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November 14th, 2014

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## CFPB Broadens Protections for Prepaid Products

### *CFPB Reaches For Mobile Payments*

WILMINGTON, DE – Consumer protections for prepaid card use released Thursday by the CFPB contained a surprise: The bureau blew past protections just for prepaid cards proposed in May 2012 and said it intends to extend the potential new rules to cover a wide range of prepaid accounts.



*The panel at the CFPB hearing Thursday where NJCUL Director of Compliance Nicola Foggie was in attendance.*

The CFPB held a field hearing on prepaid accounts in Wilmington, Delaware. The event featured [remarks from Director Richard Cordray](#), as well as testimony from consumer groups, industry representatives, and members of the public.

The proposed protections for prepaid cards already would cover a large and growing market; they include not only the commonly

THE NJ CU FOUNDATION:

› FinCEN Issues Advisory on the FATF-Identified Jurisdiction with AML/CFT Deficiencies

› Daily Movember Men's Health Tip

› Credit Unions, Mark Your Calendars

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**YOU**

**Be a Part of  
Creative You 2015!**

We know you have innovative ideas, just like our five teams that took part in the [first year](#) of Creative You!

Get in the game! Creative You is a program designed for credit unions to share their innovative and creative solutions to challenges the system is facing here in New Jersey. It's a collaborative initiative with a competitive element that brings together credit unions and their ideas.

Want more information? Have an idea? Let us know! Fill out the 2015 [Entry Form](#) to submit an idea, sign-up your team, or request to be placed within a team. Please return the form to Barbara [barbara@njcu.org](mailto:barbara@njcu.org)

large and growing market, they include not only the seemingly ubiquitous use-anywhere prepaid cards, but also such things as campus cards used for financial aid disbursements, some government-benefits cards, tax-refund cards, and prepaid cards that some companies use to pay employees.

CFPB Director Richard Cordray, in announcing the CFPB plan, noted that the number of all prepaid card transactions is growing rapidly, jumping to 3.3 billion in 2013 from 1.3 billion in 2009—an increase of more than 150% in just four years. Cordray also highlighted a recent [FDIC Survey](#) that found underserved consumers—those without many—or any—ties with traditional financial services providers—turn to prepaid cards in greater numbers and with greater frequency than other consumers.

CUNA supports the goals of safe and transparent disclosures and appropriate consumer protections on prepaid cards and products, which offer many benefits for consumers, including a higher proportion of the underserved. CUNA will be urging the agency, however, to minimize additional requirements and compliance costs for credit unions that offer prepaid accounts, so prepaid accounts remain accessible and to promote payments innovation. The bureau's new rules, if adopted, will:

- Require that consumers are provided with free monthly statements to review account balances, transactions and fees;
- Require companies to investigate errors promptly and, if they can't resolve the problem within a certain period of time, put the contested amounts back in customers' accounts until the matter is resolved;
- Require companies to provide easy-to-understand disclosures for their prepaid products;
- Facilitate comparison shopping by requiring prepaid account issuers post account agreements on their websites;
- Protect consumers against "unauthorized, erroneous, or fraudulent" withdrawals or purchases—including when a registered card is lost or stolen;
- Require prepaid services companies to determine a customer's ability to repay a debt before offering credit;
- Limit fee and interest charges, and,
- Regarding pass-through share or deposit insurance, the proposed rule would require financial institutions to disclose a statement if a prepaid account is not set up to be eligible for pass-through insurance.

CUNA will be looking into potential effects and costs on credit unions that are indirectly affected, and include this in a comment letter to the

Agin at [pagin@njcul.org](mailto:pagin@njcul.org) by December 22, 2014.

All of the details for the 2015 round of Creative You are available [here](#).

