

APRIL 14, 2003

CREDIT UNION

NEWS Watch



Legislation, Regulation, and Innovation from CUNA & Affiliates

Reg Relief Clears First Hurdle

The House Financial Institutions Subcommittee approved the CUNA-endorsed Financial Services Regulatory Relief Act (H.R. 1375) by voice vote.

A large bank group had no objections to the credit union relief provisions, calling the bill "well-balanced."

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HIGHlights

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CUNA witnesses testify for check truncation



Senate Democrats sign bankruptcy reform letter

Senate votes to expand IDAs



3 States Stop CU Tax Hikes

With strong grassroots support and effective lobbying by their state credit union leagues, credit unions in 3 more states have overcome tax hike threats -- for now.

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Grassroots ultimately prevailed in Iowa.

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CUNA proposes tax cut on CU members' dividends
New Project Zip Code CD sent to all CUs



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More ways to support military members & families

CUs Called to Action

To help drown out the "flood" of negative comments threatened by bankers against member business loans, click this new icon on CUNA's home page. See Page 4 for details.





CUNA Witnesses Testify for Truncation

Check truncation benefits consumers as well as financial institutions, credit union leaders told the House and Senate on behalf of CUNA.

The witnesses -- both members of CUNA's Payment Systems Subcommittee -- pointed out that 91% of credit unions offering checking accounts already truncate checks. This allows credit unions to provide lower fees and better service, they testified.



NIH Federal Credit Union President & CEO Lindsay Alexander tells Senators that truncation lowers costs for credit unions and members.



Chartway Federal Credit Union Operations Director Celia Woodham tells Representatives that truncation reduces fraud.

If truncation were more widespread throughout the financial industry, the CUNA witnesses believe check fraud would be cut down.

Representatives and Senators in both parties agree. So does Federal Reserve Board Governor Roger Ferguson.

In fact, Senate Banking Committee Chairman Richard Shelby (R-Ala.) told Senators that they can learn from credit unions' experience.

As a member of the check truncation coalition, CUNA worked with the Fed and the House to develop legislation.

CUNA endorses the Check Clearing for the 21st Century Act (H.R. 1474), introduced by Reps. Melissa Hart (R-Pa.) and Harold Ford (D-Tenn.). ♦

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Senate Dems Urge Bankruptcy Reform



Senator Thomas Carper (D-Del.) was joined by 10 colleagues last week in a letter urging Senate Majority Leader Bill Frist (R-Tenn.) to schedule floor consideration of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2003 (H.R. 975).

"This is another encouraging sign," says John McKechnie, CUNA's Senior VP of Governmental Affairs. "Added to last month's overwhelming vote in the House -- where 92 Democrats voted for reform -- it's obvious that support exists on both sides of the aisle. The Senate should act now."

Other Senate Democrats signing the letter: Joe Biden (Del.), John Breaux, (La.), Byron Dorgan (N.D.), Fritz Hollings (S.C.), Tim Johnson (S.D.), Mary Landrieu (La.), Blanche Lincoln (Ark.), Zell Miller (Ga.), Ben Nelson (Neb.), and Chuck Schumer (N.Y.).

The letter doesn't address Schumer's clinic violence amendment, which led to the bill's defeat last year. But Carper indicated he would support the bill even if the amendment is not included. ♦

Senate Votes to Expand IDAs

By a vote of 95-5, the Senate approved a bill with provisions to expand Individual Development Accounts.

IDAs are matched savings accounts for consumers trying to buy their first home, start a small business, or pay for post-secondary education or job training.

Credit unions represent about 25% of all IDA accounts available through state laws. The National Credit Union Foundation has given \$500,000 in grants to fund credit union IDAs.

"Our congratulations to the U.S. Senate for passing the IDA provisions," said CUNA President & CEO Dan Mica. "We look forward to working with members of the House now in moving this important legislation."

The Senate's IDA provisions were approved as part of the CARE Act (S. 476).

