

Wednesday

A NEWS PUBLICATION FROM CREDIT UNION MAGAZINE

Commitment to members keeps CUs strong, says Ensweiler



"It's not the fact that credit unions have gotten bigger. It's all about our corporate structure," said CUNA Board Chairman Dick Ensweiler. "We are not-for-profits."

Ensweiler spoke after the credit union-vs.-bank debate Tuesday morning, first giving a reaction to the comments of American Bankers Association President Ken Ferguson.

The bankers haven't changed their argument in 50 years, Ensweiler said. "Banks have some bizarre parallel universe—a world where a consumer is better off with higher rates and lower customer service."

Ensweiler likened the difference between banks and credit unions to

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Matthews says what's on voters' minds

"This election year is really a big surprise," said talk-show host Chris Matthews during his address to GAC attendees at Tuesday's General Session.

Matthews said events occur every day that surprise him—and the political pundits were wrong in concluding the 2004 presidential election was over when the United States caught Saddam Hussein last fall.

The host of MSNBC's "Hardball" and the Sunday morning program



"The Chris Matthews Show" explained his views and perception of the nation's political scene. Matthews primarily discussed President Bush and the candidates vying for the Democratic presidential nomination, what voters like and expect in their president, and the issues most on voters' minds this year.

"It's great to be a maverick and challenge the president," Matthews said of former candidate Howard Dean. Dean's candidacy was essentially over

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Blaine takes on the bankers

Bankers aren't against all credit unions—just the "new breed" trying to be all things to all people. That's one point Ken Ferguson, chairman of the American Bankers Association (ABA), made during Tuesday's debate with Jim Blaine, president of State

Employees Credit Union, Raleigh, N.C.

Blaine, in turn, thanked Ferguson, who also is chairman of NBanC in Altus, Okla., for the "new breed" comment. "We think we are the future, and you are the past," Blaine said.

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Jim Blaine, president of State Employees CU, Raleigh, N.C. (left), participated in a debate with Ken Ferguson, American Bankers Association chairman and chairman of NBanC in Altus, Okla. (right), during Tuesday's General Session. Dean Anason, Washington bureau chief for *American Banker*, moderated.



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A small fire in the banquet kitchen led to the Hilton Washington's evacuation just as Tuesday afternoon's General Session was to start. After the short disruption, Allan Morris, CUNA Board treasurer and CEO of Oakland County CU, Waterford, Mich., admitted to nervousness about speaking in front of a large crowd. "We took care of that," he joked.



NCUA's Johnson: 'Step up' financial education

"I know of credit unions that have installed steps up to their teller windows to allow young people to reach the counter for their transactions," NCUA Vice Chair JoAnn Johnson told Tuesday morning's General Session audience. Then she challenged credit unions to "step up" their financial education efforts.

Look at your educational advocacy, Johnson said. "Ensure you have plans in place to further the knowledge of your members. Allow them to make informed choices of the financial products and services that are right for them."

Credit unions provide consumer education and guidance in addition to financial products. Today, millions of Americans are outside the financial mainstream. "Promoting the financial education of our underserved strengthens our society as a whole," Johnson said.

She also addressed the issue of credit union conversions to mutual savings banks. "I strongly believe that leaders of credit unions—as member-owned financial cooperatives—have an ethical and fiduciary responsibility to be straightforward, open, and transparent with all decisions affecting their membership, charter, and structure."

The agency recently revised its rules regarding disclosures to members before a conversion vote. Some questions continue about how to maintain the integrity of the voting process as well, Johnson noted. "We're studying these issues and developing a second set of proposed rule changes to address these concerns."

Look today at who will lead your credit union in the future, she said. "Explore how you can maintain trusted relationships with members and continue to build for future growth. Identify issues that will be on the horizon. Knowledge and vision empower credit unions and their members to make wise choices for the future. I challenge you to lead with vision for the future." ■

wednesday

FEBRUARY 25

Time

Event/location

8 a.m.-9:30 a.m. Conference Registration
Back Terrace

9 a.m.-Noon Open House
CU House
403 C Street NE

9 a.m.-Noon Capitol Hill Visits

CREDIT UNION

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Sarbanes: Show your progress

Credit unions, leagues, and CUNA have an excellent track record of serving people of modest means, educating consumers, and fostering financial literacy, Sen. Paul Sarbanes, D-Md., said Tuesday morning.

