



## CUNA Chair: CUs Take Care of Members First

*New CUNA Chairman Juri Valdov, president/CEO of Northwest FCU in Herndon, Va., speaks during CUNA's 2005 Future Forum Closing General Session on Sept. 27. (CUNA photo)*

In his first speech as CUNA chairman, Juri Valdov, CEO of Northwest FCU in Herndon, Va., noted that Harris Simmons, who last month became chairman of American Bankers Association (ABA), already is attacking credit unions and “it really burns me up,” particularly with banks’ emphasis on the bottom line.

Simmons, CEO of Zions Bancorp in Utah and known for his rabidly anti-credit union views, leads the national bank association that has a project called, “Operation Credit Union.” It seeks to “contain” credit unions by working to block credit union legislation, and attempting to “force credit unions to convert to mutual savings bank charters.”

Simmons also suggested removing credit unions’ community charter.

Banks and companies like Costco “create value for their shareholders” and have quite a different decision process than credit unions, Valdov told CUNA’s 2005 Future Forum Closing General Session on Sept. 27. “We take care of the members first.”

CUNA’s new chairman also promised to push for the passage of the CU Regulatory Improvements Act (CURIA, H.R. 2317). >>  See page 3

## CUNA, League Slap Bank Acquisition Plan

Unlike some bankers’ policies toward meddling in credit union business, CUNA normally allows bankers to run banks. But when one of the banking industry’s most egregious credit union bashers applied to expand into another major market with barely a nod to the impact on consumers, CUNA knew it was time to speak up.

CUNA and the Texas CU League (TCUL) sent a letter to the Federal Reserve opposing the planned acquisition by Zions Bancorp, Salt Lake City, Utah, of Amegy Bancorp Inc., Houston, Texas. The letter took particular issue with a “lack of detail” provided in the application regarding the public benefits of the deal—bringing into question whether Zions takes that aspect of the process seriously.

The CEO of Zions is Harris Simmons, chair of the American Bankers Association and well known for his constant pot shots at the credit union movement. He reacted predictably, claiming to the *American Banker* to be “amused” by the CUNA/TCUL letter. And a banking group with its own axe to grind, the Independent Community Bankers of America, called CUNA’s strong >>

 See page 2

### Inside

#### 2 | PCA Relief in the Works

Congress addresses concerns wrought by hurricanes.

#### 3 | Credit Union Day is Oct. 20

President George W. Bush sends his greetings.

#### 6 | Where’s the Board?

NCUA board nominees await Senate action.

#### 7 | R.E.S.C.U. Makes Matches

People, equipment and expertise spur recovery.



# >> Legislative Affairs

## Hurricane-Related PCA in the Works

Within weeks of CUNA outlining adjustments to Prompt Corrective Action (PCA) rules necessary to help credit unions cope with the ravages of Hurricane Katrina, Congress put a relief bill in the works.

Rep. Richard Baker, a Republican from hard-hit Louisiana, introduced in the House the Hurricane Katrina Financial Services Relief Act (H.R. 3945) that would, in part, provide temporary PCA relief for credit unions with growth due to an influx of insurance or government assistance funds.

CUNA endorses the bill, but does not want Congress to stop there.

“Hopefully Congress will act to allow all types of financial institutions greater

flexibility in a number of areas, including more reasonable PCA standards and more ability to get capital into businesses and communities,” says John McKechnie, senior vice president of governmental affairs, special assistant to the president of CUNA.

CUNA specifically recommends that the NCUA be given permanent flexibility to work with credit unions that encounter PCA problems if those problems are related to a disaster outside of their control.

The agency should be able to forego imposing net worth restoration plans on credit unions in the affected areas. And, the NCUA should be allowed to



Louisiana Republican Richard Baker during a Sept. 15 House hearing that included CUNA witness Charles Elliott, president/CEO of the Mississippi CU League. (CUNA photo)

grant PCA flexibility to credit unions outside the disaster areas that are willing to purchase loans from affected credit unions. ☝

**Legislative Affairs**  
[http://www.cuna.org/gov\\_affairs](http://www.cuna.org/gov_affairs)

► From page 1

## CUNA, League Slap Bank Acquisition Plan

points against the acquisition “an emotional response” to the banking industry’s attempts to thwart credit unions’ service to members.

