



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.

WHAT'S INSIDE

- Albany Update
- President's Report
- Focus Group Survey Results
- Conference Recap
- CFPB Up & Running

FSCNY UPDATE

The Official Newsletter of the Financial Service Centers of New York

Governor Signs Taxpayer Refund Choice Bill Into Law



Earlier this summer the Association achieved an important victory when Governor Cuomo signed into law the Taxpayer Refund Choice Act on August 18th. This law is in response to the New York State Department of Taxation and Finance (DTF) initiative that would have effectively eliminated paper checks as a means of paying income tax refunds, beginning in 2012. In June, both houses of the Legislature had overwhelmingly passed the legislation.

The Act affirms the right of New York taxpayers to receive income tax refunds by paper check. It also requires DTF to provide taxpayers with a clear, written statement setting forth their right to receive tax refund payments by paper check, to opt out of any prepaid debit card or direct deposit program for payment of tax refunds, and to explain all the costs associated with any debit card program.

"The Governor's signing this legislation into law is an extremely important win for FSCNY, our industry and our customers," said FSCNY President Jason Carballo. "It helps secure the choice that consumers expect and need when handling their personal finances. At the same time, since the industry annually receives in excess of \$8 million in revenue from cashing state income tax refund checks and related services, its importance to us cannot be overstated."

The other major piece of legislation FSCNY is pushing in Albany is the Short-Term Financial Services Loan Act (A. 7047, introduced by Assemblyman Heastie and S. 3841, introduced by Senator Farley) which would permit licensed check cashers to provide a responsible and regulated small dollar, short-term credit option in a socially responsible way. Major progress was made during

Continued on Page 2 »



President's Report

Summer. Time to take a break, reflect on what we've accomplished so far this year and plan for next steps.

As is explained in greater detail elsewhere in this edition of Update, the Association had a very good spring in Albany. Headlining our success, on August 18th Governor Cuomo signed into law the Taxpayer Refund Choice Act. As a result of this legislation the State Department of Tax and Finance must include a paper check as a clear option as well and state all charges that

would pertain to the debit card option. This is an important victory for our customers and our industry.

We also made important progress on our small dollar loan bill. We have been working diligently on this bill since last October. This spring we faced opposition from expected and unanticipated sources. Consumer groups continued to oppose us with their same rhetoric and were joined by new groups, the credit unions aligning with unions such as District 37 that oppose the legislation for competitive reasons. However, the bill sponsors and cosponsors remain committed to this legislation, as does our Association. This will again be a legislative priority when the Legislature reconvenes.

The lobbying team of Gerry Goldman, Ed D'Alessio and Dick Smith was also successful in blocking several other bills that would have been harmful to the industry. As you can see, 2011 has been a good year for FSCNY in Albany.

Looking forward, in addition to our legislative priorities, we will be concentrating on establishing a strong relationship with Benjamin Lawsky, the incoming Superintendent of Financial Services, created earlier this year through the merger of the Departments of Banks and Insurance.

We also enjoyed success in other areas. Continuing our efforts to participate more in New York City initiatives, we recently met with the MTA and EZ Pass Authorities. They understand the important role we play in local communities and openly discussed their future initiatives. First, by 2017 the MTA plans to eliminate the hard card Metro card as we know it and will move to refillable cards. We are exploring the possibility of licensed check cashers serving as reload centers. Likewise, EZ Pass is currently exploring the possibility of allowing check cashers to reload "EZ Pass on the Go" devices. These represent important opportunities for all licensed operators, and I encourage all members to apply early for status as "EZ Pass on the Go" authorized agencies.

I want to thank all who attended the 2011 conference as well as the vendors, members and staff who gave their time to assist in the breakout sessions. In addition, I am most appreciative of those outside the industry who participated in our General Sessions. These "third party" experts brought a valuable perspective to the meeting. Finally, I want to thank those who responded to the conference satisfaction survey. Those who did indicated that the program was very well received. We always welcome and encourage your opinions.

Finally, effective July 1st FSCNY no longer has an executive director, as Hank Shyne has left the Association. In response, we are actively transitioning those roles and responsibilities to specific individuals on staff. At the same time, I want to recognize Hank's considerable accomplishments on behalf of our industry. He raised the level of professionalism at a time we needed it most. Speaking on behalf of all past Presidents, without his level of commitment during so many trying times in our industry it would have become impossible for us to achieve our intended goals. I thank him for his dedicated service on behalf of our industry, this association and the Board of Directors. Going forward, Hank's responsibilities will be handled by other members of the FSCNY staff, including Ed D'Alessio, Roman Vaccari and Stephen Altobelli.