President Bush commended the Senate for "acting in a bipartisan way to pass legislation that will help us meet our shared goal of better serving Americans in need." ♦



"IDAs are ideally suited to be offered by credit unions," says CUNA's Dan Mica. "They exemplify the credit union motto of 'People Helping People.'"

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CUNA Seeks Tax Cut on CU Member Dividends

Congress' economic stimulus package should provide an individual income tax exclusion for a limited amount of interest income -- including credit union dividends -- CUNA recommends to leaders of the House and Senate tax-writing committees.

This "would encourage additional savings and investment

through traditional deposit and fixed-income instruments in a significant way," wrote CUNA President & CEO Dan Mica to the 4 top tax-writers.

Before 1986, tax laws provided an exclusion for a portion of both interest and dividends earned by individual taxpayers.

"CUNA would enthusiastically support reinstatement and an in-



"It would promote economic growth by increasing savings and investment, while putting additional dollars in the hands of consumers."

- Dan Mica, President & CEO
Credit Union National Association

crease in the amount of this exclusion," Mica affirmed. ♦

Reg Relief Clears First Hurdle

(Continued from Page 1)

H.R. 1375 includes more than a dozen regulatory relief provisions for credit unions. Most were drawn from CUNA's Renaissance (*NewsWatch*, March 31).



Banks and thrifts have their own provisions. The Financial Services Roundtable -- a trade group established mainly by large banks -- went so far as to say, "H.R. 1375 is a well-balanced bill that benefits financial institutions of all charters and sizes, the agencies that regulate them and the customers they serve..."

The roundtable made its support official in a letter to House Financial Institutions Subcommittee Chairman Spencer Bachus (R-Ala.).

"We are gratified that this group has seen fit to focus solely on the issues facing its members, rather than issues facing credit unions," observed CUNA President & CEO Dan Mica.

The subcommittee approved 3 technical amendments. 2 controversial amendments were withdrawn.

Introduced by Rep. Paul Kanjorski (D-Pa.), the first controversial amendment would have denied state-chartered, privately insured credit unions from accessing mortgage liquidity through the Federal Home Loan Bank System.

Kanjorski cited NAFCU's position in proposing this amendment. He withdrew it after Chairman Bachus pointed out -- as CUNA has -- that other non-federally insured institutions already access the system, and credit unions would access the system only after they are deemed safe & sound.

CUNA continues to support equal access for all credit unions.

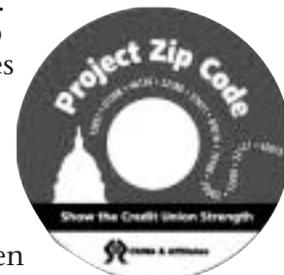
Kanjorski's second amendment would have allowed credit unions to buy buildings in underserved areas, then lease unused space.

Several objections were based on opposition by the banking industry. Kanjorski withdrew this amendment after agreeing with Bachus to work on these concerns before markup in the full committee. ♦

Project Zip Code CD Coming to All CUs

All 9,200 CUNA-member credit unions this week will receive a new CD that can influence lawmakers and help plan future service facilities.

Project Zip Code matches members' Zip Codes with state and federal legislative districts. Then when credit union leaders meet with lawmakers, they can point out exactly how many members reside in their districts.



Any credit union can use this CD to match members with legislative districts. This CD can also be used to plan future branches, ATMs and other service facilities.

"This truly shows credit unions' strength in the state districts as well as in Washington," says CUNA Political Affairs VP Richard Gose. "The next step will be to energize credit union members to help elect candidates who support credit unions." ♦





How to Prevent “Tax Fever”

Credit unions’ best defense against tax hikes is their “People Helping People” philosophy, contends NCUA Board Member Debbie Matz.

But to prevent lawmakers from catching “tax fever,” Matz encourages all credit unions to commit to education and outreach:

- “Educate your community leaders and your state and federal legislators. Make sure they know how much your credit union does for your members and your communities, and what makes credit unions different from banks.”
- “Every day, reach out to new

members: old and young, Americans and recent immigrants, high- and low-income -- especially those who do not have accounts at other insured financial institutions.”

