BANKING NEW YORK

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ROBO-COP STRIKES AGAIN

+INSIDE: GREETINGS FROM IBANYS | LINKED-IN'S NEW LOOK | PRODUCING PREDICTABLE PROFITS

Produced in partnership with the Independent Bankers Association of New York State

Independent Bankers Association℠ of New York State, Inc.

Community Bankers. Serving the Community. Serving You!

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NEWS

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A New Partnership

This issue of *Banking New York* marks the first issue in which we will be partnering with the Independent Bankers Association of New York State (IBANYS), which will provide content and input and give us a wider footprint in the widely-varied New York state banking environment.

The timing was right for both IBANYS and The Warren Group. We at The Warren Group have been producing *Banking New York* on our own for more than five years, creating journalistic product and soliciting contributed articles, and mailing it to banking executives throughout New York state. IBANYS wanted to place content in a magazine vehicle that would mail to a significant segment of that same constituency. We expect to be able to get IBANYS a bigger audience, and IBANYS can help us create a better-rounded magazine.

We will continue to produce reported pieces that reflect the best observations of experts in the field, but now, we will have a partner which can give us a wider set of binoculars. We were happy to see some familiar names in IBANYS' board of directors list (see page 6), and we welcome the opportunity for a more open dialogue with New York state's banking community. ■

Christina P. O'Neill
Editor, *Banking New York*
The Warren Group

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The Enduring Things

In a recent conversation, I caught myself speaking of childhood values that helped shape my professional ethics and leadership style. Those values are – hard work, honesty, loyalty and commitment, among others – old-fashioned, time-tested and enduring. The late, great Green Bay Packers coach Vince Lombardi, who led his team to nine consecutive winning seasons and several national championships, was known for his infectious enthusiasm and inspiring locker room speeches. His focus on drive, dedication and obedience would be considered old-fashioned. Is that out of date?

Is a new print magazine out of date? For that matter, is community banking out of date?

More than 25 years after his passing, Vince Lombardi still inspires greatness in athletes and business professionals. The coveted Lombardi Trophy is awarded to the professional football team that reigns supreme at the conclusion of each season. I believe he must have been doing something right.

In the current era, information is delivered in nanoseconds. Smartphones double as portable email/text consoles and workstations; movies and TV shows broadcast directly to music players smaller than a deck of cards; and online networking, news and research travel at the speed of light. We have new technology to simplify and expedite just about everything, so a full-color, glossy magazine may seem almost retro, to use a term new to me, though its concept is not.

The critical difference, as I interpret it, is that "retro" is a conscious navigation back to the most-desired aspects of older values, rather than a refusal to budge from the first-edition version. So, is "retro" the same thing as out of date? By these lights, probably not.

Instant media is just that – instant. A message pops up on your screen and you respond. Is the technology controlling you? Are you managing it, or vice versa? To be honest, I cannot remember a time I commanded my BlackBerry to lose myself in a compelling article, but magazines allow just that.

A magazine is tactful. It doesn't intrude on your consciousness until you are in a situation to pick it up. You can read the sections that relate to you in that moment, or read it cover to cover, to find information you were not expecting to see, but find just as useful. The magazine is egalitarian in its conveyance of information. It doesn't constrain itself to the last three websites you visited.

IBANYS has partnered with The Warren Group to co-produce Banking New York, a print and online magazine. The Warren Group, a 145-year-old fourth generation family-owned firm, has been independently producing Banking New York for more than five years, and the synergies between our two organizations can produce a publication dedicated to making your community banking world a better place in which to operate – with feedback from you. We look forward to hearing from you, whether by post, email, Twitter, or other media, as to how we are doing. ■

Frank J. Capaldo
President and CEO
IBANYS

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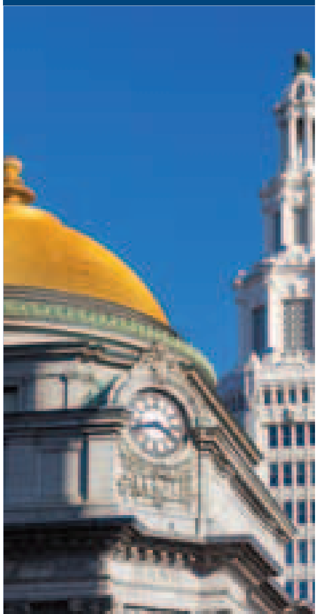


