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### West Orange Municipal FCU CEO Sandy Mullins Appointed to NJCUL Board of Directors

HIGHTSTOWN, N.J. – The New Jersey Credit Union League Board of Directors has appointed West Orange Municipal FCU President/CEO Sandy Mullins to fill the vacant board seat in Tier A (credit unions under \$47,561,022 in assets). The seat was vacated by Jay Flanagan, board member of Elizabeth (NJ) Firemen's FCU, Elizabeth, N.J., who recently resigned.



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." Mullin's term is to expire after the League's annual meeting in October of this year.

"I am pleased to include Sandy as a part of our board," said NJCUL Board Chair Linda McFadden. "She will be an asset representing New Jersey's small credit union tier as well as the general credit union industry."

Engaged with the League on many of its initiatives, Mullins is an NJ CU Political & Legislative Action Network (NJ PLAN) member as well as a member of NJCUL's Youth Involvement Board (YIB). "I have

› MasterCard, Target Agree to \$19M Data Breach Settlement  
› 'Old-School' Cyberattacks Still Successful, According to Verizon Report  
› CU Tax Status Benefits Highlighted in Letter to Senate  
› Credit Unions, Mark Your Calendars



**Time is Running Out!  
Register Today for  
NJCUL's Golf  
Outing Taking Place  
April 28th!**

Spring has sprung and it's time to get on the greens!

Join us for our 27th Annual Golf Tournament on April 28th at Forsgate Country Club for a day on the greens, lunch at the turn, an awards dinner, and more!

**[Credit union golfers can register here!](#)**



as a member of NJCUL's Youth Involvement Board (YIB). I have witnessed Sandy to be a highly engaged member of the credit union community through her participation in New Jersey Credit Union League functions over the past two years," said NJCUL President/CEO Greg Michlig. "I look forward to her contributions to governance as a member of the board of directors."

"I am looking forward to working with all of the other dedicated volunteer directors and the League staff to further the League's goal as a facilitator of collaboration among member credit unions," said Mullins. "We face challenging times whether large or small, but I believe that capitalizing on our cooperative principles is one of best resources we have for adapting in the rapidly changing world of financial services. I welcome input from my peers and will do my best to be your voice in League governance."

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## **CUNA Files RBC2 Comment Letter, Urges CU System to Be Heard**

**Deadline for Comments is Monday, April 27th**

WASHINGTON – CUNA submitted its [comment letter](#) Friday on the NCUA's revised risk-based capital plan (RBC2). While holding firm to the view that the rule is unnecessary and should be tabled, the letter offers a number of constructive suggestions to improve the rule since the agency appears determined to move forward.

"I've said it before. I will keep saying this. A risk-based capital rule is a solution in search of a problem. What's more, the current plan—though vastly improved from the original—is a solution that just won't work in search of a problem that just does not exist," CUNA President/CEO Jim Nussle said.

He added, "To the more than 1,200 of you that have already filed a comment letter, I thank you for participating in this important effort to improve the rule. For those who have not yet written, I encourage you to do so."

CUNA has created a [body of resources](#) to support credit unions' RBC [letter writing](#) and has produced the video below describing key points of its 15-page comment letter.

Among the points made in the trade association's letter, Nussle emphasizes that the proposal, as well as other recent NCUA initiatives, goes way too far in treating credit unions like banks: It ignores the importance of the credit union difference as cooperative, not-for-profit, member-owned and directed institutions.

"There is a real danger," he warns, "that if you are regulated and supervised as banks, you will be forced to act more like banks, which would be a great disservice to your members."

Among other top points in Nussle's letter:

- CUNA holds hold firm to its view that NCUA does not have the legal authority to impose a two-tiered RBC system;



## Upcoming Events:

**April 21, 2015**  
**Webinar: HR Series:**  
**Monitoring Employee Work-Related & Personal Social Media**  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

**April 22, 2015**  
**NCUA Financial Literacy**  
**Twitter Chat**  
11:00 am to 12:00 pm  
**NCUA Financial Literacy**  
**Webinar**  
2:00 pm to 3:30 pm  
[More Information Click Here](#)

**April 23, 2015**  
**BSA Training for Frontline Staff (AM and PM Sessions)**  
Location: NJCUL and via Video Conference  
AM: 9:30 am to 11:30 am  
PM: 1:30 pm to 3:30 pm  
[More Information Click Here](#)

## Contact Us:

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299 Ward Street  
Hightstown, NJ 08520  
Driving directions

