



## 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](mailto:info@fscny.org).

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# FSCNY UPDATE

*The Official Newsletter of the Financial Service Centers of New York*

## GOVERNOR PATERSON MEETS WITH FSCNY BOARD MEMBERS

On July 23<sup>rd</sup> New York Governor David Paterson met with FSCNY Board Members for a luncheon fundraiser at the Union League Club of New York in Manhattan. There, Board Members and senior staff were able to discuss the industry's top priorities with the Governor, including:

- The Banking Department's "Program Bill" which, if enacted, would undermine the State's existing check cashing laws and allow unlicensed entities including "big box retailers" to conduct check cashing profitably.
- Permanent enactment of the Banco Bill which establishes distance restrictions for banks establishing check cashing locations.
- The continuing problem of bank discontinuance and the threat this problem poses to the thousands of New Yorkers who rely upon financial service centers for their access to the financial system.
- Legislation that would allow licensed check cashers to offer a small dollar loan product, as an ancillary product to their existing portfolio.

Prior to the meeting, FSCNY staff provided the Governor an extensive briefing document and worked closely with the Governor's staff to fully acquaint him with the industry. Governor Paterson stated that he understood the FSCNY positions on these issues and was sympathetic to and supportive of them.



In addition to Governor Paterson, several key members of his staff attended the meeting. Most importantly was Lawrence Schwartz, Secretary to the Governor. Schwartz reiterated the Governor's offer to lend his assistance in helping FSCNY pursue its public policy agenda, particularly to facilitate interactions with the Banking Department, where appropriate.

Gerry Goldman, FSCNY's General Counsel, characterized the meeting as a "home run." "We spent more than an hour with the Governor and had his undivided attention. He clearly understands our points of view and, I think, will be sympathetic to them when issues are sent to him from the Legislature and the Banking Department. I think it is safe to say that FSCNY has further enhanced its relationship with the Governor's office. We now have to spend the coming months and next year moving our agenda through the Legislature."

## Performance of New York's Check Cashing Industry: A Comparison of 2006 to 2007

Every year, the New York State Banking Department issues a summary of financial information for the State's check cashing industry, based on consolidated financial statements provided by the individual licensees. Below is a highlight of that summary report which compares 2006 to 2007, the latest year for which data is currently available.

	Retail/Commercial Combined - 2006	Retail/Commercial Combined - 2007
# of Checks Cashed - Licensed	31,228,124	28,296,573
Dollar Amount	\$14,393,544,698	\$13,567,880,701
Fees Collected	\$218,265,079	\$215,002,125
Total Income	\$310,419,031	\$314,869,913
Total Net Profit	\$17,863,432	\$23,023,788



## President's Report:

### Making Progress in the Political Arena

Dear Members,

We at FSCNY set out in early 2009 to introduce our industry to both State and city leaders. I believed then and all the more now that a proper introduction to elected officials was needed to eliminate the misconceptions of an industry that provides hundreds of thousands of New Yorkers with the financial services they need. Since the beginning of the year, from Albany to Brooklyn we have met with many key public officials and started to foster relationships with them. In the process, they have come to understand the numerous characteristics of our business, and our customers, that make us the preferred financial provider versus banks for thousands of New Yorkers. At the same time, we have started to expand our network of allies. I am pleased to say that our efforts have included the very highest levels of state government.

In July we delivered our message directly to the Governor of New York, David Paterson. In a productive meeting held exclusively with members of FSCNY, we discussed with the Governor a number of issues important to the industry. These included our objections to the proposed New York State Banking Department "Program Bill," the continuing problem of bank discontinuance of the licensed financial industry, and an overview of FSCNY's consumer empowerment loan. We concluded our meeting with a sense that Governor Paterson not only understood our position but recognized our industry as a vital resource to his constituents.

Our Albany blitz this past April was just as successful! During our visit we had long meetings with Senator Foley (Chairman of the Senate Banks Committee) and Assemblyman Towns (Chairman of the Assembly Banks Committee) regarding the Banking Department's Program Bill. We explained both our industry and the damage that such legislation would do to it. Senator Foley's openness in explaining that he had a "new sense of understanding for licensed check cashers" and the "important role that you play" clearly illustrates the importance of our efforts to educate those who can have such a direct impact on our business. Thanks in large part to their support for our industry, the Program Bill has not progressed in the legislative process. We are cautiously optimistic that there will be no action taken on this measure for the remainder of this session.

