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The Daily Exchange

October 7th, 2014

Today's News:

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## Media Notes CU, CUNA Actions on Data Breaches

SAN FRANCISCO – Two credit unions were recently cited in [USA Today](#) (Oct. 3) for the way they have been tracking fraudulent charges that are made on their members' credit and debit cards in the wake of the major Home Depot data security breach.

Rob Miller, chief operations officer for Mission FCU, San Diego, with \$2.5 billion in assets, told the national newspaper that, over the last month, the credit union has received more than \$100,000 in fraud claims that could be linked to cards compromised during the Home Depot breach.

As credit unions are not-for-profit, Miller said, if Mission is hit with the full \$100,000, it could mean \$100,000 that the credit union may not be able to give back to members through higher interest rates or lower loan rates ([USA Today](#)).

Miller also discussed the costs associated with replacing cards that have been compromised.

Since the Home Depot breach was publicized, an incident that has exposed at least 56 million credit and debit cards nationwide, according to the home improvement retail giant, Mission has discovered 28,000 compromised cards that it will replace for its members.

"That's about 15% of the credit cards we issue," Miller told [USA Today](#), adding that at \$2.60 per card, the replacement cards will cost Mission \$72,800.

CUNA is tracking breach-related activity and costs that result from the Home Depot breach through a nationwide survey released Oct. 2.

The [survey](#) will allow CUNA to compile data that will help illustrate the

## Executive Leadership Series

Brought to you by the New Jersey Credit Union League 

### Next ELS Session "Financing Innovation" on November 4th

Mark your calendars! The final ELS session of 2014 will take place Tuesday, November 4th at the League office.

Hear from John Best on "Financing Innovation". This session will help participants identify emerging financial technology such as mobile payments, wearable technology, emerging mobile cross channel opportunities, and the future of the credit union branch.

Click [here](#) for more information and to register.

#### Upcoming Events:

October 14, 2014  
VirtualCorps Webinar: Big, Balanced and Sustainable Loan Growth  
3:00 pm to 4:00 pm

impact the breach has had on the credit union industry.

CUNA is collecting the information on:

- Number of debit and credit cards affected;
- Costs incurred for card reissuance;
- Costs related to additional staff, member notification account monitoring, etc.;
- Changes in call volume;
- Changes in staffing; and
- Any specifically identifiable fraud-related losses.

Brad Barnes, chief financial officer for Air Academy FCU, Colorado Springs, Colo., with \$476 million in assets, spoke about how Air Academy first identified that unlawful transactions were taking place.

When transactions started cropping up in locations on the other side of the world, red flags shot up.

"Our people travel, many of them are Air Force, but we don't have a whole lot of customers who go to Indonesia," Barnes told *USA Today*.

Meanwhile, on Monday *Politico* highlighted CUNA's recently launched campaign and Web site [www.StopTheDataBreaches.com](http://www.StopTheDataBreaches.com), which aims to rally members to urge lawmakers to pass legislation that would require merchants to adhere to the same strict data security standards financial institutions face.

"When a data breach occurs, the merchants pay NONE of the costs to send individuals their new cards or the fraudulent charges an individual may have on their cards or accounts," the Web site says (*Politico* Oct. 6). "In fact, the merchants are not required to pay ANY costs incurred from their own data breaches."

CUNA's Home Depot data breach survey is available [here](#).

CUNA's Stop the Data Breaches Website and grassroots action center is available [here](#).

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### Tonight: Catch the Final Airing of the 'Caucus: New Jersey' Panel Discussion on Tackling Your Finances

**Don't Miss the Discussion Featuring North Jersey FCU President/CEO Lourdes Cortez**

HIGHTSTOWN, N.J. – Tonight at 5:30 p.m. on WHYY, catch the final airing of the "Tackling Your Finances" panel discussion on the public television program "Caucus: New Jersey", sponsored by the New Jersey Credit Union League's Banking You Can Trust consumer awareness campaign.

[More Information Click Here](#)

October 14, 2014  
Webinar: Required  
Compliance Series:  
Regulatory Compliance for  
Deposit Operations,  
Including BSA  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

October 16, 2014  
International Credit Union  
Day & Shop for Miracles  
[More Information Click Here](#)

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North Jersey FCU President/CEO Lourdes Cortez spoke on the panel, which was moderated by Steve Aduato. New Jersey Coalition for Financial Education (NJCFE) Executive Director Michael Drulis also speaks on the panel.

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## Hearing on Target Data Breach Suit Scheduled for Dec. 11

ST. PAUL, Minn. – A U.S. District Court judge will hear a motion to dismiss a class action lawsuit brought against Target as a result of the data breach that resulted in financial institutions incurring costs to reissue credit and debit cards, as well as addressing potential fraud.

