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The Daily Exchange -- May 4, 2015

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The Daily Exchange

May 4th, 2015

Today's News:

- › [Nigro to Depart League for Position at First Atlantic FCU](#)
- › [America's Credit Union Museum Names New Directors](#)
- › [Advanced Financial FCU Celebrates 50 Years of Service](#)
- › [Deadline Approaches to Join Home Depot Lawsuit, CUNA Mutual Reminds CUs](#)
- › [Broad House Data Security Bill Introduced with Strong CUNA-League Support](#)
- › [Learn How ComplySight Can Help Your CU Manage and Track its Compliance](#)
- › [Registration Open for 2015 Compliance Conference!](#)
- › [New Senate Bill Tackles Merchant Data Protections](#)
- › [Q1 2015 Article of Consumer Compliance Outlook Now Available](#)
- › [CUNA Mutual Group Risk Alert: Overdraft Fee Lawsuits](#)

Nigro to Depart League for Position at First Atlantic FCU

HIGHTSTOWN, N.J. – Vice President of Marketing, Communications and Business Development Candice Nigro will leave the New Jersey Credit Union League on May 13 to take on the position of Vice President of Marketing for First Atlantic Federal Credit Union in Eatontown, N.J.

Nigro has worked at the League since December 2007. She played a role in many of the League and New Jersey Credit Union Foundation's programs including, the Banking You Can Trust campaign, the Financial Reality Fair program, and many others.

"Candice has been a valued member of our team. While I am certainly disappointed to see her leave NJCUL, I wish her all the best in her new endeavors. I thank her for her contributions to the credit union movement in New Jersey while at the League and look forward to her continued contributions through her new role," said NJCUL President/CEO Greg Michlig

"Working for the League has been a large part of my career. It has given me the ability to work on countless projects and with many different credit unions in a variety of capacities and I am eternally grateful for all of the experiences I have had. As I look forward to this new adventure, I am excited for the opportunity to dedicate my time to one credit union and help them grow and succeed," said Nigro.

America's Credit Union Museum Names New Directors

Target CUs
 › Federal Reserve Outlook
 Live Webinar Invitation: TILA-RESPA Integrated Disclosures
 › Credit Unions, Mark Your Calendars

McGraw-Hill FCU CEO Shawn Gilfedder Joins the Board

MANCHESTER, NH – America's Credit Union Museum (ACUM) has announced the election of Shawn Gilfedder, Bill Raker, and Patricia Lynott, Ph.D to its board of directors.



Shawn Gilfedder is the President and CEO of McGraw-Hill Federal Credit Union in East Windsor, N.J. Shawn is a past Chairman of the New Jersey Credit Union League and is a champion of financial wellness and ensuring credit unions remain committed to their cooperative mission.

Bill Raker is the President and CEO of US Federal Credit Union located in Burnsville, MN. He serves on a number of national committees and boards including the CUNA Examination and Supervision Subcommittee and was named to the World Council of Credit Unions International Executive Volunteer Corps for his industry efforts in Paraguay and Cambodia.

Patricia Lynott, Ph.D serves as Provost and Senior Vice President of Academic Affairs at Southern New Hampshire University.

"We are thrilled to have Shawn, Bill and Patricia join the board of America's Credit Union Museum," stated Michael L'Ecuyer, Chairman of ACUM. "Their passion for the history of credit unions will help us continue to expand our reach in telling the stories of how credit unions have positively impacted the lives of millions of Americans."

Also serving on America's Credit Union Museum's board of directors are: Ronald Covey, President/CEO of St. Mary's Bank Credit Union;

Diana Dykstra, President/CEO, California Credit Union League; Dick Ensweiler, President/CEO, Cornerstone Credit Union League; Paul Gentile, President, Cooperative Credit Union Association; Michael L'Ecuyer,

President/CEO, Bellwether Community Credit Union; Peter Lemire, Esq., Lemire Family Representative; John Murphy, President, Maine Credit Union League; Jim Nussle (ex-officio), President/CEO, CUNA; Dennis Pierce, CEO, CommunityAmerica Credit Union; Michael Ray, Director of Corporate Relations, Congressional Federal Credit Union; Robert Trunzo (ex-officio), President/CEO, CUNA Mutual Group; and Terry West, CEO, VyStar Credit Union.

