

Subject: The Daily Exchange -- December 1, 2014
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To: staff@njcul.org
Conversation: The Daily Exchange -- December 1, 2014

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The Daily Exchange

December 1st, 2014

Today's News:

- › There's Still Time to Register for the FREE Creative You Information Session on December 10th!
- › CFPB Overdraft, Debt Collection & Payday Lending Proposals Moved Back
- › November 2014 Issue of *The Exchange* Available
- › FinCEN Penalizes Florida Credit Union for BSA Violations
- › Don't Miss Next Tuesday's South-Central Chapter Meeting
- › Tomorrow: Explore Non-Conventional Financial Services
- › Bank of America MBS Settlement Now Final
- › Discover Sues Visa, Alleges Debit Card Antitrust Actions
- › Credit Unions, Mark Your Calendars

There's Still Time to Register for the FREE Creative You Information Session on December 10th!

Hear from the 2014 Teams About What it Takes And Sign-Up 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 compete in the NJCUL Creative You Innovation Project during our FREE Creative You Information Session on Wednesday, December 10th from 11 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.

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

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

WE WANT



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 conference to Atlantic FCU and Members 1st of NJ FCU. Register by sending an email to Mary Zelinsky at mzelinsky@njcul.org.



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

CFPB Overdraft, Debt Collection & Payday Lending Proposals Moved Back

WASHINGTON – When the Consumer Financial Protection Bureau (CFPB) last week announced its rulemaking agenda for the next six months, what was moved-back on the list was as interesting as what was included in the near term.

The agenda anticipated proposals on overdraft protection, debt collection and payday lending sometime in the first seven months of 2015, which would mean final rules would be unlikely before 2016 (*American Banker*, Nov. 26). That's a significantly different timeframe than indicated this spring by the CFPB when it predicted the payday loan and overdraft rules would be proposed in September and December of this year.

The CFPB said it would release a proposal on debt collection in April and tackle overdraft fees in July. However, a spokesperson for the bureau notes that the six-month agenda represents the CFPB's best estimates of a timeline which could shift at any time.

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

November 2014 Issue of *The Exchange* Available

The latest edition of NJCUL's monthly publication, *The Exchange*, is now available for [download](#).

Read our feature story on Helen Rykowski, who is 96 years young with 30 years of service to credit unions; our collaborative roundtables; our Election Day results overview; and more!

To access the November 2014 issue of *The Exchange*, click [here](#).



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

Upcoming Events:

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

December 4, 2014
Webinar: Traditional & Roth
IRA Reporting
Responsibilities:
Requirements, Issues &
Answers
3:00 pm to 4:30 pm
[More Information Click Here](#)

December 10, 2014
FREE Creative You
Information Session
Location: NJCUL and via
Video Conference
11:00 am to 1:00 pm
[More Information Click Here](#)

Contact Us:

Address

299 Ward Street
Hightstown, NJ 08520
Driving directions

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

FinCEN Penalizes Florida Credit Union for BSA Violations

WASHINGTON – The Financial Crimes Enforcement Network (FinCEN) assessed a \$300,000 civil money penalty against North Dade Community Development Federal Credit Union in Miami Gardens, Florida for significant Bank Secrecy Act (BSA) violations. North Dade's anti-money laundering (AML) failures exposed the United States financial system to significant opportunities for money laundering and terrorist financing from known high-risk jurisdictions.

The credit union consented to the assessment and admitted that it willfully violated BSA program, reporting, and recordkeeping requirements. Included within these lapses, the credit union failed to comply with Section 314(a) of the USA PATRIOT Act, a program requiring financial institutions to search their records to locate accounts and transactions of persons that may be involved in terrorism or money laundering.

North Dade, a small credit union with \$4 million in assets and only five employees, contracted with a third-party vendor and money services business (MSB) to provide services and sub-accounts to 56 MSBs located in high-risk jurisdictions far outside its field of membership, including locations in Central America, the Middle East, and Mexico. The revenue generated from these accounts constituted 90% of North Dade's annual revenue. In 2013 alone, the total transaction volume through North Dade by MSBs included \$1.01 billion in outgoing wires and \$984 million in remotely captured deposits.

"When a small institution opens its doors to the world, takes on greater risks than it can manage, and puts profits before AML controls, bad actors are bound to take advantage," said FinCEN Director Jennifer Shasky Calvery. "This case raises pretty obvious questions that no one seems to have asked. Why would MSBs located all over the world choose a small Florida credit union to conduct close to \$2 billion in transactions? Credit unions pride themselves on close and low-risk relationships with known neighborhood customers. However, North Dade welcomed customers far beyond its field of membership, without adequate policies and procedures to ensure AML compliance."

Director Shasky Calvery also expressed concern about North Dade's failure to comply with FinCEN's 314(a) program. "It is of great concern that North Dade failed to even review the 314(a) requests it received. These are time sensitive requests that, by their very nature, are intended to further criminal investigations into significant money laundering and terrorist financing activities."