FOR MORE INFO

ibanys.net

IBANYS 2013
CALENDAR OF EVENTS

March 27
Capital District Regional
Ballston Spa NB

April 17
Compliance Seminar
Doubletree Hotel, Syracuse

April 23-26
ICBA Washington, DC Issues Summit

April 29-May 1
CFO/Senior Management Conference and Board of Directors Meeting
Gideon Putnam Hotel, Saratoga

June 3
Syracuse/Central NY Regional
Location TBA

June 25
Director's Conference
Doubletree Hotel, Syracuse

July 17, 10 a.m.
Board of Directors Conference Call

August 25-27
IBANYS 40th Annual Convention
Hyatt Hotel, Buffalo

October 7
Security Conference
Castleton Comfort Inn, Schodack

October 10
Westchester/NYC/LI Regional
Location TBD

October 16
In-Person Board of Directors Meeting
Location TBD, Syracuse

October 24
Westner NY/Finger Lakes/Southern Tier Regional
Location TBD

2012 Year in Review

Over the past two years, IBANYS has grown our membership from 41 banks to 63, and grown our associate members by 24 percent in 2011, and then from 52 to 63 in 2012.

We launched our "preferred providers" program to bring even more expertise, products and services to our members. We currently have four such partnerships, with more in development.

We continued our membership outreach program, meeting one-on-one with over 35 current and prospective IBANYS members in their offices across the state.

▶ ADVOCACY ON EVERY LEVEL

Through our government relations efforts, IBANYS protected and promoted the interests of New York community banks.

In Albany, we: Stopped credit union efforts to gain access to municipal deposits, expand their membership opportunities, increase their investment and other powers, and gain access to the State Banking Development program.

Obtained passage of the Certificate of Deposit Account Registry Service (CDARS) bill into law, providing an alternative deposit placement program.

Beat back efforts to impose new burdens on community banks in foreclosure actions, expand the state's CRA regulations, and impose new burdens on banks renewing their participation in the State Banking Development District program.

Represented community banks' interests regarding banking and corporate taxes; New York's conformity with Dodd-Frank regulations; subpoenas; qualified thrift deduction; ATM security; regulatory burden; debit; CFA; commercial lending, and much more.

Provided comment letters and position papers, utilizing research data to reinforce IBANYS' positions.

Obtained a legislative resolution signed by the governor, citing Community Banking Week.

In Washington, we:

- Fought to exempt community banks from Basel III capital proposals.
- Urged extension of TAG to protect community bank deposits.
- Opposed credit union expansion of powers and business lending.
- Supported the Communities First Act to reduce regulatory burden on community banks.
- IBANYS' state and federal positions and our 2012 Legislative Report are available at www.ibanys.net and are updated regularly in our weekly e-newsletter and membership e-blasts.

▶ LEGISLATIVE AND REGULATORY CONTACT/OUTREACH

IBANYS held community banker meetings with New York's congressional representatives, Sens. Schumer and Gillibrand, and New York state legislators, in-district and in the capitals.

We represented New York community banks at the FDIC's Community Banking Regional Roundtable in New York City, and at Community Bank Forums hosted by NYS-DFS Superintendent Benjamin Lawsky. We brought Lawsky to our convention, and he subsequently strongly supported exempting community banks from the Basel III capital proposals.

We hosted a Regulatory Roundtable with the FDIC, OCC, New York Fed and NYSDFS at the annual convention.

▶ POLITICAL ACTION EFFORTS

We brought administration of NYSIBPAC, previously outsourced, fully in-house, had another highly successful fundraising cycle and supported candidates who demonstrated support for community bank interests.

We built participation in support of the PAC. More than 95 percent of IBANYS' board members contributed. The "Franklin Club" continued, enhancing NYSIBPAC. More than 35 banks took the challenge, helping us effectively compete in the political arena by supporting candidates and committees who understand and support the interests and issues of New York's independent community banks.

We attended more than 20 fundraising events for key candidates and committees, and supported member banks doing so in their communities.

Launched on-air radio presence (spring and fall sessions) with member banks, promoting community banking's importance to local regions and economies.

COMMUNICATIONS AND MEDIA

Provided weekly e-newsletter to all members, potential members and associates.

Conducted interviews, wrote op-eds, press releases and provided newsworthy stories about IBANYS to media outlets. Archives can be found at www.ibanys.net.

Regular IBANYS website updates.

Established online user group forums for CFO and compliance peer groups.

Regular Twitter and Facebook updates.

Development of LinkedIn IBANYS Member Group.

