



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 the Association and the 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.

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FSCNY's 2010 Vendor Show

May 11, 2010

New York Marriott at the
Brooklyn Bridge

For more information, visit
www.fscny.org

FSCNY UPDATE

The Official Newsletter of the Financial Service Centers of New York

FINANCIAL SERVICE PROVIDER OF THE YEAR: SANFORD HERMAN

At the 21st Annual FiSCA Conference and Exposition Sanford Herman was recognized as the Financial Service Provider of the Year. In addition to his passion for the Association and the industry, he was recognized for his outstanding leadership and commitment in creating and administering the FiSCA National Scholarship Program. Since its inception in 1999, the scholarship program has awarded \$530,500 in college grants to more than 225 deserving students.

Herman has overseen the program since its start in 1999, and acts as the national chairman. He directs five regional committees, which select finalists for the national competition, through the year long process. The scholarship program requires applicants to complete a rigorous application process, including an essay profiling an individual who has made a profound impact on their lives. Finalists also are interviewed by scholarship committee members. The committee also considers the applicant's community service and academic achievement.



The National Scholarship Program is funded by MoneyGram International, Western Union, and individual FiSCA members. Each year, more than 1400 college-bound students compete for the awards. This year, 34 students received cash grants of at least \$2,000. In total, \$70,500 in scholarships have been awarded in the program's 10th year. For more information about the program, please visit www.fisca.org.

SSA Benefit Recipients & Industry Alike To Be Adversely Affected By Republic Bank Terminations

This fall, Republic Bank, headquartered in Kentucky, advised its agents that it was terminating its national benefit distribution program whereby individuals can arrange to pick up their monthly Social Security check at their local check casher. When utilizing this service, beneficiaries receive their check one to three days early which helps ensure they have the money available to pay their monthly bills on time. Approximately 67,000 customers utilize Republic Bank's service nationally.

"It is disturbing that Republic Bank felt the need to abandon a profitable business in order to focus on regulatory concerns in other areas," said Jason Carballo, FSCNY President. "At the same time, as an association we feel it is important that customer retain the right to access their Social Security benefits in the manner that is most convenient, and safe, for them. For thousands of New Yorkers, that is through their neighborhood check casher. (continued on page 4)



PRESIDENT'S REPORT

The Chinese proverb says, "May you live in interesting times." It is safe to say 2009 has certainly met that criterion, for the country as a whole and for our industry in New York.

This past year has been one of the more eventful in recent memory. Our industry, like so many others, suffered the fallout from the financial meltdown and its corresponding economic impact. It has generated a loud call for financial regulatory reform which could significantly impact how we run our businesses, even though we had nothing to do with the cause of the problem. The downturn has forced us to reevaluate our business operations, improve efficiencies and make expanding our business opportunities a greater priority. It is in this context that we can be pleased with the progress our Association has made for our industry.

In this edition of FSCNY Update you will see a detailed recap of FSCNY's efforts in Albany and New York City to advance initiatives vital to the entire industry. There have been many, but a few of the significant highlights include our luncheon meeting with Governor Paterson this past summer which was an unqualified success and helped raise the overall profile of our issues at the highest level of state government. The public affairs campaign launched this year has already delivered important benefits in the form of improved relationships with key members of the New York City Council and important legislative and regulatory initiatives that could deliver real bottom-line benefits to the membership in the coming year. Suffice it to say that your association has made important progress on a number of fronts and will continue to advocate for the industry in 2010.

In addition to our public policy efforts, FSCNY's different committees work tirelessly on behalf of the Association, and indeed the entire industry. As a result of their efforts we are exploring new products and services we might offer in our stores. We are well along in our efforts to upgrade the Association website to make it more useful to both members and those wanting to learn about our business. We continue to pursue and expand partnerships with area credit unions. Our annual Vendor Show is scheduled for May 11 at the Marriott Brooklyn Bridge and remains the New York industry's best event for networking and keeping abreast of the latest products and services, not to mention regulatory and legislative developments.

And that leads me to our members. Any association is only as strong as the people who dedicate their time, creativity and resources to make it the strongest possible advocate for their industry. As eventful as 2009 has been, 2010 promises to be just as important, if not more so. It is crucial that FSCNY be strong and active if we are to achieve our common objectives in 2010. With that in mind I urge all FSCNY members to do two things. First, attend the General Membership Meeting to learn more about the association's plans for the New Year. Even better, bring another store owner who is not currently a member of FSCNY. The meeting will be held on January 19th at 7:30 p.m. at the New York LaGuardia Airport Marriott. Second, contribute to FSCNY's political action committee. It is an absolutely crucial element in our overall government relations program.

Finally, I want to wish everyone a happy holiday and a healthy and prosperous new year. It has been a privilege serving as your President, and I look forward to working with the membership to pursue our ambitious agenda this coming year.

