Subject: The Daily Exchange -- April 7, 2015
Date: Tuesday, April 7, 2015 11:39 AM
From: New Jersey Credit Union League <news@njcul.org>
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New Jersey Credit Union League

The Daily Exchange

April 7th, 2015

Today's News:

› Ocean County College 'Student Success' Classes Learn Lessons for Financial Success
› Sunday's CU Cherry Blossom Run Raises More Than $525,000 for Sick Kids
› Letters of Interest for Open Seat on NJCUL Board Due Friday
› Matz's Term Expires Friday, Will Serve Until Replacement's Seated
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› Don't Miss Thursday's Security, Robbery Response and Prevention Roundtable
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Ocean County College 'Student Success' Classes Learn Lessons for Financial Success

TOMS RIVER, N.J. – The Reality Fair program made its second trip to the main campus of Ocean County College in Toms River yesterday to bring the hands-on financial literacy experience to seven "Student Success" classes.

Ocean County College graduates, now Kean University students, Giancarlo Quagliato (left) and Dan Jacinto (right) help OCC "Student Success" classes make financial choices as they build their lifestyles.

Around 80 students came to a large classroom for a brief orientation then were set loose to build their hypothetical lifestyles, pretending they just graduated and have started working in an entry level position

Tool to Combat Cyberattacks
› New Malware Attacking Financial Institutions
› California CU CEO Pens Reg. Relief Op-Ed
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NJ Credit Union FOUNDATION
Giving • Caring • Educating

New Jersey Credit Union Foundation Board Call for Applications Open

The New Jersey Credit Union Foundation has launched a call for applications to fill three vacant seats on its Board of Directors.

Applicants must fill out the Board Member Application, as well as the Conflict of Interest Disclosure Form.

Return the forms to Foundation Executive Director Candice Nigro at cnigro@njcul.org or mail to the address below:
Attention: Candice Nigro,
NJ CU Foundation
299 Ward Street
Hightstown, N.J. 08520

Deadline for applications is Friday, April 10th, 2015.

in their field of study.

Some students managed to live within their means while others discovered some of their choices put them in the red. Each student reviewed their experience and choices with a financial counselor, though many of them knew where they went wrong in hindsight.

Two OCC students browse the different transportation and auto loan options.

This is the second Reality Fair held at the main campus of the college; two Fairs were also held last year at the college's Southern Education Center in Manahawkin.

Thank you to all of those from the League, Credit Union of New Jersey, Members 1st of NJ FCU, and Raritan Bay FCU who volunteered their time as well as our Marketing Intern Dan Jacinto and his friend, and fellow Ocean County College graduate, Giancarlo Quagliato!

For additional photos, visit the NJ Credit Union Reality Fairs Facebook page.

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Sunday's CU Cherry Blossom Run Raises More Than $525,000 for Sick Kids

WASHINGTON –The credit union community will be out in force for the annual Credit Union Cherry Blossom Ten-Mile Run Sunday, which raises funds for Children's Miracle Network Hospitals.

Upcoming Events:

April 9, 2015
Compliance Roundtable: Robbery Prevention and Safety Awareness
Location: NJCUL and via Video Conference
10:00 am to 12:30 pm
More Information Click Here

April 9, 2015
Webinar: Current Issues in Physical Security Risk: Regulatory Compliance & Best Practices
3:00 pm to 4:30 pm
More Information Click Here

April 14, 2015
VirtualCorps Webinar: Branding the Experience
3:00 pm to 4:30 pm
More Information Click Here

Contact Us:

Address
299 Ward Street
Hightstown, NJ 08520
Driving directions

Phone
800.792.8861
609.448.2426

Fax
609.448.3499

E-mail
info@njcul.org

Connect with Us:

CUNA staff will join other credit union volunteers helping the race run without a hitch, and more than 165 members of Congress have signed on to serve as honorary race chairs.

More than 15,000 runners are expected to participate in the race. This is the 14th year credit unions have sponsored the event. Credit Union Miracle Day, a collaboration of more than 100 credit unions, partners, and credit union service organizations (CUSOs) will present a $525,852 donation on race day.

