



CURIA Jumps on Senate Track

U.S. Sen. Joe Lieberman (I-Conn.), right, and CUNA President/CEO Dan Mica appear during CUNA's GAC on March 6 after the senator pledged his support for a Senate version of CURIA. "Today more than ever, credit unions are a critical component of our nation's financial landscape," said Lieberman last week. "This legislation will make credit more accessible to local business and promote economic growth." (Lennie Sirmopoulos photo)

Complementing credit unions' five years of hard and steady work building ever-expanding support for the CU Regulatory Improvements Act (CURIA, H.R. 1537) in the House, that package of legislative reforms took a giant step forward last week.

Under the leadership of Sen. Joseph Lieberman (I-Conn.), a matching CURIA bill was introduced in the Senate (S. 2957). That action is an integral and necessary action in pursuit of final passage of any legislation.

CUNA hailed Lieberman for show-

ing "determination and conviction in his support for consumer-owned credit unions" by introducing his bill.

CUNA President/CEO Dan Mica said, "Through his action, consumers have the hope of more choices in services, as well as the promise of continued strength, for the credit unions that they own and direct."

It was at CUNA's Governmental Affairs Conference in March that Lieberman first announced his intentions to support CURIA in the Senate. CUNA has been working with the >> [See page 2](#)

Next Steps on CURRA Front

Late last week, CUNA representatives met with House Financial Services Committee Chairman Barney Frank (D-Mass.) and his staff to address the next steps for the CU Regulatory Relief Act (CURRA, H.R. 5519).

CUNA President/CEO Dan Mica said the session was productive and discussions lasted about an hour. Mica noted after the meeting that the bill now is in the hands of the committee chairman.

"There is nothing more we can do at this time for CURRA," Mica said. "Our focus has turned completely to the broader CU Regulatory Improvements Act, known as CURIA in both the House and Senate." The package has 149 sponsors in the House and was introduced in the Senate just last week by Sen. Joseph Lieberman (I-Conn.).

The narrower CURRA proposes, among other things, to permit federal credit unions to add service to underserved areas regardless of original field of membership. It would also omit member business loans to underserved areas from counting toward the current 12.25 % of assets cap.

The bill was considered noncontroversial by House leadership and placed on the Suspension Calendar for an April 29 vote. Killing any chance of having their own relief bill on the suspension calendar, bankers disregarded House leadership wishes and objected >> [See page 2](#)

Inside

2 | Let CUs Help in Credit Crunch

CUNA witness says lift arbitrary MBL cap.

3 | Dorety Attacks 'New Breed' Label

Larger size makes them "no less of a credit union."

6 | NCUA Urged to Ease Reg Burdens

CUNA urges more relief, not additional constraints.

7 | The Front Burner

The top news of interest to credit unions during April.



Let CUs Help in Credit Crunch, Says CUNA

CUNA continued its strategy to pressure on all fronts for the removal of arbitrary legislative barriers that diminish credit union efforts to help small businesses through the country's current credit crunch.

Carl Sorgatz, president of Hawthorne CU, Naperville, Ill., testified on CUNA's behalf before a House Small Business subcommittee. He said that despite the apparent "credit crunch" with respect to small business and other lending, the chief obstacle for credit union business lending is not the availability of capital, because credit unions are generally well capitalized.

Rather, he noted, the chief obstacle for credit unions is the arbitrary statutory lending limits imposed by Congress in 1998 and the burdens associated with many of the Small Business Administration lending programs.

Sorgatz urged members of the subcommittee on finance and tax to support:

▶ The CU Regulatory Improvements Act (H.R. 1537), which would, in part, increase the current MBL limit to 20% of total assets;



CUNA witness Carl Sorgatz, president/CEO of Hawthorne CU in Naperville, Ill., left, speaks with U.S. Rep. Vern Buchanan (R-Fla.), ranking member of the House Small Business Subcommittee on Finance and Tax. Sorgatz testified on the effect of the "credit crunch on small business access to capital." (CUNA photo)

▶ The CU Regulatory Relief Act (H.R. 5519), which contains several provisions that would permit credit unions to make more small business loans available; and

▶ The CU Small Business Lending Act (H.R. 1849), which recognizes the need to enhance credit union business lending through SBA programs. 🏠

Next Steps on CURRA Front

▶ From page 1

to the credit union bill. It was withdrawn when its noncontroversial status changed.