Jason Carballo
President, FSCNY

Membership Elects FSCNY BOARD

At the Annual Membership Meeting, held on September 15th, the FSCNY membership elected several new members to the Board of Directors, including:

- **Andy Berger**
- **Robert Boyer**
- **Peter DeSalvo**
- **Sam Marrero, Jr.**
- **John Urban**

In addition, six incumbents were reelected, including:

- **Jay Brodsky**
- **Sanford Herman**
- **Ira Krell**
- **Al Pyne**
- **Ryan Sheriff**
- **Mike Sobol**

The 2010 association officers will be:

- **Jason Carballo**, President
- **Ray Mustafa, Jr.**, Vice President
- **Edwin Rosario, Jr.**, Secretary
- **Thomas Musial**, Treasurer

Store Appearance Program

As part of an ongoing goal to continue to improve the industry's image, Financial Service Centers of America (FiSCA), has established store appearance best practices for the industry. The new program was approved at FiSCA's October board meeting. FiSCA's Store Appearance Program seeks to develop and promote ways for members to project a positive business image within their communities. As part of that effort, a Best Practices Store Evaluation Guide is now available to FiSCA members. It is a self-evaluation tool that assists owners and operators in objectively determining how well their store(s) compare to the industry's best practices. The Guide seeks to establish consistent standards in order to improve the appearance of members' facilities as well as their bottom line performance. It can be used to highlight areas where a location is up to date with industry standards and identify other areas in which a location could be improved upon for better performance.

"The Guide will help the industry to function on a consistent basis and support FiSCA members' overall image," said Joseph Coleman, President of RiteCheck Cashing and FiSCA's Chairman. "The new program will communicate respect and courtesy to our customers."

Improving store appearance can also bring economic benefits. During remarks made at the Annual FiSCA Conference in Colorado Springs, Coleman used his experience with one of his stores to highlight the significant positive impact improving a store's appearance can have on the bottom line.

To continue to promote industry awareness and adoption of the Guide and its standards, FiSCA has created two award programs: the Exemplary Store Appearance of the Year Award and the Most Improved Store Appearance of the Year Award. The inaugural awards will be made at the 22nd Annual FiSCA Conference and Exposition in Las Vegas in October 2010.

Additional information can be found at www.fisca.org.

GOVERNMENT RELATIONS ROUND-UP

2009 certainly was a busy year for FSCNY in the government relations arena. On behalf of the membership, the Association was active on a variety of issues at the city, state and federal levels most of which promise to be priorities in 2010 as well.

At the local level, FSCNY's Public Affairs Campaign is starting to deliver important benefits. Two key initiatives which are gaining momentum can be traced back to this new program:

- **NYCHA:** For several years now FSCNY has been trying to expand the network of member locations that can serve as payment centers for residents living in New York City Housing Authority facilities. On November 17th FSCNY staff and company representatives, including association president Jason Carballo, of Castle Financial Services, met with NYCHA Chairman John B. Rhea and his senior staff regarding this issue. As a result of that initial meeting and the pledges of support from those in attendance, we expect to resolve this issue in the coming months.
- **Parking Tickets:** FSCNY also is working with its allies on the New York City Council to draft legislation that would allow all licensed check cashers to serve as collection agents for City parking-related violations. The Association has been working alongside City Councilman Mathieu Eugene, who sponsored such implementing legislation on the industry's behalf.

At the state level the association continued to build its strong base of support among key members of the Senate and Assembly. The annual Albany Blitz, held in April, was very successful, with members meeting with dozens of their state representatives to discuss issues of concern and keep them apprised of developments within the industry. Looking ahead, the association will be pursuing a number of legislative

initiatives in 2010 which will be critical to its success. Chief among these priorities are:

- **Banco Bill:** FSCNY will pursue legislation that will remove the sunset provision from the current law banning banks from opening check cashing locations within three-tenths of a mile of an existing licensed check cashing store.
- **Banking Department Program Bill:** Introduced in early 2009, this legislation would significantly impact the industry by removing from existing law the requirement that licensees have financial services as their primary business and would increase from \$1 to \$5 the exemption threshold for fees collected for cashing checks "incidental" to a company's primary business. While the bill stalled in committee this year, FSCNY expects its proponents to aggressively push it again next year in Albany.
- **Small Dollar Loan Bill:** Early next year, FSCNY plans to work with its Senate and Assembly allies to introduce legislation that would allow for the creation of a small dollar loan product. This would be an important ancillary product to those currently being offered by the licensed industry.

Finally, New York members are actively supporting efforts initiated by FiSCA to exempt check cashing from the jurisdiction of the proposed Consumer Finance Protection Agency. Congress is currently debating legislation that would create this new agency. Association members with stores in key congressional districts are participating in a targeted grassroots campaign designed to generate letters of support to the association position. As final passage of the enabling legislation is not expected until early next year, the grassroots campaign will most likely extend into the New Year as well.