From 2009 through 2014, North Dade had significant deficiencies in all aspects of its AML program, including its internal controls, independent testing, training, and failure to designate an appropriate BSA compliance officer. North Dade also had a systemic failure in meeting its

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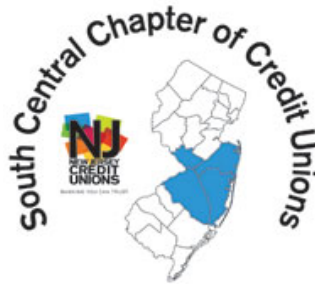
314(a) obligations. North Dade did not provide any meaningful risk assessment for its size and type of business and blindly relied on a third-party vendor to conduct due diligence for all 56

MSBs, which held sub-accounts at North Dade. Without itself knowing or understanding its customers or risks, North Dade was unable to adequately monitor, detect, or report significant suspicious transactions and other activities taking place through the credit union, including those related to money laundering and drug trafficking. When the credit union did file suspicious activity reports, the reports were often late and insufficient.

[[BACK TO TOP](#)]

Don't Miss Next Tuesday's South-Central Chapter Meeting

MILLSTONE TOWNSHIP, N.J. – The South-Central Chapter will host a Networking/Christmas/Holiday Gathering on Tuesday, December 9th, beginning at 12 pm.



This lunch meeting, being held at Tommy's Inn at Millstone, will also include a discussion related to three challenges faced by your credit union this year.

****Please bring a gift to exchange costing no greater than \$20.00****

Click [here](#) for more information, the menu, and full registration form. Please register by Tuesday, December 2nd to Pam Elliott at agchief@comcast.net.

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!

More Chapter information as well as the dates of all upcoming Chapter meetings is available on the League Web site at www.njcul.org/chapters.aspx.

Please note: Only New Jersey Credit Union League preferred vendors are able to attend New Jersey Credit Union League Chapter events and meetings.

[[BACK TO TOP](#)]

Tomorrow: Explore Non-Conventional Financial Services

**VirtualCorps Webinar:
"Expanding Your CU into Non-Conventional Financial Services"
Tuesday, December 2, 2014
3 p.m. to 4 p.m.**

VirtualCorps.com™

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

Who Should Attend: 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 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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[\[BACK TO TOP \]](#)

Bank of America MBS Settlement Now Final

NEW YORK – The settlement deal that will result in Bank of America handing over \$16.7 billion to the Securities and Exchange Commission for actions that helped cause the financial crisis in 2008

is now complete following a final judgment made by a federal judge last week (*Bloomberg*, Nov. 26).

A U.S. District Judge in Charlotte, N.C. signed the judgment, which bars the big bank from using deceit or fraud to sell securities. The bank agreed with the terms without admitting or denying the allegations made in the complaint, *Bloomberg* reported.

The Justice Department in its complaint had alleged that Bank of America sold corrupt mortgage securities without disclosing all the risks to investors. In addition to the settlement money, the judgment also calls for Bank of America to forego \$109.2 million in profits and \$6.62 million in interest and pay a civil penalty of \$109.2 million.

The majority of the illegal activities involved Merrill Lynch and Co. and Countrywide Financial Corp., which were later purchased by Bank of America.

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

Discover Sues Visa, Alleges Debt Card Antitrust Actions

WASHINGTON – Two major credit card companies may soon be entangled in federal court following a lawsuit by Discover Financial Services that accuses Visa Inc. of anticompetitive practices in its debit card business.

Discover filed the lawsuit in federal court last week, and accuses Visa of "undertaking illegal behavior to fend off competitive threats to its debit network services monopoly" (*The Wall Street Journal*, Nov. 25).

Discover asserts that it is an unfair advantage that Visa can require issuers of its debit cards to only use Visa's PIN services, rather than allowing other competitors, such as Pulse from Discover, to compete for the business.

In 2010, an overhaul of the U.S. financial system included a regulation that required financial institutions to feature at least two processing networks on each debit card so that merchants could route transactions to their networks of preference.

Discover believes that Visa is offering merchants—especially those that process large numbers of transactions—monetary incentives if they agree to send all debit transactions to the Visa debit network.

The lawsuit is not the first filed against Visa with accusations of anticompetitive practices. A similar lawsuit was first filed in a U.S. District Court in Houston.

Visa, the largest credit card company in the U.S. said the company is aware of the suit and is in the process of reviewing it, according to *The Wall Street Journal*.

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

Credit Unions, Mark Your Calendars

HIGHTSTOWN, N.J. – The New Jersey Credit Union League would

MEMPHIS, TN. The New Jersey Credit Union League would like you to mark your calendars for these upcoming events:

NJCUL Education

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

December 4 -- [Webinar: Traditional & Roth IRA Reporting Responsibilities: Requirements, Issues & Answers](#)

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

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

Industry Events

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](#)

June 1 -- North Jersey Federal Credit Union Foundation's Annual Golf Outing

September 28th -- Picatinny Federal Credit Union 17th Annual Golf Outing

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

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

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