



Florida Credit Union News

A publication of the Florida Credit Union League 

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Privacy: How FCUL's watchdogs saved your credit union time and money

The phone rang at the desk of Bill Berg, CCUE, FCUL's Director of Training and CU Development shortly after the first of the year. It was from an attorney in South Florida that represents one of the League's South Florida affiliates.

"We've got a Privacy Act problem," said the attorney.

A provision of the newly enacted Gramm-Leach-Bliley Act, which would become law on July 1, 2001, allowed state lawmakers to enact more stringent regulations than are contained in the federal statutes.

Florida's legislature proved its forethought when, in 1989, it added paragraph (2)(b) to Chapter 655.059. Paragraph (2)(b) regulates the manner in which financial institutions can share personal identification information with their business partners. Florida's law was passed more than ten years before federal action occurred on privacy.

The first phone call was followed by several more in the ensuing days. The number of legal questions that were being raised led FCUL staff, legal counsel and CUNA Mutual's legal counsel to meet via conference call in late January. The result: it was determined by the group that the Florida statutory language was sufficiently broad and that credit unions could continue

operating in the manner they always had.

But, the questions kept coming. Additional concerns were raised in early February by vendors who service numerous credit unions, as well as a South Florida law firm that served as legal counsel to several South Florida credit unions. FCUL staff, to alleviate these newest questions and concerns, met with staff of the Florida Department of Banking & Finance (DBF). Once again it appeared that the questions were answered when DBF staff asked the League to submit a request for an informal opinion. Wording of the opinion was approved by DBF and that appeared to settle the issue.

At the same time, FCUL joined the Business Privacy Coalition, an informal group of business-oriented organizations concerned about retaining the ability to share personal identification information for business purposes. A host of financial providers including banks, insurance companies and investment houses were also part of the coalition. At the first meeting of the Business Privacy Coalition in which FCUL participated, attorneys who had reviewed the state privacy statute made this conclusion.

Early March arrived and the concerns raised by the first phone calls in January were a fading memory. At least until the

Department of Banking & Finance legal staff released the informal opinion concerning privacy. And what a bombshell they dropped!

The Department's informal opinion stated that the state's privacy statute was more stringent than the federal statute. The opinion focused solely on the restrictions and did not ever address the exclusion or exception. The sounds of jaws dropping were heard throughout the financial industry in Florida. What this ruling meant was that state credit unions would have to alter their plans on privacy and now adopt a different strategy to meet state requirements. This would cost state credit unions more time and staff effort.

Now the League and its credit unions were faced with a dilemma. A new interpretation of the state statute would force DBF to begin enforcing a section of the statute that had previously been neglected. And, it was much more stringent on privacy than the newly enacted federal law. To make matters worse, the legislature was already in session and the time to craft a legislative solution was dwindling.

FCUL staff now began the daunting task of having to draft a proposal and to find the appropriate and proper "vehicle" to attach it to in the legislative process. Later in March, FCUL staff, along with CUNA

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Visit the FCUL website at www.fcul.org



Check out the latest in national and state credit union news. Updates are made daily!

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Sunshine State CU

Carolyn Parslow

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Suncoast Schools FCU

The *Florida Credit Union News* is a monthly publication of the Florida Credit Union League. For business information or subscriptions, write the Florida Credit Union League, call (800) 342-1266, or e-mail angelam@fcu.org.

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"Jolly Good Show"

Corinne Henningsen, FCUL's Director of Conventions and Conferences, would say: "Jolly good show" to describe the recently concluded 67th Annual FCUL Convention & Expo. I couldn't agree more.

On behalf of the Board of Directors and the staff of the Florida Credit Union League, I would like to thank you for attending this year's affair. It was our pleasure to plan, direct and provide you and your credit union with activities and sessions that make the FCUL Convention one of the nation's best.

Based on the evaluations that you shared with us, it is apparent that you also thought the Convention was a worthwhile experience. It was our intent, and I think we were successful, to provide more sessions and more options than in previous years, just as many had requested. Our attendance at this year's Education Day was a record. Your response was just terrific. We could not have been successful without your active input and participation. Thank you.

Because you requested it, we added a set of "bonus" educational sessions on day one of the convention. These extra sessions were very well received and provided the type of training and informational sessions that have been requested in the past. With sessions such as State Regulatory Update and Federal Regulatory Update, more credit union volunteers and staff were exposed to the type of information that is both useful

and necessary.

FCUL was fortunate to have two nationally renowned speakers to open and close Education Day. Dr. Lowell Catlett is a noted futurist who entertained and informed. Mark Victor Hansen, author of *Chicken Soup for the Soul*, closed the convention with his humorous but informative view on life in the 21st Century. Our Friday Night Roundup featured a live auction as well as our traditional silent auction of items contributed by credit unions and vendors--a fun evening done in




*Guy M. Hood
President/CEO*

Western motif.

We enjoyed presenting this year's convention to you and look forward to next year. Be sure to let us know how you felt about this year's convention. Was it what you expected? Can we make your experience more meaningful? Do you have any suggestions on what we might do to improve the convention? Jot down your ideas and drop us an email, letter or fax. We want to know what you think.

Everyone had a great time and I hope you were able to attend some, if not all events. If you were there, we again thank you for joining us. If you weren't able to be with us, mark your calendars for next year's convention, May 29-June 1, 2002, at the Orlando World Center Marriott.

