

NEWSLINES

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A publication of the Association of Vermont Credit Unions

Registration Opens on 2/19 for Convention & Charity Golf Tournament

It's that time of year again ... the time to start making plans to attend the largest single your Association holds every year. The Annual Meeting & Convention is the only time that those of us working in and volunteering for Vermont's credit union industry gather together for a weekend of networking, training, and professional development. It's a chance to catch up with friends and peers, renew relationships, and enhance our knowledge so we can better serve Vermont's credit union members!

This year promises to be special because of the addition of the **Vermont Credit Union Golf Challenge** (VCUGC), our annual fundraiser for the March of Dimes. Usually a stand-alone event, the VCUGC will kick off Convention Weekend with a fun and rewarding social experience for a very good cause. Last year, our sold out sponsorships and 64 golfers helped us raise more than \$4,500 for our charity and we hope to top that figure this year.



Immediately following the golf tournament, the Executive Summit Dinner will build on the success of last year's inaugural event by featuring **Dennis Dollar**, former Chairman of the National Credit Union Administration. Dollar, who will also deliver the keynote presentation at Friday's dinner, headlines the most impressive array of speakers our convention has ever seen. General sessions and breakouts on Saturday and Sunday will feature former credit union consultant **Tom Glatt**, the President/CEO of Continental FCU and **Mark Sievewright**, the former CEO of Boston's Tower Group and now the Senior Vice president of Corporate Marketing at Fiserv. Previews of our speaker's weekend topics and their biographies are on page 3.

Of course, convention weekend isn't entirely about business and education. The Woodstock Inn & Resort features wonderful hospitality in a setting that combines modern elegance with Vermont village charm, not to mention mouth watering cuisine. Friday night opening banquet's entrees will feature a carved steamship round of beef, Atlantic salmon, and herbed chicken, while Saturday's 61st Anniversary Dinner will feature baked Gulf shrimp with crabmeat stuffing, roasted chicken with lobster medallions, and sliced top sirloin of beef.

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Another popular highlight of the weekend is Friday's Exhibitor Bingo game, where multiple lucky winners will walk away with as much as \$500 in cash just for visiting tables in the Exhibitor Room. Also, the unique Silent Auction benefiting credit union political action will again run throughout the weekend, offering valuable and one-of-a-kind items donated by attendees, credit unions, and exhibitors.

We're currently accepting donations for the Auction and remind attendees to bring your checkbook with you as we are unable to accept credit cards for auction items.



As *Newslines* goes to publication, two of our long time sponsors have already signed on for this year. **Tricorp Federal Credit Union** is our first Platinum Sponsor and will be bringing us Saturday night's Anniversary Banquet and the outstanding entertainment (which we'll announce soon) following it. **Diebold**, an endorsed AVCU business partner and perennial Silver Sponsor has also signed on for this year's convention and we thank both of our traditional exhibitors for their continued support.

The Annual Meeting Attendee Brochure containing all of the important information, registration form, and pricing will be emailed to credit union CEOs and Managers shortly. Once it is distributed, it will also be available for download from the main convention page of our website. This will also be the home for delegate designation forms, attendee registration, and everything attendees will need to know as we approach the big weekend.

Whether you are a CEO, employee, board or committee member, as we do each year, we've designed convention weekend to include something for everyone. During the coming weeks, we'll have lots more information available via *Newslines* and *Newslines Express*. It promises to be a weekend that no one will want to miss and we sincerely hope you'll be able to join us!



Thoughts from the President's Desk ... by Joe Bergeron

Are We Just Shuffling Members?

Membership in Vermont credit unions stands at 271,000, about 43% of the population. Nationwide, we've reached 90 million members, which is about 30% of the population. Pretty impressive numbers from anyone's perspective. Trouble is, as a state or national movement, those numbers are stagnant. For every credit union adding new members, there's another one losing them. Vermont growth has been less than 1% of late. So, are we really just moving members around from one credit union to another?