Provided a media kit to members on the IBANYS webpage under "About Us – News" featuring print-ready ads for use in local community.

Created media contact list of CEOs to whom we can immediately refer local media inquiries.

Regularly corrected misleading or uninformed media when they have misinformed the public on community bank issues.

Coordinated highly successful "op-ed" effort advocating New York community banks' issues and positions in newspapers statewide.

EDUCATION AND TRAINING

CFO Peer Council, with 22 member banks, focuses on best practices, financial software, insurance issues. The council helped plan our CFO/Senior Management Conference. Compliance Peer Council helps member banks address federal and state banking regulations and their impact on community banks, monitors compliance costs, and provides shared information/best practices, networking, and problem solving.

Security Conference for IT personnel, branch managers, security officers and other key employees. The conference addressed bank robbery, elder fraud, social media attacks, and social engineering.

Enterprise Risk Management Program: Presented real-life scenarios involving risk, stress-testing, losses, etc.

Regional Meetings: Reinstituted in 2012, these sessions were held in the Long Island, Hudson Valley, Capital District, Syracuse/Central New York and Western New York/Finger Lakes regions. Provide networking, education/training, and future governance.

Annual Convention: IBANYS' 2012 Annual Convention was the best attended convention in 12 years, both in terms of participants and exhibitors. Sessions on banking, business, technology, governance, political issues and networking opportunities.

Directors Conference: Newly instituted in 2012 for bank directors, CEOs and senior management. Full-day program on capital markets outlook, investment advisory model, ERM, capital management, interest rate and investment risk management, liquidity management and funds management.

CFO/Senior Management Conference: Expert speakers, peer group discussions, networking and entertainment.

SERVICES/PROGRAMS

The IBANYS associate membership program provides important products, services and expertise to our member banks, and non-dues revenues to the association. Our 63 associate members participate in our meetings and conferences and provide sponsorship and exhibitor support.

Our new preferred provider program further enhances these member benefits. We have launched partnerships with T. Gschwender, Wolf & Company, Pentegra and BITS, whose links may be found at www.ibanys.net. More partnerships are in the pipeline.

Credit/debit/merchant programs, insurance and brokerage service partners: While we are adding new services and service providers, we also continue to offer such programs as our bancard, insurance, and brokerage services.

Our e-newsletters, webpage, convention, regional and other meetings have helped spark interest in these services as they become more visible and member banks become more informed and aware. Links to all of our services on the IBANYS webpage are at www.ibanys.net.

MOVING FORWARD: FOR 2013

This year will see new IBANYS programs, educational sessions, additional preferred provider partnerships, new membership opportunities in lending and finance alternatives, virtual agency products, enhanced legislative outreach, and a host of exciting new developments.

FOR MORE INFO

ibanys.net

Understanding How Data Breaches Can Occur

By Gerald R. Gagne

Gerald Gagne

The success of a company is built on customer service and its reputation in the community. A business may have built up goodwill over decades, but it could come undone in a matter of hours if a highly-publicized security breach compromises private customer information. This will not only cost a company its reputation, but also tens of thousands of dollars in losses and possible fines.

It is essential that companies take all precautions available to them and create a robust information security plan to protect the personal information they hold on their customers and employees.

To be prepared, it's important to know what kinds of threats are out there.

No matter the size of the company, there are a number of ways for hackers or cyber-terrorists to permeate into an IT system. Here are some of the major attacks and exploits out there today:

- Technical vulnerabilities – these come in the form of missing patches for software defects, using outdated systems and applications, "zero-day" attacks that occur before defects are realized, and custom exploits that take advantage of specific vulnerabilities.
- Malware, including computer viruses, worms, Trojan horses and backdoors.
- Insecure ports and services, and other web-based tools or access points vulnerable to attack.
- Compromised user credentials, such as passwords and user names that are no longer secret.

RISE OF THE 'OPPORTUNISTIC' RISK

The large-scale hacks of the past are in decline and smaller attacks, called "opportunistic" attacks, which exploit the vulnerabilities and methods mentioned above, are on the rise. These attacks result from a lack of basic security controls such as:

- Not using passwords or using default passwords.
- Not installing patches for known exploits.
- Not building secure and properly configured firewalls.
- Not installing the latest anti-virus software.
- Not having adequate monitoring procedures.

In the last few years, hackers and cybercriminals have turned to one of the oldest criminal practices to find vulnerability in a company: exploiting people's behavior. The term for this is "social engineering," in which a criminal exploits a person's desire to be helpful, or their greed, causing them to put aside their better judgment even for a moment. Cybercriminals combine this ancient art with the latest technology to gain access to the information they need.