Based on CUNA's whip count, CURRA would have at least an 80% favorable vote had it been allowed to proceed.

 **Fresh Daily Credit Union News**
www.cuna.org/newsnow

CURIA Jumps on Senate Track

▶ From page 1

senator since that time to pave the way for the bill's introduction.

"Our sincere thanks and gratitude go to Sen. Lieberman," Mica said. "We look forward to working with him, and other senators, as this important legislation gains support and eventual passage in the Senate."

On the House side, CURIA—the credit union movement's key legislation—features the names of 149 representatives who have signed on in official support of the bill.

Lieberman said he introduced the credit union bill because "credit unions are a stabilizing force in the domestic economy and play an important role in providing financial services to local communities and underserved groups."

"Today more than ever, credit unions are a critical component of our nation's financial landscape," he added. "At a time when most financial institutions are retreating from the credit markets, credit unions are among the few lenders in the financial industry demonstrating resiliency and strength." 🏠

 **CURIA**
www.cuna.org/gov_affairs/legislative/issues/2008/curia.html

CURIA CO-SPONSORS COUNT



MODERNIZING FINANCIAL SERVICES
FOR WORKING FAMILIES

1 4 8

 **CURIA, H.R. 1537**
www.cuna.org/gov_affairs

AS OF 5/2/08



>> Special Report

Dorety Attacks 'New Breed' Label



Tom Dorety

CUNA Chairman Tom Dorety recently took on one of the bankers' misinformation campaigns about credit unions, saying the bankers' twisted image of credit unions makes his blood boil.

Dorety told *American Banker* that he is "tired" of the idea being spread that there is a "new breed of credit unions." The "new breed" label is one bankers use to describe some larger credit unions in an attempt to undermine the nation's support

of the credit union tax status for larger financial cooperatives.

The image was recently fostered at a March 6 hearing where American Bankers Association Chairman Bradley Rock said expanding the credit union charter, while keeping the tax waiver, would help the "new breed" of larger of credit unions.

Bankers argue larger credit unions have abandoned their original mission. But the larger size makes them "no less of a credit union," Dorety told the newspaper. Dorety is CEO of Suncoast Schools FCU, Tampa, Fla., which has \$6 billion in assets, making it the seventh-largest in the U.S.

Credit unions "can't just serve people of modest means." While Suncoast has members in low-income areas, it also has branches in wealthier ones, Dorety said.

What's more, small credit unions cannot be separated from larger credit unions because they depend on them for help. Requiring them to pay taxes would eliminate the credit union industry, Dorety warned.

Plus, he underscored credit unions also do a better job than banks lending during a crisis. They are in a position to keep lending, he told the newspaper. 🏠

"The fact that we've gotten bigger makes us no less of a credit union. What we've done is be successful. What we've done is provide services to our members."

—CUNA Chairman Tom Dorety

CUNA, NAFCU File Brief in Conversion Lawsuit

A lower court ruling dismissing the Coalition for CU Charter Option's (CCUCO's) legal challenge against NCUA should be upheld on appeal, said CUNA and the National Association of FCUs (NAFCU) in a joint amicus brief.

CUNA General Counsel Eric Richard said of the case, "So far, CCUCO's lawsuit has gotten nowhere, and we think that is for good reason. We are urging the Fourth U.S. Circuit Court of Appeals to affirm the decision of the district court."

The brief, filed May 2, noted that the plaintiff has repeatedly failed to show it has standing in the case that challenges the NCUA's conversion regulations. CCUCO, it argues, has not produced a single member that has been or will be injured by the NCUA conversion rule CCUCO is protesting in court.

Those omissions, the brief asserts, may "suggest the possibility that the coalition is not acting as a representative of its alleged credit union members but rather is a stalking horse for members of the thrift banking and mutual savings bank conversion industries that seek to encourage credit unions to convert to banks."

▶ Newspaper Notes Banker 'DoubleThink'

Credit unions aren't the only ones noticing bankers' ability to talk out of both their faces: The tendency of the leader of the American Bankers Association to hold two contradictory beliefs simultaneously—at least where credit unions are concerned—was questioned in the April 21 issue of *American Banker* newspaper.

"Confused yet?" asked a sub-head in the publication's "Washington People" section. The article pondered whether ABA President Ed Yingling has been "flipping through the pages of George Orwell's '1984,' which defined 'doublethink' as the power to hold two contradictory beliefs simultaneously."

