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**To:** staff@njcul.org  
**Conversation:** The Daily Exchange -- November 19, 2014

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November 19th, 2014

Today's News:

- › Sen. Warren, Rep. Cummings Request Data Breach Info from 16 FIs
- › FREE Creative You Information Session December 10th
- › Tonight: Catch NJCFE Executive Director Michael Drulis on 'One-on-One with Steve Aduabato'
- › FHLB Decisions Should be Left to Congress, Lawmakers Tell FHFA
- › CUNA Mutual Group's November 2014 CU Trends Report Available
- › Move Beyond the Great Recession and Help Your Members with New Services and Programs
- › CUNA Mutual Group Issues Risk Alert on Second Round of HELOC Wire Fraud
- › HUD Secretary & Former FHFA Head Press for Housing Finance Reform

### Sen. Warren, Rep. Cummings Request Data Breach Info from 16 FIs

WASHINGTON – Sen. Elizabeth Warren (D-Mass.) and Rep. Elijah Cummings (D-Md.) have written to 16 financial institutions requesting information on data breaches they may have experienced. The letter cites an October [USA Today report](#) claiming federal officials believe as many as 500 million financial records have been stolen over the past 12 months.

No credit unions were sent letters. They were addressed to executives at ADP, Bank of America Corp., Bank of New York Mellon, Bank of the West, Citigroup Inc., Deutsche Bank, E\*Trade Financial Corp., Fidelity Investments, GE Capital, Goldman Sachs, HSBC, Morgan Stanley, PNC Financial Services Group Inc., Regions Bank, US Bancorp, and Wells Fargo.

"Each successive cyberattack and data breach not only results in hefty costs and liabilities for businesses, but exposes consumers to identity theft and other fraud, as well as a host of other cybercrimes," the letter reads. "Your ability to protect consumers and safeguard their personal information is central to earning and maintaining consumer confidence in our economic system."

The letter asks on whether or not the institution has been the subject of a cyberattack in the past 12 months, and if so, requests the following information:

- A description of all data breaches, including the date, manner and method by which the breaches were discovered and the types of data breached;

HOUSING FINANCE RETURN  
› Late Filers Decline to 47 in Third Quarter  
› Daily Movember Men's Health Tip  
› Credit Unions, Mark Your Calendars



## Information Session

### FREE Creative You Information Session December 10th

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

Wanna know what it takes to be a Creative You team? Want more information on the program? Want to network with other innovative NJ CU folks? Join us for a [FREE Information Session](#) on December 10th.

The session will feature members of last year's teams as well as NJCUL staff involved. It is being held "live" at the League

and also via video

- discovered and the types of data breached;
- The approximate number of consumers that may have been affected, and how those customers were notified;
- Findings from investigations into the breach, including discovery of vulnerabilities and how long and why a breach went undetected;
- The individuals or entities suspected to have caused the breach and whether law enforcement was notified;
- A description of the data security improvements that have been enacted since the breach was discovered;
- An estimate of the number and value of fraudulent transactions connected to the data breach, including the number of federal, state and local government customers whose information was exposed;
- A description of data security policies and procedures that govern relationships with vendors and other third-party service providers; and
- Recommendation for improvements in cybersecurity laws or coordination of efforts to help prevent future data breaches.

Warren and Cummings requested the information no later than Dec. 19. They also requested a briefing from each institution's chief information technology security officer by Dec. 8.

Data security was also the topic of a *CBS This Morning* [segment](#) Tuesday that took a look at "Protecting your data during shopping season."

Cybersecurity expert Brian Krebs said that lax merchant standards make it a matter of time before there is another major breach.

"I think we're going to find out in the next couple of weeks when we hear about another one of these big retail breaches," he said. "The retail industry is just the lowest of the low-hanging fruit when it comes to cybersecurity."

CUNA and the state leagues continue to advocate for merchant security standards to be improved. Unlike financial institutions, that face strict data security standards, merchants operate under no such standards.

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### FREE Creative You Information Session December 10th

***Ask the 2014 Teams Anything You Want to Know and  
Get in the Game for 2015!***

HIGHTSTOWN, N.J. – Join your peers along with League staff and Creative You Team Members for straight talk on what it takes to

and also via video conference to Atlantic FCU and Members 1st of NJ FCU. Register by sending an email to Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org).

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

#### Upcoming Events:

November 25, 2014  
Webinar: Ability to Repay & Qualified Mortgages; Lessons Learned the Hard Way & 2015  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

December 2, 2014  
VirtualCorps Webinar: Expanding Your CU into Non-Conventional Financial Service  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

December 3, 2014  
Webinar: Frontline Series: Opening Accounts for Nonprofit Organizations  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

#### Contact Us:

##### Address

299 Ward Street  
Hightstown, NJ 08520  
Driving directions

Phone

Creative You Team members for straight talk on what it takes to compete in the NJCUL Creative You Innovation Project during our FREE Creative You Information Session on Wednesday, December 10th from 10 a.m. to 1 p.m.

During this casual meeting, we will overview the timeline and process that took place in 2014 with former Creative You Team members on-hand to discuss their accomplishments and challenges throughout the process.