In closing, the unprecedented challenges facing our industry have made operating a licensed check cashing in New York exceptionally challenging. Whether it's the high unemployment rate, increased operational costs or all of the other details in operating a small business, we at FSCNY are working diligently for you! As your elected directors and professional staff continue to dedicate the time and effort needed to address all of the pertinent industry issues as well as the Association's extensive agenda, I ask that you continue to support FSCNY and those public officials who support the industry! Finally I urge you to attend the September Annual Meeting and learn more about what your Association is doing for you and how you can help improve the operating environment in New York... to everyone's benefit.

Sincerely,

**Jason Carballo**  
President, FSCNY

## 17th Annual Conference & Vendor Show

On Tuesday, May 12, 2009 FSCNY hosted its Seventeenth Annual Conference & Vendor Show at the Marriott Brooklyn Bridge. The New York industry's signature event was FSCNY's most successful yet.

The conference featured a General Membership Meeting with hundreds of New York's financial service center providers in attendance and more than 40 vendors providing a wide array of products and services to the cash checking industry. In addition, a series of workshops addressing various topics including marketing, employee incentives and retention, BSA Compliance, and background checks, were held in the afternoon. With this wide range of activities, there was literally something for everyone.

Highlighting the event was the announcement of The FSCNY/MoneyGram International Scholarship Program winners. At the award luncheon, six students were honored for their academic excellence and outstanding community service contributions. These were the first-place winners in the annual scholarship program. Overall, FSCNY scholarships with a total value of \$43,000 were awarded to 17 students; the grand prize was \$7,500.

New York City Councilmen Mathieu Eugene spoke at the awards luncheon. Councilman Eugene was uniquely suited to address the group, having started his own philanthropic organization, Youth Education and Sport (YES), which prepares thousands of Brooklyn youths for success in school and life. He applauded FSCNY for its annual scholarship program.

"FSCNY members pride themselves on their community involvement, and a key element of that support is the annual scholarship program," said Sanford Herman, Chairman of the FSCNY Scholarship Program. "FSCNY is honored to be in the position to help these students thrive and further their educations. We applaud these young leaders and their dreams."

Anna Groysman, of Brooklyn, was this year's recipient of the William Siegel Memorial Scholarship Award, named after former FSCNY and FISCA Chairman William Siegel, who died in 2008. In her thank you note she wrote: "I won't forget this day in my life. I keep looking at the big check and still can't believe that you chose me for the Grand Prize Award. I am very happy that my hard work is recognized by the community. This recognition gives me confidence that I am capable of achieving my goals. ... I wish you and your [organization] the best of success and prosperity so that you can continue making such a significant difference in the community."



FSCNY Scholarship Program recipients with program Chairman Sanford Herman (far left) and Juan Melendez of MoneyGram International (far right)

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## EXPANDING THE INDUSTRY'S BANKING RELATIONS

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Maintaining and expanding our industry's relationships with traditional financial institutions, including both banks and credit unions, has been and remains one of FSCNY's highest priorities. Not only has the number of banks that service the industry declined in recent years, the recent decision by Banco Popular to terminate its money service business (MSB) accounts within the next 18 months further underscores the need for the industry to address this issue head on.

To that end, FSCNY is launching its Banking Relations Initiative which incorporates a new strategy to strengthen and expand our relations with banks and credit unions. This effort has many goals, including:

- Preserving and enhancing relations with banks currently serving the industry
- Expanding the number of banks and credit unions that service check cashers
- Securing the future of the industry in its banking relations
- Creating competition for the banking business of check cashers.

As a first step, the Banking Relations Initiative will identify banks and credit unions that are not now servicing the industry but may be interested in doing so. A variety of tools will be used, including member surveys, research sponsored by FSCNY and other third-parties, and leveraging contacts within the industry. FSCNY will then commence direct outreach to these select institutions. In 2007, the last year for which data is available from the New York State Banking Department, the industry paid \$11.95 million in bank service fees, a persuasive drawing point for many small to mid-sized institutions.