Results of 3rd Annual Industry Survey

FiSCA's 3rd annual member survey illustrated that products outside of the industry's traditional offerings experienced the greatest growth in a comparison between 2009 and 2008 and also revealed a continuing problem of the industry's cost of being serviced by banks. Among the industry's findings:

- Prepaid debit cards experienced a 100% growth in the amount of money transferred to the cards, 38% increase in the number of cards sold and 17% increase in the number of reloads.
- Wire transfers saw a 12% increase in the number of transfers processed and 9% increase in the total gross amount of money transferred.

The survey also illustrated the impact the uncertain regulatory climate is having on the FSC industry. The findings include:

- Average bank fees paid, by store, were \$12,650. This represents a sharp increase from \$5,684 in 2009.
- Twenty-six percent of responding companies "lost their banking relationship" (initiated by bank).
- In addition to those, another 26% of responding companies' banks "changed the parameters in which it does business."

- On a net basis, just over half (52%) of the responding companies reported a significant change in their business banking relationships in the past year.

Finally, the survey explicitly depicts the industry's appeal as an employer of choice for minorities and women. The survey respondents have 12,721 employees; FiSCA members' employees total approximately 25,000. The survey found that:

- Two-thirds (69%) of employees are racial/ethnic minorities (27% of employees are African American, 37% are of Hispanic descent, and 5% are of some 'other' race/ethnicity).
- A great majority of employees (76%) are female.

The survey, conducted by Patricia Cirillo, Ph.D., of Cypress Research Group, surveyed 25 FiSCA member companies representing 3,300 stores nationwide. The responses to the confidential, online survey represented more than 40% of the total number of stores (approximately 6,500) represented by FiSCA. FSCNY members can view the entire survey by visiting the Members Only section of www.fscny.org.

New Law Affects Tax Preparers, Check Cashers

In the 2009-2010 Executive Budget Bill the Legislature enacted amendments to the Tax Law imposing new requirements on tax preparers and facilitators of refund anticipation loans ("RALs") and refund anticipation checks ("RACs"). The new law requires that each tax return preparer register with the Tax Department before they prepare any personal returns. In addition, each facilitator who will facilitate the making of a RAL or RAC must register with the Tax Department before facilitating the making of a RAL or RAC.

In addition, a newly amended Section 32 of the Tax Law places several significant restrictions on tax return preparers and facilitators regarding RALs and RACs. The most specific provision affecting check cashers is Section (F)(1)(g), which provides that a tax return preparer or facilitator shall not "refer, facilitate, solicit consumers or conduct business on behalf of, in conjunction with or on the same premises as a third party engaged in check cashing for a fee." The new law contains several penalty provisions, including for failing to register, continued failure to register and evasion of the registration requirements.

Licensed check cashers are urged to be cautious about entering into arrangements with tax prep firms without prior legal advice, particularly in light of the additional restrictions contained in Article IX-A of the Banking Law.

A more complete discussion of the new law and its impact on check cashers can be found in the Members Only section of www.fscny.org.

Republic Bank *(continued from page 1)*

While Republic needs to do what it is in its own best business interests, FSCNY will be working with any and all interested parties to maintain this service to those consumers who want it."

Termed a "business decision" by bank representatives, it is believed the bank's action is a reflection of regulators' increasing scrutiny of other parts of the bank's business, not the benefit distribution program. Republic has notified its customers that it is ceasing to offer this service as of February 5, 2010. FSCNY believes that timeline is far too aggressive as it is hoping another provider will take over this service offering. It is aggressively investigating options to help preserve this service that benefits customers and check cashers alike.

January Membership Meeting to Address Industry Threats & Opportunities

The January 2010 FSCNY General Membership Meeting will be held on January 19 at 7:30 p.m. Owners and operators from the entire New York State industry, not just FSCNY members, are urged to attend this meeting to learn about industry priorities for the coming year. The meeting will take place in the Grand Ballroom at the New York LaGuardia Airport Marriott.

2010 Meeting Schedule

NEW YORK LAGUARDIA AIRPORT MARRIOTT 102-05 Ditmars Boulevard East Elmhurst, NY 11369 718.565.8900	
January 19	7:30 P.M. - Board of Directors Meeting/ General Membership Meeting
February 9	4:30 P.M. - Board of Directors Meeting
March 9	4:30 P.M. - Board of Directors Meeting
April 5	4:30 P.M. - Albany Board of Directors Meeting
April 6	4:30 P.M. - Albany Legislative Blitz
May 10	4:30 P.M. - Board Mtg. (Brooklyn Marriott)
May 11	All Day - Vendors Show (Brooklyn Marriott)
May 11	9:30 A.M. - General Membership Meeting
June 8	4:30 P.M. - Board of Directors Meeting
September 14	4:30 P.M. - Board of Directors Meeting
September 14	7:30 P.M. - General Membership Meeting
October 12	4:30 P.M. - Board of Directors Meeting
November 9	4:30 P.M. - Board of Directors Meeting
December 14	4:30 P.M. - Board of Directors Meeting

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