Matz’s “Partnering And Leadership Successes” initiative works to facilitate these efforts. Future PALS workshops will focus on Hispanic outreach, member business lending, and Small Business Administration loan guarantees.

Matz agrees with CUNA and many state leagues that banks’ attempts to raise taxes on credit unions should be taken “very

seriously” — even in states not currently debating tax hikes.

“Some of you may be thinking that you’re not involved in the tax debate because it is not an issue in (your state), or because you’re a federal charter, or because you’re small,” Matz cautions. “No matter what state, what charter or what size — every credit union has a stake.” ♦



“Tax fever is contagious,” cautions NCUA’s Debbie Matz.

3 States Stop CU Tax Hikes

(Continued from Page 1)

Iowa

“Consumers Win, Banks Lose.” That headline sums up the Iowa Credit Union League’s 2-month campaign where grassroots outweighed bank bucks.

The league tracked 11,000 handwritten letters, 7,000 petition signatures, 5,000 e-mails, and thousands more personal contacts by credit union members to legislators. At its peak, the Senate switchboard was logging 8 calls per minute from credit union members.

Most Senators were ultimately convinced not to vote for bank-backed bills that would raise taxes on credit union members. Majority Leader Stewart Iverson, Jr. (R-Dows) acknowledged, “Legislators have worked hard to lower taxes... so this credit union argument also has a great deal of merit.”

Montana

Montana credit unions and

their league won overwhelming passage of their modernization act -- despite one legislator’s failed attempt to tax out-of-state credit unions. Sponsor Bob Lawson (R-Whitefish) reassured the House that credit unions have a different tax structure because they’re different from banks.

Oregon

Oregon credit unions and their league earned Senate passage of a bill to accept public deposits. While banks are still trying to advance their own credit union tax hike bill, the league has convinced several sponsors to remove their support.

All 3 leagues urged credit unions to remain politically active.

For the latest news from all states, check CUNA’s Web site at least once each weekday. ♦



CUs Called to Action on Biz Loans

(Continued from Page 1)

As banks threaten a “flood” of protests against NCUA’s member business loan proposal, CUNA has posted its online “Operation Comment” system to ensure that credit unions are not drowned out.

CUNA’s Web site details 10 “significant proposed revisions,” and poses 7 questions for credit unions to consider before filing comments.

The system then allows each credit union to e-mail a comment letter directly to NCUA. Copies are sent automatically to CUNA and your state league. ♦

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HEADLINERS BEYOND THE ORDINARY

The CUNA Symposium with a new name and an exciting new twist!

HONOR THE PAST

A Living History

David Landis
(a.k.a. Senator George Norris)

Take a walk back in time in this unique keynote session. Landis will provide a humorous and thought provoking rendition of the life of former U.S. Senator George Norris — the famous Senator, who was instrumental in the signing of the Federal CU Act of 1934.

Building A Strength-Based Organization

Marcus Buckingham
Senior Consultant—
The Gallup Organization

The author of "First, Break All the Rules" and "Now Discover Your Strengths," Buckingham will lead a dynamic keynote presentation based on key points from his books, combined with plenty of great examples from a wide variety of organizations, to show attendees how to become great leaders and create great organizations.

CU Soundoff

An Open Forum Discussion

You can either change or become a "splat" on the road. Moderator and well known credit union enthusiast, Patrick Adams will lead this highly interactive and thought provoking Forum featuring credit union decision makers, potential consumers and members. Participants will have the opportunity to discuss current issues and question the panel of industry experts.

Creativity JAM Session

Mari Pat Varga and Johnse Holt
Creative Communications Programs

Bang on drums, laugh, play and learn! Here's an interactive experience using music as a metaphor to discover ways to manage change, build teams, and enhance creativity. And you'll learn the 4 key principles in creating a work environment where communication and diversity thrive. Get ready to Jam!

CREATE THE FUTURE

Dream BIG

Kevin Carroll
"Katalyst" for Nike

What makes Nike a marketing phenomenon? As Nike's "Katalyst," it's Carroll's job to nurture the company's inner spirit and provoke new thinking. He's Nike's conscience, voice, and connector. With enthusiasm and charm, Carroll shows how to maximize your responsibilities and discover a holistic approach to developing human potential.

