



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.

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FSCNY UPDATE

The Official Newsletter of the Financial Service Centers of New York

FSCNY Beats Back Attempt to Eliminate Paper Checks

PROTECT YOUR MONEY! DEFEND YOUR RIGHT TO CHOOSE!

If the New York State Department of Taxation has its way,
**Starting in January, you will no longer
be able to receive your tax refund
via paper check.**

THAT'S NOT RIGHT.

You should be able to receive your tax refund in the way that is
most convenient to you, including by paper check.

**This check cashing store is fighting to preserve your right
to choose how you receive your money.**

— And we need your help. It's easy. —

SIGN A PETITION

This store is circulating a petition that will be sent to elected officials in Albany. It urges them
to preserve choice in how people receive their income tax refunds, including paper check.

Make your voice heard. Now is the time to act.

THANKS FOR YOUR HELP!

A flyer used to recruit petition signers.

In late October, the New York State Comptroller's Office rejected a debit card contract between the State Department of Taxation and Finance (DTF) and J.P. Morgan Chase Bank ("Chase") that would have forced taxpayers, beginning with the 2011 tax season, to choose only between direct deposit and debit cards for the disbursement of their personal income tax refunds. Under the plan proposed by DTF, paper checks would no longer be offered as an option. The contract between DTF and Chase was reviewed by Comptroller's Office, which is required to approve state government contracts.

The Comptroller's Office's decision to reject the contract was in no small part a reflection of FSCNY's aggressive advocacy on behalf of the industry and its customers. In October, FSCNY became aware of plans by DTF to implement the new personal income tax refund distribution system. Recognizing that the new policy would disproportionately impact low-to moderate-income consumers, especially those who do not have bank accounts and may

not be comfortable using debit cards, FSCNY immediately sprang into action and initiated a multi-layered campaign. The goal was to compel DTF to abandon its proposal, or, at a minimum, postpone implementation until it more fully explored the adverse impacts associated with it. Elements of FSCNY's campaign included:

- Direct meetings with senior decision-makers within the DTF, Comptroller's Office and Governor's Office to express concerns with the proposal, both from the industry and consumer perspective.
- Outreach to the state legislature to make them aware of the situation and to ask for their support.
- Petition drive that allowed check cashing customers to express their support for maintaining the paper check option. In approximately two weeks, the Association received more than 18,000 customer signatures.
- Outreach to other interested parties that would have been hurt by the DTF's plan.
- Research into the legal options for challenging the proposal in court.

In large part as a result of these efforts, on October 27 the office of New York State Comptroller Thomas DiNapoli announced it was rejecting the state contract to Chase. Interestingly, among the reasons cited by Charlotte Beeyear, Director, Bureau of Contracts, for rejecting the contract were:

“ The impact on New York State taxpayers was also not addressed. How will the fees imposed by debit cards compare to the fees associated with checks and how will they impact the various recipients? Will the issuance of debit cards instead of checks negatively impact the population of New York State who are not familiar with electronic banking? Will debit cards put an additional burden on the rural population who may not have access to network banks? ”



President's Report

This year has been as busy as I can remember, both as an operator of a licensed check cashing company and as an officer of this Board.

Over the past few months FSCNY has dealt with an array of issues that has taxed its members and staff but is delivering

impressive results. Together, we defied, held off, forced, passed, eliminated and introduced an array of bills in Albany. These range from legislation that would have allowed grocery stores and Walmart to cash checks while being exempt from state regulations (both of which we vigorously opposed and were bottled up in committees) and the Banco Bill extender (aggressively supported by FSCNY and signed into law). Some of these successes took years to develop, such as the Banco Bill extender. Others were handled immediately. In all cases, our relationship with legislators in the state legislature and on both sides of the aisle proved instrumental to our success. They recognize us as a respected and needed industry and Association. These are concrete examples of your association at work.

In October, we were blindsided by news that the state Department of Taxation and Finance (DTF) was planning to eliminate the option of paper checks for personal income tax refunds. This would have a major adverse impact on the entire industry. FSCNY reacted promptly and aggressively to this news and succeeded in stopping this effort (see related story for full details). This can only be considered a major victory for the industry, delivered by your Association.

We also are pursuing our agenda with the City of New York. In addition to existing initiatives which include pursuing legislation that would permit our members to serve as collection points for New York City-issued parking tickets, we are looking at other opportunities as well. These include allowing our stores to serve as E Z-Pass reload centers and City tax collection points.

This past September at our General Membership Meeting we had a contested election. This was an excellent sign of members wanting to stay involved and recognizing that we all have a vested interest in the success of the Association and how it impacts our businesses. For 2011, your board officers are Tom Musial, Treasurer; Ed Rosario, Secretary, and Ray Mustafa, Jr., Vice President. I was honored to be reelected to serve as the Association's President for another two-year term.