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800.792.8861  
609.448.2426

- The strong performance of credit unions and their federally backed share insurance fund during and after the financial crisis demonstrates there is no need for a major overhaul of NCUA capital requirements, and CUNA finds no evidence that had RBC2 been in place before the crisis that it would have reduced National Credit Union Share Insurance Fund losses in any noticeable way;
- CUNA therefore requests that the rule be withdrawn, but in the event the NCUA moves forward, the association urges a number of changes and further improvements;
- The new proposed capital adequacy provisions, beyond net worth and RBC ratio requirements, should be dropped;
- A number of the risk weights should be reduced;
- The identification of "complex" credit unions should be based on something more than simply asset size, and should include only credit unions of at least \$500 million in assets;
- The conditions under which goodwill could be included in the RBC ratio should be expanded;
- The NCUA should minimize the burden on credit unions of expanding the Call Report for purposes of RBC2;
- The agency should allow credit unions to use supplemental capital in meeting RBC requirements;
- A separate interest-rate risk rule is NOT necessary; and,
- The implementation of RBC2 should be delayed until 2021, to coincide with expected refunds from the Corporate Stabilization Fund.

"We listened to our members in developing this [letter](#). We heard from CUNA's Governmental Affairs Committee and its Examination and Supervision Subcommittee, from members of CUNA's CFO Council, from many credit union CEOs and volunteers, and from leagues.

"Their input was vital in shaping our response and I urge the NCUA to consider our recommendations carefully," Nussle said.

New Jersey credit unions can access the NJCUL's [RBC2 Resource Packet](#), which includes [sample CU comment letter content](#) as well as samples comment letters, at [www.njcul.org/RBCtools.aspx](http://www.njcul.org/RBCtools.aspx).

The resources are for member credit unions only and can be accessed once logging into the NJCUL site. To request a login, visit [www.njcul.org/Secure/Register.aspx](http://www.njcul.org/Secure/Register.aspx).

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## Time is Running Out to Register for Next Week's Golf Outing!

MONROE TOWNSHIP, N.J. – Register today for the NJ CU League's 27th Annual Golf Tournament on April 28th! Time is running out to secure your place on the greens! Credit union golfer registration materials are available [here](#).

**Fax**

609.448.3499

**E-mail**

info@njcul.org

Connect with Us:



Once again, the tournament will be held at the beautiful Forsgate Country Club in Monroe Township on both the Banks and Palmer courses. The day will consist of a continental breakfast, a 10 a.m. shot gun start, lunch at the turn, and a cocktail hour/awards ceremony at 3 p.m.

Back again is the President's Cup! The team with the best score will receive a beautiful President's Cup trophy. It's a traveling trophy, and each year it will be passed along to the new winning team. Wouldn't you like bragging rights for a year? There will also be chances to win great door prizes.

If you have any questions, please contact Yvette Segarra at [ysegarra@njcul.org](mailto:ysegarra@njcul.org) or 800-792-8861 ext. 103.



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### League Meets with Assembly Speaker to Discuss Key Priorities and Concerns



*Pictured left to right is Carol Katz, the League's contract lobbyist in Trenton, Speaker Prieto, NJCUL President/CEO Greg Michlig, and NJCUL Vice President of Corporate & Governmental Affairs Chris Abeel.*

Speaker Vincent Prieto (D-32) to discuss a number of key priorities and concerns to N.J. credit unions, including prize-linked accounts, electronic lien/titling (ELT), remote disabling device (“kill switch”), and ATM-911 call capability legislation. The third highest ranking state official, Speaker Prieto began serving in the state Assembly in 2004 and became speaker in 2014. He is a supporter of credit unions and the sponsor of a League-supported data breach bill.

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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.***

## **CU from All 50 States Necessary for Home Depot Breach Lawsuit as Deadline Looms**

WASHINGTON – To best ensure monetary recovery from the September 2014 data breach at Home Depot is available to credit unions in all states, plaintiff lawyers are seeking at least one plaintiff from each state to be involved as a named plaintiff in the current class action lawsuit, Susan Parisi, chief counsel of CUNA, has noted. She emphasizes that credit unions still need to make their own decision about whether joining as a named plaintiff is right for them.

CUNA's participation does not mean credit union participation is not needed. Parties to the lawsuit must be identified and evaluated within the next two to three weeks to make the May 15 deadline for inclusion in the class action lawsuit.

There are multiple firms participating as counsel for the class. CUNA is using the firms below and credit unions interested in joining the lawsuit using those firms can contact:

- Joseph Guglielmo of Scott + Scott, LLP; 405 Lexington Ave., 40th Floor, New York, NY 10174; 212-223-4478; [jguglielmo@scott-scott.com](mailto:jguglielmo@scott-scott.com) ; [www.scott-scott.com](http://www.scott-scott.com); and
- James Pizzirusso of Hausfeld; 1700 K St., NW Suite 650, Washington, DC 20006; 202-540-7154; [jpizzirusso@hausfeld.com](mailto:jpizzirusso@hausfeld.com) ; [www.hausfeld.com](http://www.hausfeld.com).

