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March 12th, 2015

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NJ Joins Annual GAC Hike-the-Hill, Gets Face-Time with Sen. Booker

WASHINGTON – Nearly 5,000 credit union representatives, with an advocacy strategy of visiting each of the 535 U.S. Senate and House offices, descended on Capitol Hill during CUNA’s annual Governmental Affairs Conference (GAC) and Hike-the-Hill this week.



Pictured left to right with Sen. Booker in rear: Grant Gallagher, External Affairs Specialist, Affinity FCU and New Jersey's GAC "Crasher"; Stacey Walker, Board Member, XCEL FCU; Sandy Mullins, President/CEO, West Orange Municipal FCU and NJCUL Political & Legislative Action Network (NJ CU PLAN) member; Greg Michlig, President/CEO, NJCUL; and Tom Quigley, Director of Marketing, XCEL FCU and NJ CU PLAN chairman. Mullins was unable to spend the full four days in Washington for the GAC but made the trip Wednesday to participate in the Hike-the-Hill.

Twenty-one professionals and volunteers from 11 N.J. credit unions joined NJCUL President/CEO Greg Michlig and Vice President of Corporate & Governmental Affairs Chris Abeel in meetings with the offices of 12 of the state’s 14-member delegation. Discussions centered on preservation of the CUI tax exemption, data security, growing regulatory burden and potential

LIMIT RELIEF FOR CONSUMERS
› Supreme Court Sides with Agencies on Interpretive Rule Changes
› Credit Unions, Mark Your Calendars



Register Today for NJCUL's 27th Annual Tournament on April 28!

Reserve your spot on the greens at our upcoming Golf Tournament! Join us on both of Forsgate Country Club's beautiful courses for a day of golf, lunch, and an awards banquet.

Click [here](#) for more information and the registration form.

Upcoming Events:

CO tax exemption, data security, growing regulatory burden and potential relief options, housing finance reform, and credit union charter enhancements such as MBL reform and supplemental capital.

Senator Cory Booker (D) took time to meet personally with New Jersey credit union advocates.

Several New Jersey delegation members hold significant committee assignments when it comes to financial services issues and legislation. Sen. Menendez (D-NJ) is a senior member of the Senate Banking Committee and Sen. Booker serves on the Senate Small Business Committee. On the House side, Rep. Scott Garrett (R-5) sits on the House Financial Services Committee and chairs the key sub-committee dealing with housing finance reform, and Rep. Bill Pascrell (D-9) is a senior member of the House Ways & Means Committee which has primary jurisdiction over all tax legislation.

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CUNJ Receives 2014 Dora Maxwell Award

MADISON, Wis. – Credit Union of New Jersey (CUNJ) was honored Wednesday night at an awards reception during CUNA's GAC where President/CEO Andy Jaeger and Executive Vice President/COO Soma Sarkar accepted the credit union's 2014 Dora Maxwell Social Responsibility Community Service Award. CUNJ was named a first-place winner for the Dora Maxwell Award in \$200-\$500 million category.



CUNJ President/CEO Andy Jaeger and Executive Vice President/COO Soma Sarkar accept the credit union's 2014 Dora Maxwell Social Responsibility Community Service Award during CUNA's GAC.

CUNA's National Awards Committee selected the recipients of the 2014 Dora Maxwell Social Responsibility Community Service Award, the Louise

March 17, 2015
VirtualCorps Webinar: How
Your CU Can Earn Fee
Income: Longterm Care
Coverage & Asset
Preservation
3:00 pm to 4:00 pm
[More Information Click Here](#)

March 18, 2015
Full-Day: Improving the
Results of the Collection
Department
Location: NJCUL and via
Video Conference
10:00 am to 3:00 pm
[More Information Click Here](#)

March 25, 2015
Southern Chapter Meeting:
Compliance Update
Location: Crab Trap,
Somers Point, NJ
6:00 pm to 8:30 pm
[More Information Click Here](#)

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Donald Maxwell Social Responsibility Community Service Award, the Louise Herring Philosophy-in-Action Member Service Award, and the Desjardins Awards for Financial Education in November 2014. The awards, which are given in several credit union asset sizes, were selected among the winning entries at a league level.

In addition to CUNJ, two other New Jersey credit unions were named winners on the national level: Trenton NJ Police Federal Credit Union was named second-place winner for the Louise Herring Award in the less than \$50 million category, and Jersey Shore Federal Credit Union was named second-place for the Louise Herring Award in the \$50-\$250 million category.

