

BANK DISCONTINUANCE**FEDERAL REGULATORS AGREE!**

CHECK CASHERS PLAY AN IMPORTANT ROLE IN OUR SOCIETY'S FINANCIAL FABRIC

As a gratifying culmination of a lengthy effort, a seminal event took place just prior to a recent hearing before the U.S. Senate Banking Committee. Gerry Goldman, FiSCA's General Counsel, and Bill Sellery, FiSCA's Washington Representative, were part

of a small, informal group that included the nation's most powerful financial regulators. The significance of the event was that, for the first time, the regulators were gathered as a group, with FiSCA, where they (the regulators) agreed individually and as a group that check cashers play an important role in the financial fabric of U.S. society, and that blanket termination of MSB accounts was never intended and is harmful.

What a long way we have come! FiSCA has gone to great lengths to demonstrate that to our customers, we are the mainstream, and that we contribute significantly to the financial foundation of society. And the recognition of our standing with regulators, banking trade groups, and Congress is an enormous help as we continue our fight against bank discontinuance.

The issue of bank discontinuance finally broke open at the highest levels of government in February when U.S. Treasury Secretary Snow stated that, "These businesses (Financial Service Centers) are key components of a healthy financial sector, and it is very important that they have access to banking services." Secretary Snow directed the Financial Crimes Enforcement Network (FinCEN) to conduct a major hearing (where six FiSCA witnesses testified) resulting in a rare and significant "joint guidance" issued by all the federal regulators, including the OCC, to clarify the relationship between banks and money service businesses.

The FinCEN hearing and guidance was quickly followed by a related hearing held in April by the U.S. Senate Banking Committee where Gerry Goldman, General Counsel of FiSCA, testified that bank discontinuance is unwarranted and should be suspended. Gerry's testimony

*continued on page 40***MSB FORUM AT FiSCA 2005 CONFERENCE**

FiSCA is planning to convene a high-level forum on the last day of the 2005 FiSCA Annual Conference (September 24-26 in NYC) to engage representatives of the financial services industry, their regulators and interested parties in a constructive dialogue about structuring rewarding, profitable relationships between banks and non-bank money service businesses (MSBs) that preserve access to financial services for our customers and combat money laundering and terrorist financing.

The forum would be one of the first organized discussions of the implementation of the new Joint Guidance and Advisory on Banking Services for MSBs. The forum would seek to identify and discuss the critical factors for banks and MSBs to work together to serve the rapidly expanding market of consumers who do not rely on insured depositories. ■



L to R: Julie Williams, *Acting Comptroller of the Currency – OCC (Office of the Comptroller of the Currency)*; William Fox, *Director, FinCEN (Financial Crimes Enforcement Network)*; Diana Taylor, *Superintendent of Banks, New York Banking Department*; Gerry Goldman, *FiSCA General Counsel*; Bill Sellery, *FiSCA Washington Representative*



Julie Williams, *Acting Comptroller of the Currency*



Diana Taylor, *Superintendent of Banks for New York*



Senator Sarbanes and Chairman Shelby confer during a hearing on Bank Discontinuance

THE LIGHT AT THE END OF THE TUNNEL

COMMENTARY BY GERRY GOLDMAN, ESQ.

The extraordinary events of the past few months, culminating in the April 26th hearing before the U.S. Senate Committee on Banking, Housing and Urban Affairs, chaired by Senator Richard Shelby, provided a seminal moment for the check cashing industry. At the hearing, the federal regulators again acknowledged what the check cashing industry has been saying for many years:

"That the check cashers are a key component of a healthy financial sector and it is important that they have access to banking services."

In one fell swoop the feds, in 24 words, essentially acknowledged that check cashers are part of the mainstream, and that they must have access to banks.

To hear the Acting Chairman of the OCC, Julie Williams, say those words almost made the efforts, energy and frustrations of the past four years seem worthwhile.

We hope that this event will extend into a federal policy that acknowledges expressly that not everyone needs to choose to have a traditional bank account to satisfy their financial needs.

The light at the end of the tunnel is more illuminating now. However, we must continue to drive the engine indefatigably into the bright sunlight.

Reprints of Gerry Goldman's testimony before the Senate Committee can be obtained by contacting FiSCA at 201-487-0412.

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Editor's Note: This commentary is a follow-up to the feature article in our March premiere issue.



FISCA ACTIVITIES

Roman Vaccari, Esq. attended a seminar, "Antidotes to Payday Lending: Lessons from the Credit Union Field," held by the National Federation of Community Development Credit Unions in St. Louis, Missouri. The seminar focused on alternatives to payday advances offered by credit unions, including payday advance options available to soldiers on military bases. The agenda also included an overview presentation of the payday advance industry by a representative from the Center for Responsible Lending.