### Upcoming Events:

**December 8, 2014**  
**Webinar: New CFPB Rules for Annual Privacy Notices: Effective Immediately**  
**3:00 pm to 4:30 pm**  
[More Information Click Here](#)

**December 9, 2014**  
**South-Central Chapter Meeting: Networking/ Christmas/Holiday Gathering**  
**Location: Tommy's Inn at Millstone**  
**12:00 pm to 3:00 pm**  
[More Information Click Here](#)

**December 10, 2014**  
**FREE Creative You Information Session**  
**Location: NJCUL and via Video Conference**  
**10:00 am to 1:00 pm**  
[More Information Click Here](#)

### Contact Us:

#### Address

299 Ward Street  
Hightstown, NJ 08520  
Driving directions

#### Phone

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609.448.2426

agency.

[Click here](#) to access the CFPB outline of its proposal and for remarks from Director Cordray.

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## Offer Your Young Members a College Scholarship Through the YIB Scholarship Program

HIGHTSTOWN, N.J. – It's that time of year again, the season that NJCUL's Youth Involvement Board (YIB) kicks off its credit union scholarship program, giving credit unions throughout the state an opportunity to participate in a statewide scholarship program.

The YIB will award eight (8) scholarships to credit union members seeking post-secondary education in the amount of \$1,000 each. Four scholarships will be awarded to students attending 4-year colleges or universities and four scholarships will be awarded to students attending technical schools or community colleges.

If you would like to take advantage of this great opportunity to help your young members, fill out the [Participation Agreement](#) and return it with a check for the appropriate amount to NJCUL by January 30, 2015. Please use the fee chart in the Participation Agreement to determine your credit union's investment.

NJCUL's YIB also has materials available for credit unions' use to promote the scholarship program. The YIB logo, a newsletter/Web site article, and a flyer/poster are available at [www.njcul.org/yib-scholarship.aspx](http://www.njcul.org/yib-scholarship.aspx).

If you have any questions regarding the program, please contact Marissa Anema at [manema@njcul.org](mailto:manema@njcul.org) or 800-792-8861 ext. 117.

Would you like to join the Youth Involvement Board? The Board is made up of credit union professionals as well as League staff members dedicated to reaching young credit union members. If you're interested in joining the board, please send an email to Marissa Anema at [manema@njcul.org](mailto:manema@njcul.org).



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## Comptroller Curry Backs Stricter Retailer Breach Standards

WASHINGTON – A U.S. bank regulator this week said that recent retail breach incidents not only highlight the need for improved financial data security standards, they also call attention to a need for

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equal security standards between financial institutions and merchants (*BankInfoSecurity.com*, Nov. 13).

Comptroller of the Currency Thomas Curry said it seems "only fair" that when breaches occur in merchant systems that the merchant be responsible for some of the expenses that result.

Curry made his remarks [during a speech](#) delivered to a community bankers' conference in Chicago recently, one with a primary focus on the need for global coordination of bank regulations.

He noted that banks and credit unions are usually "on the hook" for reimbursing cardholders for losses suffered from the fraudulent use of breached credit and debit card information. Financial institutions also must cover costs associated with replacing cards that have been compromised and for monitoring members' or customers' breached accounts to identify potential fraud—all costs that mount quickly, he said.

The same expectations for security of customer information and customer notification when breaches occur should apply to all institutions, Curry added.

CUNA strongly advocates for stricter data security standards for merchants.

In its most recent [effort](#), CUNA joined with six other financial trade groups to send a letter to House and Senate leadership urging Congress to act to make retailers take responsibility for their data breaches and adopt the same data standards as financial institutions.

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## Robert Wohlstetter Hired as IT Manager at First Financial FCU

WALL, N.J. – Robert Wohlstetter, of Manalapan, was recently hired as IT Manager at First Financial Federal Credit Union's Wall Township Corporate Headquarters.

Wohlstetter brings over 14 years of computer technology experience to First Financial. Prior to his employment with the credit union, he spent 12 years at Citigroup (Warren, NJ & New York, NY) as AVP of Security Administration Group/Infrastructure Senior Tech Analyst. He also worked at Centerseat (New York, NY) as a Network Administrator for two years.

Wohlstetter will help plan and coordinate the day-to-day activities of the IT department at First



Financial. He will oversee the department's staff duties, ensure internal data processing and procedures are followed, and that staff are meeting daily, weekly, and monthly goals. Wohlstetter will work closely with the executive team to identify, recommend, develop, implement, and support technology solutions for all aspects of the credit union.