Once again, we promise to deliver a "jolly good show." 


Planning now can prepare you for disaster later

Are you ready for a hurricane, flood or fire? All of these disasters can affect your credit union at one time or another. Planning for the response and recovery of a disaster will ensure your credit union can continue to serve its members in the aftermath.

Learn about the issues involved in disaster planning that will minimize cost, the preparations you should make and the recovery actions that should take place at one of the Regional Disaster Planning Workshop to be held in July. The workshops will be held in three locations on three different

dates: Pensacola, July 12 at Pen Air FCU; Tampa, July 17 at Suncoast Schools FCU; and in Miami, July 19 at Power 1 CU.

The workshop will cover a plethora of topics. Presidents/CEOs and all credit union staff that deal directly with the safety and preparedness of their credit union are encouraged to attend.

The registration fee is \$145 (\$125 if received 2 weeks prior to the workshop you plan to attend). For more information call the League Education Department at 800.342.1266. 

Credit Union National Association

There is a market in small business owners

The number of small businesses in the U.S. is growing at a rate of 6% each year, and 2.4 million Small Office/Home Office (SOHO) business owners are currently credit union members, according to a study released by the Credit Union National Association and NFO WorldGroup Financial Services. The study shows that more than half of SOHO business owners are affluent and therefore provide excellent revenue potential, both on the personal and the business sides of the financial services arena.

An examination of SOHO revenue potential, financial product usage trends—both nationwide and among credit union members—and opportunities for cross-selling to both the SOHO member and business are included in the 68-page research report, *The SOHO Market—Growth and Potential*. Other topics include a look at defection rates from current financial services providers, satisfaction issues, and strategies and implications to help credit unions achieve success within this market.

SOHO business owners tend to use a variety of different financial services providers, although most consider a bank to be their primary provider. Currently, only 9% identify a credit union as their primary business provider. Among business owners who prefer to consolidate their primary personal and primary business financial relationships, 70% say they began their personal relationship with the provider first.

“This is great news for credit unions,” says Katy Slater, vice president of Consumer Information Services for NFO WorldGroup Financial Services. “They have the opportunity to capitalize on their traditionally strong trust relationships with members to cross-sell into SOHO business activities.”

Additionally, business financial service providers are not actively pursuing members who own SOHOs. Nearly two-thirds of SOHO owners say they have not received a sales pitch for business financial services during the past year. Credit unions with the

Continue “small business owners” page 8

Clarke American

Clarke American receives prestigious award

A San Antonio-based financial services printing company will be the single recipient of the prestigious Texas Award for Performance Excellence for the year 2001, the Quality Texas Foundation, sponsor of the Texas’ premier annual quality award, announced in early May. Clarke American Checks, Inc. is one of the largest printers of financial institution checks in the United States, producing more than 10 billion checks per year. The company’s printing accuracy rate and service levels are unequaled in the industry.

The Texas Award for Performance Excellence is an annual recognition of Texas organizations that excel in performance excellence and application of outstanding quality principles in their day-to-day operations.

Beginning with Charles L. Korbell, Jr., President/CEO, Clarke American, Inc. and extending through a senior leadership team, Clarke American has taken a comprehensive approach to knowledge sharing and organizational learning to produce breakthroughs in technological innovation and operational improvements that have made a discernible impact on performance and stakeholder satisfaction. “We are very honored to have achieved this performance excellence award and it is a significant milestone on our quality journey for Clarke American,” said Korbell. “This achievement is representative of our passion around our ‘First in Service’ quality commitment to our financial services partners and the millions of customers we serve on their behalf.”

Florida credit union executives graduate from CEO Institute

Last month, three credit union executives from Florida completed their third and final segment of CEO Institute and are eligible to receive their Certified Chief Executive (CCE) designations.

Congratulations to Greg L. Waters, Chief Sales Officer, Campus USA CU; Jeffrey C. York, VP/Strategic Planning/Marketing, Vista FCU; and Ralph F. Cheplak, SVP/Finance & Information Technology, Tropical FCU.

CEO Institute is an intensive three-year program with strict admissions standards and a challenging curriculum. Besides the high-level classroom exercises and assignments, CEO Institute graduates must complete two projects developing action plans for their credit unions. The program is designed to give chief executive officers and upper level managers powerful new strategic, operational and leadership methodologies.

Credit Union Environmental Scan now available

The 2001/2002 edition of CUNA’s *Credit Union Environmental Scan* will be released in late June. Designed for easy reference and used by managers and board members, the report brings a whole new level of insight to strategic planning discussions. Worksheets are included to help organize ideas into action items. Multiple copy discounts make it affordable to give copies to your entire planning team. For more information or to order the 2001/2002 *Credit Union Environmental Scan*, visit www.cuna.org <<http://www.cuna.org>> and enter E-scan in the Search Box or call CUNA Customer Service at (800) 356-8010, ext. 4157.

Convention Highlights

Congratulations to our 2001 Volunteer of the Year and Hall of Fame recipients



Ray Cromer, Jr., Envision CU, was this year's FCUL Hall of Fame inductee.



Robert M. Gipson, Florida Telco CU, was selected as this year's FCUL Volunteer of the Year. He will be automatically inducted into the FCUL Hall of Fame.