But he expressed concern about a report from the General Accounting Office (GAO), Congress' investigative arm, raising questions about how credit unions are carrying out their mission under the Credit Union Membership Access Act and the Federal Credit Union Act.

"You need to measure and show your progress," Sarbanes advised. "I say this as a close friend to credit unions. You need to show how you're serving people of modest means."

Sarbanes noted—as did the GAO—that the GAO study had limited data.

And he lauded the credit union movement for helping to bring service to people in need, citing:

- CUNA's and the National Credit Union Foundation's partnership with the Consumer Federation of America's America Saves program;

- World Council of Credit Unions' IRnet program, which provides affordable international money remittance services; and

- CUNA's support for the establishment of a new financial literacy and education commission as part of the Fair Credit Reporting Act.

"This reflects credit unions' long-

standing commitment to financial literacy," Sarbanes said. "Access to the financial mainstream is a key first

step to economic citizenship. Ten million Americans have no financial institution accounts. I'm pleased with credit unions' efforts to offer an alternative to the fringe financial operations."

Sarbanes, introduced by new Maryland Credit Union League President Mike Beall, com-

plimented CUNA on its GAC speaker lineup, consisting of many House, Senate, and other leaders.

"If your purpose is to be sure your voice is being heard, you're doing a good job." ■



Manzullo stands against overseas outsourcing

Rep. Don Manzullo, R-Ill., wasted no time during Tuesday afternoon's GAC General Session issuing credit unions a warning: "Don't outsource jobs overseas at your credit unions or you will never get my support in Congress."

Manzullo, chairman of the House Committee on Small Business, decried the loss of manufacturing jobs brought about, in part, by a shift in the emphasis of American companies from "reasonable profit" to "profit domination."

"It's a slap in the face to working Americans, to your members," Manzullo said, adding, "at what point do we outsource ourselves, our economy, right out of business?"

He also cited the tremendous increase in investment in the stock mar-

ket, and its attendant stock price pressure, as a lever forcing CEOs to make "horrible decisions" regarding the overseas outsourcing of jobs. "It's all

become about the bottom line, increasing shareholder value," Manzullo declared, adding that he is "not a protectionist. But free trade must be fair trade."

Manzullo believes the long-range viability of America's small businesses and their workers have been put at risk by CEOs who measure their success by the closing price of their compa-

ny's stock. He said corporate America's obsession with quarterly profits is one of the leading reasons why the U.S. economy is experiencing a job-less recovery.

CEOs are sending jobs overseas in

droves, exploiting the cheap labor for short-term stock gains. These large corporations also are pulling work from their smaller American subcontractors and seeking cheaper offshore suppliers.

"In my view, the health of credit unions is in direct proportion to the health of American manufacturing," Manzullo told the audience. "Times are good for credit unions. But that can change as more and more jobs from all sectors of society shift overseas."

But his outlook did have some bright spots. Referencing his own district, Manzullo explained that a company in Rockford recently began a new machine manufacturing operation because its market's quality requirements could be met only in the U.S. He briefly added another example of a company that was hiring more workers because its customers had made the decision that it was good business to pay more for higher quality and service. ■



Matz launches PALS Best Practices Web site

The best practices of the nation's credit unions will be featured on a new Web site NCUA Board member Debbie Matz unveiled Tuesday at the General Session.

On the one-year anniversary of her Partnering and Leadership Successes (PALS) initiative,

Matz announced that a PALS Best Practices Web site will allow credit unions to share their innovative programs that attract new members.

"PALS best practices have inspired credit union leaders to offer innovative programs they may not have considered before—programs that have proven effective in reaching the people who need credit unions the most," Matz said.



With 10 categories covering more than 50 innovative programs for growing and serving membership, the Web site is a jumping-off point for credit unions to connect and network with their peers nationwide.

Matz invited all credit union officials to add their programs

to the site.