If you are even remotely thinking about this competition (or your boss is), please join us on December 10th "live" or virtually via video conference at Atlantic FCU or Members 1st of NJ FCU!

To register, send an email to Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org).

More information on the 2014 Creative You process and teams, click [here](#).

For information on the next round in 2015, click [here](#).



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### Tonight: Catch NJCFE Executive Director Michael Drulis on 'One-on-One with Steve Aduato'

HIGHTSTOWN, N.J. – Be sure to tune in to the popular public television show "One-on-One with Steve Aduato" tonight on NJTV at 7 p.m. to catch New Jersey Coalition for Financial Education (NJCFE) Executive Director Michael Drulis talking about the difference between good and bad debt.



**Phone**

800.792.8861  
609.448.2426

**Fax**

609.448.3499

**E-mail**

info@njcul.org

Connect with Us:



If you missed Healthcare Employees FCU President/CEO John Dawidowski on the show last week, click [here](#) to view it and if you missed Atlantic FCU COO Daniel Czerniawski on the show yesterday, click [here](#) to view the segment.

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## FHLB Decisions Should be Left to Congress, Lawmakers Tell FHFA

WASHINGTON – Sixty-eight members of the U.S. Congress have signed a letter to the Federal Housing Finance Agency (FHFA) raising concerns about the agency's proposed change to Federal Home Loan Bank (FHLB) program. The FHFA's [proposal](#), issued in early September, would change the membership requirements in the FHLB program.

All credit unions, along with certain other financial institutions, would be required to have 10% of assets in residential mortgage loans on an ongoing basis under the proposal, as opposed to the current requirement of 10% when financial institutions apply for membership. It would also require all members to hold 1% of assets in home mortgage on an ongoing basis.

CUNA expressed concerns about the proposal in a [comment letter](#) filed with the FHFA in September. Based on CUNA regulatory advocacy staff's preliminary assessment of the proposal, it is believed the proposal would make it more difficult for credit unions to gain or maintain access to the FHLB system.

The lawmakers share CUNA's concern, saying the proposed rule could jeopardize the benefits community financial institutions such as credit unions receive from being part of the FHLB program.

"The FHL Banks serve as a critical source of liquidity for community banks, credit unions, and their various other members, as witness by the crucial role FHL Banks played during the financial crisis," the letter reads. "The banks also serve as an important conduit to the secondary markets for community financial institutions."

Congress has the authority to determine the nature and scope of eligibility for FHLB membership, and "frequently" reviews membership and member access to the program's services, according to the letter.

"On multiple occasions, Congress has expanded the categories of eligible membership and facilitated access to the important funding the FHLB provide," the letter reads. "As recently as four years ago, Congress adjusted FHL Bank membership rules and did not choose to narrow eligibility for participation in the system, making its intent

narrow eligibility for participation in the system, making its intent clear."

Both CUNA and the lawmakers pressed the FHFA for an open dialogue when it comes to any changes in the FHLB program.

Comments on the proposal were originally due Nov. 1, but CUNA, along with the Senate Banking Committee, pushed for an additional 60 days, a request that was granted. Comments are now due to the agency by Jan. 12.

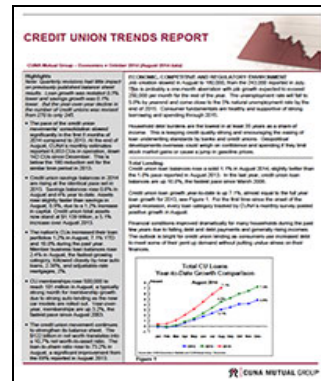
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## CUNA Mutual Group's November 2014 CU Trends report Available

CUNA Mutual Group released its November 2014 Credit Union Trends Report this week.

Highlights of the report, based on September 2014 data, include:

- The nation's credit unions increased their loan portfolios 0.8% in September, 7.9% YTD and 10.1% during the past year.
- Credit unions reported another strong auto lending month in September with new auto loan balances rising 1.9%, more than double the 0.9% pace reported in September 2013.
- Fixed-rate first mortgage loan balances rose 2% in September, the fastest growing loan category for the month, and were up 6.7% year-over-year.



For more highlights and the full report, please visit [www.njcul.org/trends.aspx](http://www.njcul.org/trends.aspx).

This aspect of the NJCUL Web site is limited to members only and is password protected. To request a login, visit [www.njcul.org/Secure/Register.aspx](http://www.njcul.org/Secure/Register.aspx).

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## Move Beyond the Great Recession and Help Your Members with New Services and Programs

**VirtualCorps.com™**

VirtualCorps Webinar:  
"Expanding Your CUI into Non-Conventional

**Expanding Your CU into Non-Conventional  
Financial Services”**

**Tuesday, December 2, 2014  
3 p.m. to 4 p.m.**

The “Great Recession” has shifted the financial needs of credit union members. Many members are less prepared to face the future financially than before. This shift poses many challenges and opportunities for credit unions.

The next VirtualCorps Webinar titled “[Expanding Your CU into Non-Conventional Financial Services](#)” on Tuesday, December 2nd, will review these challenges and opportunities.