The article noted that after the Treasury Department outlined its blueprint for financial regulatory reform, Yingling issued a statement that said, "We are no more ready to abandon the thrift charter than we are to abandon the American family dream of living in a house that you own."

That release was closely followed by an ABA letter of praise for the Treasury plan, which suggested merging the credit union and bank charters, by saying the two types of institutions are very similar and should be treated as such.

"The letter raised eyebrows among some observers, since, generally speaking, the bank and thrift charters are considerably more alike than the bank and credit union ones," the newspaper pointed out.

BANK ATTACKS: CUs Fight Back!
www.cuna.org/initiatives/bank_attack

TURNING ON THE POWER

POWER UP

AMERICA'S CREDIT UNION CONFERENCE & EXPO

NEW YORK | JUNE 29-JULY 2

POWER SPEAKERS

4 high-powered authors and experts celebrate life and the pursuit of greatness!

POWER PLAYS

7 brilliant Big Apple events — from Broadway to the ballpark.

POWER THINKING

10 progressive thought leaders explore the power within and share their stories in a series of in-depth sessions designed to educate and inspire.

CU  IN NY

POWER BREAKOUTS

15 educational options focus on the top issues facing credit unions today.

POWER GENERATORS

Feel the power...of innovation and passion! America's Credit Union Conference & Expo has infused its agenda with the tools and insights you and your credit union need for success. And, we're generating it all in New York – the nation's number one city!

BACK BY POPULAR DEMAND!

Our Thought Leader Sessions are led by innovative leaders known for their unique ideas and strategies.

- **Richard Hadden** Contented Cows MOOve Faster: Work is Contractual . . . Effort is Personal
- **David Meerman Scott** Blogs, Podcasting, Viral Marketing, Online Media: How to Reach Your Members Directly
- **Mark Sievwright** From Crises and Conundrums to Survival and Success: A New Era in Financial Services
- **Meagan Johnson** Zap the Gap
- **Mark Adams** Play to Your Strength: Real Championship Coaching
- **Bill Hampel, Mike Schenk** An Economic Outlook: The Challenges and Opportunities for Credit Unions
- **Brian Grubb** World Class Member Service: The Ritz Carlton Way
- **Stacey Hanke** Speak To Be Heard: Influencing Others to Take Action
- **Scott Berkun** The Myths of Innovation

REGISTER TODAY



POWERED BY CUNA

Visit: events.cuna.org
Call: 800-356-9655, ext. 5700
E-mail: acuc@cuna.coop



SUSAN PACKARD

Co-Founder, HGTV

RICHARD PICCIOTTO

Retired NYC Fire Chief



STEVE FARBER

Author, *The Radical Leap: A Personal Lesson in Extreme Leadership*



DAN HEATH

Author, *Made to Stick: Why Some Ideas Survive and Others Die*



Credit Union
National Association

Your Trusted Resource



>> Regulatory Affairs

NCUA Urged to Cease New Reg Burdens

In one of the most significant comment letters it will write all year, CUNA urged the NCUA to provide more regulatory relief for credit unions, not additional constraints and burdens.

CUNA posed its reiterated arguments for relief in an April 18 letter commenting on the NCUA's advanced notice of proposed rulemaking (ANPR) on corporate governance issues.

In January, the NCUA asked for comments on plans to amend its rules to more



Mary Dunn

clearly define a credit union board's fiduciary duties in the face of major decisions, such as mergers or conversions to mutual thrifts.

CUNA in a letter from Deputy General Counsel Mary Dunn told the agency that it does not support any of the agency's suggested

changes because they would "needlessly intrude in the operations of credit union boards."

Instead, CUNA recommended the NCUA consider "carefully crafted and cir-

cumscribed guidance on a very limited number of issues," such as communications with the members of a target credit union in a "hostile" takeover situation.

"We urge NCUA to work with CUNA and the credit union system in the development of such guidelines," the letter said, adding that CUNA would also like a role in future discussions on whether an appropriate standard could be developed on the scope of fiduciary duties of federal credit union board members. ■

NCUA Offers More 'Third-Party' Guidance

The NCUA recently released a legal opinion letter intended to dispel any confusion that could have been created by earlier guidance regarding who may perform a legal review, recommended by the NCUA, for a credit union's third-party arrangements and contracts.

