



CUs Join Team to Protect Kids

From right, CUNA Vice President of Legislative Affairs Gary Kohn and Ed Smart, father of rescued abductee Elizabeth Smart of Salt Lake City, thank U.S. Rep. Sheila Jackson Lee (D-Texas) for her support of the credit union program. (CUNA photo)

America's credit unions are teaming with the American Football Coaches Association (AFCA) to help keep the nation's children safe from abduction through the National Child Identification Program.

CUNA announced its partnership with the National Child Identification Program at a June 3 press conference on Capitol Hill. The program already has the endorsement of the Federal Bureau of Investigation and the AFCA, as well as support from key members of Congress.

"America's credit unions have a histo-

ry of assisting needy children through such worthy organizations as the Children's Miracle Network," said CUNA President/CEO Dan Mica. "This partnership is a natural extension of the credit union movement's dedication to community involvement and our 'people helping people' philosophy."

The American Football Coaches Association created the National Child Identification Program in 1997 as a >>

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CUs Fume Over Bounty

Even Congress thinks the bankers' antics have hit a new low, according to John McKechnie, CUNA senior vice president of government affairs.

Members and staff on Capitol Hill are turned off by the American Bankers Association's (ABA) initiative to offer a \$1,000 bounty for the best photos of credit unions supposed "over-reaching" their mission.

The most "outrageous," "aggressive," or "opulent" photo that illustrates how far some credit unions have "deviated from their original mission" will win \$1,000.

Second prize is \$500, and third is \$250.

CUNA President/CEO Dan Mica said ABA's zeal to shut down credit unions is absolutely beyond comprehension. Mica told *American Banker* newspaper that the antics are so bad that he has run out of adjectives to describe the initiative.

CUNA has received an avalanche of angry calls and e-mails about the campaign from credit union managers and volunteers.

Live June 24 Web Broadcast to Address Bank Menace

Because of the bankers' increasingly intense attacks against credit unions, CUNA will host, for the first time, a live, national streaming video program delivered over the Internet. >>

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Six credit union, two league seats are open.



>> Legislative Affairs

Senate to Consider Reg Relief

The Senate Banking Committee will hold a hearing on regulatory relief for the financial services industry on June 22. CUNA anticipates testifying at this hearing.

This is the first hearing on the subject in the Senate in the 108th Congress. The hearing was set after meetings were held with Sen. Mike Crapo (R-Idaho), a member of the Banking Committee, who was put in charge of leading the effort in the Senate on financial services regulatory relief.

Crapo outlined the details of the hearing earlier this month, said Gary Kohn, CUNA vice president of legislative affairs, who noted that the credit union issues remain to be worked out.



Sen. Mike Crapo

“But the senator pledged to work with us to address the issues,” he added.

Kohn noted that Crapo cautioned all parties to avoid a “food fight,” a reference to a House regulatory relief hearing two years ago. During that event, Rep.

Spencer Bachus (R-Ala.) admonished the banking industry for using its testimony to bash credit unions instead of requesting regulatory relief for banks.

The House in March overwhelmingly passed the Financial Services Relief Act of 2003 (H.R. 1375), which eased some regulatory burdens for credit unions and banks. 🏠

“The senator urged all parties to avoid a ‘food fight’ ...”

—Gary Kohn

CUNA Vice President of Legislative Affairs

CUNA Governmental Affairs
http://www.cuna.org/gov_affairs/index.html

CURIA Sponsors Top 50, July Could See Hearings

With the additions of Reps. Henry Brown Jr. (R-S.C.), Alcee Hastings (D-Fla.), and Lucille Roybal-Allard (D-Calif.) as co-sponsors of the CU Regulatory Improvements Act (CURIA, H.R. 3579), there now are 51 co-sponsors to the legislation.

Rep. Edward Royce (R-Calif.) formally introduced the legislation in November.

CUNA is anticipating a hearing on CURIA, possibly next month. H.R. 3579 would increase the maximum lending level for member business loans to 20% and reform the prompt corrective action system, among other things.

Urge Congress to Support CURIA
<http://capwiz.com/cuna/home/>

By the Way

▶ Non-business consumer bankruptcies rose again during the first quarter of 2004 to 1.6 million—up 2.8% since the 12-month period ending March 31, 2003. Chapter 7 filings increased 3.6%, to 1.2 million during the same 12-month period. Chapter 13 filings rose 0.3% to 466,000. “The latest numbers on bankruptcy filings adds to the evidence that Congress needs to act on bankruptcy reform to cut down on incidences of abuse,” said Gary Kohn, CUNA’s vice president of legislative affairs. “More financial counseling is needed to help people from going into debt.”