It’s just not so, says CUNA General Counsel Eric Richard. The CUNA/TCUL letter attacks the banks’ senior executive compensation plans that would give at least six Amegy execs each payouts of more than \$1 million—money that could be used to reduce loan rates or increase savings rates for customers.

“We believe the banks’ actions are not in the best interest of consumers,” Richard says, “CUNA and credit unions will continue to stand by our filing on behalf of consumers.”

**BANK ATTACKS!: CUs Fight Back!**  
[http://www.cuna.org/initiatives/bank\\_attack](http://www.cuna.org/initiatives/bank_attack)

## Hike the Hills Nudge CURIA Support

Eight states plus the District of Columbia sent Hike the Hill participants into the halls of Congress during the first weeks of October to present the case for the regulatory reforms contained in the CU Regulatory Improvements Act of 2005 (CURIA, H.R. 2317) and to define the important and unique role of credit unions in making high-quality financial services available to all members.

They also were doing their part to tip the number of official backers of the bill past the century mark. As of late Friday, there were 99 co-sponsors for to the bill, and the month’s strong grassroots efforts promise more to come.

In addition to D.C., credit union representatives from the following states met with lawmakers: Oregon, Massachusetts, New Hampshire, Rhode Island, Minnesota, Illinois, Maryland, and Pennsylvania.

Also on the grassroots front, CUNA has been expanding its campaign schools to get more credit union people politically involved. CUNA has scheduled one session

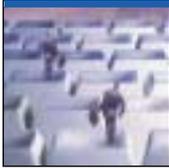
in Vermont in October, two in November in Texas, and another in November in Nebraska. ☝

**CURIA Resources**  
[http://www.cuna.org/initiatives/member/curia\\_video.html](http://www.cuna.org/initiatives/member/curia_video.html)

## CURIA Co-Sponsors Count



For a complete list of co-sponsor names, visit CUNA's website at <http://capwiz.com/cuna/issues/bills>



# >> Special Report

## Mica: System Protects CU Environment

"We're doing great," CUNA President/CEO Dan Mica said at the CUNA Annual General Meeting (AGM) Sept. 26, noting "there's no better system in the world" than the credit union system.

The AGM met in San Francisco during CUNA's 2005 Future Forum. He touched on issues of the past year, including:

► **Conversions.** "There's no bigger issue internally," Mica said. The CUNA Board developed a policy in June advocating full and fair disclosure of the conversion process. "We don't want the wool pulled over anyone's eyes. Credit unions must do what's best for members."

► **Tax reform.** "We've had thousands of

members on the Hill being vigilant, in the right place at the right time" to maintain credit unions' tax-exempt status.

► **Advocacy.** Mica referred to a new Capitol Hill poll of 80 members of Congress naming CUNA the most effective of all trade associations.

"We work for you and represent you. Every dollar of your dues dollars goes to advocacy."

► **The CU Regulatory Improvements Act (CURIA, H.R. 2317).** To date, the act has 98 supporters. Mica urged attendees to call on their legislators for support.

Next year promises to be challenging, he noted, with Harris Simmons, CEO of



CUNA President/CEO Dan Mica speaks during the 2005 CUNA Future Forum in San Francisco. (CUNA photo)

Zions Bancorp, as the new chairman of the American Bankers Association. "No one is more committed to changing the way credit unions work," Mica said. "He's now in a position of power to line up his tidal wave to attack credit unions. We'll win, but our work is cut out for us." 🏠

## ► Bush Sends ICU Day Wishes

President George W. Bush underscored the importance of credit unions for the more than 123 million members worldwide as he heralded International Credit Union Day 2005, celebrated on Oct. 20.

"By providing valuable services, credit unions encourage local development, assist small businesses and help their

members achieve financial dreams," said Bush in a letter. "Your efforts enhance the quality of life of our communities and contribute to their financial stability and success."