What You Must Do When You Get Back On Monday

Patrick Adams
Executive Vice President
St. Louis Community CU

How many times have you gone to a great conference, picked up great ideas, and come back to your credit union and implemented little or nothing? Not to worry...In this unique interactive session, Adams will help you create a "plan of action" for things you must do when you get back home on Monday.

The CUNA Future Forum is not just a conference, it's an energizing experience.

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The

Marketplace

Travelex Invests in CUNA Network Services

A world leader in international currency exchange has agreed to invest financially in CUNA Network Services, and work with CNS to develop products for credit unions.



Travelex will offer CNS its financial products and online solutions. These include:

- "Visa Travel Money," a cross-border remittance
- "Visa Cash Passport," a pre-paid stored value card
- Foreign Travelers Cheques
- "My Travel Wallet"
- "Currency Online"



"Through this partnership, we will facilitate improved currency services and other benefits to

credit union members, especially through our SafeID smart card program," envisions CNS President John Hobko.

"We carefully reviewed the direction the financial service business is going and determined that CUNA

Network Services is moving in the right direction -- particularly in smart card development and security," reasoned Tom Tucker, Senior VP for Travelex Business Partners.

Travelex is the world's largest provider of Visa-branded Travelers Cheques, and the world's largest non-bank provider of foreign exchange. 40% of the world's airline passengers -- over 1.3 billion -- pass through airports where Travelex is the retail foreign exchange provider.

CNS provides one or more online services to over 1,000 credit unions nationwide:

- Net-CU (Virtual Private Network)
- Firewall services
- Intrusion detection testing
- Vulnerability assessments
- Penetration testing
- Security consulting & policy
- Anti-virus protection
- Content filtering
- Web site development & hosting
- Web site compliance
- Online bill payment
- Smart card technology (SafeID) ♦

"Anytime Adviser" Coaches Members Online

Credit unions can soon offer their members virtual coaches to teach them better financial strategies.

The coaches will use interactive games and narration to explain why credit unions offer the best deals.



Credit unions who sign up by May 1 for this new "Anytime Adviser" service get a year-long subscription for \$300 -- a

\$375 discount off the regular price of \$675.

Starting May 1, the first 2 coaches will be accessible: a new car coach and a used car coach.

By the end of summer, 3 more coaches will join the lineup. They will coach home-buying, checking accounts, and credit management.

This offer is being extended to current and new subscribers of CUNA's consumer online services: Home & Family Finance Resource Center, Googolplex, and Credit Union Calculators. ♦



20% Discount to Tech Conference

CUNA has renewed its relationship with TowerGroup, gaining CUNA members a 20% discount to TowerGroup's Financial Services Business & Technology Conference in Boston, April 30 - May 2.

For a preview, log onto www.towergroup.com

To receive the CUNA discount, e-mail service-info@towergroup.com or call (781) 292-5200. Refer to registration code CNF03CUNA.

Other benefits of the TowerGroup renewal:

- All benefits of the Credit Union Technology Advisory Centre (CUTAC) rolled up into the CU Executive Center (cucenter.cuna.org)
- Special package of research reports for credit unions

For more on the Exec Center and reports, contact John Hollander at 1-888-837-4589 or advisors@cuna.com ♦





Senior Hill Staffer Joins CUNA

Margaret Durbin Condrill, former Minority Chief Counsel & Staff Director for the House Energy & Commerce Committee, has joined CUNA's legislative team.



Margaret Durbin Condrill

"Margaret has had an outstanding Washington career, both on the Hill and in the private sector," relates Gary

Kohn, CUNA's VP of Legislative Affairs & Senior Legislative Counsel. "She brings a very impressive resume and many high-placed contacts."

Condrill is fluent in financial services issues. She has served as a high-ranking lobbyist as well as Capitol Hill staff.