CUNA has agreed to join credit unions and other financial institutions around the country as a plaintiff in a class action lawsuit against Home Depot that seeks recovery and injunctive relief associated with the retail giant's massive 2014 data breach. That breach resulted in credit unions bearing tens of millions of dollars in costs. Home Depot has

acknowledged that 56 million credit and debit cards were compromised.

Class counsel is still actively seeking credit union plaintiffs from most states.

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## Registration Open for the 2015 Compliance Conference!

HIGHTSTOWN, N.J. – Registration is now open for NJCUL's 2015 Compliance Conference "Managing Dynamic Change" taking place Friday, June 19th at the Holiday Inn of East Windsor.

Register early! There is a discount of 10% off if you register before May 29th! To register, fill out the [Registration Form](#) and email to [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org) or call 1-800-892-8861, ext. 100. [Or register online here.](#) To receive the discount, enter discount code EarlyBird2015 when registering.



Pricing is based on credit union asset size as follows: \$209.00 per person for credit unions above \$150 million, \$149.00 person for credit unions \$50 – \$150 million, and \$69.00 per person for credit unions under \$50 million.

Look for information on speakers and topics coming soon!

*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 Details Mortgage Reg. Relief Options for Senate Banking Committee Hearing

WASHINGTON – CUNA sent a number of recommended statutory changes to the U.S. Senate Banking Committee, changes that would remove regulatory barriers for consumers obtaining mortgage credit. The committee hosted a hearing Thursday on the matter, and CUNA's [letter](#) was sent for the hearing's record.

"As member owned, not-for-profit financial cooperatives, credit unions seek to meet members' demand for sound financial products like

mortgages, but often face significant regulatory barriers as they try to help members achieve homeownership or expand the stock of affordable rental homes," reads the letter, signed by CUNA President/CEO Jim Nussle. "We welcome the opportunity to comment on a few of those barriers and to offer suggestions for relief."

CUNA made the following recommendations to remove regulatory barriers to increase access to mortgage credit:

- Deem all mortgages in portfolio Qualified Mortgages (QMs), meaning a mortgage with features that make it more affordable. Should all mortgages held in portfolio and services by the underwriting financial institution be deemed QMs, financial institutions will have very strong incentives to originate quality loans;
- The Senate should enact legislation that would exclude title insurance charges and escrowed homeowners' premiums from the points and fees calculation;
- Urge Congress to discuss withdrawing the Federal Housing Finance Agency's proposal to revise its Federal Home Loan Bank (FHLB) membership rules with the agency. CUNA believes Congress, not the regulator, should define who can be members of the FHLB program, since there is not statutory obligation to impose new membership limits;
- Allow privately insured credit unions membership to the FHLB program. Committee Ranking Member Sen. Sherrod Brown (D-Ohio) and Sen. Rob Portman (R-Ohio) introduced a bill last Congress that would correct this, and the House just passed a similar bill;
- Improve the Consumer Financial Protection Bureau's (CFPB) Truth in Lending Act-Real Estate Settlement Procedures Act (TILA-RESPA) closing disclosure waiting period. CUNA believes a personal financial emergency waiver should be clarified and expanding, and the delivery requirement should be reduced to two business days, instead of the current three days; and
- Encouraging Congress to provide and exclusion to the member business lending cap for loans made for purchase of one to four unit non-owner occupied residential dwellings, to put credit unions on the same level as banks.

"These are only a few of the relevant barriers credit unions face in providing members access to affordable mortgage credit, but they are substantial," Nussle wrote.

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## MasterCard, Target Agree to \$19M Data Breach Settlement

WASHINGTON – MasterCard announced Wednesday it has reached

a settlement with Target to recover costs card issuers suffered due to a massive data breach of the retailer's systems in 2013.

"This is news that credit unions and other card issuers have been waiting too long to hear," CUNA President/CEO Jim Nussle said Wednesday. "It is about time that Target steps up to its responsibilities in this breach. And it is long overdue for merchants to start living up to their responsibilities in protecting customers' sensitive information by adopting higher security standards. Congress must act and act now to stop the data breaches."

Through the settlement, Target will make available up to \$19 million in alternative recovery offers to eligible credit unions and banks worldwide. Last month, the Minneapolis-based retailer settled a consumer class-action lawsuit for \$10 million.

The funds will cover operational costs and fraud-related losses on MasterCard-branded cards believed by MasterCard to have been affected by the data breach. Upon accepting the offer, each issuer will release MasterCard, Target and its acquiring financial institutions from all claims related to the data breach.