As we finish up a very eventful 2010 and look forward to what promises to be an equally busy 2011, it is crucial that our Association evolve with the times to continue offering the best representation to our industry. With that in mind, the Board of Directors is now finalizing plans to streamline association operations so that members' dues can deliver the greatest possible return on investment. In the coming months we will be announcing certain changes to association operations. Stay tuned.

As I look ahead to 2011, it is safe to say we can certainly expect challenges in the year ahead – in addition to a crowded marketplace, we will have a new governor, new members of the state legislature, and, from Washington, the specter of the Bureau of Consumer Financial Protection. At the same time, it seems clear to me this year has demonstrated that if we stick together and work together we can achieve a great deal that is in all our mutual interests.

In conclusion, I would like to wish everyone a joyous holiday season and a prosperous 2011.

FSCNY staff made all these points with the Comptroller's Office during several one-on-one meetings and phone conversations.

"Last year, 45% of New Yorkers chose to receive their tax refund via paper check," explained Jason Carballo, President of FSCNY. "The State Department of Taxation needs to be more sensitive to the wide array of taxpayers it serves and how they may be adversely impacted by this new method of refund payment. Allowing tax refunds to be issued via paper check will enable many thousands of New Yorkers to receive their refunds conveniently and at a lower cost."

While the DTF proposal was successfully defeated this time, FSCNY fully expects that Albany will continue to pursue efforts to move all government wage and benefits payments to electronic formats. As a result, it will continue to diligently represent the interests of the industry and those hundreds of thousands of low- to moderate-income consumers who depend on licensed check cashers for the delivery of basic financial services.

Annual Conference Set for May 17, 2011

FSCNY's 19th Annual Conference & Exposition will be held on Tuesday, May 17th at the New York Marriott at the Brooklyn Bridge. The event will feature invited guest speakers from government and industry and a series of workshops tailored for owners, managers and other high-level personnel and, for the second year, a series of workshops will be dedicated to front line employees. In addition, the exhibitor hall will feature dozens of vendors offering the very latest products and services to help the industry better meet the needs of its customers and compete in a crowded marketplace. Finally, the highlight of our conference will again be an awards luncheon where we announce the winners of the annual FSCNY / MoneyGram International Scholarship Program.

Mark your calendars and plan to attend the New York industry's biggest and best event. Additional information will be posted to the FSCNY website (www.fscny.org) and will be sent to the membership in the coming months.

2010 Board Election Results

At the September General Membership meeting, attending FSCNY members voted to fill 10 seats on the Board of Directors as well as officers for the coming year. Elected to fill two-year terms were:

- **Ron Barberan**
- **Jay Brodsky**
- **Rich Gaccione**
- **Jeff Ringer**
- **John Winters**
- **Larry Lieskowitz**
- **Andrew Boisselle**
- **Paul Norman**
- **Andrew Siegel**
- **Mike Sobol**

The Association's officers for the coming two years are:

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

Vendor Committee Explores New Business Opportunities

The Association's Vendor Committee, under the leadership of Chairman Ira Krell, has been aggressively exploring opportunities that have the potential to help members expand their service offerings.

DMV Services at Check Cashing Store

The first involves the New York State Department of Motor Vehicles (DMV). For some time now the Committee has been exploring the possibility of check cashing stores offering DMV-related services, including vehicle registration, license plate pick-up, and issuing duplicate title certificates.

With the assistance of TriVIN/RegUSA, a service provider offering products and services that automate motor vehicle processing, Chairman Krell initiated a pilot program at three (3) David's Financial Corp. locations. In order to launch the pilot, David's was required to obtain licenses from DMV for each of the locations. The licensing process was not difficult, but was time-consuming. To offer DMV services, a check cashing store must first be approved by the State and then inspected by a local DMV employee, whose local office has veto authority over applications.

The pilot program will run for several months and will help answer key questions, such as:

- *Is there requisite volume to justify offering the service?*
- *Does TriVIN meet or exceed customer expectations?*
- *Is the service scalable across multiple outlets?*
- *Is the service profitable enough to justify the upfront training costs and customer service issues?*

Chairman Krell will keep the Board of Directors apprised of results and will then explore the practicality of rolling the program out to all interested members.

Residential Electricity Sales

New York State's electricity market is now deregulated; both residential and business consumers now have choice when it comes to energy providers. In fact, Chairman Krell was recently contacted by Public Power, a leading licensed electricity supplier that operates in Connecticut, New York, Pennsylvania and Massachusetts. He is currently in discussions with Public Power to explore how the industry might generate revenue by partnering with them to sell electricity to consumers.