I hope your summer was restful (in spite of the earthquake and hurricane) and look forward to working with the membership on common issues of concern this fall.

Jason Carballo, President

Continued from Page 1 »

the past session, and the bill now enjoys bi-partisan support in both chambers. This will be FSCNY's top priority when the legislature convenes in January. In the meantime, the Association will be asking members to participate in a grassroots campaign to bolster legislator support for the bill.

FSCNY also is supporting legislation that would increase the penalty for individuals engaged in unlicensed check cashing from a Class A misdemeanor to a Class E felony (A. 6571, introduced by Assemblywoman Peoples-Stokes and S. 3361, introduced by Senator Grisanti).

FSCNY also successfully blocked two bills that were unfriendly to the industry. The first, A. 6894, would have eliminated the right of employees to refuse enrollment in employer payroll card programs. A second bill of concern, A. 6763, would require the industry to file suspicious activity reports with the State Superintendent of Banks in connection with check cashing activity. The bill also contained no definition of suspicious activity, leaving licensees subject to exposure for failure to file. Since MSBs are not currently required to file SARs for check cashing activity, the bill would have greatly expanded our reporting requirements. FSCNY representatives have been in constant contact with our allies in both houses regarding these bills. As a result, no companion legislation has been introduced in the Senate, and the Assembly bills have not moved.

In summing up the past session in Albany, President Carballo said, "These accomplishments also are a testament to the adage, we can accomplish anything, working together. The Governor's signing the Choice Bill into law is a result of the tireless efforts of our Government Relations Team, led by Gerry Goldman, Ed D'Alessio and Dick Smith. It also was a priority for our Board of Directors when they met with legislators earlier this spring during our annual Albany Blitz. This success is the latest example of how important FSCNY is to the prosperity of our industry."

DCA Campaign Unfairly Targets Check Cashers

On June 27th the New York City Department of Consumer Affairs (DCA) launched its Protect Your Money campaign, a public awareness campaign to warn New Yorkers about scams to avoid and let them know about free help that is available by calling 311. The campaign includes advertisements in 3,000 subway cars in addition to being featured in major daily and community newspapers and phone kiosks.

Alarming, the campaign included check cashing along with three fraudulent activities. In response, FSCNY acted quickly. President Jason Carballo immediately sent a letter to DCA Commissioner Mintz demanding the industry be removed from the campaign. Likewise, Joseph Coleman, President of Rite Check Cashing and Chairman of FISCA, sent a similar letter. In response, Commissioner Mintz agreed to meet with industry representatives. The August 4th meeting was attended by Carballo, Coleman, Ira Krell of David's Financial Services and FSCNY Deputy General Counsel Ed D'Alessio. While the meeting did not produce any immediate breakthrough it did help foster stronger communications with the department while also putting it on notice that the industry was very watchful of its actions and is prepared to challenge those initiatives that unfairly attack it.

Focus Group Survey Results

As reported previously in Update, FSCNY recently created a new committee, call the Focus Group. Its mission is to develop concepts to better "market" the industry, and its first major initiative was a customer survey. It was intended to help determine how the industry can be better positioned in the marketplace. Specifically, its goals were to:

- Develop an industry-wide marketing initiative to increase awareness of the variety of services offered by member financial service centers;
- Gain a better understanding of the service values, perceptions and needs among both customers and non-customers;
- Seek opportunities to best position the industry to new customers currently using traditional banking institutions.

The survey, designed and implemented by Grafico, targeted both existing check cashing customers as well as non-users that currently patronize traditional financial institutions such as banks and/or credit unions. A total of 800 people participated in the survey, half were check cashing customers and the other half were bank customers. Different iterations of the survey focused on four core areas:

- Awareness and perception
- Satisfaction levels
- Products and services
- Technology usage

Preliminary results were shared with the FSCNY Board of Directors during its June board meeting. While some of the results were as expected (media advertising played a far more critical role in attracting bank customers versus check cashing customers) others were a surprise (tellers at check cashers were perceived as being more knowledgeable (87%) versus their bank counterparts (73%).

A second, more detailed presentation was made to the FSCNY membership during the September General Membership Meeting.

Annual Conference Recap

FSCNY's 19th Annual Conference, held on May 17th at the Marriott by the Brooklyn Bridge hotel, was a resounding success. In total, the conference had more than 250 attendees and 37 exhibitors showcased their latest products and services.

