

JULY 21, 2003

CREDIT UNION

# NEWS Watch



Legislation, Regulation, and Innovation from CUNA & Affiliates

## CUNA: Bankers Have No Basis in Utah Lawsuit

CUNA General Counsel Eric Richard says that bankers face a difficult task in convincing a court that their judgment is superior to that of a regulator.

His words were in response to a

suit filed against NCUA last week in U.S. District Court in Salt Lake City by the American Bankers Association and the Utah Bankers Association. They claim that field of membership changes approved by the NCUA Board in April for

Tooele (Utah) FCU; America First FCU, Riverdale, Utah; and Goldenwest FCU, Ogden, Utah were "arbitrary and capricious."



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## Fair Credit, ID Theft on House Fast Track

Following a series of hearings which examined the Fair Credit Reporting Act (FCRA), identity theft, medical privacy, and employment background checks, among other related privacy mat-

ters, the House Financial Institutions Subcommittee July 16 reported to full committee the Fair and Accurate Credit Transactions (FACT) Act of 2003 (H.R. 2622).

More than a dozen amendments were offered to the bill that renews seven federal preemptions, set to expire Dec. 31, and creates new protections against identity theft. Among other things, the FACT Act would require financial institutions to notify consumers if they will be supplying negative information, such as late payments or defaults, to credit reporting agencies.

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From left, Gary Kohn, CUNA vice president of legislative affairs and senior legislative counsel; and Kayce Bell, chief operating officer of Alabama CU in Tuscaloosa, Ala., discuss the Fair and Accurate Credit Transactions Act with U.S. Rep. Spencer Bachus (R-Ala.).

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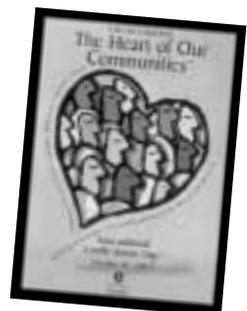
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## CUNA: Bankers Have No Basis in Utah Lawsuit

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The bankers' lawsuit focuses first on the changes for Tooele FCU's community field of membership, then uses that case as basis for objecting to approval of community field of membership changes for America First and Goldenwest FCUs.

In seeking relief, the bankers claim that the approval for Tooele FCU subjects banks in the "Six County" area covered by the field of membership changes to "unlawful competition in their

business or potential business" which would not exist "but for the NCUA's unlawful approval of the Tooele Application." The bankers claim that the community fields of membership approved for America First and Goldenwest should be similarly declared void, since they are based on the "unlawful" Tooele application.

"Courts have regularly given great deference to regulators in such cases, and there is no reason to expect a court not to do the same in this case," explained

Richard. He added that the banks have little basis for their claims, as NCUA made its decisions in the field of membership applications soundly based on the law and the agency's own rules.

NCUA Board Chairman Dennis Dollar stated the agency is confident its actions were consistent with the letter of the law. CUNA is in consultation with the Utah League of CUs and is talking with NCUA about how to proceed in the case, according to Richard. ♦

## Homeland Security's Ridge Seeks CU Input

CUNA Board Member Holly Herman, president and CEO of Kraft Foods FCU in White Plains, N.Y., was among a small group of financial institution CEOs to meet privately July 8 with U.S. Secretary of Homeland Security Tom Ridge.



Holly Herman

The meeting at the New York Federal Reserve allowed financial institutions to provide feedback on the agency's new programs to safeguard the nation's finan-

cial systems against criminal exploitation.

A larger group, including Herman and other CUNA credit union representatives, joined Ridge in a public setting later in the afternoon to announce the agency's initiatives.

"It's the secretary's wish that his group not police, but rather help financial institutions comply with sometimes burdensome regulations," said Herman. ♦

## Guidelines to Thwart ID Theft Endorsed by CUNA

CUNA is endorsing a nationwide program aimed at halting identity theft and helping consumers and businesses that are affected by it.