League Board gains new leadership and acknowledges past service

The 67th Annual FCUL Convention and Expo introduced the presence of a new Chairman and distinguished Board of Directors. Laida Garcia, Senior Vice President of Florida Central CU is the new FCUL Chairman. Laida has served on the Board since 1994.

Newly elected was Greg Blount, CEO of Tropical FCU, who will serve as Director At Large and John Hirabayashi, CEO of Educational Community CU, who will serve as Director At Large and secretary of the Executive Board.

In the process the League said a warm good-bye to Bob Beskovoyne, CCUE, CEO Martin Federal CU and former FCUL Chairman. Bob served on the board for 8 years. Jim Weibert, CCUE, Community Educator's CU was also recognized for serving 3 years on the FCUL board. A special thanks to Bob and Jim for their hard work, long hours and support of the credit union movement.



Bob Beskovoyne, CCUE, Martin FCU, accepts his award for service and dedication to the credit union movement as outgoing Chairman of the FCUL League



(L to R): Laida Garcia, FCUL Board Chairman, Florida Central CU; Trudy Prince, 1st Vice Chair, Central Florida HealthCare FCU; Melba Jordan, CCUE, 2nd Vice Chair, State Employees CU; Chris Brooks, Treasurer, Monsanto Employees CU; not pictured, John Hirabayashi, Secretary, Educational Community CU

What's Happening!

Send in your credit union's pictures, press releases, accomplishments and member stories to let everyone in Florida know what's happening in your area. Send all entries to League Public Relation Coordinator, Angela Milligan, P.O. Box 3108, Tallahassee, FL 32315-3108, or via email at angelam@fcul.org. We look forward to hearing from you soon!

Winners Awarded

Community service, both internal and external, is an important aspect of keeping the credit union motto of "people helping people" alive. This year credit unions and a Florida chapter were honored for their work and awarded the Dora Maxwell and Louise Herring awards. Congratulations to all Dora Maxwell recipients: **\$20-\$50 million:** JM Associates FCU, first place; Central CU of Florida, second place. **\$50-\$100 million:** NCSC FCU, first place; Pan Am Horizons FCU, second place. **\$100-\$200 million:** Sarasota Coastal CU, first place; Tampa Bay FCU, second place. **\$200 million plus:** Suncoast Schools FCU, first place; Bell-Tel CU, second place, Pen Air FCU, honorable mention. **Chapters:** Northeast Florida Chapter, first place. Congratulations to all Louise Herring recipients. **\$100 million plus:** Florida Telco CU, first place; Florida CU, second place; Sarasota Coastal CU, honorable mention.



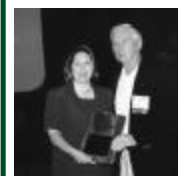
JM Associates FCU receives Dora Maxwell award for first place in the \$20-\$50 million asset category



NCSC FCU receives Dora Maxwell award for first place in the \$50-\$100 million asset category



Sarasota Coastal CU receives Dora Maxwell award for first place in the \$100-\$200 million asset category



Suncoast Schools FCU receives Dora Maxwell award for first place in the \$200 million plus asset category



Northeast Florida Chapter receives Dora Maxwell award for first place in the Chapter category



Florida Telco CU receives Louise Herring award for first place in the \$100 million asset category

Credit Union Political Action

Privacy continues

Mutual's legal counsel, Claude Kazanski, and the chief attorney for the Division of Banking met via conference call to discuss potential solutions for the "privacy problem" within the framework of existing law. Again, an informal opinion would be sought from DBF.

When it became clear that DBF was unwilling to issue a favorable opinion, discussion began with DBF staff and Comptroller Bob Milligan. It was now April 19th and the Legislative session was due to end in just two weeks. Time was running out.

On April 25th, the Comptroller, his staff, FCUL staff along with FCUL lobbyist Jim Smith and other interested financial providers discussed the status of the legislative solution. It was agreed that the League should prepare language to be submitted in the form of an amendment to an existing legislative bill that would strike the entirety of section 655.059(2)(b) which would leave the federal privacy law as the operative statute.

The only problem was that since it was so late in the session, there were precious few "vehicles" available to amend the FCUL language on to. FCUL staff began the monumental task of scouring each and every bill pertaining to Chapter 655. The state constitution mandates that legislative amendments to a bill must be "germane" to the subject matter of the bill. In other words, unless the bill pertained to Chapter 655, the League's amendment could not be attached.

One bill that met the germanity test was Senate Bill 1260. The only problem was that it had already passed the Senate and was in transit to the House. The House version (HB 521) was on second reading, meaning it needed to be moved to third reading (the precursor to final passage in a chamber) before April 27th, or it would no longer be available for action and would die on the calendar.

Normally, a bill arriving from the other chamber is immediately assigned to a committee or committees. Lobbyist Jim Smith raced to the House leadership offices to plead with the Speaker to move the bill to the House Calendar, instead of referring it to committee. This meant it would likely have an easier path to passage and that both the House and Senate versions were then on second reading and available for third reading. This kept the bills alive and were not subject to death that House bills on second reading would suffer at the close of business on April 27th.

So, in the nick of time, the FCUL vehicle bills sat on the House calendar, still alive and ready for amendment. Often in the legislative process, the most difficult task is to wait patiently until the appropriate moment to take action arrives. From April 24th until May 3rd, FCUL was in just that position. We hurried up and waited.