This year's event was unique in that operators from Pennsylvania, New Jersey and Connecticut, in addition to New York, were invited to the show, and General Session I was tailored accordingly. Hazen Marshall from The Nickles Group, the firm FiSCA has retained to assist with lobbying in Washington, D.C., provided attendees with an extensive update on the Consumer Financial Protection Bureau and the general political situation in the nation's capital. In addition to updates from Albany and New York, attendees heard from representatives of those states as well. One of the advantages of such a broad range of presentations is that many common challenges were discussed, as well as the different strategies and tactics being employed to address them.

General Session II featured a presentation by Dr. Patricia Cirillo, President of Cypress Research Group, on her findings from a national survey on the financial behavior of low- and moderate-income consumers. At the local level, Jim Higgins of Grafico, provided an update on FSCNY's own, state-wide survey that includes both bank and check cashing customers. Dr. Cirillo was joined by several experts, including Isaac Roldan, Manager of Asset Recovery for ACCION USA; Kathy Doto, First Vice President of MB Financial; and Larry Slonina, President of U.S. Advisory Services who discussed in greater detail the connection between consumer behavior and product development.

The FSCNY/Moneygram International Scholarship Luncheon was again a conference highlight. The scholarship presentation ceremony included speeches by all six first place winners. In addition, FSCNY President Carballo presented Darryl Towns with a plaque of appreciation. A longtime Assemblyman and friend of the industry, earlier this year Governor Cuomo appointed Mr. Towns to serve as the Commissioner and Chief Executive Officer of New York State's Homes and Community Renewal. Over the years, Mr. Towns has been one of the industry's most steadfast allies.

President Carballo also presented departing Executive Director Hank Shine with a special gift in appreciation for his years of dedicated service to the industry and the Association.

The afternoon featured two workshop sessions, one track dedicated for owner/operators. Building on the success of last year, a second track of workshops was specifically for tellers. Both were very well attended.

Summing up the success of the 2011 show President Carballo said, "The conference continues to grow in importance for the industry throughout the New York region, and it is gratifying to see how many members of the industry and its supportive vendors attend."

FSCNY Awards \$43,500 in Scholarships

In 2011, the FSCNY/MoneyGram International Scholarship Program awarded 16 scholarships valued at \$43,500. Since 1996, FSCNY has awarded 252 scholarships totaling \$555,000 to New York City area students. Pictured above are this year's first place winners along with Juan Melendez, Vice President of MoneyGram International (far left) and Sanford Herman, Chairman of FSCNY's Scholarship Committee (far right).



CFPB Up and Running

On July 21st the Consumer Financial Protection Bureau (CFPB) officially began operations. Created as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, CFPB will have extensive regulatory powers over virtually all products offered in financial service centers. Earlier this summer President Obama nominated Richard Cordray to serve as its first director. Senate confirmation hearings were scheduled for September 6th but his ultimate confirmation by the Senate is unclear at this time.

Since last fall when Congress passed Dodd-Frank, FiSCA, the national trade association that all members of FSCNY also enjoy membership in, has been aggressively working to establish and expand relationships with senior executives within the bureau. That work has paid off as FiSCA representatives have participated in several key meetings there, including high level one-on-one sessions. As a result, FiSCA is now seen by CFPB as a key industry representative.

CFPB will continue to be a top FiSCA priority for the foreseeable future. FSCNY members can keep abreast of latest developments in e-currents, FiSCA's electronic newsletter. If you are not currently receiving it, contact Cindy Vega (cvega@mww.com) and ask to be placed on the distribution list.

Passing of Sam Marrero, Jr.

On July 18, 2011 the New York check cashing industry lost one of its own as Sam Marrero, Jr., President of SMJ Services, passed away after a battle with cancer. In addition to running his business, Sam was very active in his community and with his family. FSCNY President Carballo noted that, "he was a great friend to me and many within the industry, but more important, he was a wonderful husband, father, son and brother. He will be so deeply missed."

2011 FSCNY Meeting Schedule

All meetings will be held at the New York LaGuardia Airport Marriott (except for May 16th Board of Directors meeting and May 17th Annual Conference & Exposition which will take place at the New York Marriott at the Brooklyn Bridge)

NEW YORK LAGUARDIA AIRPORT MARRIOTT

102-05 Ditmars Boulevard
East Elmhurst, NY 11369
718.565.8900

October 11	4:30 P.M. - Board of Directors Meeting
November 8	4:30 P.M. - Board of Directors Meeting
December 13	4:30 P.M. - Board of Directors Meeting

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