The program includes a number of simple steps under the auspices of "Fraud Reduction Guidelines" that can be used by credit unions and other financials to help stem identity theft. Among them:

- Establishment of a single point of contact within a financial institution for reporting ID theft;
- Use of a "uniform affidavit" to report identity theft that can be used both inside a financial institution, and between financial institutions;
- Sharing strategies for fraud prevention;
- Providing educational materials to victims of identity theft; and
- Sharing information with law enforcement and other appropriate agencies and organizations.

The guidelines were developed by the Financial Services Roundtable and BITS--a group established to promote consumer confidence and trust in financial transactions through implementation of technology. CUNA is a member of BITS. ♦



Jim Blake, president and CEO of Brockton CU in Brockton, Mass., and who serves as CUNA's representative to BITS, participated in a press conference announcing the guidelines last week in Washington, D.C.



CUNA's witness, Kayce Bell, chief operating officer of Alabama CU, Tuskaloosa, Ala., testifies before the House Financial Services Committee. At left, CUNA Vice President and Senior Legislative Counsel Gary Kohn follows the proceedings.

## Fair Credit, ID Theft on House Fast Track

(Continued from Page 1)

The Financial Services Committee this week is planning on marking up the bill reported by the subcommittee, and it is expected to be approved. Members are anticipating swift action on the bill in the full House after Labor Day. The Senate Banking Committee is continuing its hearings on the issue and is not expected to produce legislation until this fall.

### Preemptions Up for Extension

- Permit financial institutions to

pre-screen credit applicants.

- Protect financial institutions' ability to share information with affiliates about their transactions or experiences with consumers.
- Define how creditors provide information to consumer reporting agencies.
- Standardize the content of credit reports.
- Require institutions to give consumer notice about adverse action based on a credit report.
- Establish procedures that re-

porting agencies must follow if consumers dispute a credit report's accuracy.

- Protect consumers' rights relating to their credit reports. ♦

## CUs Celebrate 5 Years of Progress

Reps. Paul Kanjorski (D-Pa.) and Steve LaTourette (R-Ohio), the lead sponsors of the landmark Credit Union Membership Access Act of 1998, reflected on the legislative victory the credit union movement enjoyed and the growth of the credit union movement at an anniversary luncheon July 8 at the Credit Union House on Capitol Hill.

Kanjorski told the luncheon attendees that the credit union movement has grown significantly over the years. "You were one of the last people in Washington to recognize your power," the lawmaker stated. "Today, credit unions are modernized to meet the challenges of the changing financial marketplace," he added.

Rep. LaTourette said the victory in 1998 belongs primarily to "the millions of credit union people who made it happen." ♦



U.S. Sen. Paul Sarbanes (D-Md.) shares a credit union story with attendees—including CUNA President and CEO Dan Mica (far left) and U.S. Rep. Paul Kanjorski (D-Pa.)—during the 5-year anniversary celebration at the Credit Union House on Capitol Hill.

## Greenspan Raises Issues in Reg Relief Bill

Prospects for passing the Financial Services Regulatory Relief Act of 2003 (H.R. 1375) for financial institutions are cloudier since Federal Reserve Chairman Alan Greenspan expressed safety and soundness concerns over the bill's industrial loan company (ILC) provisions, citing the 1999 failure of an ILC that cost the FDIC approximately \$50 million.

Despite some House members recently coming to a compromise that would limit allowing ILCs to expand their interstate branching abilities to those that are owned by firms that are primarily financial in nature, Greenspan's opposition will likely be considered in the debate over the legislation. ♦

## Community Development Funding May Be Cut

A House subcommittee has reduced appropriations by \$24 million to \$51 million for the Community Development Financial Institutions (CDFI) Fund and left Central Liquidity Facility (CLF) funding at \$1.5 billion for Fiscal Year 2004.

Although CUNA believes the \$1.5 billion CLF funding level is adequate for providing backup liquidity to the credit union system, it expressed disappointment that CDFI funding was cut again.

CUNA lobbyist Gary Kohn says lowering CDFI funding will hurt the effectiveness of community development programs. CUNA has been lobbying for \$80 million in funding.