Visit CUNA's website for more information about International CU Day 2005.

International Credit Union Day  
[http://buy.cuna.org/static/icuday05\\_index.html](http://buy.cuna.org/static/icuday05_index.html)



George W. Bush

## CUNA Board Installs New Officers

The CUNA Board installed its new members and elected its slate of officers during its board meeting in San Francisco.

Outgoing Board Chairman Dick Ensweiler passed the gavel to Juri Valdov, CEO of Northwest FCU, Herndon, Va. Other officers elected were:

- **Vice Chair:** Allan McMorris, Oakland County CU, Waterford, Mich.;
- **Secretary:** Don Larsen, Community CU, Tacoma, Wash.;
- **Treasurer:** Tom Dorety, Suncoast Schools FCU, Tampa, Fla.; and
- **Member at large:** Richard Ghysels, First Financial CU, West Covina, Calif.

For a complete list of CUNA Board Members and their districts, visit CUNA's website.

### CUNA Committee Appointments

The CUNA Board Executive Committee is seeking input for the appointment of committees for 2006. Recommendations can be made on a special form now on CUNA's website. The deadline is Oct. 26. The online form should be sent to:

Teresa Hanson  
Credit Union National Association  
P.O. Box 431  
Madison, WI 53701  
Fax: 608-231-4874  
E-mail: [thanson@cuna.com](mailto:thanson@cuna.com)

CUNA Board and Committee Nominations  
<http://www.cuna.org/cuna>

► from page 1

## CUNA Chair: Member First

CURIA will expand credit unions' capabilities to serve members. It is a "proactive effort" and needs the total support of credit unions, whether or not all credit unions agree with every provision.

He noted his passion for financial education and financial independence, adding that education is the basis for everything. "Financial education leads to financial independence, which leads to choices," Valdov said.

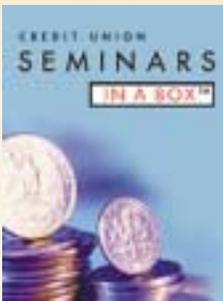
He also suggested that credit union individuals "be the movement" and "be the member." 🏠

# Marketer's Toolkit: Realize New Pot

## What's in Your Toolkit?

CUNA provides a wealth of resources designed for credit union marketing professionals to help you increase efficiency, reach your potential, and support you in your day-to-day efforts.

### Member Education Materials



#### Out-of-the-box member education materials... they're IN the box!

Time. Credit union professionals, like you, never seem to have enough of it because of your many diverse

responsibilities—among them, conducting member education seminars.

That's why **Credit Union Seminars in a Box** kits were designed with your busy schedule in mind. Everything you need to plan and execute a member seminar is in the box—just add the members! Each *Credit Union Seminars in a Box* kit covers one of many topics, including home buying, ID theft, budgeting, wise use of credit and more. For a complete list, visit [buy.cuna.org](http://buy.cuna.org) and enter Member Seminar Kits in the product finder.

#### Coach Members to Make Smarter Decisions

When you post the suite of six *Anytime Adviser* online Coaches on your Web site, you give members tools that save them money and give them advice to help them make better financial decisions. The interactive coaches walk and talk members through the best strategies for buying a house or a new or used car, balancing a checking account, protecting their identity, and managing credit. To see the Coaches in action or to subscribe for just \$725 per year—visit [buy.cuna.org](http://buy.cuna.org) and enter *Anytime Adviser* in the product finder.

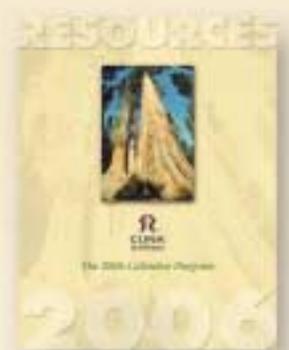


### Advertising

#### The CUNA Strategic Services Calendar Program

provides you with a valuable resource for budget-minded advertising. For less than one-half of one cent per day, your credit union's calendar will remind your members of the role you play in building their financial independence every day. This small investment will provide a healthy return in the form of stronger roots and unlimited relationship-building potential with your members.