Runners will choose between the 10-mile run or a 5K run/walk, and children ages five to 12 can participate in a half-mile run. Runners in the 10-mile run will have a chance at the largest-ever purse for the event: $80,500.

American runners will run in pursuit of a $25,000 purse, with a $10,000 bonus available to anyone who breaks the men's or women's record. Greg Myers set the men's record in 1983 with a time of 46 minutes, 13 seconds, and Janet Bawcom set the women's record last year with a time of 52 minutes, 12 seconds.

International runners in the 10-mile race will battle for a $40,000 prize purse, with $8,000 each going to the male and female champions.

According to race organizers, this year's race will feature runners from 14 different countries, as well as all 50 states.

The National Weather Service is forecasting a mostly sunny day with a high near 67.

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Letters of Interest for Open Seat on NJCUL Board Due Friday

HIGHTSTOWN, N.J. – The NJCUL Board of Directors will be accepting “Letters of Interest” from candidates interested in filling the vacant position on its board of directors until April 10, 2015. According to League bylaws, “the person selected to fill the vacancy shall be required to run for election in the next election following their appointment, for the balance of the remaining term, if any.” This seat’s term is to expire after the League’s annual meeting in October of this year, meaning this appointment would expire at that time.

As a part of its charter, the Governance Committee of the NJCUL Board of Directors shall review and determine candidate eligibility according to the NJCUL bylaws and Nomination/Election rules. Interested candidates should submit a “Letter of Interest” as well as complete the CU board approval form, bio and Conflict of Interest form and submit to the committee, no later than April 10, 2015. The NJCUL Board of Directors will then consider the qualified candidates.

Because the open board seat is in Tier A, the Governance Committee will accept “Letters of Interest” from qualified candidates of credit unions under $47,561,022 in assets. For questions, please contact the committee at board@njcul.org.

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Matz's Term Expires Friday, Will Serve Until Replacement's Seated

ALEXANDRIA, Va. – NCUA Chair Debbie Matz's six-year term on the board is scheduled to expire Friday, but she will serve until a replacement is identified, nominated, and confirmed.

Matz took the oath of office Aug. 24, 2009, replacing then-Chair Michael Fryzel.

"Once a board member's term expires, she/he may serve until a replacement is sworn in," said NCUA spokesperson John Fairbanks.

Matz is the first person to have served two terms on the board since the agency was founded in 1978. She previously served on the board from January 2002 to October 2005.

NCUA board members are nominated by the president and must be confirmed by the Senate.

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Merchants Request EMV Delay, CUNA Renews Push for Data Security

WASHINGTON – A retailer trade association request to delay new credit and debit card security features that would protect consumer data has led CUNA to increase its push for strict data breach legislation that would protect consumers and financial institutions.

"Credit unions are working tirelessly on all fronts on the data security issue, yet merchants want to delay even this technology that would take a step in the right direction to protect consumers," said CUNA President/CEO Jim Nussle. "Congress really must act—soon—to require more from merchants for the sake of the American people."

Starting Oct. 1, payments system participants that use chip-and-PIN technology for card transactions will be protected from financial liability for card-present counterfeit fraud losses. The Payments Security Task Force estimated in October that less than half of merchants will be enabled with chip technology by the end of 2015.

The Food Marketing Institute sent a letter to leading credit card companies recently asking for that date to be pushed back until 2016, after this year's holiday shopping season.

"There seems to be no limit to the merchants' attempts to avoid responsibilities related to the serious and growing problem of breaches of their customers' personal financial data," Nussle said. "I almost thought it was a bad April Fool's joke when I learned they are pivoting and now asking for delays in implementation of new EMV

protest and now asking for delays in implementation of new EMV security features—for both credit and debit purchases—until after the holiday season."

In March, retailers claimed that increased usage of personal identification numbers (PINs) would help stem the tide of data breaches. This led CUNA and other financial services trade organizations to question why merchants are fighting to maintain a status quo that has already led to many high-profile breaches.

