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To: staff@njcul.org
Conversation: Friday Recap Edition of the DE -- April 24, 2015

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Friday Recap Edition

April 24th, 2015

This Week's Top Stories:

- › Finish the Sentence...'The last thing I used the League for was...'
- › West Orange Municipal FCU CEO Sandy Mullins Appointed to NJCUL Board of Directors
- › CUNA Files RBC2 Comment Letter
- › House Passes Info-Sharing Bill to Boost Cybersecurity; Stop the Data Breaches Call-to-Action Renewed to Support Legislation
- › Join NJCUL and CU Social Good for a Free Webinar April 30th
- › Matz Details Potential

Finish the Sentence...'The last thing I used the League for was...'

"...I just sent a couple policies that need to be reviewed."

-- Joanne Fabian, Vice President, Rutgers FCU



Now it's your turn to complete the sentence. Send your response to news@njcul.org or simply reply to this email.

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Supplemental Capital
Changes in April NCUA
Report

› Instagram This: The Week's
Best Photo

Upcoming Events:

April 27, 2015

**Webinar: Important SAR
Procedure Updates from the
Revised BSA/AML
Examination Manual**
3:00 pm to 4:30 pm

[More Information Click Here](#)

April 28, 2015

**NJCUL's 27th Annual Golf
Tournament**
Location: Forsgate Country
Club, Monroe Township, NJ
8:00 am to 4:30 pm

[More Information Click Here](#)

April 30, 2015

**FREE CU Social Good
Webinar**
AM: 10:00 am to 11:00 am
PM: 3:00 pm to 4:00 pm

[More Information Click Here](#)

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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." Mullins' 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 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

WASHINGTON – CUNA submitted its [comment letter](#) on Friday, April 17th 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

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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.

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.
- 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."

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House Passes Info-Sharing Bill to Boost Cybersecurity; Stop the Data Breaches Call-to-Action Renewed to Support Legislation

WASHINGTON – Cybersecurity legislation that has strong support from CUNA passed the U.S. House Wednesday. The Protecting Cyber Networks Act (H.R. 1560) passed by a 307–116 vote.

S. 961 would strengthen merchant data security standards to be comparable with those of credit unions and mandate a federal notification requirement for merchants when breaches occur.

The bill also provides a floor for data security standards nationwide and also includes the important provision to exclude financial institutions from the requirements as they are already subject to rigorous standards under the Gramm-Leach Bliley Act.



"H.R. 1560 will help foster a more secure cyber infrastructure," said Jim Nussle, CUNA president/CEO. "CUNA is dedicated to protecting the sensitive information of credit union members, and a stronger cyber threat information sharing ecosystem helps ensure a stronger financial services industry."

CUNA, in conjunction with other financial service trade organizations, sent a letter to House leadership Tuesday urging passage of the legislation.

In response, CUNA is alerting its national grassroots action network, strongly urging credit union professionals, volunteers, and members to contact their senators to express support for the bill.

"Credit unions work hard to protect their members' data security," said Nussle when sounding the alert. "They block card usage and issue cards with new numbers quickly after breaches to prevent fraud. When fraud occurs they work with members to remove the fraudulent charges and help members keep their hard-earned money. When the merchants cause a data breach, they just pass along many of the costs of their poor security to credit unions."

Nussle added that expenses that come from data breaches make it hard for credit unions to offer credit cards with low interest rates and free debit cards with checking accounts.

According to CUNA research, credit unions have spent more than \$90 million in the wake of just two data breaches—those at Target and Home Depot. While a few breaches have made headlines in recent months, it is estimated that more than 1,500 data breaches occurred in 2014, exposing more than 1 billion data records.

in 2017, exposing more than 1 billion data records.

This alert is another step in CUNA's effort to combat data breaches, which also includes participation in a class action lawsuit against Home Depot. Parties interested in potentially participating as a named plaintiff in the lawsuit should contact databreachlawsuit@cuna.coop for more information.

CUNA has numerous resources available to combat data breaches, including:

- StoptheDataBreaches.com, which contains helpful information about the scope of breaches and ways to take action;
- [Member Activation Program](#) (MAP), which is designed to engage credit union members to use their voices to make a stronger impact from an advocacy perspective;
- A Stop the Data Breaches [toolkit](#), which contains information about the issue, survey results on the effects of the Target and Home Depot breaches, data on fraudulent card use and more; and
- CUNA's [template](#) to send letters to senators urging them to pass S. 961.