▶ Roughly 3,000 entrepreneurs flocked May 19-21 to the U.S. Small Business Administration’s Expo ‘04 in Orlando, Fla., where CUNA had a booth designed to give credit unions visibility with small business owners who may not have previously considered credit unions a viable resource for their business needs.

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Senator Supports CUs

Echoing the position of Senate Banking Committee Chairman Richard Shelby (R-Ala.), Banking Committee member Debbie

Stabenow (D-Mich.) released a statement June 10 that reiterated her support for credit unions’ tax-exempt status.



Stabenow said *Sen. Stabenow* taxing credit unions would be “detrimental to the health of these institutions and particularly harmful to the consumers who belong to credit unions.”

BANK ATTACKS: Credit Unions Fight Back!
http://www.cuna.org/member/bank_attacks.html



>> Regulatory Affairs

Johnson Testifies in Senate Hearing

Newly-installed NCUA Chairman JoAnn Johnson testified June 3 for the first time before the Senate Banking Committee about Bank Secrecy Act anti-money laundering enforcement.

Johnson testified that federally-insured credit unions are substantially in compliance with Sections 314 (Information Sharing) and 326 (Customer Identification Program) of the USA PATRIOT Act.

While stating that smaller credit unions are less likely to have transactions that trigger the recordkeeping and recording requirements, Johnson noted that as some federally-insured credit unions increase in asset size, offer more complex financial services, and expand their fields of membership, the possibility increases that they may be targeted by individuals or groups seeking to launder money.



Responding to 9/11 in October 2001, Congress enacted the USA PATRIOT Act, which significantly amended the Bank Secrecy Act to thwart the financing of terrorism.

The new provisions of the Bank Secrecy Act generally imposed more comprehensive requirements on financial institutions in the areas of anti-money laundering compliance programs and the filing of suspicious activity reports (SARs) and currency transaction reports (CTRs).

During the hearing, Comptroller of the Currency John Hawke acknowledged that his agency should have acted faster in cracking down on alleged money-laundering activities at Riggs Bank, which the OCC recently fined \$25 million for money-laundering violations. The Riggs Bank case prompted the Senate Banking Committee to conduct the hearing. 🏠

🏠 **CUNA Regulatory Advocacy**
http://www.cuna.org/reg_advocacy/index.html

CUs Benefit from SEC Broker-Dealer Plan

The Securities and Exchange Commission (SEC) proposed enabling credit unions to enlist a registered broker-dealer to sell securities onsite at the credit union or through the credit union's website and earn a commission without registering with the SEC.

"This is a very positive development for credit unions. We are grateful to the staff at the SEC for their understanding of credit unions and their willingness to consider our views," said CUNA Associate General Counsel Mary Dunn.

CUNA has been working with the SEC on these securities-related issues for more than three years under the auspices of the CUNA Brokerage Activities Task Force (BATForce), chaired by CUNA Vice Chairman Juri Valdov.

The BATForce worked with the SEC as well as NCUA to advance and protect credit unions' capabilities to engage in certain brokerage activities. 🏠

▶ 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:

Changes to Calculation of Fixed Assets & Fixed Asset Waivers

Agency: NCUA
Due date: June 21

Authority for Federal Credit Unions to Serve as Health Savings Account Trustees/Custodians

Agency: NCUA
Due date: June 25

Disposal of Consumer Report Information

Agency: NCUA
Due date: July 12

Definition of "Deposit" with Regard to Stored Value Cards

Agency: Federal Deposit Insurance Corp.
Due date: July 15

Fed Study on Prescreened Solicitations for Credit or Insurance

Agency: Federal Reserve
Due date: July 23

Study on Requiring Disclosures on Debit Card Fees

Agency: Federal Reserve
Due date: July 23

Revisions to Policy Statement on Payments System Risk

Agency: Federal Reserve
Due date: July 26

🏠 **Comment Call**
http://www.cuna.org/reg_advocacy/member/reg_call/2004_comment_calls.html

New Employment Laws Addressed

Credit unions can learn the basics of the Fair Labor Standards Act exemptions (duties tests, salary levels, and salary basics) during CUNA's 90-minute audio-conference on recent developments in employment law. The event is scheduled for June 22, at 2 p.m. Eastern Time.

Teresa Burke Wright, a lawyer in the Washington, D.C., office of Jackson Lewis, is the speaker.

The audio-conference will be moderated by an official from CUNA's Human Resources Council.