In addition, CUNA and the trades provided research that 75% of merchants do not have the capability to accept chip-and-PIN transactions, and PIN-debit fraud rates have increased since 2004.

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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.

NCUA Says Supervisory Change Streamlines LICU's Secondary Capital Processes

ALEXANDRIA, Va. – Revisions to the NCUA's supervisory processes announced Monday are meant to make it easier for low-income credit unions (LICU) to obtain secondary capital "while giving investors clarity and confidence."

The agency's National Supervision Policy Manual was revised by adding a description of the streamlined secondary capital approval process on page 130 and, on page 128, a series of six bullets identifying the "minimum requirements" to redeem secondary capital. Secondary capital helps low-income credit unions supplement their net worth, allowing them to expand services and maintain capital levels. NCUA Chair Debbie Matz said the changes to the manual were aimed at achieving two goals: expediting the approval by regional offices of secondary capital requests and making it possible for credit unions that have secondary capital to return portions of the loans that no longer count towards net worth.

Matz announced the formation of a working group on secondary and supplemental capital (as well as one on field of membership issues) in December. According to the NCUA, the group will, among other things, consider ideas for raising the value of secondary capital for low-income credit unions. The NCUA said representatives from credit unions and secondary capital investors are being consulted as the working group identifies investment models that are likely to be successful in the marketplace. The current revisions did not come

successful in the marketplace. The current revisions did not come from the working group, which has only been working a few months; rather they were driven by staff from the NCUA's Offices of Examination and Insurance and Small Credit Union Initiatives. The working group is scheduled to publish a secondary capital website later this month.

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Don't Miss Thursday's Security, Robbery Response and Prevention Roundtable

CUNA Mutual Group and FBI to Review Robbery Prevention and Safety Awareness

In an effort to increase awareness and assist New Jersey credit unions in taking a proactive approach to security, robbery response, and prevention protocols, CUNA Mutual Group, the New Jersey Credit Union League, and Special Agents from the FBI are offer a combined training session on physical security and employee safety.

This Compliance Roundtable, taking place April 9th, is intended to focus on the following aspects of robbery and employee safety:

- A review of recent robbery activity
- Outline of procedural best practices for preparing and responding to a robbery
- Identifying key loss prevention resources
- Open Q&A, and discussion

NJCUL Director of Compliance Nicola Foggie will facilitate the discussion, which will be led by Michael A. Scimeca and Carrie Brzezinski of the FBI and Carlos Molina, Risk Management Consultant, Credit Union Protection Risk Management, of CUNA Mutual Group.

The session will take place from 10:00 a.m. to 12:30 p.m. and will include lunch. Join us “live” at the League office or via conferencing at Atlantic FCU in Kenilworth or Members 1st of NJ FCU in Vineland. The cost to attend is $25.

There is also a 50% discount for credit unions below $10 million in assets. Contact Mary Zelinsky at mzelinsky@njcul.org or 800-792-8861 ext. 100 for more information.

To register and pay by check, send an email to 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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Sanctions are Administration's Newest Tool to Combat Cyberattacks

WASHINGTON – President Barack Obama signed an executive order last week granting the U.S. Treasury Department new authority to set and enforce sanctions against any person who executes or benefits from a cyberattack against any U.S. "critical infrastructure."

The order defines "critical infrastructure" as "any of the designated critical infrastructure sectors identified in Presidential Policy Directive 21," and which includes the financial sector.

"Starting today, we're giving notice to those who pose significant threats to our security or economy by damaging our critical infrastructure, disrupting or hijacking our computer networks, or stealing the trade secrets of American companies or the personal information of American citizens for profit," the president said.

The order, part of a series of initiatives launched by the administration to combat the growing problem of cyberattacks, could subject a cybercriminal to such penalties as freezing of assets and denial of entry into the United States.

In an accompanying document the administration noted, "Malicious cyber actors often rely on U.S. infrastructure to commit the acts described in the Order, and they often use our financial institutions or partners to transfer their money.