For more information, contact CUNA Member Service 800-356-8010, press 3.



### Help teach teens financial survival skills with NEFE High School Financial Planning Program

CUNA and the National Endowment for Financial Education® (NEFE) provides the High School Financial Planning Program **at no cost** to public and private high schools throughout the country. It's a great way to reach teens and give them a basic introduction to personal financial planning. Want to know how you can help? Visit [cuna.org](http://cuna.org) and enter NEFE in the search box.

So, what are you waiting for? **Build your toolkit today!**

## Training & Networking Resources

### CUNA Marketing & Business Development Council



The CUNA Marketing & Business Development Council is a national network run by credit union professionals, for credit union professionals. With more than 700 members, the Council will provide

you with all the information, best practices, solutions, and support you'll need to really make your mark at your credit union. Mark your calendar to attend the CUNA Marketing & Business Development Council's annual conference March 15-18, 2006 in Orlando. Members save on registration rates!

Visit [www.cunamarketingcouncil.org](http://www.cunamarketingcouncil.org) for more information about membership or the conference.

### Marketing Management School: Part I, II & Update

May 7-12, 2006 • San Diego, CA  
Tuition: \$1,295



Some of the strongest brands in America — Harley Davidson, Iams pet food, and Harvard Business School —

were built with small marketing budgets and innovative ideas. Attend Marketing Management School to discover ways to energize your marketing efforts — from planning to research to tactics. Learn how strategic thinking should drive your overall marketing practices. Visit [training.cuna.org](http://training.cuna.org) for more information.

## Member Research



### Surveys that fit your needs

For more than 20 years,

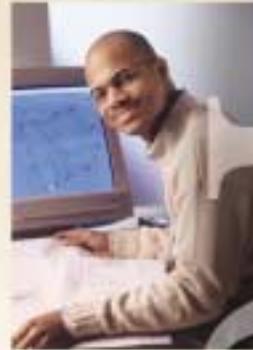
CUNA has been providing quality, custom research to credit unions—and only to credit unions. CUNA Center for Research & Advice is dedicated to delivering intelligence that credit unions use to make strategic decisions with confidence.

### Special Payment Option Available Now Through December 31st!

Defer up to 75% of a new total project cost until 2006.

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- Semi-Customized Member Surveys
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- NEW Business Services Surveys
- NEW Community Charter Surveys— Save up to \$1,000 off 2006 prices through December 31!
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- Select Employee Group (SEG) Satisfaction Surveys
- NEW Member Channel Preference Surveys
- NEW Loyalty & Satisfaction Surveys

For more information, visit [advice.cuna.org](http://advice.cuna.org)



# NEW Potential



Credit Union National Association



# >> Regulatory Affairs

## Where's the Board?

Two of three positions on the NCUA Board are vacant, leaving Chairman JoAnn Johnson facing a fast-approaching open board meeting on her own. But is that enough to move consideration of the nominations of Rodney Hood and Gigi Hyland up the list of Congressional priorities?

Though it can be argued the need is great, Congress' schedule is tight. The House was in session only Wednesday, Thursday and Friday of last week to mark Rosh Hashanah, and the Senate only Thursday and Friday for that reason. This week there is a Columbus Day observance.

"We hope to get word this week from the Senate Banking Committee about how they wish to proceed on these nominations," said Gary Kohn, CUNA senior legislative counsel and vice president of legislative affairs. Senate Banking is charged with conducting hearings on nominees, then voting whether to send the name to the floor for a confirmation vote.

Noting the House and Senate schedules, Kohn said it would be difficult to get a floor vote before the Oct. 20 NCUA meeting.

"But," he added, "Anything is possible." 🏠



Gigi Hyland



Rodney Hood

## Parish to Address NCUA Budget Briefing

The NCUA announced that its fifth annual budget briefing will be held Oct. 19 at the agency's Alexandria, Va. office. Paul V. Parish, president/CEO of Wings Financial FCU, Apple Valley, Minn., is scheduled to share CUNA's thoughts and perspectives on the planned 2006 budget. Parish is also a member of the CUNA Board of Directors.