The prior guidance, a December 2007 Letter to CUs, "Evaluating Third Party Relationships," No. 07-13 (07-CU-13), included in its discussion of due diligence consideration a suggestion that credit unions have "qualified external legal counsel review prospective third-party arrangements and contracts."

The new letter clarifies that a credit union's in-house counsel may perform the legal review. NCUA General Counsel Opinion 08-0218 states, "We have consulted with NCUA's Office of Examination and Insurance and have confirmed that the reference to external legal counsel was intended to recommend that legal counsel reviewing these relationships should be independent of the third party."

"The guidance, by referring to 'external' counsel, was not intended to suggest that in-house counsel should not perform the recommended legal review."

Visit NCUA's website to access the complete letter. ■



NCUA letters to CUs
www.ncua.gov/letters/letters.html

▶ Seeking CU Comment...

These issues are open for comment by the general public. Credit unions are asked to submit a copy of their comments to CUNA:

- ▶ **Proposed RESPA Rule**
Agency: Department of Housing and Urban Development
Due date: May 13
- ▶ **Financial Literacy in the U.S. and Proposed Improvements**
Agency: Treasury
Due date: May 16
- ▶ **Flood Insurance Questions and Answers**
Agency: NCUA
Due date: May 20
- ▶ **Guidance on Prohibition of Certain Persons to Participate in CU Affairs**
Agency: NCUA
Due date: June 3
- ▶ **Proposed Revisions to CUSO Regulations**
Agency: NCUA
Due date: June 7
- ▶ **Revisions to the FOIA and Privacy Act Rules**
Agency: NCUA
Due date: June 24
- ▶ **Increasing Advertising Requirements of Insured CUs**
Agency: NCUA
Due date: June 27
- ▶ **Changing the Low-Income Definition**
Agency: NCUA
Due date: June 27
- ▶ **NCUA's 2008 Regulatory Review List**
Agency: NCUA
Due date: Aug. 1

Comment Calls
www.cuna.org/reg_advocacy



>> Notes Bearing Interest

▶ The Front Burner

The most viewed news stories on cuna.org during April 2008 reveal the hottest issues for credit unions. Access the complete stories and register to receive daily credit union news headlines at www.cuna.org/newsnow/top10.

10 CU teller shot during robbery
News outlets in North Carolina reported that a teller of a Charlotte, N.C., branch of Raleigh-based State Employees CU¹ was shot during a robbery yesterday.

9 Phisher uses CUNA, Wal-Mart 'breach' as bait
CUNA and Wal-Mart Stores have shut down a new e-mail phish attempt purportedly from CUNA and advising of a Wal-Mart data breach.

8 New fraud schemes targets CU employees' keystrokes
The NCUA issued alerts to credit unions on fraud schemes, one of which is a new type of phishing scam the regulator said poses "a significant risk" to credit unions.

7 Tax measure could add HSA burden for CUs
The House Ways and Means Committee passed the Taxpayer Assistance and Simplification Act of 2008 this week, a measure could threaten credit union participation in Health Savings Accounts (HSAs), according to CUNA.

6 CUNA: Flawed Treasury plan would turn CUs into banks
CUNA Sunday blasted a proposed U.S. Treasury financial regulatory overhaul which initial reports said would consolidate federal credit unions, national banks and federal thrifts into a single "federally insured depository institution" charter.

5 CUNA chairman attacks 'new breed of CUs' misnomer
CUNA Chairman Tom Dorety isn't happy about the Treasury's blueprint to revise the financial system—and most of all, he's "tired of this idea that there's a new breed of credit unions."

4 American Banker notes banker 'doublethink'
The ability of the leader of the American Bankers Association to hold two contradictory beliefs simultaneously—at least where credit unions are concerned—was questioned in the April 21 issue of *American Banker* newspaper.

3 Mica: Treasury's perilous plan has long road
After reviewing details of the U.S. Treasury's long-term plan to overhaul the nation's financial institution regulatory structure, CUNA President/CEO Dan Mica remained convinced the plan is perilous for credit unions and consumers.

2 Third-party info distributed to CUs
A new questionnaire that NCUA field staff will use to complete the evaluation of credit union third-party relationships has been distributed by the agency to federally insured credit unions.

1 House won't vote today on CU bill
CUNA's lobbying team will be on Capitol Hill early Tuesday morning to focus on next steps after learning that a much anticipated CU Regulatory Relief Act (CURRA, H.R. 5519) was pulled from Tuesday's House voting schedule.

