to Members
3:00 pm to 4:00 pm
[More Information Click Here](#)

February 13, 2014
Webinar: Real Estate
Lending: Construction to
Permanent Lending Under
New CFPB Mortgage Rules
3:00 pm to 4:30 pm
[More Information Click Here](#)

February 19, 2014
Webinar: Opening Accounts
for Minors: Compliance,
Ownership & Access Issues
3:00 pm to 4:30 pm
[More Information Click Here](#)

Contact Us:

Address

299 Ward Street
Hightstown, NJ 08520
Driving directions

Phone

800.792.8861
609.448.2426

Fax

609.448.3499

E-mail

info@njcul.org

Connect with Us:



unions across the state; an additional Hurricane Sandy one year later update; as well as some credit union stats, an education round up, news from the State House, and much more!

Click [here](#) to download the January 2014 issue of *The Exchange*. The newsletter will also be sent out to subscribers of *The Exchange* this afternoon.



[\[BACK TO TOP \]](#)

Target Breach Investigation Needed, Sen. Schumer Tells CFPB

WASHINGTON – U.S. Senate Banking Committee member Charles Schumer (D-N.Y.) has called on the CFPB to investigate the recent Target data breach.

The breach resulted in the theft of 40 million debit and credit cards, and encrypted PIN data, and the names, mail and email addresses, and phone numbers of up to 70 million individuals. Credit unions have already incurred costs estimated to be in the range of \$25 million to \$30 million as a result of the Target stores data security breach, a CUNA survey has shown.

Schumer called for a transparent federal probe that reveals the full details of the Target breach to the public, and results in recommendations for how all stores can keep consumer credit card information safe. "Without a full investigation into what happened—and a subsequent issuing of clear guidelines for stores moving forward—there is no reason why such a large-scale breach of payment information will not happen again," Schumer said.

The senator also said the CFPB should play an active role in ensuring that retailers have adequate systems in place to protect consumers' data and identities. He asked the bureau to take a closer look at whether retailers' systems should be required to transfer credit and debit card information as encrypted data.

The FBI in recent weeks has warned retailers these breaches will become more common. Arts and crafts retailer Michaels this week launched its own investigation into a potential data breach at its stores.

U.S. Attorney General Holder also spoke on data security issues yesterday, telling members of the Senate Judiciary Committee that the Department of Justice is investigating the Target data breach, and is "committed to working to find not only the perpetrators of these sorts of data breaches—but also any individuals and groups who exploit that data via credit card fraud."

CUNA was among the first trade groups to communicate with members of Congress following the breach, seeking hearings on the issue. The Senate Banking Committee and Senate Judiciary



issue. The Senate Banking Committee and Senate Judiciary Committee have set separate data security hearings for next week, and other members of the U.S. Congress are considering holding hearings of their own.

CUNA's Target date breach survey is available [here](#).

[\[BACK TO TOP \]](#)

Reality Check: Wawa Vice Chair to Reveal How Values Revolutionize Convenience

ATLANTIC CITY, N.J. – Howard Stoeckel served as Wawa's Chief Executive Officer from January 1, 2005 through December 31, 2012 and currently serves as Vice Chair of the Board of Directors. During



his CU Reality Check session "Share of Heart - Share of Wallet" Stoeckel will discuss his new book to be released in April for Wawa's 50th anniversary in the retail business. He will take us inside Wawa and reveal how a funny name and six core values revolutionized convenience.

Private ownership, shared ownership, and servant leadership are deeply embedded in the Wawa way. Wawa has won share of heart...which translates into share of wallet.

In addition Wawa is a market share leader in ATM transactions and since the beginning has been "surcharge free".

Hear about Stoeckel and his Wawa success story at the 2014 CU Reality Check Conference March 10-12, 2014 at Harrah's Casino Resort in Atlantic City.

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, CUNA Mutual Group, Federal Home Loan Bank of New York, Financial Services, Inc. (FSI), Invest in America, LendKey, Mid-Atlantic Corporate FCU, Symbionce, and UBS.