By the end of this session, attendees will understand:

- There are many possible products members need
- The potential profitability of each service and product
- Pros and cons of expanding into these services
- Forecasting profitability and monitoring returns on investment
- In-house or outsourcing considerations
- How to launch new services and programs
- Board members, CEOs, CFOs, Marketing Managers, Compliance Officers

**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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**CUNA Mutual Group Issues Risk Alert on  
Another Round of HELOC Wire Fraud**

Credit unions across the country are reporting a new round of wire transfer fraud originating from member Home Equity Line of Credit (HELOC) accounts, according to a new [Risk Alert](#) from



CUNA Mutual Group. A new twist is that the wires appear to be going to construction companies.

CMG recommends credit unions establish a policy on the size of wire requests that will be permitted when not in person. Your bond insurance coverage contains a risk-sharing co-payment provision for large losses on requests that are not received in person. For most credit unions, losses in excess of \$25,000 will be insured 50%. If wire requests exceed the monetary threshold you establish, require members to submit the requests in person at a branch office where the member's identity can be verified.

Click here for the risk alert, which includes further details, risk mitigation tips, and related resources.

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## HUD Secretary & Former FHFA Head Press for Housing Finance Reform

WASHINGTON – U.S. Housing and Urban Development (HUD) Secretary Julian Castro is trying to bring policy discussions back to housing finance reform and is seeking legislation to set up a new system that will provide the "certainty needed for a competitive marketplace" according to an *American Banker* article (Nov. 18).

Speaking Friday to the California Realtors Association, HUD's leader suggested that policymakers take time before the start of a new, Republican-controlled Congress to talk about housing finance reform issues. A secondary market system dominated by Fannie Mae and Freddie Mac in conservatorship is simply not desirable in the long run, according to the HUD secretary. Separately, at an American Enterprise Institute event at which he spoke last week, former Federal Housing Finance Agency Director Edward DeMarco also addressed the need for a reform measure. Congress and the administration must enact legislation that would end the Fannie and Freddie conservatorships, extinguish their charters, and set up a legal framework for a new secondary mortgage market, he said.

CUNA and the state leagues continued to communicate to Capitol Hill lawmakers and staff the need to ensure credit unions' and other community financial institutions' access to a viable secondary housing market is maintained in any housing finance reform plan.

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## Late Filers Decline to 47 in Third Quarter

### ***NCUA Conducting Reviews to Determine Potential Civil Money Penalties***

ALEXANDRIA, Va. – While full compliance with Call Report filing deadlines has not yet been reached, the number of federally insured credit unions filing late in the third quarter declined to 47, the NCUA reported Tuesday.

NCUA is conducting individual case reviews to determine whether there are any cases in which mitigating circumstances warrant a

waiver of civil money penalties. NCUA expects to notify late filers in early December of the penalties they face. Penalties are determined by the individual credit union's asset size, its recent Call Report filing history and the length of the filing delay. The Federal Credit Union Act requires any penalties collected be sent to the U.S. Treasury.

"Effective regulation requires timely information, and we're getting closer to reaching the goal of full compliance," NCUA Chairman Debbie Matz said. "We've been reminding credit unions of their responsibilities, and the Office of Small Credit Union Initiatives has been working with smaller institutions to help them file on time. All these efforts will continue."

One credit union that filed late in the third quarter also filed late in a previous quarter. Forty of the late-filing credit unions have assets of less than \$50 million. NCUA expects to make public the names of late filers pay civil money penalties in late January.

In the second quarter, 75 credit unions missed the Call Report filing deadline. After the agency reviewed the cases, 44 credit unions agreed to civil money penalties totaling \$17,111.

In addition to assistance available from the Office of Small Credit Union Initiatives, NCUA has posted a [video](#) explaining the Call Report submission process. Credit unions needing assistance with or having questions about submitting waiver requests can call the agency's hotline at 703-548-2242 or send an email to [CallReportLateFiler@ncua.gov](mailto:CallReportLateFiler@ncua.gov).

Matz sent a [Letter to Credit Unions](#) in January, advising that the agency would, beginning with the first-quarter 2014 Call Reports, impose civil money penalties on credit unions that file late. The penalties, the letter stressed, were solely to deter late filing. NCUA considers mitigating factors, including a credit union's filing history and other circumstances, such as a natural disaster, that prevented timely filing.

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## Daily Movember Men's Health Tip

### DRINK ALCOHOL IN MODERATION

Alcohol can be part of a healthy, balanced diet, but only if consumed in moderation. Give yourself the option of having alcohol-free days to detox your body and feel good.

support movember





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

December 2 -- [VirtualCorps Webinar: Expanding Your CU into Non-Conventional Financial Services](#)

December 9 -- [VirtualCorps Webinar: Enhancing Leadership Skills For Boards Of Directors](#)

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

### **Industry Events**

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](#)

October 4-6 -- NJCUL's 81st Annual Meeting & Convention

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

New Jersey Credit Union League | news@njcul.org | New Jersey Credit Union League | 299 Ward Street | Hightstown, NJ 08520



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