America's Credit Union Museum is housed in the building where the country's first credit union was started in Manchester, NH. The Museum offers a one-of-a-kind interactive experience that tangibly illustrates the roots of the credit union movement and the important role credit unions continue to play in the present and future. The

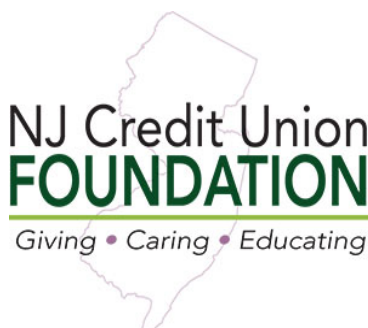


Join the NJ CU Foundation for its 5th Annual Casino Night May 29th!

Registration materials for the NJ CU Foundation's Casino Night are now available!

The event will be held on Friday, May 29th at 6 p.m. at the Renaissance Woodbridge Hotel in Iselin, N.J.

Join us and support a great cause!



*America's
Credit Union
Museum*

Museum is in the middle of a three-year capital campaign with a goal of raising \$3.3 million to create a new industry research center, add additional exhibit space, and provide renovations to the existing Museum building.

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

Upcoming Events:

May 5, 2015

Webinar: Director Series: Strategic Planning Best Practices for the Board & Senior Management
3:00 pm to 4:30 pm

[More Information Click Here](#)

May 11, 2015

Webinar: The FFIEC's New Appendix J on Outsourced Technology Services
3:00 pm to 4:30 pm

[More Information Click Here](#)

May 12, 2015

Lending Roundtable: Taking a Look at Auto Lending Trends

Location: NJCUL and via Video Conference
10:00 am to 12:30 pm

[More Information Click Here](#)

Advanced Financial FCU Celebrates 50 Years of Service

On April 23rd, 2015 Advanced Financial FCU held its first open house in the credit union's Cranford branch to celebrate 50 years in business.



Advanced Financial FCU President/CEO Alan Feigenbaum (left) along with new board member Paul Aszklar and his wife Tracy Aszklar.

The credit union was formed in 1965 by Bell Labs employees at their Murray Hill facility. Back then, the credit union was only open to Bell Labs employees who felt the need for a credit union to help them save money or borrow a little cash. Now, after 50 years, the credit union is open to the public. Anyone who lives, works or worships in Union County is able to join Advanced Financial. The credit union went from only a tiny small branch to five full branches that provide all its member's banking needs.

Advanced Financial FCU also welcomed new board member Paul Aszklar. Aszklar has been a member of Advanced Financial since 1999. He is a resident of Cranford where has lived for 16 years with his wife and two sons.

Aszklar worked for Blue Cross and Blue Shield, where he established his relationship with Advanced Financial.

For the past five years, Aszklar has worked at Kistler Tiffany as a Benefits Consultant, managing their Wall Township office.

The credit union looks forward to having Paul on the Board.

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

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Connect with Us:



Deadline Approaches to Join Home Depot Lawsuit, CUNA Mutual Reminds CUs

While confirmation of the Home Depot breach happened over 6 months ago, the lasting effects of having the data from 56 million payment cards stolen remains evident today. In fact, 7.2 million cards were reissued totaling almost \$58 million in expenses for credit unions alone according to a CUNA survey of credit unions in October 2014.

Often lost in the melee and out of the news headlines following a major data breach are the residual challenges affecting credit unions and their members. Beyond the reputational risk of being associated with a breach, there are also significant financial costs to credit unions. CUNA reports the true cost of a data breach reaches far beyond the average \$2.64 per card reissuing cost. When you factor in the average cost of fraud, administrative costs, etc. the total reaches an astounding \$8.02 per card.

Some encouraging developments in the form of litigation against merchants are occurring that may lead to more proactive measures to shift the onus on merchants to protect card data. In fact, litigation by financial institutions against Target continues in Minneapolis federal court and pending in Atlanta's federal court is a consolidated class action brought by various financial institutions against Home Depot.

Risk Mitigation

Incidences of data breaches continue to rise. Symantec recently reported a 23% increase of major data breaches year-over-year as highlighted in a recent [USA Today article](#). This often leaves card issuers feeling helpless; however, there are options to help mitigate consumer payment risks.