This session is designed for credit union human resources managers, CEOs, management teams, and volunteers including the supervisory committee members.

🏠 **Register for Audio Conference**
<http://training.cuna.org/audio/flsa.html>



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Live Broadcast to Address Bank Menace

According to CUNA President/CEO Dan Mica, the live conference is necessitated by the increasingly intense attacks being mounted by the banking industry on credit unions. "I believe that this is a critical time for credit unions—and now is the time for credit unions to become energized about preserving the status quo," he said.

The webcast, scheduled for Thursday, June 24 at 3 p.m. EDT (2 p.m. CDT, 1 p.m. MDT, noon PDT) is designed to:

- ▶ Outline the threat to credit unions' tax-exempt status, using as evidence examples of the latest tactics by the bankers, as well as first-hand accounts by congressional representatives, credit union leaders and others of their view of the threat facing credit unions.
- ▶ Suggest steps credit unions can take now (and before the November elections) to keep the tax status of credit unions intact for all credit unions—and keep the banks off of consumers' backs for the next five or more years.

The web-streaming video will be provided at no charge to all CUNA-affiliated credit unions. PC- or Mac-based video-playing software is required for participants to view the video. Advance registration is also required. 🏠

Information and Registration
http://www.cuna.org/member/ba_video.html#here

Bank Groups Form Alliance Against CUs

Three national banking trade groups said June 2 they would unite their resources toward eliminating credit unions' tax-exempt status.

The alliance, dubbed "The Inter-Trade CU Coordinating Council," includes the American Bankers Association, America's Community Bankers and the Independent Community Bankers of America.

The council said it would coordinate the individual efforts of the three associations, facilitate communication among the groups, provide a forum for sharing ideas and assist in specific joint efforts.

CUNA President/CEO Dan Mica observed that the new alliance is a clear indication that the bankers are resolved to make something happen.

"To that end, we take this as a sign that the banking trade groups are going to continue their behavior of recklessly attacking credit unions, despite the facts that they have made record profits, continue to enjoy unequalled prosperity and dominate the financial services market," said Mica. "Just as assuredly, credit unions must be prepared to defend themselves—and we will be." 🏠

BANK ATTACKS: CUs Fight Back!
http://www.cuna.org/member/bank_attacks.html

Despite CUs, Banks Again Reap Record Profits

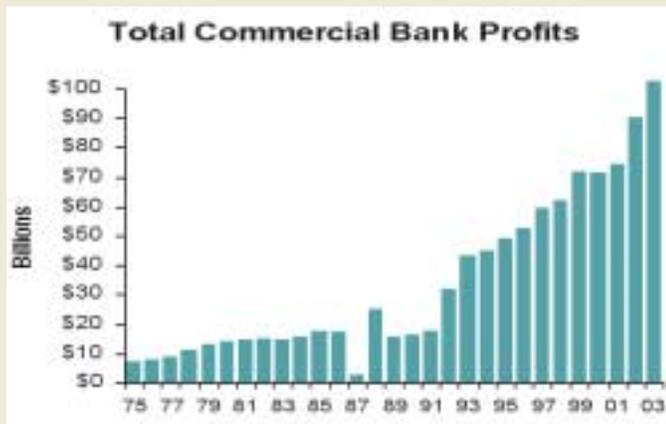
Despite claims of unfair credit union competition, commercial banks and savings institutions for the fifth quarter in a row pocketed more profits than ever before, according to the Federal Deposit Insurance Corp. (FDIC).

The agency said the 9,116 commercial banks and savings institutions it insured earned a record \$31.9 billion in the first quarter of 2004. It was a windfall CUNA said revealed the obvious disconnect in bankers' anti-credit union statements.

"Five straight quarters of record-breaking profits is more evidence that bankers' carping about being harmed by credit union competition is empty rhetoric,"

pointed out CUNA President/CEO Dan Mica.

The results for the first quarter surpassed the total for the previous quarter by \$858 million (2.8%) and were \$2.3 billion (8%) more than the industry earned in the first quarter of 2003.



CUNA Economics and Statistics
<http://www.cuna.org/econ/index.html>

▶ UPDATE: Conversions

If bankers truly believe credit unions have such a sweet deal, then CUNA invites them to switch to a credit union charter.





CU Board Member Vies for State House Seat



Bob Kressig
Board
Chairman,
John Deere
Community CU,
Waterloo, Iowa

>> Democratic candidate for Iowa state representative

>> Campaign website: www.bobkressig.com

Bob Kressig is chairman of the board of John Deere Community CU in Waterloo, Iowa. He retired from John Deere Co. after 31 years, working in maintenance, assembly, and the personnel department as a trainer.