In addition to 13-plus years with the House Energy & Commerce Committee, Condrill has worked for the:

- Library of Congress, American Law Division

- House Interstate & Foreign Commerce subcommittee
 - American Insurance Association
 - American Council of Life Insurance
 - National Association of Insurance & Financial Advisors
- "Combined with our current staff," Kohn concludes, "CUNA has a very diverse, experienced, and knowledgeable legislative team." ♦

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

Cherry Blossom Run Raises \$200,000 for Kids

Credit unions raised nearly \$200,000 for Children's Miracle Network in their 2nd year sponsoring the Credit Union Cherry Blossom 10-Mile Run in Washington.

Organized by credit unions in the national capital area and across America, the race attracted 7,000 runners from around the world.

CUNA fielded 5 staff runners, 2

board runners, and 25 volunteers.

CUNA Chairman Barry Jollette held the finish line tape along with NAFCU Chairman Jim Mills.

"The spirit of cooperation in this event makes working with credit unions absolutely rewarding," beamed CUNA President & CEO Dan Mica. "It's great to be part of the movement!" ♦



CUNA Board Members Juri Valdov (left) and Holly Herman celebrate after running the entire course together.



Overcoming a knee injury, Dan Mica completes the 10-mile run.



CU leaders present \$175,000 to the Children's Miracle Network. Donations now near \$200,000.



Mica greets children's spokesperson Elice Smith at Children's Hospital.

Bank Suing CU Brand Loses CEO

The top officer of the bank whose slogan is "more than money," has been accused of embezzling \$2.5 million.

Gold Banc Corp. demanded the resignation of Chairman & CEO Michael W. Gullion after he allegedly pocketed \$1.9 million from a real estate transaction and stole \$600,000 for family expenses, according to the *Kansas City Star*.



It's unclear what effect, if any, this will have on Gold Banc's lawsuit over the National Credit Union Brand slogan, "where people are worth more than money."

Gullion had claimed that his bank's slogan was infringed upon.

However, the credit union trademark was registered in July 1999—while Gold Banc's application was still pending.

CUNA filed for summary judgment to dismiss the case. ♦

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



Serving the *Community*



AMERICA'S
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Where people are worth more than money.™

APRIL 14, 2003

More Ways to Support Military Members & Families

With a "readiness checklist" in place to serve members who have been deployed (*NewsWatch*, March 31), CUNA and the Defense Credit Union Council have completed due diligence on more organizations accepting tax-deductible donations.

America's 10,000 credit unions and 83 million members may contribute. All donations go directly to the intended personnel and families. CUNA gains no revenue from any funds raised.

United Service Organizations

Purpose: Provide emergency financial or program assistance to all military members, including activated Reserve and National Guard members, and their families worldwide.

Send checks to: The USO, 1008 Eberle Place S.E., Ste. 301, Washington Navy Yard, Washington, DC 20374-5096
Phone: 1-800-876-7469 *Web:* www.uso.org

Operation Uplink

Purpose: Provide free phone cards to help military personnel and hospitalized vets stay in touch with their families.

Send checks to: Operation Uplink, VFW Foundation, 406 W. 34th St., Kansas City, MO 64111
Phone: 1-800-479-5228 *Web:* www.operationuplink.org

Federal Employee Education & Assistance Fund

Purpose: Benefit civilian federal employees called to active duty as Reserve or National Guard members, and their families.

Send checks to: FEEA Freedom Fund, 8441 W. Bowles Ave., Ste. 200, Littleton, CO 80123-9501
Phone: 1-800-323-4140 *Web:* www.feea.org

Special Operations Warrior Foundation

Purpose: Provide college scholarships, financial aid, and educational counseling to children of Special Operations personnel killed in service.

Send checks to: Special Operations Warrior Foundation, P.O. Box 14385, Tampa, FL 33690
Phone: (877) 337-7693 *Web:* www.specialops.org

Tragedy Assistance Program for Survivors

Purpose: Offer free 24-hour peer support, crisis intervention, grief counseling, casework assistance, long-term survivor wellness, and community and military education.

Send checks to: TAPS, 2001 S St. NW, #300, Washington, DC 20009
Phone: 1-800-959-TAPS *Web:* www.taps.org ♦

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