As part of this outreach, FSCNY is planning to establish industry forums titled "Delivering Financial Services in the 21<sup>st</sup> Century" which will cover,

in part, the topic of banking relations. It is hoped that the New York State Banking Department will host the events and preliminary outreach on this matter has already begun. Others expected to be involved in this effort include long-time industry supporters, such as Western Union, MoneyGram, Netspend and Capital One, as well as elected officials, supportive community groups and other allies.

In addition, FSCNY is exploring other ways to encourage more banks and credit unions to begin servicing MSBs. For example, federal legislation currently pending in the House of Representatives would help address the banks' current regulatory burdens (H.R. 2893, the Money Service Business Act of 2009). FSCNY strongly supports that bill, and is studying the possibility of seeking introduction of a similar measure in Albany to help reduce state banks' regulatory obligations.

FSCNY also is moving to increase the overall understanding of Check 21 technology and expand its use by check cashers and banks. This will make servicing the industry faster and more efficient. The public affairs effort launched earlier this year will be expanded to help in the overall bank relations initiative; Compliance Policies and Procedures will be updated, and the industry's strong compliance track record will be featured.

Finally, as discussed in greater detail in the Government Roundup column, FSCNY has recommended that the Banking Department changes its name to reflect the modern world of financial services.

The Banking Relations Initiative will be a major focus at the September 15<sup>th</sup> Annual Meeting at the LaGuardia Marriot in Queens. All FSCNY members are strongly urged to attend.

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## ELECTION OF FSCNY BOARD MEMBERS AT SEPTEMBER ANNUAL MEMBERSHIP MEETING

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At the May 12<sup>th</sup> General Membership Meeting, Executive Director Shyne announced that eleven positions on the FSCNY board of directors would become available in September, when existing terms expired. He also stated that seven incumbents were seeking reelection to the board, including:

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

All seven were nominated for re-election by the Board of Directors, acting as a nominating committee.

Other nominations were made to fill the remaining four seats. These included:

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

In addition, there was one valid nomination from the floor at the general membership meeting: **John Urban**.

The board member election will occur at the Annual Membership Meeting, which will take place on September 15<sup>th</sup> at 7:30 P.M. at the New York LaGuardia Airport Marriott. Make your vote count. Please attend this meeting and vote in the board election.

# ANNUAL ALBANY BLITZ REACHES KEY LEGISLATORS

On Tuesday, April 28<sup>th</sup>, members of the FSCNY Board of Directors met in the state capital for the annual FSCNY Albany Blitz. Fourteen Board Members made the trip to Albany and met with 50 state legislators. FSCNY's Albany lobbyist, Dick Smith, led the Board Members through an extensive series of meetings with the legislators where a wide array of issues was discussed. The topics of discussion included pending state legislation, such as the so-called Banking Department Program Bill and the sunset provision on the Banco Bill.

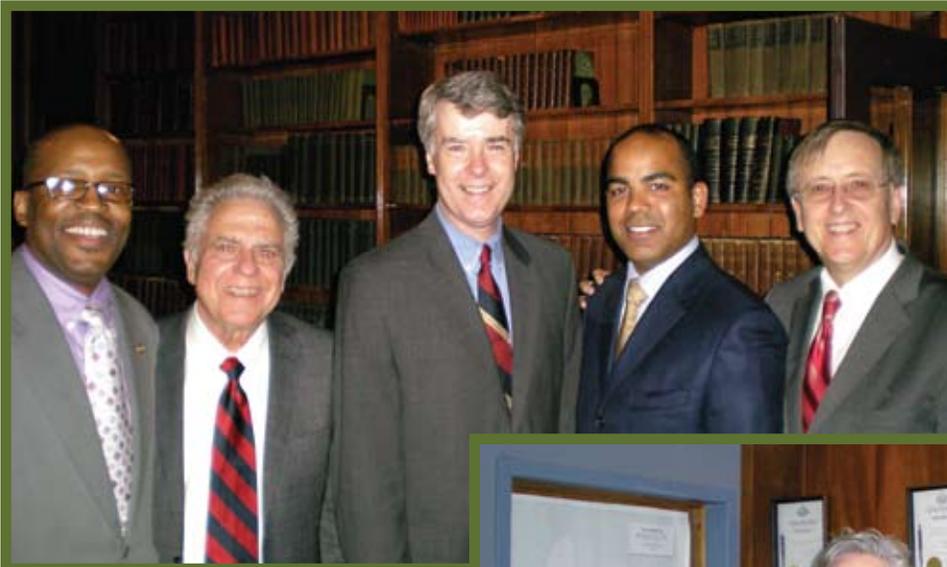
"It was terrific that such a significant number of FSCNY Board Members were able to participate in this year's program. It really helps these legislators when they can put a face to an issue and understand the real impact a proposed bill might have on their constituents," said Mr. Smith.