Wohlstetter graduated with an Associates Degree in Business from AIU Online. He currently resides in Manalapan with his wife of eight years, and their three children. In his spare time, he enjoys playing drums, racing, and going to concerts. Wohlstetter can also be found regularly on soccer, baseball, and football fields cheering on his children at their various games.

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## Nominate Members for CO-OP's Consumer Campaign

She could be an entrepreneur with a vision. He might be an artist on the verge of discovery. They may be inventors, innovators, committed to a cause.

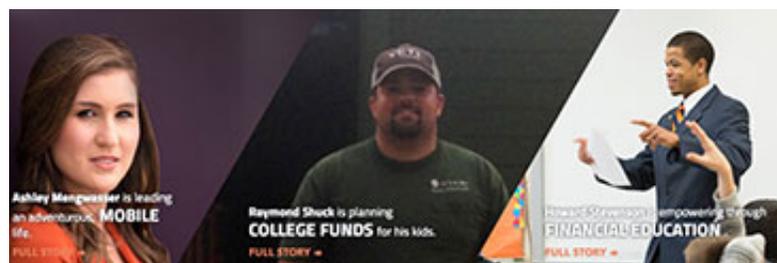
They're your members. And their stories can help drive the growth of the credit union movement, if they're selected for the CO-OP consumer campaign now reaching consumers across the country.

To nominate one or more of your members for consideration, just provide the details requested in CO-OP's [online form](#). CO-OP will evaluate all nominations, and contact the credit unions whose members are selected.

Members give the credit union movement a voice.

To nominate your members with the online nomination form, click [here](#).

[Learn more about Empowering People. Amplifying Dreams.](#)



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## NorthLegal Webinar Next Thursday: 1099-C and 1099-A Reporting Rules and Recent Court Decisions

When was the last time you looked at your 1099-C "Cancellation of Debt" policies and procedures?

A number of court decisions have been issued relating to 1099-C reporting since the last NorthLegal Webinar on this subject two years ago—more than a dozen in 2014 alone. Many relate to important issues, such as whether a debt is still collectable after it has been reported, and when a collector may be sued for threatening 1099-C reporting.



During the NorthLegal Webinar next Thursday, November 20th at 1 p.m. EDT, attorney Eric North will talk with participants about the rules and court decisions relating to the reporting of "cancelled" debt, including:

- Exactly when a debt should be reported on form 1099-C or 1099-A, and why you should not report too soon!
- How to complete the forms—including the code field.
- Why properly filing a 1099-C should not affect your right to collect the reported debt, but why filing it improperly can lead to a host of problems.
- The effect of sale or assignment of a debt on reporting requirements.
- When debts discharged in bankruptcy should and should not be reported.
- The significant risks of using 1099-C or 1099-A reporting as a collection tool.
- Common mistakes financial institutions make with respect to 1099-C and 1099-A reporting, and how to avoid them.

The Webinar will begin at 1 p.m. EDT and will last for 90-120 minutes.

If you register for this program before it begins you may attend the live program AND have access to the archived version for 30 days, all for only \$125.00.

Click [here](#) to register or call NorthLegal Training and Publications at 623.537.7150.

*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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## October Compliance Wrap-Up Available

The October edition of CUNA's [CompBlog Wrap-Up](#) is now available. CUNA's compliance experts last month studied the CFPB's fifth edition of its supervisory highlights report, which discusses major findings from the bureau's supervision of large financial institutions. This CFPB release included the discovery of "unfair or deceptive practices" in student loan servicing, as well as observations that some mortgage servicers lacked any policies and procedures relating to oversight of their service providers. Other CFPB supervisory highlights included:

- Inadequate Home Mortgage Disclosure Act compliance management systems resulting in "severely compromised" data;
- Unfair, deceptive or abusive marketing of credit card add-on products, resulting in an enforcement action; and
- Regulation E violations, where institutions would not initiate error investigations until consumers returned dispute confirmation forms.