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Reality Check: Fight or Flight? Lee Wetherington Tackles Fraud in Payments

ATLANTIC CITY, N.J. – Payments are both the means and ends of cyber attacks by criminal organizations, hactivists, and nation states. These attacks include account takeovers and distributed denial of service (DDoS) campaigns against financial institutions.



Join Lee Wetherington for a review of the latest cyber threats against the financial services sector and how credit unions can better prepare, protect, and support each other in the fight. Learn how to get members involved, achieve cross-channel detection, balance security with usability, assess biometric authentication, and learn why mobile payments can be more secure than card-based payments.

Hear from Wetherington as well as other top-notch speakers at the 2015 CU Reality Check Conference April 13-15, 2015 at the Golden Nugget Atlantic City.

[REGISTER](#)

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, CO-OP Financial Services, *Credit Union Journal*, CUinsight, CUNA Mutual Group, Federal Home Loan Bank of New York, Financial Services, Inc. (FSI), LendKey, and UBS.

Please note: The deadline for making reservations within the Reality Check block is 5 p.m. on Monday, March 30th, 2015.

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Prize-Linked Account Legislation Clears Senate Committee

TRENTON, N.J. – NJCUL-supported legislation sponsored by Senators Richard Codey (D-27) and Ronald Rice (D-28) that would authorize New Jersey credit unions and banks to offer savings promotions, also known as



"prize-linked savings accounts," was unanimously approved Monday by the Senate Commerce Committee.

Intended to provide incentives for depositors to open and maintain savings accounts, the legislation (S-2495) would authorize state-chartered credit unions, banks, and savings banks to conduct promotions in which a minimum deposit in an amount predetermined by the institution qualifies for a chance to win prizes.

The idea has been put into practice in a number of states by non-profits and credit unions, and has been successfully implemented internationally. New York, Connecticut, Michigan, and Indiana have modified their state banking laws to allow for these programs and legislation has been introduced in Congress to make similar revisions to federal banking laws.

The Senate Commerce Committee approved the legislation by a vote of 6-0. It now heads to the full Senate for consideration.

A companion measure (A-3868) is pending consideration in the Assembly Financial Institutions & Insurance Committee.

Legislation to allow federally chartered financial institutions to offer prize-linked accounts was signed into law by President Obama in December.

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Member Activation Program (MAP) Launched

WASHINGTON – CUNA has partnered with credit unions on an extensive research project to better understand the impact of advocacy-related communications. Surveying over 70,000 credit union members in 2014, CUNA found that advocacy communications not only succeed in activating CU members but also increase members' loyalty bond with their credit union.

To learn how engaging your credit union's members with advocacy communications can strengthen and grow your members' loyalty, watch this [short video](#).



Credit unions can sign up to participate on the [Map Toolkit](#). Also, there is a one-pager that further explains the program.

Tony Budet, President/CEO of University Federal Credit Union, shared at

CUNA's GAC the results of his credit union's MAP experiment conducted in Fall 2013.

According to Budet, the results were surprising and remarkable. "Over 80% of our members told us it's 'perfectly OK to contact me for advocacy,'" he said. "In fact, many expressed surprise we weren't already advocating in such a manner and disappointment we hadn't earlier asked them to assist. After surveying over 70,000 credit union members, we found that advocacy communications not only succeed in activating credit union members but also increase members' loyalty bond with their credit union. The MAP email template, tone of the message, and overall best practices were developed after communicating and surveying these credit union members."

If you require any additional information about the program, please contact [Richard Gose](#), Chief Political Officer at CUNA. [Sign-up](#) for the program now and begin educating your members today.

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Webinar on Important SAR Procedure Update Available April 27th

Webinar: Important SAR Procedure Updates from the Revised BSA/AML Examination Manual: Ensuring Compliance & Avoiding Violations

**Monday, April 27th, 2015
3 p.m. to 4:30 p.m. ET**

The interagency anti-money laundering updates were finalized in December 2014, and there have been billions of dollars in fines and several notable sanctions and enforcement actions since the 2010 manual was issued. The long-awaited update contains 440 pages with 320 pages of examiner expectations and another 120 pages of reference material. There are five key components for suspicious activity monitoring and reporting systems in the revised manual (versus only four in the 2010 manual.) Because the components are interdependent, an effective suspicious activity and reporting process should include "successful implementation of each component." What policy/procedure changes should be made to prove compliance with this process?

Another significant focus area the 2014 manual highlights is the importance of the timely filing of SARs. There is also emphasis on the quality of the investigation and the information provided in the SAR narrative.