Bob DeChillo attended the 10th annual Best Practices in Retail Financial Services Symposium in Carlsbad, CA. Speakers addressed Underbanked Consumers, Customer Loyalty and the current Payment System. William McCracken, CEO, Synergistic Research Corp. presented a workshop on the Hispanic marketplace. Bill will team up with Karla Fernandez Parker, President, K. Fernandez & Associates for an in depth look at marketing opportunities to the Hispanic market.

[Sunny Isles Beach, FL] March 2005. On behalf of FiSCA, Deputy General Counsel Bob Rochford attended the Annual

Conference of the Community Financial Services Association (CFSA). While at the conference, he met with various members of FiSCA's Payday Advance Committee and Board of Directors. Additional conferences were conducted with David Gillen, Vice President of County Bank of Rehoboth Beach, Delaware, and officers of other financial institutions about the new restrictive FDIC Guidelines governing rate exportation programs for payday advances.

[Nashville, TN] In April 2005, FiSCA Deputy Counsel Bob Rochford spoke at the program on the Unbanked and Alternative Financial Services. The event was sponsored by the Consumer Finance Committee of the American Bar Association's Business Law section. The other speakers included: North Carolina's Banking Commissioner, Joseph Smith; a representative of the Office of the Comptroller of the Currency; and a consumer activist. Rochford stressed the very high level of customer satisfaction with the operations of Financial Service Centers and FiSCA's current initiative to offer depositary services at the locations maintained by FiSCA members.

[Jersey City, NJ] In March 2005, FiSCA Deputy General Counsel Bob Rochford attended an emergency conference at the constituent offices of Congressman Robert Menendez, Assistant Democratic Minority Leader, in the United States House of Representatives. Congressman Menendez met that day with representatives of the National Money Transmitters Association, many of whose members were facing the termination of irreplaceable banking relationships in less than ten days. At the instructions of FiSCA General Counsel Gerald Goldman, Rochford outlined FiSCA's current and immediately upcoming lobbying efforts on bank discontinuance efforts, which are being spearheaded by Goldman and FiSCA lobbyist William Sellery of Sellery Associates. Congressman Menendez was energized at the conference. He indicated that assistance from the federal government was essential. Congressman Menendez immediately reached out to Congressman Barney Frank, ranking Democrat on the House Financial Services Committee, and to Congressman Charles Rangel, ranking Democrat on the House Ways and Means Committee. Congressman Menendez stated he was very concerned with the problem and promised to follow up in any way he could.

▶ REVOLUTIONARY SAVINGS PROGRAM HELPS UNBANKED AMERICANS SAVE FOR THE FUTURE

FiSCA AND NETSPEND INTRODUCE ALL-ACCESS SAVINGS PROGRAM

FiSCA teamed up with NetSpend Corporation of Austin, Texas, to launch the All-Access National Savings Program, a first-of-its-kind savings product based on an interest-bearing, federally insured account linked to a prepaid debit card. They prepared and executed a fantastic 12-city, two-day national press tour.

"The press tour went very well for us and earned us some good TV, radio and newspaper coverage," said Bill Siegel, former FiSCA chairman and the head of FiSCA's Savings Program Committee. "We prepared quality materials, worked the phones tirelessly and all of our traveling teams persevered through an exhausting schedule. In the end, those efforts will result in many more media opportunities beyond the solid hits we earned in the first phase of this program launch."

The FiSCA and NetSpend partnership is uniquely positioned to offer easy savings account access at the FiSCA-member locations where a majority of unbanked and under-banked consumers conduct financial transactions. The All-Access National Savings Program will provide Financial Service Center customers with a simple, secure and convenient savings vehicle.

According to figures from the U.S. Treasury Department, between nine and ten percent of American households do not have a bank account. And figures from the U.S. Bureau of Economic Analysis show that personal savings by American consumers during the fourth quarter of 2004 was just 1.6 percent of disposable income.

"FiSCA believes a key issue behind both the unbanked and low savings rate statistics is access. We know from surveys conducted

with our customers that most would use a savings product if one were available through their neighborhood Financial Service Center," says Gary A. Dachis, Chairman of FiSCA. "By teaming with NetSpend, FiSCA is helping thousands of hard-working Americans build savings for their families' futures."

"We are very excited to have launched this innovative consumer savings program with FiSCA because it means millions of unbanked Americans will now have an easy way to establish a savings fund on their own terms. The All-Access Prepaid Debit Card helps people open doors to a better future," said Roy Sosa, President and Co-founder of NetSpend. "This is truly an historic event because it represents a giant step in bringing mainstream financial services to underserved consumers."

The FiSCA-NetSpend press tour hit twelve cities from coast to coast, including New York, Washington, Atlanta, Miami, Philadelphia, Chicago, Houston, Dallas, Denver, Phoenix, Los Angeles and Portland. FiSCA and NetSpend used a team approach to get out the word. They looked to FiSCA's public relations firm Eric Mower and Associates (EMA), FiSCA members and several ACE Cash Express employees and stores, to help launch this exciting new program.