Finally, on May 3rd the House took up SB 1260 and amended our "fix" onto the bill and passed it. Of course, being a Senate bill that was now different from the bill the

Senate had passed earlier meant that the bill had to go back to the Senate for concurrence of the House action.

On May 4th, the last day of the legislative session, FCUL staff and its lobbyists waited nervously to see the final scene of the drama that had begun in January. Senator Jim King, the sponsor of SB 1260, arose on the floor of the Senate and made an impassioned plea for support of the bill and its' new language. The bill passed 39-0.

Now the bill was on its way to the governor for signature. The scurrying and meeting and scrambling of the past few weeks was over. The bill had passed. The efforts of FCUL's lobbyists, staff and partners had been successful. Credit unions would not have to alter the plans and efforts they had made to implement GLB. A lot of money had been saved, a lot of effort would not go wasted.

The presence of FCUL in the state capitol made it possible for your credit union to avoid what could have been an extremely costly revision of your privacy plans. No other credit union trade association was on site and working to clear up the confusion this would have caused. Your FCUL watchdogs had come to the rescue. (FCUL's staff were: Guy M. Hood, President/CEO; Aletta Shutes, Executive Vice President; Mark Landreth, Director of Legislative Development; and Bill Berg, Director of Training and CU Development. FCUL lobbyists: Jim Smith, Bernie Parrish and Lee Moffitt).

Long-time League lobbyist steps down



Dianne Jones

Longtime League lobbyist, Dianne Jones has stepped down from her position of lobbyist and Credit Union Political Action Coordinator. Dianne worked with the League for more than 7 years. She offered a unique writing and speaking style for those unfamiliar with the political process, dedication to the cause of credit union political advocacy and commitment to the credit union movement as a whole. Her work extended beyond the League, as she was very influential across Florida and in Washington, D.C. We all wish her luck in all of her future endeavors!

67th Annual Convention

2001 FCUL Convention and Expo: Bigger and Better Review in Pictures and Highlights

"It was one of the best that my board and I have attended in 10 years. We look forward to more educational sessions on Thursday." Alvin Cowans, President/CEO, McCoy FCU

"It was a wonderful convention. Everything was well-planned and well-executed. The sessions were outstanding offering excellent content!" Gail Kruse, CCUE, President/CEO, SCORE FCU

"The Convention is one of the few times during the year when I get to see some of my fellow CEOs from around the state and chat about the industry issues facing us all." Robert Fisher, President/CEO, MacDill FCU

More than 1,200 credit union volunteers, professionals and guests descended on Orlando's World Center Marriott May 24-26. This year marked the 67th year in which the Florida Credit Union League has held its Convention for educational and industry-prompt opportunities for credit unions throughout Florida.

"We hope that everyone enjoyed this year's Convention and hope that the educational sessions and other opportunities will help benefit those who attended," said Guy M. Hood, President/CEO of the Florida Credit Union League.

The Convention commenced on Thursday and began with the State and Federal Regulatory Update sessions. The Governmental Affairs luncheon followed with NCUA Chairman Dennis Dollar speaking. Dollar recited statistics that showed that credit unions all across the country are continuing to increase their size, number of loans and reducing bad loans.

"No matter how you slice the numbers," he said, "credit unions and their members are prospering."

The League then offered a plethora of concurrent educational sessions designed for just about anyone involved in the credit union movement.

The exposition hall opened to all registered attendees on Thursday. Convention attendees visited with more

than 120 vendors offering credit unions the best in new technology, investments, insurance, real estate, network systems and much more.

The Credit Union Political Action Committee (CUPAC) honored Ambassador and Capital Club members in the exclusive International Suite of the hotel, which offered a beautiful panoramic view of Orlando and its attractions.

Friday began with the Opening General Session and dynamic speaker, Lowell Catlett, speaking on Future Worlds--Future Minds. Catlett, spoke on the emerging society and how it affects our everyday life. The session closed with the presentation of the state winners for the Dora Maxwell and Louise Herring awards. These credit unions were commended for work in their communities.

If you did not attend, you missed an extraordinary selection of educational opportunities that encouraged credit unions to push themselves into the next realm. Topics ranged from Positioning Your Community Credit Union in a Competitive Market, The Power of the Brand, Leadership Lessons from Fortune 500 Executives, Internet Security: Are You and Your Members Protected?, Smart Cards, Marketing on a Shoestring and so much more! All sessions offered attendees in depth knowledge and ideas for the future. Attendees once again met to hear renowned speaker Mark Victor Hansen, co-author of *Chicken Soup for the Soul*. Hansen

motivated listeners and gave interesting views of life in the 21st Century.

Friday night allowed people to kick off their heels and throw on their duds as the League presented its Friday Night Roundup with Karaoke. Attendees were given festive western hats and bandanas at the door and enjoyed a variety of speciality desserts. Attendees walked away with steals from the silent and live auction. All auction monies went to benefit the CUPAC, the Florida Credit Union Foundation and the National Credit Union Foundation.

At the FCUL Annual Dinner and Installation of Officers, the newly elected FCUL Table Officers were installed. The FCUL Table Officers for 2001-2002 are: Chairman Laida Garcia, Senior Vice President, Florida Central CU; First Vice Chairman Trudy Prince, CCUE, President/CEO, Central Florida HealthCare FCU; Second Vice Chairman Melba Jordan, CCUE, Executive Vice President, State Employees CU; Treasurer Chris Brooks, Board Member, Monsanto Employees CU and Secretary John Hirabayashi, President/CEO, Educational Community CU.