Hurricane Katrina's reach is likely to extend even to these discussions. The CUNA representative is likely to address such things as a possible NCUA insurance premium in the wake of the disaster and other ways the storm and recovery aftermath may impact the budget. The agency is expected to propose a slight increase to the 2005 budget level of \$148 million.

## ▶ Compliance Challenge Tackles BSA

The NCUA and other federal financial agencies took a look at Bank Secrecy Act (BSA) requirements after Hurricane Katrina and encouraged depository institutions to be reasonable in their approach to verifying the identity of individuals temporarily displaced by the hurricane. Has a very dense compliance issue just gotten more complicated?

CUNA's compliance experts have taken on BSA questions in a compliance challenge that asks: How far is going far enough when it comes to BSA training for new credit union employees?

For instance, if a credit union hires four new employees, two tellers, a loan representative, and a grounds person, is it enough to train just the tellers? The tellers and the loan representative? Is it overkill to train the groundskeeper?

A credit union should train them all, CUNA says; although not required by regulation, it has been suggested that the best practice is to provide all new employees with at least a basic overview of the BSA. And to tailor training programs to the specific responsibilities of a new employee. And then to update training as necessary.

Take the *Compliance Challenge* on CUNA's website.

**CUNA's Compliance Challenge**  
<http://www.cuna.org/compliance>



## Checks GO DIRECTly into Accounts

GO DIRECT cookies, GO DIRECT pens and flashlight key chains, a swing band, barbershop singing troupe, senior citizens groups and perfect weather. All those elements helped this month to kick off the U.S. Treasury Department's and Federal Reserve Banks' national automatic deposits campaign for government checks, such as those issued for Social Security payments.



U.S. Treasury Fiscal Assistant Secretary Don Hammond, (left), along with Lilly Thomas, CUNA assistant general counsel, following events Sept. 27 near the Capitol Reflecting Pool in Washington, D.C. (Treasury photo)

The Go Direct campaign, intended to stoke flagging participation nationwide in the safety and ease of automatic deposits, will include regional promotional events—like the one described above which was staged in Washington, D.C., on the Mall at the foot of the Capitol building. In some markets, TV spots will be added.

CUNA is a partner in the Treasury and Fed Bank awareness campaign and Lilly Thomas, CUNA's assistant general counsel, was at the sendoff to congratulate Treasury Fiscal Assistant Secretary Don Hammond on the awareness campaign that will bring many benefits to consumers. 🏠

**GO DIRECT**  
<http://www.godirect.org>



# >> Notes Bearing Interest

## R.E.S.C.U. Matches Needs, Resources

So far, 20 credit unions have signed up to "Adopt-A-Credit Union," the program to help credit unions damaged by hurricanes the past month along the Gulf Coast get back on their feet.

According to Mark Condon, senior vice president of CUNA Research and Advisory Services, 10 already have been matched with credit unions needing specific kinds of assistance.

Under the CUNA-administered Relief Effort and Support for CUs (R.E.S.C.U.), the Adopt-A-CU program enables credit

unions to volunteer to assist credit unions ravaged by hurricanes in the Gulf Coast. Selection criteria in matching adopting credit

unions with adoptees include:

- ▶ Core data processor;
- ▶ Commitment from CEO and/or credit union board;
- ▶ Level of financial resource commitment;
- ▶ Geographic locations/ease of accessibility; and
- ▶ Similarity between fields of membership.

At least 50 credit unions will need assistance to recover from the damages wrought by Hurricanes Katrina and Rita.

Credit unions have been offering equipment, jobs, staff and more to the credit unions. A number of credit union employees are still without homes, cars, furniture, appliances and clothes. The best way to help them is to contribute funds through the National CU Foundation's (NCUF) Disaster Relief Fund. ♣

**R.E.S.C.U.**  
▶ <http://www.cuna.org/initiatives/rescu>

**R.E.S.C.U.**  
Relief Effort and Support for Credit Unions

- Donate to NCUF Disaster Relief Fund
- Offer Assistance
- Get Help
- Access Information

## Waiver Shows Bankruptcy Law's Flexibility

The U.S. Trustee Program of the Department of Justice is charged with enforcing the country's bankruptcy laws and its recent action to waive certain requirements under the new law soon to take effect shows that law has enough flexibility built into it to address problems and unusual circumstances as they arise.