Home Depot Breach Update

Currently pending in Atlanta's federal court is a consolidated class action brought by various financial institutions against Home Depot, seeking to hold it accountable for failing to adequately protect its customer card data. Counsel for the plaintiff financial institutions is seeking additional credit unions, which want to participate in the lawsuit, in anticipation of the filing of a consolidated amended complaint on May 15, 2015.

If your credit union was affected by the Home Depot breach and you're interested in joining the class action lawsuit, you are urged to contact counsel for the financial institutions.

How do I know if my credit union is eligible?

If your credit union issued debit and/or credit cards that were identified as potentially compromised on one of the card networks' fraud reports, you're eligible to participate in the suit.

How does my credit union join the class action lawsuit?

There are multiple firms that are involved in the class action lawsuit; however, CUNA is using these firms in Home Depot litigation:

Joseph Guglielmo
SCOTT+SCOTT, LLP
405 Lexington Avenue, 40th Floor
New York, NY 10174
[212.223.4478](tel:212.223.4478)

www.scott-scott.com

James Pizzirusso
HAUSFELD
1700 K Street, NW Suite 650
Washington, DC 20006
[202-540-7154](tel:202-540-7154)
www.hausfeld.com

[[BACK TO TOP](#)]

Broad House Data Security Bill Introduced with Strong CUNA-League Support

WASHINGTON – A bill that would establish a national data security standard was introduced Friday, and has CUNA’s and state leagues’ strong support. The Data Protection Act of 2015 (H.R. 2205) would establish a process for companies of all sizes to follow in order to secure consumer data.

The legislation would apply to companies that do not currently have a federal obligation to protect consumer information. Its standards are based off interagency guidance that implements the Gramm-Leach-Bliley Act, which sets the standards financial institutions must follow in protecting consumer data.

Under the bill, each covered entity must:

- Develop and maintain an effective information security program tailored to the complexity and scope of its operations, and the sensitivity of its data;
- Oversee service providers with access to customer information, including requiring service providers by contract to take appropriate steps to protect the security and confidentiality of this information;
- Train staff to prepare and implement its information security program;
- Test key controls, systems and procedures of its information security program; and
- Adjust its information security program to reflect the results of its ongoing risk assessment.

This House bill comes several weeks after a Senate bill was introduced that would set standards for entities that handle consumers’ personal information. That bill, also titled the Data Security Act of 2015, has the strong support of CUNA and the state leagues as well.

CUNA signed onto a letter of support sent Friday with several other financial trade organizations.

“The reforms in the bill would effectively replace the current patchwork of state and federal regulations for data breaches with a national law that provides uniform protections across the country,” the letter reads. “This comprehensive approach would better serve consumers by making it easier for businesses and government agencies to take the steps necessary to adequately protect all Americans from identity theft and account fraud.”

Friday’s letter was signed by the American Bankers Association,

Clearing House, Consumer Bankers Association, Financial Services Roundtable, Independent Community Bankers of America and the NAFCU.

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

Learn How CComplySight Can Help Your CU Manage and Track its Compliance



The League InfoSight Web compliance tool, ComplySight, is now available to New Jersey credit unions through the NJ CU League.

What is ComplySight and how can it help your credit union streamline the lengthy compliance process?

Click [here](#) to view an introductory video.

CU Solutions has also scheduled various Webinars to introduce credit unions to this tool. Click on a date and time below to participate.

ComplySight Webinars:

Introduction to ComplySight

Designed to introduce and show the many features and benefits of ComplySight.

[Introduction to ComplySight](#)

May 7 3:30 – 4:30 pm (EST)

[Introduction to ComplySight](#)

May 12 3:30 – 4:30 pm (EST)

[Introduction to ComplySight](#)

May 21 3:30 – 4:30 pm (EST)

[Introduction to ComplySight](#)

May 28 3:30 – 4:30 pm (EST)

ComplySight Training & Tips

A webinar structured around the user, to provide them with helpful tips to maximize their use of ComplySight. Open discussion about helpful attributes of ComplySight. Plan to have questions ready!

[ComplySight Training & Tips](#)

May 14 3:30 – 4:30 pm (EST)

ComplySight Best Practices – Interactive -- *New Course!*

We invite all ComplySight users to bring – and share – their best practices with other users.