"So long as credit unions continue to offer innovative ways to reach new members, we'll be looking to add new credit unions and new programs," she said.

Programs focusing on financial education, multicultural outreach, and risk-based lending are the way

for credit unions to protect themselves against taxation, Matz said.

"You have the power to determine the future of your credit union and the future of the credit union community.

"Taxation is contagious. If it happens in one state, it'll happen in another. If state charters are taxed, then federal charters will be taxed. And if large credit unions are taxed, it will be only a matter of time before all credit unions are taxed," she added. ■



Royce urges CUs to rally support for CURIA

Referring to H.R. 3579, the Credit Union Regulatory Improvements Act (CURIA), Rep. Ed Royce, R-Calif., yesterday said, "We're going to do everything we can to get that through this year."

Royce, House Financial Services Committee member, co-sponsored the bill with Reps. Paul Kanjorski, D-Pa.; Steve LaTourette, R-Ohio; and Carolyn Maloney, D-Ohio.

CURIA would permit NCUA to institute risk-based prompt corrective action, allowing the agency to examine a credit union's net worth, financial reports, and position to assess the credit union's capital needs.

"The modernization of the risk-based capital standard is most important in this regulation," Royce maintained. "It gives credit unions the same right as other institutions" to thrive and grow their business.

The House this year likely will vote on and pass H.R. 1375, the Regulatory Relief Act, although some outstanding

issues remain, he predicted.

An important component of the bill is H.R. 383, which excludes member business loans federally insured credit unions make to nonprofit religious organizations from the arbitrary cap of 12.25% of total assets.

"Loans to faith-based organizations have extremely low delinquency rates," Royce stressed.

"They're the safest loans that exist."

Royce also lauded credit unions' efforts on both the national and international fronts.

As a ranking member on the International Relations Committee, Royce is chairman of the Subcommittee on Africa. He noted that the World Council of Credit Unions, CUNA, and the California Credit Union League have

sent members to countries such as Uganda, Kenya, Rwanda, and South Africa to develop budding financial systems.

"Here and abroad, I'm proud of your efforts," he said.

"Credit unions are helping the future of more than 80 million members around the U.S. and countless others around the globe.

"You're helping families save their hard-earned money to buy houses, cars, and invest in education."

Royce urged GAC attendees to rally support of H.R. 3579. "Work with me to ensure we have bipartisan support on CURIA," said Royce. "As you visit your legislators this week, urge them to co-sponsor this legislation." ■



Kanjorski stresses CURIA needs bipartisan support

It won't be an easy chore to pass any legislation this year, Rep. Paul Kanjorski, D-Pa., said yesterday. "This is a year of madness. It's an election year—and also a presidential election year. Come June, nothing of substance will pass through Congress.

"But I'll give you a predicate," he noted. "Any bill to move through Congress must have bipartisan support."

Kanjorski, co-sponsor of H.R. 3579, the Credit Union Regulatory Improvements Act (CURIA), noted the act came together as a recognition of weaknesses in H.R. 1151. While this pending legislation is important, it might not make for the most exciting reading. "CUNA President/CEO Dan Mica brought me a wish list from

credit unions, and it was like pouring water on me to wake me up."

Kanjorski, member of the House Financial Services Committee, will work hard to keep in the act the requirement that a minimum of 20% of a credit union's total membership must vote on the issue of converting to a bank. "This is essential for the protection of credit unions and should assure corporate governance," he added.

By easing constraints on member business loans, CURIA will develop new jobs. And with the Consumer

Confidence Index falling to 87 today from 96 in January, that's a shot in the arm America needs, Kanjorski maintained.



The lawmaker urged GAC attendees to drum up congressional support for CURIA while in Washington, D.C. "We need 30, 40, 50 new sponsors this week while you're in town."

Kanjorski urged credit union delegates to insist on meeting with their senators and representatives rather than with their staffers. "You deserve to meet with your member," he said. ■



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650 midlevel managers,

1,190 board members, and

75 nonmanagement

employees are

attending this

year's GAC.

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GAC Daily News.