"By sanctioning these actors, we can limit their access to the U.S. financial system and U.S. technology supply and infrastructure. Basically, sanctioning them can harm their ability to both commit these malicious acts and to profit from them."

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New Malware Attacking Financial Institutions

Financial institutions are being advised to beef up online authentication and education of accountholders to help thwart a new form of malware being used to attack online systems.

CUInfoSecurity.com reported that the new malware, called “The Dyre Wolf,” begins with a phishing scheme and has successfully gotten past dual-factor authentication and most anti-virus detection systems, according to IBM Security.

Al Pascual, director of fraud and security at Javelin Strategy & Research, recommended that financial institutions establish stronger authentication methods. “More secure forms of secondary authentication, such as biometrics, are another option that needs to be pursued,” he said, quoted by CUInfoSecurity.com. “This type of threat proves that the general perception of what is commercially

reasonable is actually anything but." A senior threat researcher from IBM, John Kuhn, noted that The Dyre Wolf malware has already been used to steal more than $1 million from businesses in the past month, CUInfoSecurity.com reported. Kuhn explained that the malware can monitor hundreds of online banking sites and launches a fake page or screen when a consumer tries to login into their online banking system. The page will then appear to exhibit problems and direct the consumer to call a certain number for help. Those calls are used to glean information fraudsters can use to conduct wire transfers. Kuhn said more than 200 banks and more than 500 URLs from those institutions were listed in the Dyre malware.

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California CU CEO Pens Reg. Relief Op-Ed

OXNARD, Calif. – In a guest commentary that appeared in the April 3 *Pacific Cost Business Times* Patrick Miller, president/CEO of CBC FCU, warned that regulatory burden could threaten credit unions' ability to provide lending to their members.

"Every action the National Credit Union Administration, the Consumer Financial Protection Bureau (CFPB), and Congress take has real world consequences for credit unions and their 102 million members," Miller wrote. "It is important to note credit unions are not attempting to lend irresponsibly and, in fact, have historically always been very prudent lenders. Credit union employees know their members and their ability to borrow, but that relationship is not recognized in the over 6,000 pages of regulations implemented since 2009."

Miller noted the credit unions acted responsibly during the financial crisis but appear to be unfairly penalized for actions of too-big-to-fail financial institutions. Since the beginning of the financial crisis, credit unions have been subjected to more than 190 regulatory changes from nearly three dozen federal agencies totaling close to 6,000 Federal Register pages.

"We work every day to deliver service excellence to our members, but that cannot happen when certain statutory and regulatory barriers keep credit unions from fully serving the needs of their members," Miller wrote. "We want to work with Congress, and specifically the Financial Services Committee, to remove barriers and create opportunities, so credit unions can better serve their members while continuing to practice safe and sound lending practices."

Miller noted that the four largest banks in the U.S. have total assets greater than the combined assets of the entire credit union system. "Constant regulatory changes present a particularly difficult challenge for small depository institutions because the fixed costs of compliance are proportionately higher for smaller-sized credit unions and banks than for large institutions," he wrote.

Miller testified on behalf of CUNA last month at a U.S. House Financial Services Committee hearing on regulatory relief.

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Credit Unions, Mark Your Calendars

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

HIGHTSTOWN, N.J. -- The New Jersey Credit Union League would like you to mark your calendars for these upcoming events:

NJCUL Education

April 9 -- Compliance Roundtable: Robbery Prevention and Safety Awareness

April 14 -- VirtualCorps Webinar: Branding the Experience

April 23 -- BSA Training for Frontline Staff (AM Session)

April 23 -- BSA Training for Frontline Staff (PM Session)

April 27 -- Webinar: Important SAR Procedure Updates from the Revised BSA/AML Examination Manual

May 12 -- VirtualCorps Webinar: Millennials Want Convenient Access to...Products and Services We Don't Have?

May 13 -- NJ DNA Meeting at Credit Union of New Jersey

June 19 -- Compliance Conference: Managing Dynamic Change

Industry Events

April 10 -- Deadline for NJ CU Foundation Board Member Applications

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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