[ComplySight Best Practices - Interactive](#)

May 19 3:30 – 4:30 pm (EST)

For more information, visit www.njcul.org/complysight.aspx or contact League Director of Compliance Nicola Foggie at nfoggie@njcul.org or

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

Registration Open for 2015 Compliance Conference!

Register Early to Receive a 10% Early Bird Discount!

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 or call 1-800-892-8861, ext. 100. Or [register online here](#). Enter discount code EarlyBird2015

when registering before May 29th to receive the discount.

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.

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

New Senate Bill Tackles Merchandise Data Protections

WASHINGTON – A coalition of six Democrat senators introduced the Consumer Privacy Protection Act of 2015 Thursday which would, in part, require companies that store sensitive personal or financial information on 10,000 customers or more to meet specified consumer privacy and data security standards to keep this information safe, and notify the customer within 30 days of a breach.

CUNA strongly advocates for improved merchant data protection

standards--ones that mirror credit unions' own Gramm-Leach-Bliley Act standards--that will ensure consumers' sensitive data will be protected.

Other key provisions of the bill include:

- Establishing a broad definition of the types of information that must be protected, including Social Security numbers; financial account information; online usernames and passwords; unique biometric data, including fingerprints; information about a person's physical and mental health; information about a person's geolocation; and access to private digital photographs and videos;
- Requiring companies to inform federal law enforcement of all large breaches, as well as breaches that involved federal government databases or law enforcement or national security personnel; and
- Guaranteeing a federal baseline of strong consumer privacy protections by preempting weaker state laws, while leaving stronger state laws in place.

On the House side of the Capitol, earlier this month the House Energy and Commerce Committee passed the Data Security and Breach Notification Act of 2015 (H.R. 1770) by a 29-20 vote.

That bill would require certain entities that collect and maintain personal information to secure such information and provide notice to individuals if the information is breached or exposed. CUNA opposes the data breach bill saying it falls far short in protecting consumers.

According to CUNA, strong data breach legislation should entail:

- Strong national data protection and consumer notification standards, coupled with effective enforcement provisions. CUNA believes the standard in H.R. 1770, which calls for "reasonable security measures" should be strengthened;
- Recognition of the data protection standard financial institutions face under the Gramm-Leach-Bliley Act. CUNA urges the committee to ensure that entities already covered by these standards are not subject to dual and perhaps inconsistent regulations;
- Ensure the party responsible for the breach bears the costs associated with the breach. CUNA would like to see a section of H.R. 1770 modified with language stating this; and
- A strong federal standard that preempts inconsistent state laws and regulations that deal with data protection and consumer notification. H.R. 1770 does not accomplish this.

CUNA currently supports S. 961, data security legislation introduced by Sens. Tom Carper (D-Del.) and Roy Blunt (R-Mo.). The Carper-Blunt bill is representative of the financial industry's core data security principles, and CUNA will be working with the financial services industry to advocate for its passage.

The nationwide [Stop the Data Breaches Call-to-Action](#) has been renewed. CUNA and the NJCUL are encouraging all credit union professionals, volunteers and members to [email their lawmakers in Congress today, even if they've done so already!](#)



[[BACK TO TOP](#)]

Q1 2015 Article of *Consumer Compliance Outlook* Now Available

The [First Quarter 2015 issue](#) of *Consumer Compliance Outlook* is now available on the [Outlook website](#). This issue contains the following articles and features:

- Consumer Compliance Requirements for Commercial Products and Services
- The Expanded Scope of High-Cost Mortgages Under the Dodd-Frank Wall Street Reform and Consumer Protection Act
- News from Washington: Regulatory Updates
- On the Docket: Recent Federal Court Opinions
- Agencies Issue Guidance on Youth Savings Program
- Compliance Spotlight: Waiting period for MPPP lender force-placed flood insurance
- 2014 Outlook Live Webinars
- Regulatory Calendar
- Calendar of Events
- [Entire issue \(pdf\)](#)

If you have any questions, comments, or suggestions, please email us at outlook@phil.frb.org

[[BACK TO TOP](#)]

CUNA Mutual Group Risk Alert: Overdraft Fee Lawsuits Target CUs

Plaintiff attorneys are aggressively pursuing class-action suits against credit unions with overdraft fee programs, initially targeting larger credit unions in California. These cases are alleging that fees are being improperly assessed on the available balance, the fee structure is not clearly communicated, and members are not being provided with accurate available balance information. The potential uninsurable damages in these cases are typically in the millions of dollars.