Frank: Votes trump money in politics

Decrying the notion that money is more important in politics than votes, Rep. Barney Frank, D-Mass., told Tuesday morning's General Session that he sometimes fears voters stay away from the polls because they believe their voice has no effect on their legislators.

But credit unions are proof that this isn't the case, Frank explained, saying credit unions have been "successful despite being outcontributed" by competing interests. He emphasized that credit union activism in Washington, while important, isn't the key to that success. "Credit unions are successful because of their people in each individual [congressional] district, working issues, and letting their representatives know their point of view."

Frank cautioned that in this election year, the congressional calendar is shortened and that the time for credit unions to seek passage of favored bills is limited. His advice to

the audience: Congress is "not in the business of worrying about financial institutions. We're worried about consumers. Always state your position in terms that make it plain your goal is to help consumers."

Citing examples of credit unions helping consumers, Frank mentioned that bank consolidations are "a major



credit union membership drive," and that Congress is receptive to the idea of helping those who provide locally owned financial services.

Frank also said credit unions' facilitation of international remittances is a major consumer service and contributes to lawmakers' favorable view of

credit unions.

Frank is the House Financial Services Committee ranking minority member, and a proponent of H.R. 1151 (the Credit Union Membership Access Act of 1998). He worked with the majority to pass the Fair and Accurate Credit Transactions (FACT) Act. ■

Oxley: Outlook positive for reg relief

During his speech at last year's GAC, a friendly group of Ohio credit union delegates greeted Rep. Michael Oxley, R-Ohio, with signs asking for regulatory relief. Oxley, House Financial Services Committee chairman, pledged to keep regulatory relief and deposit insurance reform atop the committee's agenda.

No placards greeted Oxley this year—just applause for his continued commitment to the two issues. "It's time for financial institutions to have regulatory relief," Oxley said Tuesday afternoon, adding he's received positive response from the Senate about moving the regulatory relief bill.

Oxley said the House Financial Services Committee took a new approach when researching H.R. 1375, the Financial Services Regulatory Relief

Act of 2003. It talked to financial service industry regulators about "worn-out" regulations that could be eliminated or altered. "Credit unions shouldn't be burdened by unnecessary regulations," he said. "Outdated regulations are costly for all of the financial services industry. That's why it's time to implement regulatory relief."



Oxley predicted deposit insurance reform "would get to the president this year." Increasing deposit insurance coverage to \$130,000, and making

sure credit unions' deposit insurance coverage keeps pace with other financial service providers' will help ensure members' confidence in credit unions. "It's truly important. There's no reason we can't agree on the bill's provisions."

Oxley thanked credit unions for doing their part on the war on terrorism

by complying with the USA PATRIOT Act. "I salute credit unions for helping to find where the dirty money is that's used for terrorist acts. So far, we've frozen \$140 million in terrorist funds." ■



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attending
this year's GAC.**

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Bachus leaves 'em laughing

The laughter came early and often as House Financial Institutions Subcommittee Chairman Spencer Bachus, R-Ala., entertained the audience during Tuesday morning's General Session with props and tales from his recent California vacation.

When the laughs subsided, Bachus praised the efforts of state and national credit union officials in representing a local focus, saying he was "tremendously impressed" with credit union efforts to serve their communities. "You should be proud of what you've done."

Bachus noted that he anticipated two pieces of legislation to receive congressional attention in the near future. Regarding the pending Financial Services Regulatory Relief Act of 2003 (H.R. 1375), Bachus said he expected movement on the bill by the full House "within the month." In addition, Bachus said he believed the House Financial Services Committee



will hold hearings on the Credit Union Regulatory Improvements Act (CURIA) this spring.

Noting that CURIA contained provisions for credit unions to offer certain subprime lending services to potential members, Bachus commended both CUNA and credit unions for their concerns regarding consumers in need of those services.

"We want to ensure people can get access to subprime lending services but that they're not victimized" in the process, he said. He cautioned that any general, national predatory lending bill from Congress pre-empting state laws would "need to be a strong one that protects people, or it will not move."