Attendees then enjoyed dinner and entertainment by Jimmy Travis. Travis kept people in stitches with his humorous perceptions of life growing up and his musical parodies.

Thank you to all who attended and see you next year!





Lynn Owen, III, Bell-Tel CU; Tamara Douglass, Fairwinds CU; and Mike Bartoo, Bay Gulf CU at the CUPAC Reception



Monsanto Employees CU staff and board gather before Saturday's FCUL Annual Meeting



Aletta Shutes, FCUL Executive Vice President and Trudy Prince, CCUE, President/CEO, Central Florida HealthCare FCU



Robert Goplen and Richard Montgomery of McCoy FCU look for a seat at the Closing General Session



CUPAC Walk-A-Thon participants gather before their 8 a.m. walk



FCUL's past chairmen and FCUL President/CEO, Guy M. Hood, gather for luncheon in the International Suite



Closing speaker, Mark Victor Hansen, spellbounds listeners



Rep. Mike Hogan and his wife Judy Hogan enjoy dinner and entertainment at the Saturday Night Annual Dinner



Bill Birdwell, President/CEO Southeast Corporate, an Opening General Session door prize sponsor, stands with winner Karen Gerrell, Envision CU



CUPAC Golf participants (L to R) Jace Reyes, Miami Postal Service CU; Ron Williams, CUNA Mutual Group; and Sterling Bryant, Clarke American gather for early morning tee-off



Marilyn Whaley (guest), James Taylor, President/CEO, Southeast Corporate FCU and Nelson Whaley, Monsanto Employees CU enjoy Friday Night Roundup



Melba Jordan, CCUE, State Employees CU stands with daughter Kim Roundtree, Jacksonville Postal and Professional CU



Chris Brooks, Monsanto Employees CU and wife Eloise Brooks enjoy Friday Night Roundup



Liz Russell, FCUL, welcomes Kenn Rice, Florida Rural and Electric CU, to the Friday Night Roundup



Brian Baggett, Sunshine State CU and Chauncy Haynes, Sunshine State CU pose before Closing General Session



Liz Mobley, Federal Reserve Bank, entertains with karaoke



FCUL Convention speaker, Larry Mercereau, speaks on "The Power of the Brand."



NCUA Chairman, Dennis Dollar chats with FCUL President/CEO, Guy M. Hood at FCUL Governmental Affairs Luncheon



Bob Beskovoyne, CCUE, stands with Opening General Session speaker, Dr. Lowell Catlett

STAR, VAP, VLP & MERIT

The **STAR, VAP, VLP and MERIT programs** are nationally recognized standards of professionalism for credit union staff and volunteers. These individuals have expanded their capabilities for the benefit of their credit union. For information on any of these programs call the League Education Department at 1.800.342.1266.

VAP CERTIFICATES:

Central Florida HealthCare FCU: Linda Walker
Escambia County Employees CU: Phillip Richmond
MacDill FCU: Thomas Quigley
Pan Am Horizons FCU: John Breslin
Pen Air FCU: Betty Petree
Space Coast CU: John Kerekes
Sun CU: Horace McLarty
Suncoast Schools FCU: John Lizer

STAR CERTIFICATES:

Bell-Tel CU: Jeanet Foster, Angela Toth
Campus USA CU: Virginia Hunt, Danelle Wood
Central CU of Florida: Teddra Biggs, Aja Hamilton, Nancy Kirton, Cindy Mako, Angelique Morris, Troy Mooring
Central Florida HealthCare FCU: Sandra Guerra Smith, Mary Snyder
Community Educators CU: Lynne Warrick
Duval FCU: Robin Pugh, Mary Languido
Escambia County Employees CU: Marilyn Leopold
Fairwinds CU: Alizabeth Holder, Teresa Nelson, Adriana Perez, DeVenia Seeney
First Choice CU: Angie Artola
Florida Aircraft FCU: Catherine Adams, Jeffrey Marshall
Florida Central CU: Donna Haynes, Eleanor Maas
Florida Commerce CU: Barbara Pace, April Owens, Kimberly Weiner
Harvesters FCU: Maria Morrison, Nellwynne Robinson
Jax FCU: Robin Gordon Vostinak, Donna McClure, Christy Stewart, Debra Williams
Jax Navy FCU: Audrey Braasch, Kelly

Gleaton, Margarette Henderson, Martha McCollum, Rhonda McNutt, Sabrina Papovitch, Sabrina Powell, Sheila Saunders, Gary Williams

Pen Air FCU: Carol Cole

Pinellas County Teachers CU: Donna Adams, William Gray, Linda DelFabbro, Wendy Goldsmith, Lori MacGregor, Robert Northway, Michele Ryan, Michelle Signorelli, Leland Sundstrom, Patty Thompson, Carole Tortorici, Lynda Quearry

