



The leading voice for New York's  
financial service center industry

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## Welcome!

The FSCNY Update is published on a periodic basis throughout the year to keep members informed of the latest developments in our association and our industry. It also is an effective means of letting public officials, community leaders and others learn more about our business and activities. Should you wish to provide feedback, please contact us at [info@fscny.org](mailto:info@fscny.org).

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# FSCNY UPDATE

*The Official Newsletter of the Financial Service Centers of New York*

## ***New York Check Cashing Fee Increases to 1.75%***

Effective March 1, 2008, the check cashing fee in New York increased to 1.75%. This fee increase represents the implementation of a 2005 industry-supported amendment to Banking Department regulations and is designed to ensure that check cashing fees reflect changes in the cost of living as well as the imposition of increased Banking Department assessments on check cashing licensees. The fee increase is tied to the Consumer Price Index for the New York metropolitan area. "This fee increase helps ensure that our members will be able to continue providing the high level of services our customer have come to expect from us," said Hank Shyne, FSCNY's Executive Director.

## ***Gov. Spitzer signs industry bill extending distance requirements for banks***

On February 11th, Governor Eliot Spitzer signed legislation extending the requirement that national and state banks that establish stand-alone check cashing locations comply with the same three-tenths of one mile distance requirement imposed on check cashers. This important measure is now in place until at least August 1, 2010.

Last year, Governor Spitzer vetoed legislation that would have made permanent the application of the distance requirement to these banks. In his veto memo, Spitzer asked the State Banking Department to study the industry and to recommend "whether the current geographical limitations should be abolished, altered, or made permanent in their present form." The Banking Department recommended a two-year extension of the distance requirements.

"Extending the distance requirements for banks was a legislative priority of the industry because

it maintains a level playing field," said Gerry Goldman, FSCNY General Counsel. "Throughout the legislative process we had strong support from many members of the Legislature, including Senator Hugh Farley and Assembly members Darryl Towns, Herman Farrell and Aurelia Greene, who were original sponsors of the Senate and Assembly versions, respectively. We are particularly thankful for their support. While we firmly believe that this law should be permanent, the two-year extension is certainly welcome news."

## ***FSCNY studies short term borrowing needs of New Yorkers***

Many people have trouble meeting their financial obligations from time to time. FSCNY recently commissioned a survey of New Yorkers and Virginians to assess the types of small dollar, short-term credit options these people use to help manage their daily finances. For example, do they rely on no-fee options such as borrowing from friends and family, or do they rely on fee-based alternatives? In general, the study revealed that there is strong and comparable demand in New York and Virginia for fee-based small dollar, short-term credit alternatives. The telephone survey of 2,400 New Yorkers and Virginians was conducted by Cypress Research Group. Not all New Yorkers surveyed needed access to short-term, unsecured credit, but those who did turned to several different options when faced with a shortage of money; including:

- 17% incurred late fees on credit cards
- 13% incurred late fees on routine bills (rent, mortgage, utilities, etc.)
- 5% obtained a small loan from a personal acquaintance
- 4% obtained a payday loan via the Internet



## President's Report

### Moving the Industry Forward

The New Year has brought considerable good news. The new check cashing rate of 1.75% went into effect March 1st. That is the earliest it's ever been enacted for the current year. In addition, the Governor signed into law the extension of the Banco Bill, which will now be in effect until August of 2010. These are important wins for our industry.

I am also happy to report that the Association is growing. We added locations this year which helps ensure the overall health of our organization.

FSCNY is working on a number of initiatives to help improve the overall business environment for check cashers, many of which are noted in this edition of the Update. One that I am particularly proud of is the upcoming FSCNY advertising campaign that will be airing in May on cable television. The program, underwritten in part by generous contributions from NetSpend, MoneyGram and Western Union, will inform the public about the wide variety of services offered by licensed check cashers. In addition to the ads that FSCNY will sponsor, Association members will be able to use them as templates for company-specific ads. These will be available at a steep discount, and members will have three options available to them. The ads will be presented to the membership at this year's Vendor Show.

As you might expect, government relations remains a key priority. In January, we met with Deputy Superintendent Regina Stone and her staff at the NYS Banking Department. Our agenda included the report on the Banco Bill, Jackson-Hewitt's check cashing activity, FILMS Audits, and license applications. The Department was very supportive on all matters.

On the issue of tax preparers that cash checks in violation of NYS Banking Law, we provided Deputy Stone with a list of unlicensed operators and asked the Department to investigate. In turn, she issued an industry guidance letter confirming that the check cashing activities of tax prep firms, and their advertising, is in violation of NYS Banking Law. That letter is available on [www.FSCNY.org](http://www.FSCNY.org) or on the NYS Banking Department site. We will continue to explore all our options on this critical matter.