Bachus also advised credit union advocates that when they visit congressional offices, they should be prepared to explain bills to legislators and provide them with day-to-day examples to support their positions on the bills. ■

Shelby supports CUs' mission of service

"Credit unions are an extremely important component of the financial services community," Sen. Richard Shelby, R-Ala., said at the opening General Session Tuesday. "I strongly support the mission that's embedded in your credo of 'not for profit, not for charity, but for service.' That's a great credo."

Credit unions provide Americans critical access to financial products, said Shelby, in his first speech at a national credit union conference as chairman of the Senate Banking Committee. But more simply than providing access to products, credit unions provide another benefit: service.

"Because your customers themselves are members, they control the operation of the credit union through the democratically elected leadership from the ranks. In an industry where the competitive landscape quickly changes, you must be able to adapt and tailor services to meet the demands of your members," he said.

The committee approved Check 21, which simplifies the check clearing process for financial institutions, and Fair Credit Reporting Act changes enacted last year. But there's more to do, added Shelby.

"It's going to be an interesting year, legislatively and politically," he said. On the committee's agenda: reviewing regulations for government-sponsored enterprises and examining abuses in the mutual fund industry.

On regulatory relief, Shelby told attendees, "In the past I have sponsored reform bills, and I think it's important to consistently review laws and regulations to determine whether they are effective and necessary." ■



Matthews

CONTINUED FROM PAGE 1

when Hussein was captured. "Honestly, nobody believes getting rid of Saddam Hussein is a bad thing."

After the Hussein capture, Matthews said, Bush became complacent and took it easy on his ranch in Texas, a move that now has gotten him into trouble in the minds of the public who want their president to be connected to the people.

The key effect of Dean's campaign was that it aroused the left of the Democratic Party, Matthews asserted.

Around Christmas, the theme of the campaign environment became "who can beat George Bush." Sen. John Kerry, D-Mass., being "a smart, calculating politician," figured this out and organized a campaign of "ambivalence." That worked and makes him the

Democratic front-runner. He didn't have to offend anyone.

However, Kerry isn't taking solid positions on tough issues exposed to him by his Republican adversary, Matthews said. Bush characterizes Kerry as "uncertain," a trait unbecoming of an American president.

In the end, Matthews said the American people want two things:

1. They want to know that the country is moving in the right direction, especially in the way of the economy and world affairs; and
2. They want to know their president cares about people like them.

Matthews said what matters most to voters is getting their taxes cut, because they don't trust big government making decisions for them. ■

the difference between “Kroger and a neighborhood co-op ... a 24-hour fitness center and YMCA.” He used hospitals to drive the point home.

It would be as if a nonprofit hospital could do only certain kinds of surgeries, making patients go to a for-profit hospital for other operations.

“There’s a reason we’re nonprofits,” Enweiler said. “We determined that we would charter that way. We made that choice.”

As banks continue to try to neuter credit unions and set the agenda, “Whatever our members need, that’s what we provide,” Enweiler said.

“If they could, banks would make us look like we did in the ‘20s, ‘30s, and ‘40s,” he said. “We must always be responsible to our members. We’re the ones making the difference for people.

“I’ll be damned if I’m going to let the bankers determine what we will be.” ■



Illinois credit union delegates met with Rep. Donald Manzullo, R-III., Tuesday before his General Session speech. The contingent raised some important points with Manzullo during the informal gathering.

Bob Schroeder, president/CEO of Illinois Community CU in Sycamore, mentioned that 1,800 of the credit union’s members live in Manzullo’s district. He also explained how the Credit Union Regulatory Improvements Act of 2003 would provide much-needed regulatory flexibility and implement a new measurement to determine the relative risk of a credit union’s assets.

Mark Vanderwaal, board chair for Rock Valley FCU, Loves Park, Ill., noted his status as an unpaid volunteer. “When we come to Washington on our own time, that really makes an impression on legislators.”

From left: Daniel Plauda, Illinois CU System president; Connie Maestranzi, board chair, Corporate America Family CU, Kankakee; Peter Paulson, executive vice president, Corporate America Family CU; Janet Francoeur, CEO, Riverside Community CU, Kankakee, and league chair; John Fiore, CEO, Motorola Employees CU, Schaumburg; Rep. Manzullo; Cam Staman, director, Rock Valley FCU; Vanderwaal; Robert Hill, director, R I A FCU, Rock Island; Don Edwards, senior vice president, government affairs, Illinois CU System; and Schroeder.