Kressig is running for a seat in the Iowa legislature, state representative District 19. His opponent, Irvin Dennis, is also running for this seat.

Q: Why run for office now that you're retired?

"I see my retirement as an opportune time to give something back to the community through public service. In part, the credit union league encouragement piqued my interest in public service. If you want to see change occur, you have to get involved. My decision to campaign was actually formed over years of attending credit union governmental affairs conferences and legislative forums. My eight-year relationship with the credit union—two as chairman of the board—provided me with the kind of skills necessary to pursue a legislative position."

Q: How would you handle credit union issues in the legislature?

"Banks call it a leveling of the playing field, but I don't get that. If we have such an advantage, why don't (banks) switch to a cooperative structure? I expect a renewed attack by Iowa bankers on the movement's tax-exempt status. Another credit union issue in the forefront is streamlining regulations. Streamlining is meant not to hurt the consumer or our members, but to make it less costly to do business."

Q: What makes you a good leader?

"First and foremost, my relationship with the credit union has given leadership skills. As chairman, I must deal with issues with the board and issues regarding members. I must be able to listen. This is a quality I don't see often enough in political office—listening and being objective. Our credit union has a culture that encourages independence and leadership. From member service representative to the CEO, we're all capable and independent."

Q: What are your top concerns for the state?

"Job growth, wages, and a trend that sees Iowa's young people leaving the state are my top concerns. I'm concerned with the future growth of the state." ♣

CUNA Campaign Schools
http://www.cuna.org/gov_affairs/political/campaign_school/campaign_school.html

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CUs Join Team to Protect Kids

community service initiative to help protect America's youth and change the statistics related to missing children.

Rep. Tom Osborne (R-Neb.)—former University of Nebraska head football coach—represented AFCA at the press conference. Participants also included Ed Smart, father of rescued abductee Elizabeth Smart of Salt Lake City.

Other members speaking at the press conference, or adding their remarks, were Reps. John Duncan (R-Tenn.), Mark R. Kennedy (R-Minn.), and Sheila Jackson Lee (D-Texas). Lee, who chairs the Congressional Children's Caucus, also announced during a House Judiciary subcommittee hearing the CUNA partnership. She also introduced Smart.

According to the National Child Identification Program, more than 800,000 children are reported missing each year as runaways or as the result of abduction by strangers or family members. The program uses inkless fingerprint kits that allow parents to take and store a child's fingerprints in their own home. ♣



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Credit Unions Don't Count.**

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on CUNA's website**
<https://electionimpact.votenet.com/cuna/>



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- Maximizing Your Creative Genius
- A Disaster Preparedness Simulation
- Xtreme Team



BOLD KEYNOTE SPEAKERS INSPIRE INNOVATION

- **The Leader's New Clothes – Gary Heil**, author of "The Leader's New Clothes," describes a CEO's journey to become an authentic leader.
- **From Inspiration to Innovation – Andy Stefanovich**, CEO of PLAY, uses creativity to develop solutions in branding and leadership.
- **CU Sound-Off – Kate O'Beirne and Bill Press**, two Washington insiders, offer lively updates on national politics.
- **The Power of Storytelling – Kevin Carroll**, "Katalyst" for Nike, uses stories to foster creativity, individual learning, and change.
- **Credit Union Real Stories Live! – Patrick Adams**, EVP, St. Louis Community CU, brings to life the "people helping people" philosophy.



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>> Notes Bearing Interest

Board Nominations Open

Nominations for eight CUNA Board seats are open through July 9.

Each credit union candidate for the CUNA Board must be an employee or voting board member of a nominating credit union. Two open seats are elected by leagues. The term of office of CUNA directors is three years and commences upon adjournment of the next CUNA annual general meeting, which follows their election. This year's annual general meeting will be held Oct. 26 during CUNA's Future Forum in Honolulu, Hawaii.

Nominations must be signed in writing by the nominating credit union's chairman or secretary, and seconded in writing by two other credit unions in the same district and class. A list of credit unions by district and class is available upon request.

Nomination forms can be downloaded directly from CUNA's website. Nominations must be received by July 9, and should include name, credit union name, mailing address, district and class, and can be submitted via:

- ▶ E-mail: thanson@cuna.coop
- ▶ Phone: 800-356-9655, ext. 4013
- ▶ U.S. mail: CUNA Corporate Secretary
P.O. Box 431, Madison, WI 53701-0431

 **Nomination Forms and Information**
http://www.cuna.org/cuna/04_election.html

Positive Net Income for CUNA in 2003

CUNA and CUNA Strategic Services, Inc. (CSSI) ended 2003 with net income of \$269,000. This was \$2.6 million better than 2002 results and \$1.28 million better than 2001.