NJCUL's must-attend Webinar "Important SAR Procedure Updates from the Revised BSA/AML Examination Manual: Ensuring Compliance & Avoiding Violations" being held on April 27th will ensure compliance with SAR rule changes.

This informative session is designed for BSA officers and staff, compliance officers, auditors, branch managers, new account representatives, deposit and loan operations personnel, security officers, and risk managers.

Time: 3 p.m. to 4:30 p.m. ET

Presenter: [Susan Costonis, CRCM](#), Compliance Consulting and Training for Financial Institutions

Cost:

- \$200.00 Live Webinar
- \$200.00 Archived Webinar + Free CD ROM
- \$250.00 BOTH Live Webinar and Archived Webinar + Free CD ROM
- \$169.00 Archived Webinar ONLY (for CUs < \$20M in Assets)

[Register 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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Nussle: Retailers Distract from Real Data Protection Problem

WASHINGTON – CUNA President/CEO Jim Nussle issued a strong statement Wednesday rebutting merchants' most recent talking points on data breach issues. Nussle said the retailers mean only to distract attention from the true problem in data security.

"The retailers are using a nuance in talking points to distract from the real problem: retailers are not protecting consumers' data, face no legal requirement to do so and get to watch as others fix the problems they create. The American public loses when the folks left holding the bag for merchant data breaches are the card-issuing credit unions and banks," Nussle declared.

"Consumers will benefit if the retailers would support a strong federal data protection law that codifies a requirement that those who accept cards for payment follow the same security standards as those who issue cards for payment," the CUNA leader said. He pointed out that the merchants are suddenly trying to divert attention away from that fact by making the discussion about reimbursements.

Nussle continued, "We're 15 months from the Target breach yet credit unions have received nothing in terms of reimbursement. The same goes for the Home Depot breach. The merchants responsible for the largest breaches over the last two years have paid absolutely nothing while credit unions have had to pony up at least \$90 million to cover the costs for merchant data breaches.

"Now, the same day that retailers are playing shell games over merchant data breaches, a Verizon report found that a staggering 80% of merchants aren't even following the industry card security standards, meaning this is a problem sure to repeat itself " (See related story below)



The nationwide [Stop the Data Breaches](#) grassroots campaign continues. CUNA and the NJCUL are encouraging all credit union professionals, volunteers and members to [email](#) their lawmakers in Congress.

80% of Global Merchants Flunk Card Data Security, According to Verizon Report

NEW YORK – Eighty percent of global merchants and companies continue to fall short on their card data security efforts, says Verizon Communications.

Overall compliance with the PCI Data Security Standard (PCI DSS) slightly increased 8.9 percentage points from last year, said the Verizon 2015 PCI Compliance Report. However, "four out of five companies are still failing" in compliance, said the report. Verizon Communications surveyed 5,000 global merchants companies and financial institutions for the annual report.

"The volume and scale of data breaches in the last 12 months make it clear that current techniques are not stopping attackers—in many cases they are not even slowing them down," said Verizon. It noted that the standard PCI DSS assessment can uncover important security gaps that should be fixed but "is not guarantee that your customer's data and your reputation are safe. Of all the data breaches that our forensics team has investigated for the last 10 years, not a single company has been found compliant at the time of the breach," the report said.

Compliance fell the most in the standard that requires companies to regularly test their security systems; 67% or two thirds of organizations did not adequately test the security of all in-scope systems. Only 33% of those surveyed were compliant with testing, compared with 40% last year.

What's more, those who have been compliant in the past easily fell out of compliance. "The news is not good: less than a third (28.6%) of companies were found to be fully compliant less than a year after successful validation," the report's executive summary said. Many companies tend to upgrade security software and hardware just before the annual compliance check, which provides only a "snapshot" of a point in time.

"It is very easy to fall out of compliance if you don't have robust procedures in place for managing and maintaining it," said Verizon, noting that "a compliance assessment can only ever be a snapshot."

"The takeaway is that companies should focus on building a robust framework with security policies, procedures, and testing mechanisms, as this will increase the chance of being compliant—and customers' data being protected—not just at the point of validation but every day of the

CFPB Study Finds the Arbitration Agreements Limit Relief for Consumers

Garden Savings FCU President/CEO Louis Vetere's Participation in Arbitration Panel Noted

WASHINGTON – The Consumer Financial Protection Bureau (CFPB) released a study this week indicating that arbitration agreements restrict consumers' relief for disputes with financial service providers by limiting class actions. The report found that, in the consumer finance markets studied, very few consumers individually seek relief through arbitration or the federal courts, while millions of consumers are eligible for relief each year through class action settlements. The Bureau's report also found that more than 75% of consumers surveyed did not know whether they were providers, and fewer than 7% of those covered by arbitration clauses realized that the clauses restricted their ability to sue in court.