[\[BACK TO TOP \]](#)

Metsger Discusses Card Security Changes in First NCUA Report Article

ALEXANDRIA, Va. – "The United States is the leader in point-of-sale vulnerability and a veritable playground for enterprising hackologists," but the recent Target data breach can be the catalyst for changes that improve data security, NCUA Board Member Richard Metsger wrote in his first NCUA Report piece.

The Target data breach resulted in the theft of 40 million debit and credit cards, and encrypted PIN data, and the names, mail and email addresses, and phone numbers of up to 70 million individuals. Some financial institutions are buying consumer information back from the hackers that stole it to prevent further fraud from occurring, Metsger noted.

The impact on credit unions and others continues to grow, Metsger said, and credit unions across the country are assessing damage, reissuing cards, and intensifying member outreach efforts.

While the Target breach is the most publicized breach in some time, it is not the only one to occur recently, the NCUA official said. One analysis has found as many as 600 reported breaches in 2013.

However, Metsger wrote, the national attention given to the Target breach can serve as a reminder of "how critical it is that all data systems, both internal and external, must be constantly evaluated and modernized to address evolving risks."

One improvement that could be made is conversion to a chip-and-PIN system. Many have resisted such a move, citing regulatory uncertainty. Metsger added that the U.S. has a plethora of financial stakeholders that struggle over when and how to convert. What's more, "the business case has been, at least up to now, not compelling enough for most retailers, processors, and financial institutions to collectively invest the billions of dollars needed to make the switch."

CUNA has noted that switching to chip-and-PIN cards would help address data security issues, but has also said that such a switch would not be a panacea.

This month's NCUA Report is available [here](#).

[\[BACK TO TOP \]](#)

Two Compliance Sessions in One! Get a Compliance Update and Share in a Roundtable on Feb 20th!

Two-for-One Session to Include Fraud Presentation and

Two-for-One Session to include Fraud Presentation and Roundtable Discussion

HIGHTSTOWN, N.J. – Join us for a two-for-one session! NJCUL's full-day "Compliance Update & Roundtable: 10 Fraud Areas Affecting Credit Unions" session on February 20th will provide a thorough examination of the effect of fraud and the risk that credit union leaders manage on a short and long-term basis.

The presentation, facilitated by CUNA Mutual Group's Carlos Molina and NJCUL's Nicola Foggie, will take an in-depth look at 10 tendering fraud areas affecting the credit union market place today.

BONUS: A Roundtable discussion will immediately follow the Fraud presentation.

We'll discuss potential loss scenarios, risk mitigation techniques, and industry trends for each of these areas. This should be a topical, interactive session addressing relevant, timely exposure areas for credit unions of all sizes.

This session is for all credit union leaders; CEOs, compliance professionals, human resources, IT/IS, risk management/security, operations...

This session is available "live" at the League or via video conferencing at Atlantic FCU and Members 1st of NJ FCU.

The cost to attend is \$209 per person for credit unions over \$150 million in assets, \$149 per person for credit unions \$50-\$150 million in assets, and \$69 per person for credit unions below \$50 million in assets. There is also a 50% discount for credit unions below \$10 million in assets. Contact Mary Zelinsky at mzelinsky@njcul.org or 800-792-8861 ext. 100 for more information.

To register and pay by check, send an email to Mary Zelinsky at mzelinsky@njcul.org and your credit union will be invoiced. To register and pay online, click [here](#).

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.



• Education • Development • Growth • Essentials •

[\[BACK TO TOP \]](#)

80 Credit Unions to Vie in 'The Great Transaction Challenge' with MY CU Services

Competition Awards Winning Credit Union Free Electronic Bill Payment in 2015

MIDDLETOWN, Pa. – A total of 80 credit unions are registered to compete in The Great Transaction Challenge – the MY CU Services competition encouraging institutions to grow their electronic bill payment usage in 2014. The credit union whose electronic bill payment volumes outperform 2013 levels by the greatest percentage wins free bill payment in 2015 (not to exceed \$5,000).

To help credit unions increase their bill payment marketing efforts, MY CU Services is providing free resources to get the word out to their members about electronic bill payment's benefits and convenience. All participating credit unions have access to marketing templates to easily promote electronic bill payment to their members.

