

## **NCPCU Courier Newsletter January/February 2010**

### **Potter to Keynote NCPCU Conference in Baltimore**

For the second time in the Council's history, the Postmaster General will address delegates at NCPCU's Annual Conference. This year's meeting will take place April 18-20 in Baltimore, Maryland. Postmaster General and CEO Jack Potter's keynote address is especially timely considering the unprecedented challenges postal credit unions and their sponsor organization have faced over the last year and a half.

Potter will discuss some of the future initiatives and strategic plans for the U.S. Postal Service in 2010 and beyond. Despite anticipated losses in the first quarter of the U.S. Postal Service's fiscal year, delivery performance ratings are at record levels or have improved. In a recent USPS News Release Potter remarked, "In spite of the financial challenges we face today, Postal Service employees never lose sight that customer service is our top priority." Perhaps that is what makes credit unions appealing to postal employees---they recognize the value of great service and expect the same from their financial institution.

To hear from Postmaster General Potter and the other not-to-be-missed speakers, be sure to sign up today to attend NCPCU's 27th Annual Conference. March 5 is the early registration deadline and your last chance to save a combined \$75 off the delegate and guest registration fees.

Got to [www.ncpcu.org](http://www.ncpcu.org) to view complete conference details and make plans to join NCPCU in Baltimore---the only meeting of its kind focused on the needs of postal credit unions.

### **Council to Launch New Website**

In the next few weeks, NCPCU will roll out a brand new website. The makeover features easier navigation to information and resources, a clean design and helpful links for postal credit unions. "When we redesigned the site, we took into consideration that CEOs aren't the only visitors looking for information, or who need to access the Council's many programs and services," commented NCPCU Executive Director Bob Spindler.

Streamlined navigation will allow Council members to get the latest USPS payroll updates and alerts, facilitate Eagle-image plastic card orders, view meeting information, learn about initiatives like rent-free space in postal facilities and direct postal employees looking for a credit union to join. These are just some of the highlights of the new website. As time goes on, the Council will consider adding more features to its online home at [www.ncpcu.org](http://www.ncpcu.org).

## **Is Your Credit Union's Bond Coverage Enough?**

The credit union industry has seen a recent rise in the number of legal disputes and suits, which have been exacerbated by a shaky economy and the complex regulatory environment. Even if a credit union is not found to be at fault in these disputes, defense costs can quickly add up. Both volunteer boards and supervisory committees need to be aware of exactly what protection their bond coverage provides and some of the possible issues that can arise if coverage is lacking.

Read on for some eye-opening scenarios credit unions have been involved in recently:

Scenario #1 - A claim of \$3.8 million was brought against a credit union board after it allegedly failed to establish or enforce adequate loan policies for a new commercial lending program that resulted in significant delinquencies and poor loan quality.

Scenario #2 - After a credit union board voted to change computer software because it believed the vendor's service was poor, the vendor sued the board for maliciously trying to put the company out of business. No payment was made to the vendor, however defense costs exceeded \$20,000.

Scenario #3 - A CEO/director and several employees perpetrated a fraud against the credit union resulting in losses that exceed the bond coverage. The regulator/share insurer brought a suit for \$18.9 million against the board and supervisory committee for not ensuring that proper loan policies were in place and for its failure to detect the fraud.

Scenario #4 - Two factions on a board of directors sue each other claiming that the other was improperly elected. The legal skirmish resulted in \$33,000 in defense costs.

Scenario #5 - The membership brought a class action suit against the credit union for changing its Loan Protection/Life Savings Policy from being paid by the credit union to being paid by the member. No payment was made to members as a result of the suit, however defense costs amounted to \$26,000.

Scenario #6 - Alleging that a credit union had expanded its membership beyond what the law allowed, a banking organization unsuccessfully attempted to sue the credit union's board of directors. Defense costs were more than \$40,000.

Examples provided by Allied Solutions, a provider of insurance, lending and marketing products to financial institutions. To find out more about Allied Solutions Bond Program contact Jerry Minter at [jerry.minter@alliedsolutions.net](mailto:jerry.minter@alliedsolutions.net)

## **Postscripts~**

### **Keeping You Current on All Things Postal**

Thank you to all Council members who renewed their membership in 2010! Along with dues invoices, we requested your key staff and directors' contact information. Be sure to

return your updates so we can continue sending important news and announcements from the Council.

**Reminder: Nominations Deadline Approaching**

The 2010 Nominating Committee is now accepting applications for eligible candidates to run for the NCPCU Board of Directors. Nominations must be received by March 20 for consideration. The election will be held on April 19 at the Annual Meeting in Baltimore. Submit your nomination to one of these nominating committee members: Becca Cuddy [beccac@napusfcu.org](mailto:beccac@napusfcu.org), Linda Childs [lchilds@kpocu.org](mailto:lchilds@kpocu.org), or Ray Lancaster [rayl@pyramidcu.org](mailto:rayl@pyramidcu.org).

**Eagle-Image Plastic Card Orders**

The next bulk plastic card order is due March 31. The estimated ship date for this order is April 21, 2010 or earlier. Interested in placing an order? Please e-mail your request to [ncpcu@ncpcu.org](mailto:ncpcu@ncpcu.org) or call NCPCU at 1-858-792-3883.

**Kinevich Scholarship Available for April Conference**

One scholarship is available to a credit union of limited means wishing to attend NCPCU's 2010 Conference in Baltimore. Please call NCPCU at 1-858-792-3883 to find out if your credit union qualifies and request a scholarship application.