The CFPB held a public field hearing in Newark, N.J. on Tuesday to discuss arbitration. The field event featured remarks by CFPB Director Richard Cordray, which was followed by a panel discussion with consumer groups and industry representatives, including President/CEO of Garden Savings Federal Credit Union Louis Vetere.

Companies can easily extend the benefits of arbitration to consumers without depriving them of court rights by making the choice voluntary, when a dispute arises, consumer advocates said. Vetere said that was his policy. "I am a huge believer in arbitration to settle disputes," he said, "but that should be the decision of the customer."

Vetere was quoted in a [NASDAQ.com](#) article Wednesday and was recognized by the CFPB. Noting Vetere's participation on the panel, Zixta Martinez, Associate Director of External Affairs for the CFPB, in her remarks to the CUNA GAC on Wednesday morning, stated that credit unions were strongly represented at the meeting.

The Bureau first launched a [public inquiry](#) on arbitration clauses in April 2012 and released [preliminary research](#) in December 2013. This week's report uses a careful analysis of empirical evidence, including consumer contracts and court data, to understand the resolution of consumer finance disputes – both in arbitration and in the courts.

The report results indicate that:

- Tens of millions of consumers are covered by arbitration clauses.
- Consumers filed roughly 600 arbitration cases and 1,200 individual federal lawsuits per year on average in the markets studied.
- Roughly 32 million consumers on average are eligible for relief through consumer finance class action settlements each year.
- Arbitration clauses can act as a barrier to class actions.
- No evidence of arbitration clauses leading to lower prices for consumers relative to those that made no change in their use of arbitration clauses.

- Three out of four consumers surveyed did not know if they were subject to an arbitration clause.

A fact sheet on the report is available [here](#).

The complete report on arbitration is available [here](#).

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Supreme Court Sides with Agencies on Interpretive Rule Changes

The Supreme Court ruled 9-0 that federal agencies do not have to follow certain procedures for notifying the public and collecting comments when changing their interpretations of federal rules.

In the case, *Perez v. Mortgage Bankers Association*, the Mortgage Bankers Association (MBA) sued the Labor Department over revisions to its interpretation of a rule that determines which employees are eligible for overtime and minimum wage.

The Labor Department extended the rule to include mortgage loan officers; MBA said the department violated the Administrative Procedures Act by not alerting the public or accepting comments on the change. The [opinion](#), written by Justice Sonia Sotomayor on the case, says, "Because an agency is not required to use notice-and-comment procedures to issue an initial interpretive rule, it is also not required to use those procedures when it amends or repeals that interpretive rule." The court did not define the term "interpretive rule" in its decision.

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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

March 17 -- [VirtualCorps Webinar: How Your CU Can Earn Fee Income: Longterm Care Coverage & Asset Preservation](#)

March 18 -- [Full-Day: Improving the Results of the Collection Department](#)

March 24 -- [VirtualCorps Webinar: Understanding Financial Statements and Ratios: Part 1](#)

March 31 -- [Brett Christensen's Lending School](#)

April 1 -- [Brett Christensen's Lending School](#)

April 7 -- [VirtualCorps Webinar: Functional Compliance Management Program](#)

April 14 -- [VirtualCorps Webinar: Branding the Experience](#)

Industry Events

March 25 -- [Southern Chapter Meeting: Compliance Update & Elections to Be Held](#)

April 1 -- [Financial Fitness Day](#)

April 7 -- [South-Central Chapter Meeting: Reality Fairs](#)

April 13-15 -- [2015 CU Reality Check at the Golden Nugget Atlantic City](#)

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

May 15 -- [Reality Fair at Barringer High School Academy of the Arts and Humanities](#)

May 18 -- Greater Alliance FCU Golf Outing at Apple Ridge Country Club in Mahwah, NJ

May 20-21 -- [CU Direct's Automotive Lending & Marketing Conference](#)

May 29 -- [New Jersey Credit Union Foundation 5th Annual Casino Night](#)

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

June 5 -- [Reality Fair at Thomas Wallace School](#)

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

July 20 -- Garden Savings FCU's 5th Annual Golf Outing at Fiddler's Elbow Country Club

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

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

November 6-8 -- [DCUL's 2015 Volunteer Leadership Conference](#)

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