"The Albany Blitz is an invaluable part of our larger Government Affairs program," said FSCNY President Jason Carballo. "Over

the past several years, it has proved crucial to giving the State Senators and Assembly Members an understanding of who we are and the vital role we play in their local communities. As a result of this ongoing program, we now have a "seat at the table" when issues of concern to our industry are being considered."

The evening prior to the blitz, FSCNY held a Board Meeting followed by a reception at which Assemblyman Darryl C. Towns, Chair of the Assembly Committee on Banks, and Senator Brian Foley, Chair of the Senate Committee on Banks, spent a significant amount of time discussing with Board Members issues of concern to the industry. Throughout the evening other legislators, including Senator Jeff Klein, Deputy Majority Leader, visited with the group.

The Albany Blitz increases the industry's already strong presence in Albany and is integral to support the legislative initiatives that FSCNY has and will continue to pursue in Albany.



Assembly Banks Chairman Darryl Towns with (left to right) FSCNY General Counsel Gerry Goldman, Senate Banking Committee Chairman Brian Foley, FSCNY President Jason Carballo and FSCNY Board Member Joe Coleman



FSCNY lobbyist Dick Smith with FSCNY member Ira Krell, Assemblyman Peter Rivera (D-Bronx), and President Jason Carballo

## Government Update

- **NYSBD “Program Bill” Stalled.** Earlier this year, the Banking Department’s Program Bill, which included specific language that would significantly impact the check cashing industry, was introduced in both the Senate and Assembly. Two elements of the bill were of particular concern; the first would remove from the existing law the requirement that licensees have financial services as their primary business. The second would increase from \$1 to \$5 the exemption threshold for fees collected for cashing checks “incidental” to a company’s primary business.

In response to this threat, FSCNY Board Members and staff moved aggressively to mobilize the industry’s allies on the Senate and Assembly Banking Committees, and it was a key topic of discussion during the recent Albany Blitz. Association leadership also met with Banking Superintendent Neiman to express its strong opposition to the bill. As a result of these efforts, the bill has not moved in either the Senate or Assembly Banking Committee. No further action on this measure is expected this year in either committee, but FSCNY will continue to monitor this situation very carefully.

- **Banking Department Name Change.** In June, Assemblyman Michael Benjamin (D-Bronx) introduced legislation (A-9064) that would change the name of the New York State Banking Department to the New York State Department of Banking and Financial Services. FSCNY can take considerable credit for this initiative.

During his testimony before the State Banking Department on April 2<sup>nd</sup>, FSCNY President Carballo urged Superintendent Neiman to consider a name change. At that time Carballo said: “In recognizing the evolution of financial services, and the different institutions that can offer those services, I would respectfully urge the Department to consider a name change – from the New York State Banking Department to the New York State Department of Banking and Financial Services. Names and titles are important. And such a change would send a clear message – to the markets, public officials, regulators, the media and anyone else interested in the industry - that banks are a part of the solution, they are not the entirety of it.”

Assemblyman Benjamin was present at that hearing. In addition, he was one of the legislators FSCNY board members and staff met with during the Albany Blitz on April 28<sup>th</sup>. Again the topic of the Banking Department name change was discussed.

Commenting on Benjamin’s legislation, Carballo said, “This bill is certainly welcome and, hopefully, will be enacted by the Legislature in the near future. It’s time the name of the Banking Department reflect its true mission in the complex world of financial services in the 21<sup>st</sup> Century.”