CUNA's operating reserves were up \$269,000 from the prior year, giving the association a year-end balance of \$9.8 million.

The positive financial results were fueled partly by a 10.5% increase in fee-based services income combined with a 6.5% increase in dues income, reported CUNA Board Treasurer Allan Kemp McMorris, president/CEO of Oakland County CU, Waterford, Mich.

The 2003 CUNA Annual Report is available in the June edition of *CU Magazine*. CUNA's 2003 audited financial statements can be downloaded from CUNA's website.

 **CUNA's 2003 audited financial statements (.pdf)**
http://www.cuna.org/member/download/03_financials.pdf

CUNA Board Elections

Credit Unions <small>(Class is based on number of members as of December 31, 2003)</small>	Class	District 1 Connecticut Maine Mass. N. Hampshire New Jersey New York Pennsylvania Rhode Island Vermont Puerto Rico Virgin Islands	District 2 Delaware D.C. Indiana Kentucky Maryland Ohio Virginia W. Virginia	District 3 Alabama Arkansas Florida Georgia Louisiana Mississippi N. Carolina S. Carolina Tennessee	District 4 Illinois Iowa Michigan Minnesota Missouri Wisconsin	District 5 Arizona Colorado Kansas Montana Nebraska New Mexico North Dakota Oklahoma S. Dakota Texas Utah Wyoming	District 6 Alaska California Hawaii Idaho Nevada Oregon Washington Am. Samoa Guam
Up to 15,999 Members	Class A	2004 ***Diana Roberts	2006 Jim Oliva	2005 Sandy Lingerfelt	2004 ***Janet Honse	2005 Mary Shipe	2006 Don Larsen
16,000 to 58,999 Members	Class B	2005 John Prumo	2004 ***Patrick McGrady	2006 Laida Garcia	2005 Allan McMorris	2006 Kris Mecham	2004 ***Grace Mayo
At Least 59,000 Members	Class C	2006 Patrick Calhoun	2005 Juri Valdov	2004 ***Tom Dorety	2006 Paul Parish	2004 ***Chris Jillson	2005 Richard Ghysels
Leagues	Class D	2004 ***John Murphy	2004 ***Ken Watts	2005 Gary Wolter	2005 Tom Griffiths	2006 Dick Ensweiler	2006 Gene Poitras

*** Seats up for election in 2004 for 3-year terms



>> Serving the Community

Youth Usher Changes to *Googolplex*

As a result of feedback from its young editorial board, CUNA's online magazine for youth, *Googolplex*, has been redesigned with more movement, better navigation and a fresher look.

▶ The "Five-Spot Clubhouse" for elementary students features more "moving parts" and 10-year-old cartoon characters in their tree house.

▶ "AJ's Mall" addresses the ever-present middle school topics such as making friends, getting rich and shopping.

▶ High school students will see a more collegiate theme at "C-Note University," which features advice on



cars, college, money management and shopping.

"Our goal is to keep young members coming back to our subscriber credit unions' websites to learn about

financial topics through a fun format," said Philip Heckman, CUNA's director of youth programs.

More than 800 credit union websites linked to *Googolplex* last year.

For more information about *Googolplex*, contact Heckman at 800-356-9655, ext. 4088, or view *Googolplex* in action on CUNA's website. ☰

Googolplex
<http://buy.cuna.org/static/gplex.html>

3.5 Million Students Taught Financial Skills

More than a half-million students participated in the High School Financial Planning Program (HSFPP) in the 2003-2004 school year, bringing the total number of students affected by the program to nearly 3.5 million.

Credit unions are responsible for about 13% of the program's reach, but 100% of the materials carry the credit union brand.

The HSFPP curriculum consists of six units that integrate easily into a number of existing high school courses, such as math, social studies, economics, and consumer or life science.

More than two-thirds of the HSFPP activity has occurred since 2000 when CUNA began its sponsorship of the program.

Resources for Youth
<http://www.cuna.org/initiatives/youth/index.html>



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Published 23 times per year by Credit Union National Association, Inc., 601 Pennsylvania Ave. NW, South Bldg., Suite 600, Washington, DC 20004
Editorial: (202) 508-6767 • Editorial 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
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FIRST CLASS TIME SENSITIVE MATERIAL

JUNE 14, 2004



A news service of the Credit Union System, sponsored by your League, Credit Union National Association

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