Reasons vary by credit union, but the bottom line for our movement is that decades of strong membership growth have hit a wall. This is in spite of huge growth in community fields of membership among credit unions. Apparently, we still don't do a good job telling consumers how great we are. We save Vermont households \$224 annually in rates and fees. So why don't new members come running whenever a credit union opens access to everyone in a community?

Maybe this all contributes to the consolidation of the credit union movement in recent years. People already in the know, current members, recognize a better deal at a different credit union and migrate. Credit unions that lose enough of those members' business eventually fold into another. When credit unions had closed memberships, new members came from their narrowly defined groups, not so often from another credit union. I'm not advocating a return to closed memberships for everyone, but I do wonder when we'll again see substantial membership growth across the board.

CUNA and leagues across the country are all drawing increased focus on membership growth. CUNA appointed a membership growth task force, as have leagues. Our version in Vermont comes in the form of a Marketing Committee appointed in 2007. Its challenge is to develop a cooperative means for Vermont credit unions to heighten the awareness and understanding of credit unions among Vermont consumers and legislators. Separately, but related, the Association's Social Responsibility Committee is developing a cooperative statewide financial literacy education project to not only educate current members, but to draw attention to the good work credit unions do every day for 43% of Vermont consumers.

When final reports and recommendations come from these committees, I hope every Vermont credit union will welcome and support their efforts so our total statewide membership ranks can grow and prosper into the future.



CUNA & NAFCU Won't Support Lop-sided Reg Relief Bill

A broad regulatory relief effort being considered by the Senate Banking Committee was scrapped this week after the Credit Union National Association (CUNA) and the National Association of Federal Credit Unions (NAFCU) Tuesday said credit unions could not support the lop-sided language.

In a rare joint letter, sent to Senate Banking Committee Chairman **Christopher Dodd** (D-Conn.), CUNA and NAFCU applauded Sen. **Mike Crapo** (R-Idaho) and other panel members for taking the lead in the Senate on regulatory relief for financial institutions in 2008.

But the credit union groups said they could not back an amendment as drafted because it would not provide balanced regulatory relief for all financial services providers.

The package proposed an increase in business lending limits and auto lending investment limit for thrifts, but did not address the credit union member business lending ceiling or modification of the credit union prompt corrective action (PCA) system to a risk-based approach.

"The credit union and bank amendments to this legislation are not in balance and we cannot, consequently, support them," said CUNA President/CEO **Dan Mica** Tuesday.

"We applaud and thank Sen. Crapo for this leadership on the overall issue of regulatory relief for financial institutions, especially credit unions. However, regulatory relief among financial institutions must be in equilibrium in order for all to have the same opportunities to thrive," Mica said.

"We will be working with senators to achieve regulatory relief that is balanced and we appreciate this opportunity to broach this issue in the Senate," he added.

The Credit Union Regulatory Improvements Act (CURIA, H.R. 1537), with 142 official supporters in the House, proposes to increase the member business lending cap to 20%, up from the current 12.25%, and also to modify PCA to a risk-based system.

"Credit unions are well suited to help during these difficult economic times when credit is becoming scarce. We believe that providing balanced and meaningful evenhanded regulatory relief to all financial institutions would provide significant economic stimulus at no cost to taxpayers. We urge you to support such efforts," the CUNA-NAFCU letter said.

Sen. Crapo was expected to introduce his financial institutions regulatory relief provisions as an amendment to an industrial loan company bill that is scheduled to be considered by the Senate Banking Committee on Wednesday.

Late Tuesday evening, Crapo's office announced it would not offer the amendment.

Annual Meeting Speakers to Discuss the Future of Credit Unions

The working theme for our 2008 Annual Meeting & Convention (Woodstock Inn & Resort, May 29 - June 6) is **The Future of Credit Unions** and we have picked a trio of outstanding speakers to discuss their views on a myriad of related topics.