Mercer: CUs must stay unified

Unity is the single most important goal for credit unions because part of the bankers’ strategy against credit unions is to “divide and conquer,” said American Association of Credit Union Leagues Chairman Paul Mercer during Tuesday’s GAC General Session.

“We have very strong state leagues to make it tough for them,” reassured Mercer, who is president/CEO of the Ohio Credit Union League.

Mercer outlined the three key elements of the bankers’ strategy against credit unions. First, deplete limited credit union resources. Second, force credit unions to convert to the federal charter, weakening the dual-charter system. Third, divide credit unions into large and small, community v. select employee groups.

Credit unions aren’t divided or waiting idly by, Mercer related. The state leagues are leading the charge to protect credit unions. Credit unions and volunteers are organized at the state level and have been rallying at state capitols. They also have ready

access to online legislative resources to make it as easy as possible for credit union activists to push back against the bankers.

CUNA is providing support to the leagues with opinion research, Project Zip Code, and Project Differentiation. Project Zip Code illustrates that credit unions have strength in numbers, with more than 50 million members identified so far.

“I don’t understand why every credit union in the United States of America hasn’t done this yet,” Mercer said of the 16% completed Project Differentiation Statements. “This simple tool captures the essence of what makes credit unions different in the marketplace.

“Anywhere they emerge with force, we’ll emerge with equal force,” Mercer said of credit unions’ response to bank attacks.

Mercer invited up to the stage those who participated in the CUNA Campaign School at the GAC this

year. “This is what a credit union activist and leader looks like,” he said.

Participants in “The ABCs of Running Winning Campaigns” learned strategies for campaign planning, fund raising and budgeting, message development and media outreach,

and get-out-the-vote programs. The class is designed to help support a political candidate friendly to credit union issues, or for those considering a run for office.

In Mercer’s view, what matters most: credit union members, their families, and their communities. Who’s in charge: “It’s as simple as looking in the mirror,” he stated. ■



Leapfrog to success

State and federally chartered credit unions face many of the same issues and share many similar concerns, Chris Jillson noted during Tuesday's report on the state and federal issues forums held Monday. "We have the same basic needs," said Jillson, chairman of CUNA's Federal Credit Union Subcommittee and president/CEO of Sandia Laboratory Federal Credit Union, Albuquerque, N.M. "What's good for one is good for the other. We can leapfrog to success."

Two issues that forum attendees addressed were keeping the federal charter strong and ensuring that a credit union person is appointed to the NCUA Board when a vacancy arises.

Defending credit unions' tax-exempt status from bank attacks is a top priority for state-chartered credit unions, said Lee Williams, chair of CUNA's State Credit Union Subcommittee and CEO of Aviation Associates Credit Union, Wichita, Kan.

Other key state-level issues included acceptance of public funds, modernization of state credit union acts, secondary capital, and the separation of bank and credit union regulators. ■



**Nearly 50% of the CUs
at this year's GAC
have more than
\$100 million in assets.**

CUNA, AACUC create scholarship

Beginning with this year's CUNA Management School in July, one student will attend this program as the recipient of a new three-year scholarship, made possible through an agreement between CUNA and the African American Credit Union Coalition (AACUC).

The announcement took place during the AACUC annual meeting Monday at CUNA's GAC.

Helen Godfrey, AACUC chair and president of Shreveport (La.) Federal Credit Union, stressed the scholarship's importance to the survival of community development credit unions. These credit unions spend the most time focusing on the needs of low-income members, but they also are lost at a greater frequency than other credit unions each year, Godfrey stated.

AACUC believes strong leadership ensures the survival of these credit unions. And CUNA Management School in Madison, Wis., with its strong 50-year history, was a logical choice for building skilled leaders.

Specifics of the agreement will be finalized later this week. Once the agreement is signed, scholarship forms and criteria guidelines will be available on both the AACUC and the CUNA Web sites. ■

Blaine

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Moderated by Dean Anason, Washington bureau chief for *American Banker*, the debate began with a jovial air, despite the seriousness of the subject.