CUNA will be working closely with MasterCard to determine the amount of the settlement that will be dedicated to credit unions' costs.

The settlement is contingent on, among other things, issuers representing at least 90% of the eligible MasterCard accounts accepting their alternative recovery offers, either directly or through their sponsoring issuers by May 20.

CUNA has actively engaged both the card networks in an effort to help recover credit unions' costs from the Target and other breaches. "We appreciate the open dialogue that MasterCard has had throughout this process, and we understand that they have an aggressive communication plan to get information to their credit union customers. We stand ready to assist them in communicating with the credit union system," Nussle said.

Through its research, CUNA has found that the Target and Home Depot data breaches have cost credit unions and their members at least \$90 million.

A CUNA survey identified that after the Target breach alone, credit unions reissued roughly 4.6 million credit and debit cards. Credit unions not only covered the cost of fraud, but also the costs of blocking transactions, reissuing cards, increasing staff at call centers and monitoring members' accounts.

The per-card cost was approximately \$5.68 per card for the Target breach and higher than that for the Home Depot security failure.

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## 'Old-School' Cyberattacks Still Successful, According to Verizon Report

NEW YORK – Cyber-criminals may be more sophisticated, but they continue to use tried-and-true methods of cyberattacks to great success, according to Verizon's annual Data Breach Investigations

success, according to Verizon's Annual Data Breach Investigations Report, released this week.

[The report](#), drawing data from nearly 80,000 security incidents over 2014, found that even decades-old techniques, such as phishing and hacking, continue to dog businesses and organizations nationwide.

A large majority of cyberattacks, roughly 70%, used a combination of these dated methods of attack, according to the report.

Part of the problem, the report's authors say, is that organizations are either not vigilant enough about their data security, or they have failed to use security measures that have long been available.

Many of the vulnerabilities found in the incidents analyzed could have been prevented by technology invented nearly eight years ago.

"We continue to see sizable gaps in how organizations defend themselves," said Mike Denning, vice president of global security for Verizon Enterprise Solutions. "While there is no guarantee against being breached, organizations can greatly manage their risk by become more vigilant in covering their bases."

This year's report also investigates mobile security for the first time, in addition to Internet of Things technologies and the financial impacts of breaches.

Generally, the report found, mobile threats aren't yet statistically significant, as only 0.03% of mobile devices have been hit by malicious exploits (*American Banker*, April 14).

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## CU Tax Status Benefits Highlighted in Letter to Senate

WASHINGTON – Credit unions' tax status is "good public policy" for a number of reasons, which CUNA President/CEO Jim Nussle highlighted in a [letter](#) to the U.S. Senate Finance Committee's Business Income Tax Working Group Wednesday.

In the letter, Nussle reminded Sens. John Thune (R-S.D.) and Benjamin Cardin (D-Md.) of the many ways credit unions remain America's best financial partner.

"More than 102 million working-class Americans—taxpayers who in 2014 paid \$1.2 trillion in taxes—benefit in an amount much greater than any possible amount the Treasury could collect from a misguided new tax imposed on credit unions," Nussle wrote. "If credit unions were taxed in 2014, the receipts would have accounted for only 0.05% of 2014 federal government spending—an amount that would have funded U.S. government operations for five hours."

Benefits to credit union members and other consumers resulted in an estimated \$10 billion in savings in 2014 alone, according to CUNA research. Approximately \$8 billion was saved by credit union members through lower fees, lower rates on loans and higher yields on deposits, and another \$2 billion was saved by bank customers due to credit unions' effect on the financial services market.

The \$10 billion is a "relatively subdued" number, according to CUNA, because of the unusually low level of most interest rates during 2014. Prior to the financial crisis, combined member and non-member benefits totaled more than \$12 billion annually, and CUNA believes those levels will likely be achieved again when interest rates rise.

Credit unions' tax status has also been affirmed several times in the past 100 years, including in 1937 when Congress made the status clear in statute, and in 1998, when Congress passed the Credit Union Membership Access Act.

It is also made clear in several sections of the Internal Revenue Code and was reaffirmed by the Internal Revenue Act of 1986.

Nussle also highlighted a number of other benefits that come along with credit unions' cooperative model.

Nussle added that repealing the credit union tax status would result in a significant number of credit unions converting to banks or liquidating, while also resulting in a decrease in access to financial services for many Americans.

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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

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 22 -- [NCUA Financial Literacy Twitter Chat](#)

April 22 -- [NCUA Financial Literacy Webinar: Your Mission into Action: Developing Financial Literacy and Savings Programs for Youth](#)

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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