Dennis Dollar, former NCUA Chairman ... **Thursday Executive Summit Dinner, Friday Keynote**

Appointed to the National Credit Union Administration Board in 1997, this highly respected former CEO of Gulfport VA Federal Credit Union and two-term member of the Mississippi House of Representatives was named NCUA Chairman by the President of the United States in 2001. Upon leaving government service, he formed Dollar Associates, LLC with partner Kirk Cuevas and began helping individual credit unions develop strategic initiatives, comply with federal regulations, expand into underserved areas, and improve community charters to give more consumers the chance to benefit from belonging to a credit union.

At our first official Convention Weekend event, Dollar will engage Executive Summit Dinner attendees in an intimate, personal setting that will offer significant question and answer opportunities. "Because of my unique background as both a former credit union CEO and regulator," writes Dollar, "I always get a lot of questions during Q and A sessions regarding where I think credit unions will find themselves in the next decade or so."

On Friday night, Dollar will further expand on this theme when he delivers his new keynote presentation "**CU 2020: An Insider's Crystal Ball Perspective on the Credit Union Movement in the Year 2020**". He has received rave reviews for this presentation during the past few months as he addresses nearly twenty topics and makes specific predictions. The keynote took him more than a year to develop and looks at the good, as well as the potentially ugly, industry trends. Dollar believes it is a message that challenges and provokes self examination of the movement, both for today and for tomorrow. It is overwhelmingly upbeat about the credit union future, provided the right strategic decisions are made.



Tom Glatt, President/CEO, Continental FCU ... **Saturday & Sunday General Sessions & Breakout**

This credit union CEO, who successfully defended his members from the first ever forced merger attempt by another credit union, will take the stage for two general sessions on Saturday and Sunday morning, as well as a Saturday breakout. CUNA, state leagues, managers, and volunteers across the country watched with interest tinged with fear in early 2007 when \$1.6 billion Wings Financial FCU attempted to force the directors of \$178 million Continental FCU into a merger. In an unprecedented act that shook the movement's foundation, Wings directly solicited Continental's membership and offered them \$200 each if they would approve what many called the first ever "hostile takeover" of one credit union by another.

Glatt, who took the wheel of Continental FCU in August of 2006 after more than 16 years as the head of a national consulting firm, went on the offensive to protect his members. He told them that after four unsolicited merger offers by Wings in the span of 18 months, Continental's board and management strongly believed that Wings was "interested in one thing: getting larger and more profitable at your expense."

In Saturday's general session "**The Anatomy of a Hostile Takeover Attempt**", Glatt will share his first-hand perspective about what it was like to be in the eye of the storm with so much riding on the outcome. His Saturday breakout and Sunday morning closing presentation will offer insights into where he believes the movement is going and how credit union management and volunteers can successfully lead the way to a bright and promising future.



Mark Sievwright, Senior VP Corporate Marketing, Fiserv ... **Saturday General Session & Breakout**

During more than 20 years in the industry, Mark has built a reputation as a renowned keynote speaker and chairperson at financial services events and conferences around the world. Formerly the president and CEO of Boston-based TowerGroup, Mark led that company's evolution into becoming the financial services industry's leading research and advisory company, building a team of expert analysts and consultants that is still widely recognized as the best in the industry.

In his Saturday afternoon general session "**The Future of US Payments**", Mark will discuss how the payments market is being transformed by the rapid migration from paper-based (especially checks) to electronic payments (debit cards and ACH). Emerging payment technologies and alternative payment methods promise to have a continued impact on how people and businesses make and receive payments. This evolving payments environment will provide a vast number of opportunities for members, but incorporating all of the constantly-evolving options (and deciding which are the most important) can be daunting for credit unions.

Mark authored the Payment Systems chapter of CUNA's E-Scan publication for both the 2007 and 2008 editions. He will teach attendees more about the changes underway in consumer and small business payments. He'll also provide an expert's insight into technological innovations that are on the horizon, with emphasis on those that are most likely to be vitally important for credit unions in the future.