The plaintiffs include at least 10 credit unions and a number of banks that allege "the breach, which compromised the records of 110 million customers and caused plaintiffs enormous losses, would not have happened if Target's defective data security practices had not let it happen," according to the lawsuit.

Target's motion to dismiss argues that it does not owe a duty of care to financial institutions, and that the scope of Minnesota's favorable state law is not broad enough to cover Target's alleged negligence.

Many of the same lawyers representing the plaintiffs against Target are seeking plaintiffs for a similar case against Home Depot, which also had a data breach. According to CUNA General Counsel Eric Richard, at least three claims involving credit unions have been filed against Home Depot.

CUNA has been active in connecting credit unions with class action lawyers and has been conducting surveys of credit unions to assess the cost of such breaches. According to a survey on the Target data breach, credit unions incurred \$30.6 million in costs directly related to the breach—not including fraud costs.

"CUNA will serve as a kind of information center to help credit unions get in touch with the various class action firms that have decided to invest in this type of litigation," Richard said. "We continue to believe

that it would be inadvisable for CUNA to try to litigate these cases itself, because we would be challenged on whether we have standing to sue. However, we are looking for opportunities to file briefs supporting the credit union position in these cases."

A decision on the motions presented at the Dec. 11 hearing is likely in early 2015.

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## Registration for 2015 GAC Now Open

### *Room Block Available to NJCUL Member CUs*

WASHINGTON, D.C. – Registration is now [open](#) for CUNA's 2015 Governmental Affairs Conference (GAC), set for March 8-12 at the Washington Convention Center in Washington, D.C. Visit <http://events.cuna.org/gac15> for more information and to register.

Please note: The New Jersey Credit Union League has a limited room block at the Renaissance Hotel available for New Jersey credit unions attending CUNA's GAC. Click [here](#) to access the League GAC Housing page. Enter the access code (case sensitive) Cards2015 to find the League's block of rooms at the Renaissance Hotel to make your reservations.

[BOOK A ROOM](#)

CUNA's GAC is the credit union movement's largest conference, bringing more than 4,000 credit union executives and board members to advocate for credit unions in the nation's capital.

In addition to political advocacy, the GAC offers attendees networking opportunities, keynote speakers, industry-focused breakout sessions and the largest financial services exhibitor showcase.

Applications for young credit union professionals who wish to Crash the GAC are now being accepted. Click [here](#) for more information and to apply. Be sure to get your application in by the November 1st, 2014 deadline. Every chosen Crasher will receive a full conference registration from CUNA. Travel, hotel and food costs are the responsibility of the Crasher and their credit union, but NJCUL will provide travel and hotel reimbursement for the crasher from New Jersey.



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## President Meets with Financial Regulators,

## Including NCUA

WASHINGTON – The implementation of the Dodd-Frank Act was the subject of a discussion hosted by President Barack Obama at the White House Monday featuring federal financial regulators.

NCUA Chair Debbie Matz along with Janet Yellen, chair of the board of governors of the Federal Reserve; Martin Gruenberg, chair of the FDIC; Mel Watt, director of the Federal Housing Finance Agency; Richard Cordray, director of the CFPB; and Thomas Curry, comptroller of the Office of the Comptroller of the Currency, were among those present.

During the course of the meeting, President Obama urged regulators to maintain focus on ensuring that "prudent capital cushions are in place, particularly for the largest, most complex global firms, to provide further protection for the U.S. financial system," according to a release from the White House.

According to the White House, participants reiterated the need for additional resources and stability of funding to help protect middle-class families, safeguard the financial system, pursue bad actors and fulfill their missions.

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## Get Big, Balanced and Sustainable Loan Growth

**VirtualCorps.com™**

**Tuesday, October 14, 2014  
3 p.m. to 4 p.m.**

While some credit unions are experiencing loan growth, many continue to struggle, and the concept of "balanced" loan growth is even more elusive.

The time to diversify your loan portfolio is now! During next Tuesday's VirtualCorps Webinar titled "Get Big, Balanced and Sustainable Loan Growth", discover how a universal credit administration program creates an infrastructure for big, balanced and sustainable loan growth and should include an evaluation of loan quality, origination methods and delivery channels, cross selling success, sales training and talent assessment, employee goals and evaluations, and so much more!