NCUA Issues Plan on Deceptive Practices

The NCUA last week approved a joint proposed rule to ban unfair and deceptive credit card and overdraft practices under the Federal Trade Commission Act.

Once the proposal is published in the *Federal Register*, it will be open for public comment for 75 days. The Office of Thrift Supervision and the Federal Reserve Board approved substantively identical plans for thrifts and banks.

The proposal is similar to recent bills introduced in Congress and intended to address certain credit card practices.

CUNA is reviewing the regulatory proposal in detail, but it appears upon initial review that not all of the provisions would impact credit unions, according to Jeffrey Bloch, senior assistant general counsel.

Bloch also noted that Congress has urged opt-in provisions for overdraft programs and the regulatory proposal does not go that far. It instead proposes to give accountholders and opportunity to opt out of such programs.

The joint plan is intended to address practices that have raised concern about fairness and transparency. For credit cards, the proposal would address the following seven areas:

- ▶ Unfair time periods for making payments;
- ▶ Unfair payment allocations;
- ▶ Unfair interest rate increases on outstanding balances;
- ▶ Unfair fees from credit holds;
- ▶ Unfair methods of computing balances;
- ▶ Unfair security deposits and fees charged to an account for the issuance of credit; and Deceptive offers of credit.
- ▶ For overdraft protection services on deposit accounts, the proposed rule would address:
 - ▶ A consumer's ability to opt out of overdraft services; and
 - ▶ Unfair fees for debit holds.

Although the Federal Trade Commission has authority in this area over state-chartered credit unions and will not be issuing a proposal at this time, it is anticipated that state-chartered credit unions will likely be expected to follow the new rule. ■



>> Serving the Community

Youth Save \$11.8 Million During Challenge Week

The results of the fifth annual National Youth Saving Challenge are in—and they're record-breaking.

National Credit Union Youth Week, hosted by CUNA, brought in more than \$11.8 million in youth deposits April 20-26, with an average of about \$150 per child. More than 75,400 youth made deposits, and 6,583 new youth accounts were opened at 395 participating credit unions.

Youth Week's theme was "Got Green? Grow it at Your Credit Union." A number of credit unions used the "green" theme to promote saving and being environmentally friendly.

Through the saving challenge, credit unions sought to motivate children, teenagers, and their parents to become more active users of credit union services. Participating credit unions tallied the total amount of deposits, the number of new accounts opened, and the total number of deposits made by young members during the week and reported their results to CUNA to determine figures on a national level. Visit CUNA's website for more information. 

 **Youth Initiatives**
www.cuna.org/initiatives/youth

2007 results from 393 credit unions:

-  \$10.1 million deposited by youth
-  71,844 youth making deposits
-  9,067 new youth accounts opened

2006 results from 346 credit unions:

-  \$9.6 million deposited by youth
-  66,269 youth making deposits
-  7,624 new youth accounts opened

2005 results from 274 credit unions:

-  \$4.6 million deposited by youth
-  35,071 youth making deposits
-  4,451 new youth accounts opened

2004 results from 143 credit unions:

-  \$1.4 million deposited by youth
-  15,958 youth making deposits
-  1,857 new youth accounts opened

 www.lookoutforthelittleguy.org
Look Out for the Little Guy



RETURN SERVICE REQUESTED



Published 23 times per year by Credit Union National Association, Inc., 601 Pennsylvania Ave., NW, South Bldg., Suite 600, Washington, DC 20004
 Contact: David Klaviter, vice president, editorial communication
 Phone: (202) 608-6767 • Fax: (202) 638-7716 • newswatch@cuna.coop
 Address Changes:
 CUNA E&S, P.O. Box 431, Madison, WI 53701-0431; or call (608) 232-8045
 To get free instant e-mail delivery instead of regular mail, log on to www.cuna.org and click Permission E-mail Service. Create your profile and check the box for Newsletter - NewsWatch.
 © Copyright 2008 Credit Union National Association, Inc. ISSN 0899-5597

PRESORT
 FIRST CLASS MAIL
 U.S. POSTAGE
 PAID
 MADISON, WI
 PERMIT NO. 1949



MAY 5, 2008
 A news service of the Credit Union National Association
 sponsored by your League, Credit Union National Association

FIRST CLASS TIME SENSITIVE MATERIAL