Upcoming QuickBites

For session descriptions, speaker biographies, or to register, visit our new online [Event Calendar](#)

- ◆ 2/6 **Serving Members of Modest Means** / Ed Swanson
- ◆ 2/12 **The Great Demographic Divide** / Joe Sullivan
- ◆ 2/21 **Safe Deposit Compliance Update** / Dave McGuinn
- ◆ 3/5 **Embracing Your Hispanic Market** / Deb McLean
- ◆ 3/11 **Phone Collection Techniques** / David Reed
- ◆ 3/19 **Medical Leave for Small CUs** / Lynn Esp
- ◆ 3/27 **Phishing, Pharming & More** / Susan Orr

Save the Dates

- ◆ 3/2 - 3/6 **CUNA Governmental Affairs Conference**
- ◆ 4/22 & 23 **AVCU Consumer Lending School**
- ◆ 5/29 **Vermont Credit Union Golf Challenge**
- ◆ 5/29 - 6/1 **AVCU 61st Annual Meeting & Convention**

Remember that even if you miss a live event, audio archives of QuickBites sessions are accessible for 15 business days afterwards.

Compliance Corner

Test your compliance knowledge with this round-up of questions from January's [InfoSight](#) newsletters.

Q: Matilda Member just asked your credit union's MSR if she can wire \$500 to her aunt in Cuba. The MSR correctly tells her that the credit union is prohibited from doing so under U.S. sanctions regulations. Does the credit union now have to file a report with the Office of Foreign Assets Control because it "rejected" a prohibited transaction?

A: No. Under OFAC regulations, there's a big difference between responding to a person's inquiry and blocking or rejecting a prohibited transaction. Financial institutions are required to block all "property" in which a target has an interest. In the case of a wire transfer, the credit union won't be holding blocked property until it receives the actual payment instructions from the member to send the funds. The funds must then be blocked and reported to OFAC within ten days. A member simply asking "Can I send money to Cuba?" is just an inquiry the CU can answer; the member has no blockable interest.

Q: Can we avoid the BSA record-keeping requirements for the purchase of a \$4,000 money order if we have the member first deposit the cash into an account and then debit the account for \$4,000?

A: No. Although BSA regulations require records to be kept when a financial institution issues or sells a "bank check or draft, cashier's check, money order or traveler's check for currency" in the \$3,000 to \$10,000 range FinCEN has rejected a literal interpretation such as this, stating: *FinCEN takes the position that when a customer purchases a monetary instrument between \$3,000 and \$10,000 using currency that the customer first deposits into the customer's account, the transaction is still subject to the record-keeping requirements.*

Q: Is a credit union allowed to use previously obtained credit report information to make prescreened credit offers?

A: No. Credit reports can only be obtained if the user has a "permissible purpose" as defined in Section 604 of the Fair Credit Reporting Act, and a credit report cannot be obtained for one purpose and then used for another.

In general, marketing is not a permissible purpose. The only exception to the FCRA's prohibition on using credit reports for marketing purposes is making prescreened credit solicitations in accordance with the Federal Trade Commission's FCRA prescreening regulations.

Q: Our credit union received an IRS notice of levy on Monday in the amount of \$5,000 regarding any property of our member Jack Jones in our possession. Jack had \$2,000 in his account on Monday but on Wednesday Jack made a cash deposit of \$3,000 into his account. Should we hold the \$5,000 because that is the full amount of the levy?

A: No. A levy only applies to funds in the account at the time the levy is received. The levy has no effect upon any subsequent deposits made by the member. The credit union should place a hold on \$2,000, the amount in the account at the time of deposit.

February

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Do You Sudoku?

One of our most popular puzzles is back. To enter, fax entry to 802-864-4391 by **Friday, 3/7**. If more than one correct puzzle is submitted, the winner will be drawn randomly.

Contest open only to employees and volunteers of AVCU affiliated credit unions. Approximate prize value is \$25. Winning entry must include the entrant's full name, email address, credit union & title or volunteer position held.

Visit our [Member Support](#) page and click on the **Newslines** link for the full sized contest entry form. While there, be sure to check out the solution to January's **Crossword Puzzle** and learn who won the \$25 prize.

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