The appropriation still may be increased, since the bill has yet to be marked up in the full House Appropriations Committee or in Senate committee. ♦

For More,  
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Governmental Affairs  
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# It's time to register for

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- 3 SPEAK YOUR MIND** at the CU Sound Off — a highly interactive and thought provoking forum of credit union decision makers, potential consumers, and members.
- 4 EXPLORE THE CU MARKETPLACE** featuring a full-function, credit union of the future and more than 150 exhibitors displaying the latest in products and services.
- 5 EXPERIENCE HANDS-ON** "creation stations" in the Marketplace. They provide you with hands-on experiences unlike any other exhibit hall you have attended in the past.
- 6 JOIN THE XTREME TEAM** for an exhilarating experience you won't forget. It's a life-changing event!
- 7 THINK LOCALLY** at regional meetings that will offer peer-directed networking and idea-sharing opportunities to help you discover innovative ideas from your peers.
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### EVERYONE SHOULD ATTEND. HERE'S HOW.

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#### CALL TOLL FREE

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# CUNA Board Elections

Credit Unions <small>(Class is based on number of members as of December 31, 2002)</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 14,999 Members	Class A	2004 Diana Roberts	<b>2003 ***</b> Carlos Calderon Jim Oliva	2005 Sandy Lingerfelt	2004 Janet Craig	2005 Mary Shipe	<b>2003 ***</b> Don Larsen
15,000 to 55,999 Members	Class B	2005 Holly Herman	2004 Patrick McGrady	<b>2003 ***</b> Laida Garcia	2005 Allan McMorris	<b>2003 ***</b> Kris J. Mecham	<b>2004 *</b> Chris Loseth Ron McDaniel
At Least 56,000 Members	Class C	<b>2003 ***</b> Patrick Calhoun	2005 Juri Valdov	2004 Tom Dorety	<b>2003 ***</b> Michael Maxwell Paul V. Parish Dennis E. Pierce	2004 Chris Jillson	2005 Richard Ghysels
Leagues	Class D	2004 John Murphy	2004 Ken Watts	2005 Gary Wolter	2005 Tom Griffiths	<b>2003 ***</b> Dick Ensweiler	<b>2003 ***</b> Gene Poitras

\*\*\* Seats up for election in 2003 for 3-year terms

\* Special election in 2003 for 1-year term

## Two Nominated to Replace Jollette on CUNA Board

Chris Loseth, president and CEO, Potlatch No. 1 FCU, Lewiston, Idaho; and Ron McDaniel, president and CEO, Point Mugu FCU, Oxnard, Calif., were nominated to run for the District 6, Class B CUNA board position. The special election is a one-year term created when CUNA Chairman Barry Jollette, CEO of San Mateo CU, Redwood City, Calif., steps down from the board after the 2003 Annual General Meeting Oct. 1.

Ballots were mailed to credit unions in that district. The deadline for returning ballots to the independent auditing firm is Aug. 27.

Balloting continues for two districts with contested elections: District 2, Class A, and District 4, Class C. Ballots are due on Aug. 6.

See the shaded areas of the board election summary chart for names of directors in their districts. ♦

## Free CU Business Solutions Newsletter Available

CUNA's new monthly newsletter "Credit Union Business Services Solutions" is being made available to credit unions free on the Web.

"Credit Union Business Services Solutions" focuses on credit unions that are considering business lending and services for their membership, and it addresses credit unions that are looking to expand their business-lending portfolios.

The July issue, now available for downloading, features several business lending topics:

- Business Lending News;
- Business Loans Can Generate Income;
- Risk Can Be Managed;
- Deposit and Cash Management Services Needed;
- Planning Requires a Process;
- Develop Your Business Lending Policy; and
- Compliance Q&A.

To download the newsletter, access [http://www.cuna.org/download/mbs\\_solutions\\_01.pdf](http://www.cuna.org/download/mbs_solutions_01.pdf). ♦





**CUNA**

# Calendar

## Spanish Language Skills Offered for CU Staff

**W**ith more credit unions attracting a growing Hispanic membership, CUNA's Center for Professional Development (CPD) is offering a Spanish for Credit Unions eSeminar Series. It focuses on the Spanish skills credit union personnel need for everyday communications with their Hispanic members.