This Webinar, hosted by [Mike Dorsett](#), will help you:

- Improve your loan portfolio management
- Increase your ROAA
- Serve more Members and increase your Borrower/Member ratio

**Time:** 3 p.m. to 4 p.m.

**Cost:**

Live Webinar Only: \$99  
Recorded Version Only: \$99  
Live Webinar & Recorded Version: \$125

**Registration**

To register and pay by check, email Mary Zelinsky at [mzelinsky@njcul.org](mailto: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.*



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**CFPB Community Bank Advisory Council Agenda Announced**

WASHINGTON – The Consumer Financial Protection Bureau (CFPB) will host a Community Bank Advisory Council meeting Oct. 15 in Washington, D.C. Representatives from CUNA will attend.

CUNA recently attended the Credit Union Advisory Council (CUAC) meeting and met with CFPB officials to discuss several bureau proposals.

The Community Bank Advisory Council meeting will feature a discussion of mortgages led by Brian Webster, program manager for the Office of Mortgage Markets.

The other item on the agenda will be a discussion of overdrafts, with Gary Stein, program manager of deposits markets, and Jesse Leary, section chief of consumer and household research and policy. Stein and Leary led a similar discussion during the Oct. 1 CUAC meeting.

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**NCUF Announces 2015 Wegner Award Winners**

***Three Lifetime Achievement & One Outstanding Organization to Receive CU's Highest Honors***

MADISON, Wis. – The National Credit Union Foundation (NCUF) is pleased to announce the winners of the 2015 Herb Wegner Memorial Awards. The Iowa Credit Union League will be recognized for Outstanding Organization and garnering Lifetime Achievement





awards are Clarence Hall, Jr., Bob Schumacher, and Mike Mercer.



The Herb Wegner Memorial Awards will be presented at a special dinner hosted by NCUF at the new Marriott Marquis on March 9, 2015, in conjunction with the CUNA Governmental Affairs Conference (GAC) in Washington, D.C. Registration for dinner sponsorships and tickets will be available on the NCUF Web site ([ncuf.coop](http://ncuf.coop)) within the next month.

The awards ceremony celebrates the highest national honors in the credit union movement. Full profiles will be released in the coming weeks of the following 2015 Wegner Award honorees:

- **Lifetime Achievement:** Mike Mercer, President/CEO of Georgia Credit Union Affiliates;
- **Lifetime Achievement:** Bob Schumacher, retired President/CEO of MountainCrest Credit Union;
- **Lifetime Achievement:** Clarence Hall, Jr., Chairman, Board of Directors and President/CEO of Issaquena County FCU; and
- **Outstanding Organization:** Iowa Credit Union League

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## CFPB Explores Ways to Encourage Saving at Tax-Time

WASHINGTON – A new pilot program from the Consumer Financial Protection Bureau (CFPB) will explore ways consumers can be encouraged to save during tax time.

According to the bureau, the pilot will focus on tax-time saving practices among low-income consumers to help them improve their long-term financial well-being.

H&R Block Inc., which prepares more than 20 million tax returns every year, has agreed to share tax-time savings insights and will test the effectiveness of certain practices. According to the CFPB, a large number of H&R Block's customers fall into the low- and moderate-income category.

The information from H&R Block will be “anonymized” and precautions taken to ensure individual consumers cannot be identified through the data.

The bureau is mandated to work to improve financial literacy of consumers by the Dodd-Frank Act, which includes providing access to financial services during the tax preparation process. Over the past three years, the bureau has launched several initiatives to meet this goal, including a previous partnership with Volunteer Income Tax Assistance sites to encourage consumers to save a portion of their tax refunds.

The CFPB's announcement is 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:

### **NJCUL Education**

October 14 -- [VirtualCorps Webinar: Big, Balanced and Sustainable Loan Growth](#)

October 21 -- [Teller Training for Frontline Staff](#)

October 22 -- [Business Development Roundtable: Business Development that Works](#)

October 28 -- [CFO Roundtable: Managing Effectively through the Budget Process](#)

November 5 -- [Lending Roundtable: Lending Best Practices](#)

November 5 -- [Collections Roundtable \(Afternoon Session\): Collections Best Practices](#)

November 12 -- [NJ DNA Meeting at the League Office](#)

### **Industry Events**

October 9 -- [Reality Fair at Ocean County College \(main campus\)](#)

October 16 -- [International Credit Union Day](#)

October 16 -- [Shop for Miracles](#)

October 29 -- [Southern Chapter Meeting: Indirect Lending](#)

November 5 -- Northern Chapter Meeting -- More Information Coming Soon

November 7-9 -- [DCUL's 2014 Volunteer Leadership Conference](#)

November 10 -- [Reality Fair at Ocean County College Southern Education \(SEC\)](#)

December 9 -- South-Central Chapter Meeting -- More Information Coming Soon

**2015**



March 8-12 -- [CUNA's 2015 GAC](#)

April 13-15 -- [CU Reality Check at the Golden Nugget Hotel & Casino in Atlantic City](#)

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