- **FSCNY acts to halt illegal promotion of check cashing by Ria Financial Services.** Earlier this year, FSCNY members notified the Association that Ria, a global money transfer company, was advertising that it was cashing checks for \$1. This violates New York State law which clearly states that only companies registered as check cashers with the NYS Banking Department can advertise their rates. The Association brought this matter to the attention of Banking Department officials who, in turn, contacted Ria which has subsequently stopped its promotion program.
- **Additional Banking Department Assessment.** In early July, the NYS Banking Department announced that, due to the state budget deficit reduction measure that became law earlier in the year, the quarterly Assessment Bills sent to check cashing licensees on July 10<sup>th</sup> included

an additional assessment. The Banking Department is replacing \$6 million that was transferred from its budget to the state’s General Fund as part of the larger deficit reduction measure. All entities licensed by the Department have received this additional assessment; the amount imposed is consistent with the methodology used to allocate the general assessments. In total, the state’s check cashing industry will be assessed approximately \$523,000.

On behalf of the check cashing industry, FSCNY strongly objected to this legislation when it was introduced. These objections were communicated to key members of the Legislature. The Insurance Department and those entities it regulates have also been subjected to a similar measure. We are currently trying to determine whether any legal challenges have been asserted to the implementation of the law.

## Public Affairs Program Recap

Back in February, FSCNY initiated a public affairs program to help the Association better tell its story about the industry and the people it serves. One goal was to raise the overall visibility of FSCNY with key audiences, such as elected officials, regulators and the media and another was to establish a better working relationship with key elements of the New York City and New York State governments.

Since the campaign’s inception, FSCNY Board Members have been actively pursuing meetings with key members of the New York City Council. Several already have taken place and more will be scheduled in the coming months. In addition to giving Council members an opportunity to learn more about the industry and the Association, FSCNY representatives have used these meetings to push its public policy agenda, such as building a better relationship with the New York City Housing Authority and exploring other ways that member store locations can serve as distribution or collection points for city-related business. The initial results are quite encouraging. These meetings will continue in the coming months, with FSCNY representatives planning to meet several additional Council members.

The public affairs program also has been used to support a number of other key initiatives, such as the annual Albany Blitz, the Annual Conference & Vendor Show, and FSCNY testimony before the New York State Banking Department.

As part of the overall campaign’s objective to help tell the industry’s story, one of the first objectives of the campaign has been to identify and quantify the variety of ways that members contribute to their local neighborhoods, by supporting local charities, sports teams, community groups, hiring practices, etc. Two different member surveys were circulated to the membership and that information has been compiled and is being used throughout the campaign.

“Ours is an often misunderstood industry, both in terms of the services we offer and the people we serve,” explained FSCNY President Jason Carballo. “And because there are so many external forces that can have a significant impact on how we conduct our business, it is important that we develop better relationships with them. This campaign is an important tool in that overall effort.”

Looking to the future, the public affairs campaign is part of a long-term, sustainable initiative that will allow FSCNY and its members to build lasting relationships with officials, regulators, and media. It also will be an integral part of the Association’s Banking Relations Initiative (discussed in greater detail on Page 3). The substantial progress already made has created significant momentum which will be leveraged in the months to come to help FSCNY achieve its goals for this year and beyond.

## ***Support FSCNY and its Mission***

As members can see from other contents in this newsletter, FSCNY has an ambitious agenda for 2009. The Association is working tirelessly on behalf of its members to pursue the industry's interests in Albany, New York City and in other throughout the State. However, to fully realize our goals, we need your help.

FSCNY has a political action committee (PAC), that supports our government relations program. However, it is only as large and robust as the support members give it. Given the significant challenges we face this year, please consider giving \$500 per store location to New York Check PAC. New York Check PAC gives your Association more impact and helps your voice to be heard.

If you have any questions, or to make a contribution, please contact Hank Shyne at 212.683.2271

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## ***2009 FSCNY Meeting Schedule***

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All meetings will be held at the New York LaGuardia Airport Marriott:

**New York LaGuardia Airport Marriott**  
**102-05 Ditmars Boulevard**  
**East Elmhurst, NY 11369**  
**718.565.8900**

**Tuesday, September 15**

4:30 P.M. - Board of Directors Meeting  
7:30 P.M. - Annual Membership Meeting

**Tuesday, October 6**

4:30 P.M. - Board of Directors Meeting

**Tuesday, November 10**

4:30 P.M. - Board of Directors Meeting

**Tuesday, December 8**

4:30 P.M. - Board of Directors Meeting

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