

THE CREDIT UNION REFLECTION

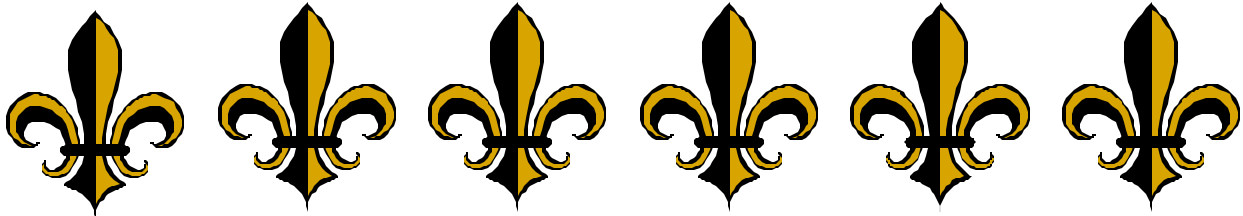


Highlights

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BUREAU TO HOST BRITISH REGULATORS

Arrangements have been made for the Financial Services Authority (FSA) to visit the Bureau on June 5, 2000. The FSA was formed within the past few years as the one combined primary regulator of British banks, credit unions and other financial institutions--all in one agency. The FSA is currently in the process of developing new procedures for regulating British credit unions which are scheduled to come under FSA authority by the end of this year. As part of this process an FSA team is making fact-finding visits to other countries where credit unions and their regulation are well developed.

The arrangements for the June 5 meeting were made by the National Association of State Credit Union Supervisors (NASCUS). NASCUS staff reasoned that since the FSA is an agency that regulates all types of financial institutions, why not let them see a state-chartered agency that has experience in regulating banks, thrifts, credit unions, consumer finance companies, mortgage brokers, and others. While the FSA team will focus on credit union regulation in Virginia, the team will

also be able to observe how credit union regulation interfaces with regulation of other financial institutions, and how one agency administers regulation of all industries.

The Bureau and Commissioner Joe Face have a strong record of support for such visitation programs. Previously delegations from Russia and Ecuador have visited the Bureau to view operations and ask questions. Bureau staff also benefit by learning from foreign dignitaries about their country's financial systems and culture.

SELECT EMPLOYEE GROUP APPROVALS STABILIZE FOR 1ST QUARTER 2000

During the first quarter of 2000 the Bureau approved 10 small employee groups (SEGs) to be added to the fields of membership of three credit unions. One additional Request for Field of Membership form was filed and outstanding as of the quarter end. All the requests were approved after having been published in the Bureau's Weekly Information Bulletin (<http://www.state.va.us/scc/division/banking/weekly.htm>), and having been subject to a 15 day comment period with no public comment.

A total of 1,284 new potential credit union members were thus approved during the quarter. This figure is slightly less than the 1,349 approved in the fourth quarter of 1999. The average group size for the first quarter was about 128, up from 90 from the fourth quarter. At this point the number of credit unions involved in SEG expansion is still low. Overall, since legislation to permit SEG expansion went into effective July 1, 1999, 7,533 new potential credit union members have been approved for Virginia state-chartered credit unions.

As reported in the last Credit Union Reflection Virginia United Methodist Conference Credit Union requested a change to its field of membership which effectively allowed members of United Methodist Churches in Virginia to become credit union members. This request was approved after the same process of publication in the Weekly Information Bulletin, and the credit union's potential membership increased to about 220,000 while remaining a single group common bond.

In the second quarter of 2000 a similarly unusual expansion request was received from DuPont Community Credit Union (formerly Waynesboro DuPont Employees Credit Union). DuPont Community CU's present field of membership is those who live or work in Augusta County, Virginia, and the Cities of Waynesboro and Staunton (which are located in Augusta County). The credit union has requested permission to expand to Rockingham County, Virginia and the cities located in Rockingham County. The credit union's potential membership would expand about 63,800 from about 90,000 currently. The request has been published in the Weekly Information Bulletin, and the Bureau is still reviewing the request. While there are four state-chartered community field of membership credit unions in Virginia, DuPont Community CU's request--if approved--would be the first multiple county community credit union.



BUREAU RECEIVES CONSUMER COMPLAINTS

From time to time credit unions receive complaints from disgruntled or dissatisfied members. Most of the time credit union management resolves the problem by correcting an error that was made, or by trying to help the member understand what happened so that the proper solution can be achieved. However, sometimes the member is still not happy with the outcome, so he or she contacts the Bureau for assistance.

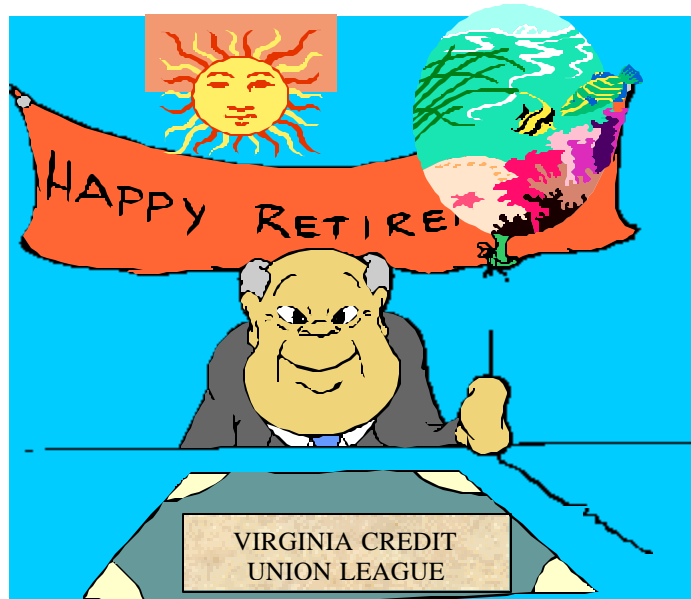
The Bureau has a consumer complaints section that receives complaints from the public about all the financial institutions that the Bureau regulates. Not that there are widespread problems with financial institutions serving the public, but when you regulate 75 credit unions, 125 banks, 50 bank holding companies, 1,000 mortgage lender/brokers, 300 consumer finance companies, 33 check cashers, and 30 money transmitters you're going to receive some complaints from folks who are dissatisfied. In 1999 the Bureau's consumer complaint section received 1,458 complaints, six coming from credit union members. Each complaint is taken seriously and monitored closely by the compliance administrator and his staff until an investigation can be completed to ensure compliance with all applicable consumer protection statutes and regulations that are enforced by the Bureau.