On the issue of license applications, the Department said its goal was to shorten the current six to nine month processing time to four months. We offered our assistance to streamlining this process.

At the time of this newsletter, we are preparing for our annual Albany Legislative Blitz, scheduled for April 8th. This is an opportunity to meet directly with legislators and discuss issues of concern to the entire industry. As always, we need your support. Please contribute to the NYCHECK Political Action Committee as it is a key tool to advancing our legislative agenda.

In closing, I hope to see you all at the Vendor Show and Annual Meeting on May 6th.

**Matt Bardach, President**

Sixteen percent of respondents fell into the category of "frequent borrowers" which is to say they had three or more incidences of monthly late fees, bounced checks or payday loans.

"While we are still in the preliminary stage of examining the data, it seems clear that many New Yorkers need help from time to time to meet their daily financial obligations," said FSCNY Small Loan Committee Chairman Jim Eustace. "Our industry has always taken pride in offering products and services that satisfy ever-changing consumer demand, and we will be looking to do so here as well."

## FSCNY Spotlight: Vendors Committee

Since its inception in 1957, FSCNY (originally called the Check Cashers Association of New York) has been providing a wealth of services to members. Some activities, such as government affairs efforts at the local and state levels, help ensure the long-term viability of the industry; others help deliver immediate, bottom line results. In order to aid members in these areas, FSCNY's Board of Directors has established a number of committees. These include:

- Vendors Committee
- Membership Committee
- Web Site Committee
- Product Development Committee
- Scholarship Committee
- PayNet/POB Committee

Each of these committees has taken a leadership role in exploring ways to promote the industry and expand members' business opportunities. For example, the Vendors Committee identifies, analyzes and recruits potential partners whose products or services can benefit members through cost savings or additional revenue opportunities. Ira Krell of David's Financial has been the Vendor Committee Chairman for the past five years. In that capacity, he has identified opportunities large and small to help members save money or add revenues.

"If you are a mid-sized to large operator, with ten or more stores, vendors are going to approach you with opportunities," says Krell. "However, if you are a smaller company, it may be more difficult to identify the ways you can operate your business more efficiently to add or improve service offerings and reduce overall expenses. The FSCNY Vendor Committee helps members do that." For example, consider the following:

- Strategic Energy offers a program through which check cashers can save on their energy bills by locking in to a fixed rate for a three to five-year period. While the savings may not appear immediately, over the length of the contract the savings may not appear immediately, over the length of the contract the savings can be substantial, depending on fluctuations in the market "spot" price.
- Through a recently formed relationship with Money Networks (A First Data Corp. company) FSCNY members who are PayNet locations can become part of the Money Networks System. The Money Network System allows unbanked individuals to direct deposit their paychecks onto a debit card and then write checks against the card. Those checks, which when validated are guaranteed by Money Networks, can then be cashed at PayNet member locations.

"I'm always on the lookout for ways our industry can save money on operational expenses or make a few more dollars," says Krell. "While not everything is, by itself, a home run, if you have a bunch of singles, you're still going to win the game." Strategic Energy and Money Networks are two of several arrangements FSCNY has with various vendors.

Under Krell's leadership, FSCNY pursued a bulk purchasing arrangement with Staples. He has also introduced the membership to a telephone service provider that offers 40% savings coupled with enhanced customer service. He has identified and shared with the FSCNY membership a mobile paper shredding company that helps reduce document storage costs while also making it easier to comply with the requirements associated with the Gramm, Leach, Bliley Act.

"FSCNY provides members with a wealth of resources to help them run their businesses more profitably, and the Vendor Committee is one example of how we identify opportunities to share resources and information for the betterment of all," concluded Krell.

To learn more about any of these programs, please contact FSCNY at 212.268.1911 or [info@fscny.org](mailto:info@fscny.org).

## 16th Annual Conference and Vendor Show set for May 6th

FSCNY will hold its 16th Annual Conference and Vendors Show on Tuesday, May 6th at the New York Marriott at the Brooklyn Bridge. The day will be devoted to a General Membership meeting, vendor exhibits, seminars, featured speakers and a scholarship awards luncheon. Highlights of the Show include:

- Superintendent of Banks, Richard H. Nieman, has been invited to speak, along with several members from the State Legislature;
- A General Membership meeting with updates on industry and Association matters and programs;
- The presentation of awards to the winners of the FSCNY/MoneyGram Scholarship Program;
- A seminar will address the intricacies of anti-money laundering and compliance requirements under the USA PATRIOT ACT, Bank Secrecy Act and New York State law. A Certificate of Completion will be awarded to attendees;
- A panel of prominent industry experts will discuss recent studies of consumer financial behavior; and
- More than forty vendors will be showcasing their latest products and services.

There also will be a reception where attendees can network with their peers.

For additional information about attending the event, either as an attendee or as a vendor, please contact FSCNY at (212) 268-1911 or [info@fscny.org](mailto:info@fscny.org).