Blaine

Anason threw out the first question to Fergeson, asking why banks think credit unions are such a threat when there are many

other types of competition.

As a \$275 million asset bank, Fergeson said, he competes with Tinker Federal Credit Union, a \$1.25 billion asset credit union in Oklahoma City. He does so at a 30% disadvantage every day, he said, referring to the amount of taxes his bank pays.

The difference in size has nothing to do with taxation. Rather it's because of the better service credit unions provide, Blaine countered. "If the tax you're paying is hurting your customers, then why don't you convert to a credit union? Give them a fiduciary advantage and convert."

Undistributed dividends or earnings are used as a buffer for credit unions' share insurance, Blaine explained. "We've never gone to the government and asked for a bailout," noting that credit unions pay only the taxes they're required to pay by Congress.

But Congress didn't intend for new breeds of financial institutions to be all things to all people, the ABA chairman said.

"So you're insulted that we serve the rich as well as the poor?" asked Blaine. "The only reason rich people are coming to credit unions is because of the raw deal they get from banks."

An audience member asked the debaters how their respective financial institutions can raise capital. Fergeson said that his bank could sell stock or buy trust-preferred securities. Blaine said retained earnings, adding that paying taxes on those retained earnings affects the safety and soundness of the credit union.

Another question went to the heart of the credit union-bank difference.

If Blaine's credit union closed up shop tomorrow, more than one million members would receive the retained earnings.

If Fergeson's bank went under? Fifteen shareholders. ■



Fergeson

All You Need.



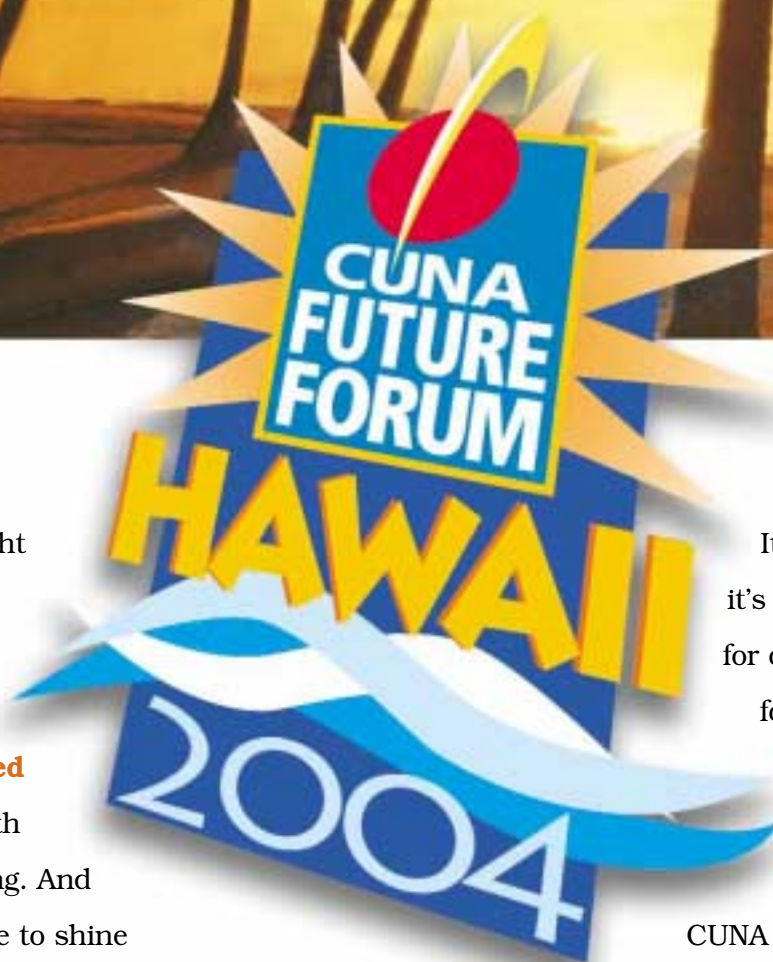
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