Power 1 CU: David Chavis, Jean Gaston, Juanita DeLeon, Kimberly Romanelli

Sarasota Coastal CU: Stephanie Lykiardopoulos

State Farm Fla. Reg. Off. FCU: Rona Davis

Suncoast Schools FCU: Sara Arnold, Jan Breakfield, Vassana Carr, Carla Cotton, Karen Encinosa, Susan Ferriolo, Robert Finch, Carmen Garcia, Kimberly Green, James Gukeisen, Stacy Kistner, Jill McDaniel, Marie McKelvey, Romina Munoz, Thomas Payne, Sandy Piatt, Christine Poling, Gemma Vidal, Kristin Yerkes

Tampa Bay FCU: Cristina Fernandez, Javier Medina, Elizabeth Sarmiento

Tyndall FCU: Karen Fischer, Gina Stevens

Tropical FCU: Debra Ward

West Coast Federal ECU: Victoria Kisiah

MERIT CERTIFICATES:

Community Educators CU: Julia Boggs
Educational Community CU: Rebecca Pitts

Jax Navy FCU: Sheila Fussell

Power 1 CU: Marsha Tanicien

Suncoast Schools FCU: Amanda Gibson

SOHO Market

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resources to establish a small business development function and fill any product line gaps necessary to target this market segment could potentially reap huge rewards.

Along with business checking and savings accounts, about two-thirds of SOHOs use some type of credit product, generally from their primary provider. As a result, the credit union share of business credit is currently small.

To order The SOHO Market—Growth and Potential, call CUNA Customer Service at 800/356-8010, ext. 4157, and ask for stock number 23278-QEA. Or order online at www.cuna.org, by selecting “Research & Statistics,” and “Strategic Marketing/Planning.” Single copies are \$295 each for credit unions, with multiple copy discounts available. The report price for non-credit unions is \$395 each.

Florida has four new Credit Union Compliance Expert designees

CUNA announced the most recent Credit Union Compliance Expert (CUCE) designees. Designated from Florida were:

Della Hedges, CUCE
Pinellas County Teachers CU
Judith Rich, CUCE
GP Community FCU;
Bradley Sanders, CUCE
Florida Credit Union League
Sylvia Wagon, CUCE
Tropical FCU.

The Regulatory Training and Certification program challenges participants and prepares them for a competitive financial world on a daily basis through education and training. Work in the RegTraC program demonstrates commitment to training, self-improvement and the credit union movement. Congratulations to all CUCE designees!

Visit www.fcul.org for the latest in credit union news!

Regulatory Update



Bill Berg, CCUE, Director of Training and Credit Union Development, brings regulatory changes to your attention through this column. If anyone has questions or suggestions for additional topics, call (800)342-1266 or (850)576-8171, FAX to (850) 574-6374 or e-mail billb@fcu.org.

Internal Revenue Service Proposal Permitting Electronic Delivery of Payee Statements

The Internal Revenue Service (IRS) issued temporary and proposed regulations that permit payors, including credit unions, required furnishing certain payee statements the option to do so electronically. Credit unions are not required to furnish the forms electronically and may continue to provide paper statements. Payees who choose electronic deliver must "opt-in" and affirmatively consent to receiving their forms in an electronic format.

The IRS Form W-2, "Wage and Tax Statement" and Form 1098-E, "Education Loan Statement" may be furnished electronically.

Proposed Regulations on Reporting Interest Paid to Nonresident Alien Individuals

The Internal Revenue Service has released a proposal extending the current reporting requirements on interest paid to Canadian residents to nonresident alien individual who are residents of other foreign countries.

Currently, credit unions are required to file Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding on Canadian residents only. This proposal will require that a Form 1042-S be filed for interest paid to nonresident alien individuals who are residents of other foreign countries as well as to Canadian residents.

NCUA Proposed Rule on Nondiscrimination in Advertising

NCUA is seeking comments on a proposed rule that relaxes certain provisions in NCUA's regulations

concerning advertising and posting notice of nondiscrimination in real estate lending. Currently, NCUA regulations provide that a federal credit union (FCU) must include notice of nondiscrimination through use of a particular logotype and specified language.

The proposal would replace the mandatory logotype and language with a general requirement that FCUs indicate that they do not discriminate on any prohibited basis. The current regulations also require display inside the FCU of an NCUA-developed poster giving notice of compliance with nondiscrimination policies. The proposed rule will allow an FCU to display either the NCUA poster or a similar poster prepared by the U.S. Department of Housing and Urban Development.

The proposed rule also prohibits advertising with words, symbols, models or other forms of communication that suggest a discriminatory policy or exclusion in violation of the Fair Housing Act or Equal Credit Opportunity Act (ECOA). The proposal would further emphasize that the ECOA requirements must also be met regarding advertisements.

Comments are due to NCUA by June 25, 2001. Please submit your comments to CUNA by June 18, 2001.

NCUA Final Rule on Community Development Revolving Loan Program for Credit Unions (CDRLP)

The NCUA Board approved a final rule that allows NCUA to provide technical assistance to credit unions participating in the CDRLP directly or through outside providers selected by the credit unions or NCUA. Previously, NCUA's rules did not authorize NCUA to provide technical assistance directly. The final rule as adopted is the same as the proposed rule. However, the preamble clarifies that NCUA will not

use the new rule to reimburse itself for providing technical assistance.

You can obtain a complete description of the final rule at the NCUA's website at www.ncua.gov. This rule was effective on April 26, 2001.