Stakeholders can stay engaged with the campaign by following [@NewsNowLiveWire](#), [@CUNAAdvocacy](#), and [@CUNA](#) on Twitter, and by using the hashtag [#StoptheDataBreaches](#). CUNA Advocacy's [Facebook page](#) is also updated regularly.

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Join NJCUL and CU Social Good for a Free Webinar April 30th

Thursday, April 30th
Morning Session at 10 AM
Afternoon Session at 3 PM

The New Jersey Credit Union League will be hosting an informative webinar with a social impact specialist from [CU Social Good](#) on Thursday, April 30th both in the morning at 10:00 AM and in the afternoon at 3:00 PM Eastern Standard Time. Please join us for a brief walk-through of CU Social Good to learn more about how your credit union, the New Jersey Credit Union League, and credit unions nationwide can benefit from your participation in this robust online platform.

Please register for the time that works best for you at: <https://attendee.gotowebinar.com/rt/4109325019003811841>

After registering, you will receive a confirmation email containing information about joining the webinar. There is no cost to attend.

About CU Social Good

Traditionally, credit unions have not brought attention to the work they are doing in their communities because, as credit unions, it's just who

we are. Now more than ever, we need to show potential members and lawmakers the impact we have on our own communities. That's why CU Social Good was created, and that's why the New Jersey Credit Union League has partnered with them.

How does it work?

CU Social Good aggregates data submitted by individual credit unions into Social Impact Reports, or, simply put, a national picture of how credit unions are supporting their local communities. This valuable information will demonstrate to lawmakers the necessary role credit unions play in the lives of their members.

CU Social Good also creates state-specific Social Impact Reports, a valuable tool for advocates meeting with their state legislators on behalf of credit unions.

At the credit union level, data is aggregated to show each individual credit union the impact they have on their local community. Used locally, this information will raise awareness of the credit union difference.

How will my credit union benefit?

- Information from Social Impact Reports will help you develop your credit union's brand within your community.
- Social media content is easily generated to support your awareness campaign.
- Data tracking allows you to quickly determine the impact your credit union's efforts have on your community.
- Your participation supports the advocacy efforts of the New Jersey Credit Union League, who advocates on behalf of credit unions both at the state level and at the national level.
- Your data contributes to the national snapshot of credit unions' social impact, supporting advocacy and awareness efforts nationwide.
- Credit unions nationwide will recognize the important role your credit union plays in your community, and will glean inspiration from your example.

Creating a profile to add your credit union to CU Social Good's Impact Map and sharing your data and stories are free and take less than five minutes to complete, while Social Impact Reports are available to you for a nominal fee and are generated quarterly with just the click of a button.





Matz Details Potential Supplemental Capital Changes in April *NCUA Report*

ALEXANDRIA, Va. – NCUA Chair Debbie Matz went into some specifics on how the agency could allow for supplemental capital, in this month's [edition](#) of *The NCUA Report*.

Matz uses her column this month to elaborate on the five areas of what she previously referred to as "the year of regulatory relief."

Matz said there is a clear need for supplemental capital in certain circumstances, and she is committed to allowing it to be counted in full.

"For example, NCUA could count certain forms of subordinated debt as supplemental capital for the risk-based capital ratio," Matz wrote. "It could be issued to members and non-members, but it would be uninsured."

Matz added that for this to happen, three changes beyond risk-based capital the NCUA would need to:

- Provide consumer protections;
- Change the order of Share Insurance Fund payout priorities to recognize that supplemental capital accounts are not insured; and
- Set prudent standards, such as minimum redemption periods, to ensure supplemental capital is available to cover losses during times of stress.

Matz said effective dates of these changes could coincide with the proposed implementation of the agency's risk-based capital proposal in 2019.

Elsewhere in the publication, board member J. Mark McWatters reflects on his experience at CUNA's Governmental Affairs Conference last month. McWatters said he was "energized" by speaking to thousands of credit union leaders and said he is committed to "a growth oriented regulatory environment that will protect the Share Insurance Fund."

Other highlights of this month's *The NCUA Report* include:

- An economic report from NCUA Chief Economist John Worth;
- Information on identifying and preventing common recordkeeping deficiencies;
- A summary of actions from the NCUA board's March meeting; and
- A look at mortgage disclosure changes coming in the second half of 2015.

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Instagram This: The Week's Best Photo



Congrats to United Poles FCU, who was presented with a 50th Celebration of Service Anniversary Plaque at their Annual Meeting held this past Sunday at the ZPA Crystal Ballroom in Perth Amboy, N.J.!

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