"This competition provides credit unions an extra incentive to help their members understand the benefits of utilizing electronic bill payment," said Jaime Agostino, marketing manager for MY CU Services. "The additional marketing efforts will help members and potential members see that credit unions have the technology solutions they are looking for when considering their financial institution options."

Throughout the year, MY CU Services, a wholly owned CUSO of Mid-Atlantic Corporate Federal Credit Union, will provide updated standings each quarter to fuel the competitive spirit. It will also share marketing tips to help credit unions showcase to members the convenience of using the bill payment product.

For additional information on The Great Transaction Challenge, contact the MY CU Services' marketing team at (888) 985-7280 or mycumarketing@mycuservices.com.

[[BACK TO TOP](#)]

NJ May Soon Lead Nation in Foreclosures

NEWARK, N.J. – According to an article in today's *Star Ledger*, New Jersey may lead the nation with the highest percentage of foreclosed homes by the summer.

"It's just a matter of time," Mark Fleming, chief economist for CoreLogic, an online analytic firm that released new data yesterday, was quoted as saying.

Since the housing market crash in September 2008, Florida has had the highest percentage of mortgaged homes in foreclosure, while New Jersey has ranked second.

Fleming suggested New Jersey's slower pace may be attributed to the courts. New Jersey and Florida are among 26 states that require foreclosures to go the court system. The other 24 states have non-judicial foreclosure procedures available to lenders.

It takes an average of 1,002 days to settle foreclosures in New Jersey, but only 883 days to settle them in Florida, the article notes.

The full *Star Ledger* article is available [here](#).

[[BACK TO TOP](#)]

Complimentary Credit Union Loan Portfolio Analytics Program Webcast from CU Direct Feb. 4th

Find Out How Lending Insights Can Help Your CU Meet Compliance Standards AND Grow its Lending Portfolio in Today's Competitive Marketplace

What is your credit union doing to ensure compliance with new NCUA regulations? Has your credit union implemented the RIGHT analytics to successfully drive its lending strategies? Can your credit union successfully meet compliance standards and still experience loan portfolio growth in 2014?

Lending Insights is hosting an informative hour-long First Look Webcast hosted by Lending Insights that will provide valuable insight to the analytics that will help your credit union meet regulatory requirements and improve overall loan portfolio performance.

The Webcast will provide:

- A detailed overview of what new NCUA regulations require
- Insight to credit union best practices associated with using loan portfolio analytics to manage risk and identify loan opportunities
- A demonstration of how Lending Insights' Lending Performance Management System (LPMS) solution provides credit unions with the level of loan portfolio analytics required by regulators in a simple to use, cost effective online tool

Join this important Web event on [Tuesday, February 4, 2014](#) at 4 p.m. EST.

Register today for Lending Insights First Look Webcast and discover how your credit union can meet new regulatory requirements AND build portfolio success in 2014! Click [here](#) to register.



[\[BACK TO TOP \]](#)

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:

NJCUL Education

February 4 -- [Marketing & Business Development Roundtable: Marketing & Business Development Show and Tell](#)

February 5 -- [Frontline Roundtable: The Benefits and Challenges of the Frontline Position](#)

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

February 12 -- [NJ READ Meeting](#)

February 25 -- [Teller Training for Frontline Staff](#)

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

March 18 -- [Full-Day: Cross Selling from the Credit Report](#)

March 19 -- [Full-Day: ALM Update 2014](#)

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

Industry Events

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

February 18 -- [Northern Chapter Meeting: The NJ CU Foundation](#)

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

February 23 - March 1 -- [America Saves Week](#)

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 10 -- [Reality Fair at Barringer High School](#)

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](#)

May 29 -- [Greater Alliance Federal Credit Union's 31st Annual Golf Outing](#)

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

July 21 -- 4th Annual Garden Savings Federal Credit Union Golf
Outing at Fiddler's Elbow Country Club

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

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

[\[BACK TO TOP \]](#)

This message was sent to manema@njcul.org from:

New Jersey Credit Union League | 299 Ward Street | Hightstown, NJ 08520

[Manage Your Subscription](#) | [Forward To a Friend](#)

Email Marketing by
iContact 
try it free