The team reached out to local elected officials and business leaders and directly contacted more than 500 media outlets. EMA distributed the announcement press release nationwide – in both English and Spanish — using PR Newswire and sent the media alert to all the local AP daybooks and bureaus. They also pitched all the national financial media outlets, most of which are based on New York and Washington, DC. Those included the *Wall Street Journal*, *The New York Times*, *BusinessWeek*, *Forbes*, *Fortune*, and Bloomberg News. Essentially, the release went to about 1,200 financial publications, editors, news directors and reporters. In addition,

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▶ IT'S A FIRST!

MONEYGRAM WILL SPONSOR ONLINE FiSCA/BANKERSEdge ANTI-MONEY LAUNDERING TRAINING PROGRAM

As *Currents* readers know all too well, since the passage of the USA Patriot Act, the money service business industry has been under increasing pressure to implement tough anti-money laundering controls. All money service business (MSB) employees, including employees of check cashers and money transfer agents, are required to have anti-money laundering training. Now, MoneyGram, a global leader in international money transfers, FiSCA and BankersEdge have brought a new on-line training program to MSBs throughout the nation to help them meet their necessary compliance goals.

The program was recently developed by FiSCA in collaboration with BankersEdge, a leader in Internet-based employee training programs. The courses focus heavily on Bank Secrecy Act compliance training specific to check cashing companies, wire transfer agents and sellers of money orders.

Rod Blum, Compliance Manager of MoneyGram International was supportive. "We are happy to sponsor FiSCA's development of this anti-money laundering training program. This program reflects our company's dedication to compliance. Programs like this help our agents ensure that they are doing everything possible to comply with the regulations that govern money service businesses."

The training program, which is the first of its kind available to the MSB industry, includes separate courses for tellers and company compliance officers.

"MoneyGram has been very supportive of the industry's anti-money laundering efforts. We are grateful for their assistance and gratified that MoneyGram recognizes the value in this new initiative," says Gary Dachis, FiSCA's Chairman, "The on-line program will now help us bring state-of-the-art training to

potentially thousands of MSB employees."

Check cashers and other MSBs are subject to many of the same anti-money laundering reporting requirements as banks. In addition, they are required to be registered with the U.S. Treasury Department and are subject to periodic examination by IRS agents and, in some areas, state banking regulators.

The FiSCA/BankersEdge courses include sections on identifying and reporting suspicious transactions and potential terrorist financing activities, in addition to reporting large currency transactions. Federal law requires financial institutions to report these types of activities to assist law enforcement efforts.

If your company is interested in the on-line program you can review the course materials or register at www.fisca.org or directly through the BankersEdge website, www.bankersedge.com ■

2005 FSCNY CONFERENCE UPDATE

NEW YORK

At the annual Financial Service Centers of New York Conference held in Brooklyn during May attendees heard from New York State Deputy Superintendent of Banks Regina Stone, participated in seminars covering compliance with the USA PATRIOT Act and commercial check cashing, and awarded nearly \$40,000 in scholarships to deserving students for college expenses.

Deputy Superintendent Stone presented plans for a conference hosted by the Banking Department during June involving regulators, law enforcement officials, banks and Financial Service Center operators designed to help educate bankers about the rigorous compliance standards that money services businesses must comply with in New York. "We want banks to know we have



Regina Stone, New York State Deputy Superintendent of Banks addressed the FSCNY Conference.

raised the bar and that they can have confidence in working with licensed check cashers in New York State," Stone said.

The Banking Department is exploring a new rating system for Financial Service Center businesses designed to go beyond measuring regulatory compliance to look at company strength and stability. The new FILM ratings will look at the Financial condition; Internal controls and auditing; Legal and regulatory compliance programs; and Management plans of each company. ■



REWARDING YOUNG LEADERS IN OUR COMMUNITY



Gene Schott, VP Sales, East, MoneyGram International, Inc. (left) and Sanford Herman, President, CheckMaster Financial Services, (right) presented the awards to this year's deserving students.

Ten exceptional New York City high school students received college scholarship awards from FSCNY in conjunction with Travelers Express/MoneyGram. The scholarship program, entitled "Rewarding Young Leaders in our Community" is providing \$38,000 in 2005 to help young New Yorkers achieve their dream of going to college.

"This program is one of the many ways check cashers give back to their communities," according to Sandy Herman, Chairman of the FSCNY Scholarship Program.

Now in its 10th year, the FSCNY College Scholarship Program

has helped 150 deserving students attend Ivy League and other selective universities and colleges. In total, over \$295,000 in college scholarships have been awarded to date.

Congratulations to this year's winners!