Under an initial proposal, check cashers would sign up customers to purchase their power from Public Power. They would still receive a bill from their existing utility provider but the power consumed would be billed by the utility on behalf of Public Power, the third party provider. Check cashers will be paid a commission based on the total number of Kilowatt hours used each month or a flat rate for each customer per month.

While this business model seems promising, it is important to partner with the right energy provider. Chairman Krell is continuing his due diligence and will keep the Board updated.

FSCNY Meets with Brooklyn D.A. Regarding Counterfeit Checks

For many years the state's check cashing industry has been victimized by individuals cashing counterfeit checks. What has been particularly discouraging is the lack of follow-up on the part of law enforcement to pursue those involved in these crimes, even when they have been identified. Thanks to FSCNY, that may start to change.

In November, members of the FSCNY Board of Directors met with Michael Vecchione, Chief of the Brooklyn District Attorney's Office's Rackets Bureau. At the meeting FSCNY representatives outlined for Vecchione the widespread nature of the problem and the fact that it is a "gateway" crime, one that leads to additional illegal activities.

With a better understanding of the scope of the problem and its larger implications for crime-related activities, Vecchione committed to forming a new division headed by a dedicated Assistant District Attorney to prosecuting these criminals. In tandem with this initiative, FSCNY members have significantly increased their information sharing efforts, specifically the types of counterfeit checks they see and the individuals trying to cash them. In this way the industry is working to reduce the number of counterfeit checks cashed. This information is also being shared with the Brooklyn D.A.'s office.

The meeting with the District Attorney's Office concluded with a commitment on the part of the industry to collect and share more information in the months to come with a follow-up meeting planned for early next year.

Government Relations Round-Up

2010 certainly was a busy year for FSCNY in the government relations arena. In addition to beating back efforts by the New York State Department of Taxation and Finance to eliminate paper checks (profiled extensively in other articles) there were important developments in other areas as well, at the city, state and federal levels.

First, at the local level, FSCNY is pursuing numerous initiatives, including:

- **NYCHA:** FSCNY continues to push the New York City Housing Authority (NYCHA) to expand its network of member locations that can serve as payment centers for residents living in NYCHA housing units. We have met with NYCHA Chairman Rhea and his staff and also are reaching out to tenant association presidents to enlist their support.
- **Parking tickets:** FSCNY also is continuing to push for legislation that would allow all licensed check cashers to serve as collection agents for New York City parking-related violations. Councilman Mathieu Eugene sponsored legislation on the industry's behalf this year. In addition, FSCNY met with the City's Department of Finance on this proposal as it would have significant influence as to whether or not the City Council would ultimately support the measure. The bill will need to be reintroduced in January, and FSCNY will continue to work with the Department of Finance and the Council in hopes of securing a vote on the measure in the coming year.

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. In addition, the Association enjoyed some hard-fought wins, including:

- **Banco Bill:** This summer Governor Paterson signed into law legislation that extends for an additional three years the 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. The bill stalled in committee, but FSCNY expects its proponents to aggressively push it again next year in Albany.

Finally, at the national level New York members actively supported FISCA this past year as it worked tirelessly to represent the industry before Congress during deliberation of the comprehensive financial reform legislation that was signed into law in July. This landmark legislation created the Bureau of Consumer Financial Protection which for the first time imposes federal jurisdiction over virtually every product and service sold in financial service centers.

General Membership / Board Meeting

FSCNY is holding its General Membership / Board Meeting on January 11th at 7:30 p.m. Owners and operators from the entire New York State industry, not just FSCNY members, are encouraged to attend this annual meeting to review accomplishments from the past year and learn about new association priorities for 2011. The meeting will take place at the New York LaGuardia Marriott Hotel.

2011 Meeting Schedule

All meetings will be held at the New York LaGuardia Airport Marriott (except for the April Board meeting in Albany and the May 16th Board of Directors meeting and May 17th Annual Conference & Exposition that 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

January 11	7:30 P.M. - Board of Directors Meeting/ General Membership Meeting
February 8	4:30 P.M. - Board of Directors Meeting
March 8	4:30 P.M. - Board of Directors Meeting
April 5 (tent.)	4:30 P.M. - Board of Directors Meeting (Albany)
April 6 (tent.)	4:30 P.M. - Albany Legislative Blitz
May 16	4:30 P.M. - Board Meeting (Brooklyn Marriott)
May 17	9:30 A.M. - General Membership Meeting (Brooklyn Marriott)
	ALL DAY - Annual Conference (Brooklyn Marriott)
June 14	4:30 P.M. - Board of Directors Meeting
September 13	7:30 P.M. - Board of Directors Meeting/ General Membership Meeting
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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