NCUA Interpretive Ruling and Policy Statement on the Central Liquidity Facility

The NCUA Board approved the policy statement on the Central Liquidity Facility (CLF), which states that credit unions may borrow from the CLF under three circumstances. A credit union may seek a short-term adjustment credit advance for up to 90 days to assist with a temporary need for credit or a seasonal credit advance for up to 270 days to assist with an expected seasonal demand for credit. To obtain seasonal credit, however, credit unions must show a pattern of recurring need that is supported by two years of data. A credit union may seek a protracted adjustment credit advance for longer than 270 days under exceptional circumstances that are outside of the credit union's control. When extending protracted adjustment credit, CLF loan officers may exercise considerable discretion and may consult with NCUA regarding the viability of the credit union.

For all of these loan types, the CLF may decline a credit union's request based on an assessment of its creditworthiness. The policy specifically states that a credit union may not borrow from the CLF to obtain a more advantageous loan rate; to substitute CLF credit for other short-term, interest-sensitive shares; or to support an expansion of its portfolio or product lines.

This rule was effective on April 26, 2001. For a complete description of the rule, go to www.ncua.gov.



Connie Stoutamire

Opportunity is a phone call away!

Change is ever present in the credit union world and education is the ground work for change. The Florida Credit Union Foundation offers many opportunities for credit unions to advance in this ever-changing society and to attend the many schools and conferences offered throughout the year.

Apply for scholarship opportunities that will help to advance your staff and volunteers. Scholarships are awarded on an as needed basis and are limited to two per credit union within a calendar year.

Don't delay! Apply through the website or contact Connie Stoutamire, Director of Horizons at 800.342.1266, ext. 334.

The following credit unions have been granted a Florida Credit Union Foundation scholarship since January 2001:

CSR America CU
MRMC Employees FCU
St. Joseph's Hospital FCU
F.C.A.M.E.C. FCU
SCORE FCU
PGA Credit Union
Lee County Mosquito Control CU
Holmes Washington Teachers CU

Florida Credit Union Foundation receives more than \$2500 in disbursement funds


The National Credit Union Foundation (NCUF) issued \$83,339 in first quarter disbursements to 26 state credit union leagues/foundations participating in the Community Investment Fund (CIF). The Florida Credit Union Foundation received a total of \$2,812.

Each participating state receives a pro rata share of the disbursement. In addition, \$80,000 is being added to NCUF's general funds in support of 2001 grant programming.

At the end of first quarter, 231 credit unions and 20 corporate credit unions had invested \$36.4 million in the fund. NCUF disbursed a total of \$232,842 in 2000.

The fund, which began accepting


investments on January 1, 1999, is a partnership between the NCUF, the Association of Corporate Credit Unions (ACCU) and the American Association of Credit Union Leagues (AACUL). It provides funds for national and state level development initiatives and a stable source of funding for NCUF grantmaking and endowment growth. Distributions received by each state are used to promote credit union development.

For more information visit the NCUF website at www.cuna.org/ncuf.html or contact Kris Hoffman, NCUF Development Associate at 800.356.9655, ext. 4397. 

FCUMI gives special donation

The Florida Credit Union Management Institute (FCUMI) alumni donated \$1,000 to go towards scholarships at the FCUMI to be held at the University of Central Florida, September 16-20, 2001.

Margaret St. John, General Manager of District 2 CU and a former board member of the now disbanded alumni association decided that the remaining funds in the association's account should go toward the institute tuition. FCUMI, now in its 41st year, provides courses to prepare each student

for a career of leadership in their credit union and the credit union movement. It is a four-day school held at the Executive Development Center on the University of Central Florida's campus. The faculty is comprised of university faculty and credit union professionals. Emphasis is on developing a better understanding of management concepts, and the courses also include a variety of technical and operational topics. For more information call the League Education Department 800.342.1266. 

ECCU breaks ground for new La Villa headquarters

Ground was broken recently on a new headquarters building for Educational Community CU.

The 57,000-square-foot facility includes a state-of-the-art communications "backbone" for ECCU's computer systems, along with an employee-friendly and energy-efficient interior. The headquarters will be located in the downtown Jacksonville La Villa area, close to its current headquarters location.

"We wanted to maintain our downtown presence," ECCU President John Hirabayashi said. "We are proud of our history here and intend to keep supporting the neighborhood where we were founded."



(Far left) City Council Member, Reggie Fullwood, joins ECCU board and management members, along with ECCU President/CEO (far right) John Hirabayashi, in its new headquarter groundbreaking ceremony.



Florida West Coast recently held a ribbon cutting ceremony for a new ATM kiosk at the Hillsborough County Sheriff's Facility, in Tampa. The event was attended by Florida West Coast CU President/CEO, Mary Ott-Wood, CCUE, and members of the board, staff and management. Representatives from the Brandon Chamber of Commerce were also in attendance.



Liz Russell

Exempt versus non-exempt employees

by Liz Russell, Human Resources Manager

There has been a division in the workforce that has been around for more than 60 years and still carries the power to confuse and elate managers and staff alike. I'm talking about the Fair Labor Standards Act (FLSA) of 1938, the federal law that sets minimum wage standards, overtime rates and other salary-related regulations. This Act applies to all employers, regardless of the number of employees.