## Government Round-Up

*In addition to the recently-announced fee increase and extension of the distance restriction on stand-alone bank facilities, other government relations highlights include:*

### Albany Legislative Blitz set for April 8th

FSCNY will be holding its Legislative Blitz in Albany on April 8th. The event follows the April board meeting, which also takes place in Albany and gives members an opportunity to meet one-on-one with their state representatives to discuss issues of concern to the industry. Last year, board members met with 20 legislators. Look for additional details in the next issue of the FSCNY Update.

### Legislation introduced to curb unlawful check cashing

Two bills were recently introduced by Senator Hugh Farley, Chairman of the Senate Banks Committee, which would help deter

illegal check cashing operations. The first, S5344, would amend the state's Banking Law to classify such activities as a Class A misdemeanor and increase related penalties. Currently classified as a misdemeanor, the penalty for such activities is one year in prison and/or a \$500 fine. If enacted, this bill would raise the designation to a Class A misdemeanor and the financial penalty would increase to \$1,000 for individuals and \$5,000 for corporations.

The second bill, S2864, gives the Banking Department the authority to issue cease and desist orders against anyone providing finance services such as check cashing without the proper licenses. Civil penalties of up to \$5,000 per day can be imposed for each violation.

Companion bills to both measures were introduced in the State Assembly by Assemblyman Darryl Towns, Chairman of the Banking Committee. The bills are pending in

their respective committees where they are awaiting further action.

### FSCNY named to FinCEN Advisory Board

FSCNY has been appointed by the Financial Crimes Enforcement Network (FinCEN) to be a member of the Bank Secrecy Act Advisory Group. The three-year term began on March 1, 2008 and expires on February 28, 2011. The BSAAG serves as the principal forum in which issues related to the administration of the Bank Secretary Act are discussed among regulators, law enforcement and industry. The Advisory Group provides FinCEN with industry perspective on BSA/AML issues and assists in the formation of policies impacting the industry. This is a prestigious appointment which is of critical importance in making the concerns of MSBs known to regulators.

## PRBC Seeks Partners in New York

A credit rating is crucial in today's economy. Not only is it essential to securing access to credit, it also is used by employers, insurers and others in a host of ways. Financial Service Centers understand the importance of credit ratings but also recognize that many of their customers lack the ability to build their credit file through traditional means. In recognition of this critical need, FSCNY in conjunction with FiSCA, is making available to members an alternative credit building program that can be offered to their customers to help build credit files.

Last fall, FiSCA introduced a groundbreaking partnership with PRBC (Payment Reporting Builds Credit) through which FiSCA members can offer the Payment Reporting Builds Credit® service to their customers. FSCNY is building on its relationship with FiSCA to make that same program available to its members.

PRBC is a consumer reporting agency and repository that enables consumers and small businesses to build a credit file and score, based on their history of making rent, utility, phone, and other recurring bill payments that can be used to demonstrate creditworthiness. Through the "FiSCA/PRBC Credit File Building Program," members can help their customers build their credit history by voluntarily reporting the financial transactions they've been making on a regular basis. This will enable users of credit reports and scores to have a more complete picture of an applicant's creditworthiness. This partnership means that millions of Americans who pay their monthly utility and phone bills at these locations will soon have access to this credit building opportunity.

PRBC representatives made a presentation at the January 8th general membership meeting. It is currently in discussion with a number of individual companies.

To learn more about how you can start offering this service at your stores, and help your customers get on the road to a better credit, please contact Hank Shyne at 212.268.1911.

## Upcoming Events

### April 7, 2008

Board meeting

### April 8, 2008

Albany Legislative Blitz

### May 5, 2008

Board meeting

### May 6, 2008

FSCNY 16th Annual Conference and Vendors Show

General Membership Meeting at 9:30 a.m.

NY Marriott at the Brooklyn Bridge

333 Adams Street

Brooklyn, NY 11201

718-246-7000

### September 9, 2008

FSCNY General Membership Meeting at 7:30 p.m.

Crowne Plaza-LaGuardia Hotel

104-04 Ditmars Blvd.

East Elmhurst (Queens), NY 11369

718-457-6300

### October 18-20

FiSCA's 20th Annual Conference & Exposition

Mandalay Bay Resort & Casino, Las Vegas, Nevada

(To register, please visit [www.fisca.org](http://www.fisca.org))

## Benefits of Membership in FSCNY

FSCNY works on behalf of the entire check cashing industry in New York. The old adage, "There's strength in numbers" certainly is appropriate for our industry. In addition, as a member you will have access to our training and compliance programs and member discounts for the Annual Conference and Vendor Show. If you are not a member, please consider joining. For additional information, please contact either Hank Shyne or Ed D'Alessio at 212.268.1911.

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