*CompBlog Wrap-Up* also reviews a CFPB compliance bulletin to address high-volume mortgage servicing transfers, which provides examples of general transfer-related policies and procedures that examiners may consider when evaluating a credit policies are compliant. The report also provided a link to CUNA's own [examinations survey](#) and encouraged credit unions to describe their most recent examination experiences. Other items covered include:

- An update on fair lending, including highlights of a discussion hosted by several federal regulators, including the National Credit Union Administration;
- The IRS issued a proposed regulation to remove the 36-month non-payment testing period from the identifiable events that trigger the 1099-C Cancellation of Debt form;
- Recent cybersecurity assessment observations from the Federal Financial Institutions Examination Council; and
- The CFPB's final rule amending privacy notice requirements.

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## Holiday Season is Right Around the Corner! Remember to Shop AmazonSmile in Support of the NJ CU Foundation!

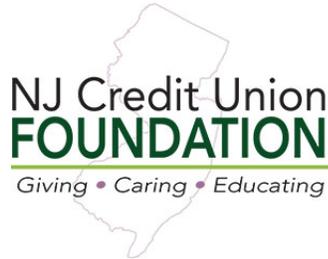
HIGHTSTOWN, N.J. – As you're building your wish list on Amazon and planning gifts for loved ones in anticipation of the holiday season, remember to shop through AmazonSmile in support of the New Jersey Credit Union Foundation!



Through AmazonSmile, the

Foundation receives 0.5% of eligible purchases made through the program.

It's a simple and automatic way to support the Foundation every time you shop, at no cost to you. To shop at AmazonSmile to benefit the Foundation, click [here](#).



Tens of millions of products on AmazonSmile are eligible for donations. You will see eligible products marked "Eligible for AmazonSmile donation" on their product detail pages.

This is great way to support the Foundation while doing your everyday shopping on Amazon!

You use the same account on Amazon.com and AmazonSmile. Your shopping cart, Wish List, wedding, or baby registry, and other account settings, are also the same.

To learn more about AmazonSmile, click [here](#).

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## FinCEN Issues Advisory on the FATF-Identified Jurisdictions with AML/CFT Deficiencies

FinCEN issued an advisory to financial institutions regarding the Financial Action Task Force's (FATF) updated list of jurisdictions with strategic anti-money laundering/counter-terrorist (AML/CFT) financing deficiencies. These changes may affect U.S. financial institutions' obligations and risk-based approaches with respect to relevant jurisdictions. FinCEN's advisory can be viewed [here](#).

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## Daily Movember Men's Health Tip

### STAY AT A HEALTHY WEIGHT

It's important to track your Body Mass Index (BMI) to ensure you stay in a healthy range. Being overweight can lead to general health problems and the risk of chronic diseases including type 2 diabetes, cardiovascular disease, hypertension, stroke and certain cancers with the risk greatly increasing for men with a waistline over 94CM. Balance calories from foods and drinks with calories you burn off by physical activities.

**support movember**



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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**

November 18 -- [VirtualCorps Webinar: The Affordable Care Act-Gifts and "WRAPS"](#)

November 18 -- [BSA Training for Frontline Staff \(AM Session\)](#)

November 18 -- [BSA Training for Frontline Staff \(PM Session\)](#)

November 19 -- [Decedent Accounts: Handling Deposit Accounts and Loans When a Member Dies](#)

December 10th -- [Creative You Information Session](#)

### **Industry Events**

November 18 -- [Free CUSolutions Webinar: Work in the Future - Google Apps for Credit Unions](#)

November 20 -- [Southern Chapter Meeting: Holiday Gathering](#)

November 20 -- [First Financial Foundation Fundraiser at Surf Taco Locations](#)

December 9 -- [South-Central Chapter Meeting: Networking/Christmas/Holiday Gathering](#)

December 11 -- [North-Central Chapter Meeting: Allowance for Loan Losses](#)

### **2015**

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

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

April 28 -- [NJCUL's 27th Annual Golf Tournament](#)

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