This law was originally designed to make sure that people were paid a fair days wage for a fair days work. Employees that are not exempt from overtime can benefit because they are paid for extra time worked. Exempt employees are protected from being penalized for working erratic schedules due to the demands of the job. The problem comes in when a non-exempt employee wants to volunteer to work extra without overtime or the exempt employee has to put in an exorbitant number of hours without receiving additional compensation. A manager is often sorely tempted to "make things right" by closing their eyes or slipping a little extra

into someone's paycheck. If you are such a manager, let me give you some advice that you've probably already heard...DON'T DO IT! Even with the best intentions, you could be putting your credit union at risk for a lawsuit. It's best to follow the proper procedure.

First, how should an employee should be classified? I'll give you a hint...it's not in their job description or their personality, but rather in the daily activities that they regularly perform. There are several classifications that qualify as exempt; executive, administrative, professional, outside sales and technical. The FLSA dictates that the workers must meet specific work criteria to be considered a non-exempt employee. There are a number of checklists available to help determine the appropriate classification for a particular job. While space limits my including these, I recommend you research these checklists to determine whether the positions at your credit union are correctly classified.

Next, you want to make certain that you are not violating the FLSA policies regarding the payment or non-payment for time

worked. For personnel that are exempt, you want to avoid any indication that you are paying them for a specific number of hours worked. Some examples would include docking them for hours missed or paying them for extra hours. The risk involved is that an employee would lose their exempt status and the organization might be required to recompensate them for any overtime worked and not paid in previous years. For those personnel that are non-exempt a common error is to pay them improperly for the overtime worked. FLSA dictates that any time over forty hours worked in a workweek (defined as a fixed and regularly recurring period of 168 hours) must be paid at time-and-a-half. If you want to be creative with this by using bonuses and comp time, be sure to check carefully so that you are not unintentionally violating FLSA. For example, if the employee wants to take time off rather than get paid overtime, it must be taken within the same workweek.

The FLSA is a federal law. But be sure to consider applicable state laws when making human resource management plans that are affected by these statutes. 

Credit unions encouraged to join the efforts of Project Differentiation



FCUL encourages more Florida credit unions need to get involved with the efforts of CUNA's Project Differentiation. More than 634 credit unions nationwide have completed Project Differentiation Statement, with only 10 of those coming from Florida.

Project Differentiation is a well-planned program effort created by CUNA to assist credit unions in educating credit union members and legislators about credit unions' unique contributions to the communities they serve.

This effort, constructed through a statement of commitment to members,


focuses on the philosophical aspects of the credit union to advance its image in the marketplace and legislative arena.

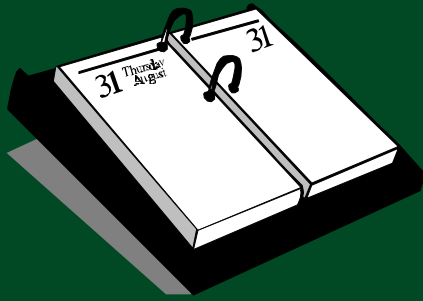
"Credit unions need to let others know that they are involved in every aspect of our community," said Tom Dorety, CCUE, President/CEO of Suncoast Schools FCU. "Project Differentiation gives my credit union a focal point in which we can concentrate on special projects important to our members and nonmembers, while formulating plans that will benefit all in the future."

The League would like to recognize those individual Florida credit unions who have completed their Project Differentiation Statement and thank them for their support and dedication to the credit union movement: Central CU of Florida; Community Educators

CU; Florida Central CU; Florida CU; Kennedy Space Center FCU; Pen Air FCU; Sarasota Coastal CU; SCORE FCU; Suncoast Schools FCU and THE CU of Palm Beach County.

Florida credit unions in the process of completing their project differentiation statement are: Bell-Tel CU; Central Florida Educators' FCU; City ECU, WPB, Inc.; Escambia County ECU; Fairwinds CU; Florida West Coast CU; Tallahassee-Leon FCU and Tallahassee Memorial Hospital FCU.

To all credit unions who are participating in Project Differentiation, your effort is applauded. If you need a Project Differentiation packet, please contact Angela Milligan, public relations coordinator at 800.342.1266, ext. 363, or via email at angelam@fcul.org. 



CHAPTER MEETINGS

Northeast Florida Chapter

August 16

Broward Chapter

July 10; August 7

Escambia Chapter

August 14

Tallahassee Chapter

August 16

Tampa Chapter

July 10; August 14

Palm Beach Chapter

July 19 and July 21; August 16

Southernmost Chapter

July 17; August 21

Sara-Mana Chapter

July 12; August 8

Gulf Coast Chapter

August 9

FCUL Calendar of Events

July 2001

August 2001

Regional

Disaster Planning Workshop

Fee--\$125

July 12--Pensacola

July 17--Tampa

July 19--Miami

SE Regional Directors Conference

Fee--\$400

July 15-18--Gatlinburg, TN

Member Service Conference

Fee--\$225

July 24--Orlando

Call Center Conference

Fee--\$295

July 25-26--Orlando

Regional

Florida, Georgia, South Carolina Credit Union Security Officials Conference

Fee--\$375

August 12-14--Hilton Head, SC

Florida, Georgia, South Carolina Human Resources Conference

Fee--\$225

August 15-17--Hilton Head, SC

2001 Legal Summit

Fee--\$475

August 22-23--Orlando

Small Credit Union Seminar

Fee--\$150

August 8--West Palm Beach

*all fees are subject to change

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