Some credit unions assess an overdraft fee based on the member's available balance, rather than on the actual balance. The available balance is lower than the actual balance due to funds being held for debit card authorizations and check holds. The suits allege that this situation causes confusion and may mislead members because assessing the fee on the available balance could lead to situations where overdraft fees are assessed even though the actual balance

may not go negative.

Litigation has been targeting these types of credit union overdraft fee programs. In fact, lawsuits allege multiple claims including:

- The credit union improperly assessed overdraft fees based on the available balance rather than on the actual balance in the member's account when the transactions clear the account.
- In assessing these fees, the credit union breached the account agreement, which either misstates when the credit union charges overdraft fees or fails to disclose how fees are calculated.
- The credit union has misled members as to when fees will be charged by failing to clearly define available balance, or by failing to disclose the available balance to their members prior to the transactions.

If successful, the plaintiffs' alleged damages could be significant. If the court determines that the overdraft fees were unlawful and/or improper, the credit union could be required to return years' of overdraft fees to its members. For some credit unions, these damages could easily exceed several million dollars. Any return of fees deemed unlawful or improper is not insurable.

Risk Mitigation Tips

Credit unions should:

- Understand how fees are being calculated and confirm that your contract(s) (e.g. account agreement), along with additional material (e.g. written policies and procedures) accurately describe your practices. This may require an explanation of debit hold authorizations and available balance. Consider providing examples of these calculations in your materials.
- Ensure your materials explain how transactions clear the account, and if there is any sequencing of transactions. Based on past litigation, you should avoid any sequencing of transaction amounts from high to low.
- Verify your practices accurately follow your disclosures.
- If fees are calculated on available balance, make sure that members are provided with available balance information whenever balances are disclosed to the member (online and mobile banking, audio response, ATM, etc.).
- Verify you obtained affirmative consent to charge overdraft fees as required by the opt-in rules of Regulation E.

There is no regulation that governs the assessment of fees on the available balance or the actual balance. Credit unions have the discretion to structure their programs as they see fit. Therefore, CUNA Mutual Group is unable to provide sample disclosures.

Some credit unions have implemented mandatory arbitration language in their account agreements. Mandatory arbitration can be used to avoid these situations from becoming class action suits. This approach is not without risk as these might be viewed as anti-

consumer and are currently under regulatory scrutiny. If this is something your credit union wishes to pursue, you should obtain assistance from your own legal counsel.

[[BACK TO TOP](#)]

Federal Reserve Outlook Live Webinar Invitation: TILA-RESPA Integrated Disclosures

The Federal Reserve's invites you to the fifth in a series of discussions on the TILA-RESPA Integrated Disclosures rule. This fifth and final in the planned series of webinars will address specific questions related to rule interpretation and implementation challenges that have been raised to the Consumer Financial Protection Bureau by creditors, mortgage brokers, settlement agents, software developers, and other stakeholders. In particular, the session will cover industry questions relating to operations and technology challenges particularly new questions that have arisen as industry is further into implementation.

The teleconference is scheduled for Tuesday, May 26, 2015, from 2:00 p.m. – 3:00 p.m. Eastern.

To register for the teleconference, please visit:
www.webcaster4.com/Webcast/Page/577/8180

Additional information and resources related to the TILA-RESPA Integrated Disclosure rule may be accessed at the CFPB's website at:
www.consumerfinance.gov/regulatory-implementation/tila-respa/.

For additional information about this event or our Outlook Live webinars, please direct your questions to: FedWebinar@sf.frb.org

This webinar is part of an ongoing series of events focused specifically on consumer compliance issues. The "Outlook Live" Audio Conference is a Federal Reserve System initiative produced in conjunction with the quarterly newsletter [Consumer Compliance Outlook](#).

[[BACK TO TOP](#)]

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

May 12 -- [Lending Roundtable: Taking a Look at Auto Lending Trends](#)

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 6 -- [Small Credit Union Conference: Dirven to Succeed](#)

June 19 -- [Compliance Conference: Managing Dynamic Change](#)

Industry Events

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 27 -- [Southern Chapter Meeting: Cyber Security](#)

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](#)

July 30 -- [American Dream 5K Sponsored by Affinity FCU](#)

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](#)

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

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