In order for the Bureau to investigate a complaint, it must be submitted in writing. When a written complaint is received the Bureau then contacts the financial institution involved and asks for a prompt reply to the consumer's concerns. Often the financial institution will make a satisfactory offer to the complainant as a way of maintaining good public relations. The compliance administrator, after receiving and reviewing the financial institution's reply along with the consumer's complaint, makes a determination if any laws, rules, or regulations have been broken. There are occasions when the Bureau is unable to assist the consumer because the Bureau has no regulatory authority in the area complained about.

Just as collectors of delinquent loans in credit unions must maintain an objective, uninvolved and unemotional approach to their job, so the Bureau's consumer compliance administrator must approach his job. The administrator and his staff have many years of experience interacting with the public. Most complainants are reasonable, but occasionally they can get irate--you might call it "road rage" in a financial institution. The Bureau's compliance administrator has handled enough cases so that he can generally manage orderly outcomes even if the Bureau's decision is not what the consumer wants to hear.

If you hear from the Bureau about a member complaint, you now know that you are part of the Bureau's effort to assist members to resolve any problems they have with your credit union.

Eugene H. Farley, Jr. Retired as President of the Virginia Credit Union League



The following resolution of the Virginia General Assembly recognizes Gene Farley on his retirement. The Bureau also extends best wishes for a happy and healthy retirement to Mr. Farley.

HOUSE JOINT RESOLUTION NO. 343

Offered January 24, 2000

Commending Eugene H. Farley, Jr.

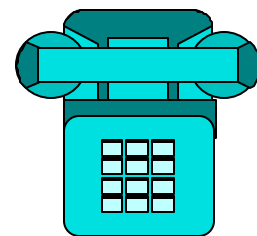
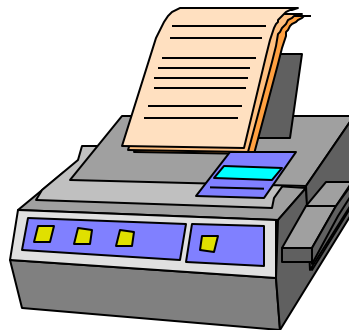
Patrons-- Bryant and Byron; Senator: Newman

WHEREAS, Eugene H. Farley, Jr., a native of Blackstone, began his career in 1959 with the Virginia Credit Union League as a field representative; and
WHEREAS, in 1964 Eugene Farley relocated to Lynchburg as supervisor of field services and advanced to the position of president of the Virginia Credit Union League in 1967; and
WHEREAS, under the leadership of Eugene Farley, the assets of Virginia's credit unions have increased from less than \$167 million to more than \$23 billion, and membership in the credit unions has increased from 326,256 to nearly four million; and
WHEREAS, Eugene Farley has worked diligently with the General Assembly since 1967 to foster and promote legislation designed to ensure the availability of credit union services to every eligible member of the Commonwealth's credit unions; and

WHEREAS, Eugene Farley has combined tenacity with action, deliberation, gentlemanly cooperation, and confidence when presenting the needs and positions of credit unions before the General Assembly; and WHEREAS, Eugene Farley's energy, enthusiasm, resourcefulness, and leadership have earned him the respect of members of the General Assembly, their staff, and the Bureau of Financial Institutions of the State Corporation Commission; and WHEREAS, due to the exceptional and untiring efforts of Eugene Farley, the Virginia credit union movement is recognized nationally as a model for the principle of "people helping people to help themselves"; and WHEREAS, Eugene Farley served honorably for 10 years in the Virginia National Guard; and WHEREAS, a devoted member of Timberlake United Methodist Church, Eugene Farley has contributed his time and talents in a number of leadership positions in the church; and WHEREAS, Virginia's credit unions, inspired by Eugene Farley, have raised more than \$1 million in direct contributions to the Make-A-Wish Foundation of Virginia; and WHEREAS, Eugene Farley has been recognized nationally and internationally for his leadership in the credit union movement, and through his involvement with the World Council of Credit Unions has traveled to Africa, Europe, Latin America, and Canada to assist in the development of credit unions; and WHEREAS, on December 31, 1999, after 33 years of exceptional service, Eugene Farley retired as president of the Virginia Credit Union League, which represents 257 federal-chartered and state-chartered credit unions; now, therefore, be it RESOLVED by the House of Delegates, the Senate, That the General Assembly commend Eugene H. Farley, Jr., on the occasion of his retirement from the Virginia Credit Union League after 40 years of faithful and meritorious service; and, be it RESOLVED FURTHER, That the Clerk of the House of Delegates prepare a copy of this resolution for presentation to Eugene H. Farley, Jr., as an expression of the General Assembly's admiration for his exemplary career and best wishes for a long and fulfilling retirement.

“Important Numbers”

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**IMPORTANT
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