"We've been saying just that for a while," notes John McKechnie, CUNA senior vice president. CUNA is a long-standing supporter of bankruptcy abuse reform.

The waiver announced by the Trustee program addressed a counseling requirement. Under the Bankruptcy Abuse Prevention and Consumer Protection Act, those filing for bankruptcy on or after Oct. 17 are required to participate in credit counseling within six months before filing for protection.

The Trustees Program announced that this counseling requirement would be waived for those in Louisiana and Southern Mississippi who were victims of Hurricane Katrina. Although the announcement made clear that the waiver was temporary, it did not specify a time period.

CUNA called the Trustee Program's action "entirely reasonable."

## CUNA IT Expert Helps Katrina Effort

"I wish I could send you a photo of the call center," wrote Janice Brogdon in a quick email to a CUNA colleague. "When you walk into this building and see so many tables of people on phones with laptops and headsets, only then, do you realize how large an operation this is. As of last Friday I was told that at one time there were 150,000 people trying to access the phone lines at one time."



*CUNA's Janice Brogdon is lending her information technology skills and training expertise to American Red Cross disaster relief efforts. (CUNA photo)*

for volunteers to help in the recovery effort after the devastation of Hurricane Katrina. She was sent by the American Red Cross to its call center in Bakersfield, Calif., to use her information technology skills and training expertise to train other volunteers in using and distributing electronic information on relief efforts.

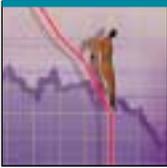
Brogdon left Washington for Bakersfield on Sept. 29, plans to spend two weeks volunteering, and then be back to work Oct. 13. ♣

**R.E.S.C.U.**  
▶ <http://www.cuna.org/initiatives/rescu>

## ▶ The Daily Starting Point

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# >> The Marketplace

## CU CEO Salaries Up 5% Last Year

In 2004, CEOs of credit unions with \$100 million in assets or more had an average total compensation package worth \$220,767, which consists of salary, incentives, bonuses and perks. This is an increase of 5% compared with the 2003 findings, according to CUNA's "2005-2006 CEO Total Compensation Survey."

However, CEOs at these credit unions earned roughly 90%-95% of bank CEO salaries in similar asset size institutions. The comparison did not take into account bankers' stock options.

Average total compensation was \$152,588 for CEOs of \$100 million to \$150 million in assets, and \$387,215 for CEOs of credit unions with \$1 billion or more in assets.

Most CEOs still work without a for-

mal contract with the credit union, according to the survey.

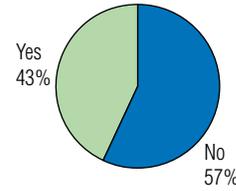
The survey provides nationwide data and details on CEO compensation including salary, bonuses and incentives, perks and benefits, supplemental executive retirement plans, and employment contract and severance.

The CUNA report also includes estimated values of the CEO total compensation package comprised of cash compensation (base salary plus variable pay), the cost of benefits and perquisites provided by the credit union, and the average annual value of car and car allowances received.

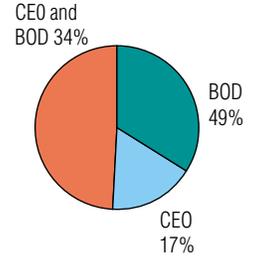
Visit CUNA's website for more information and to order the "2005-2006 CEO Total Compensation Survey." 

### Credit Union CEO Employment Contracts

Have a contract



Who initiated contract



Source: CUNA's 2005 CEO Total Compensation Survey 26663 at [advice.cuna.org](http://advice.cuna.org)

 **2005-2006 CEO Total Compensation Survey**  
<http://advice.cuna.org/reports>

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