Possession of these skills is critical. According to CUNA's 2002 Credit Union Services Profile, 7% of credit unions serve memberships in which 25% (or more) of members speak Spanish

**“Hola. Bienvenido a nuestra cooperativa de ahorro y crédito. ¿Cómo le puedo ayudar? (Hello. Welcome to our credit union, how may I help you?)”**

as their first language. The CUNA Spanish eSeminar series runs from Nov. 11 through

Dec. 16. The 11 sessions offer a wide variety of topics to help prepare credit union personnel in the application of Spanish in daily credit union operations. Among them:

- Latino culture (and how it relates to credit unions);
- The Spanish alphabet, pronunciation and greetings;
- Member service; and
- Developing conversation.

For more information or to register, contact 800-356-9655, ext. 4074. ♦

For More, **CLICK HERE** [Training](http://www.cuna.org) [www.cuna.org](http://www.cuna.org)

## This Brand is Your Brand, This Brand is My Brand

Credit unions can use the National CU Brand Campaign to expand and enhance their own brands. A new CUNA eSeminar set for July 24 will explore this topic.

Using the new “Switch to a CU” materials, the “National CU Brand Campaign: Working Hand in Hand with Your Brand” eSeminar will provide:

- An overview of the national brand strategy and the reasoning behind “trust and respect”;



- Marketing materials that focus on the cooperative aspect of credit unions;
- An example of how Ohio used certain campaign materials to increase awareness of credit

unions and what has been done to build on this success; and

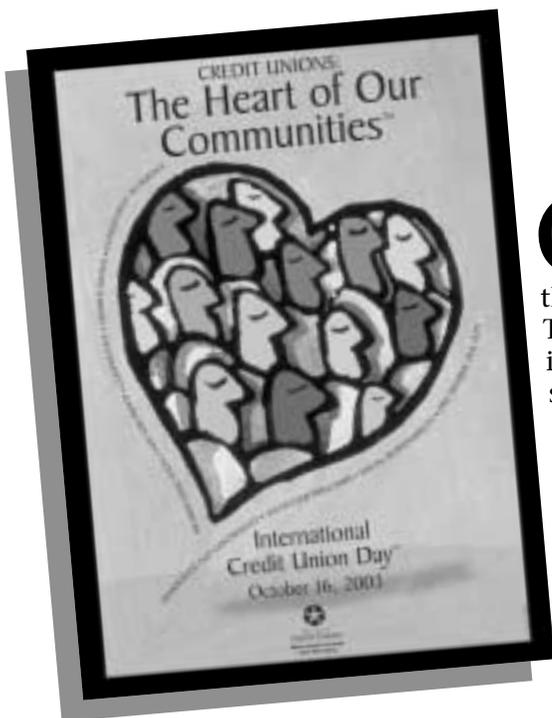
- Ways that other states have used the campaign to increase awareness in the general public and lawmakers.

Becky Hart, director of communications for the Ohio CU League, will present the session from 2 p.m. to 3:30 p.m. CT on July 24.

Registration is \$129 per person.

For more information or to register, contact 800-356-9655, ext. 4074. ♦

For More, **CLICK HERE** [National CU Brand](http://www.cuna.org) [www.cuna.org](http://www.cuna.org)



## International Credit Union Day Materials Available

Credit unions should be receiving International CU Day materials in the mail this month. "Credit Unions: The Heart of Our Communities" is the theme of this year's day, set for Thursday, Oct. 16.

The mailing lists promotional materials and celebration ideas, and the Web site has products related to this year's theme as well as free planning resources and personal finance materials.

This year's International CU Day will focus on what

credit unions do in and for their communities, and showcase the credit union tradition of people helping people.

Many credit unions use International CU Day as an opportunity to provide member education, promote products and services, participate in community projects, and show the credit union difference. ♦

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