Some of the high-tech social engineering techniques used today are:

- **Phishing** – using fake emails from seemingly legitimate entities to trick a person into revealing important information such as passwords and usernames.
- **Spear phishing** – a more personalized and direct version of phishing that uses fake emails that appear to come from entities like Facebook and are personalized to the victim to appear more trustworthy.
- **Vishing** – using Internet-based phone systems to avoid tracing and caller ID, and tricking victims into revealing their personal information.
- **Baiting** – purposely leaving behind removable media such as thumb drives and CD-ROMS for the curious to take and plug into their computer, which contaminates the computer with a virus.

Hackers and cybercriminals use a powerful computer-based tool to get the information they need: social media. Very often, people put enough personal and work information on their Facebook or LinkedIn pages to allow the cybercriminal to target them individually and appear to be a friendly source.

It is possible, however, to prevent social engineering scams through best practices such as:

- Training staff to be aware of scams and to keep their work and personal worlds apart.
- Installing and using strong email filtering programs that sift out malevolent spam.
- Regularly installing and updating anti-virus and anti-malware protections.
- Utilizing sophisticated data loss prevention software to analyze the use and movement of important information.
- Beefing up or adding web filtering software to prevent the use of social media sites, personal email and instant messaging in the workplace.
- Old-fashioned physical security – locking things up.

DATA BREACH CAUSE AND EFFECT

It seems there are more stories than ever on security breaches in the news, and very often they result from the following problems: Stolen laptops; stolen paper reports; hacking incidents; vendor mismanagement; improper destruction of files; lost backup tapes; and/or dishonest employees selling information.

According to the nonprofit watchdog group Dataloss Database, through July 2011 there were 369 reported incidents of security breaches that involved personal information. This loss represents approximately 127 million records.

The costs resulting from security breaches are very real and very high. According to the Ponemon Institute, in 2008, the cost per record borne by an organization was $202 per compromised customer record. In 2011, it went up to $214. The average total per-incident cost in 2010 was $7.2 million, compared to $6.65 million in 2008.

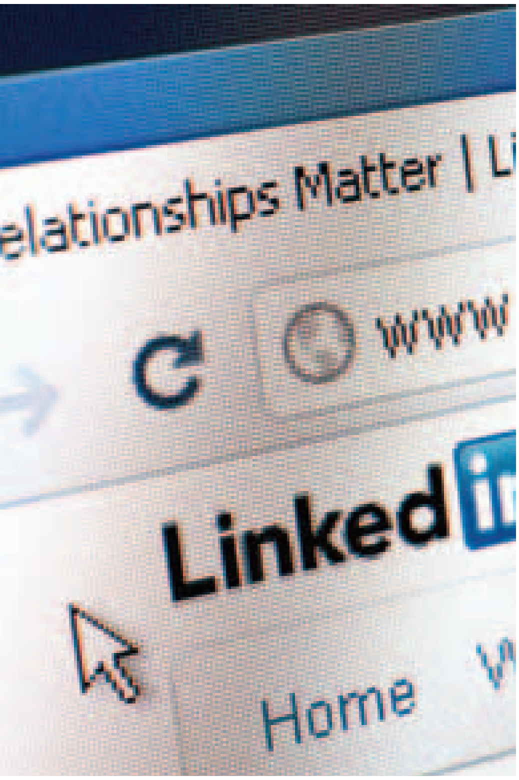
As data breaches increase, more regulations will follow, which will add to the financial and reputational costs that come with each incident. Massachusetts already has the toughest-in-the-nation data privacy law, now in full effect. The law, commonly referred to as CMR 17, or the Massachusetts Data Privacy Law, holds entities accountable for a security breach by establishing a minimum standard that must be met in areas such as encryption of data and storage of documents that contain personal information. It is very possible for companies to face fines, possible civil action and further public exposure from this new law. By creating and implementing a data security plan, however, a company can be in compliance with the law and avoid becoming prey to cybercriminals.

Computers and web-based tools provide companies with great opportunities and advantages. With these opportunities, however, come greater risks. By observing best practices, putting in place a companywide security plan that includes vendors, and hiring top consultants, a company can dramatically increase its ability to stave off hackers and cybercriminals and prevent data breaches. ■

Gerald R. Gagne, DPA, CISA, *is director of marketing for Wolf & Company and specializes in IT security.*

LinkedIn's New Look

By Carie Schelfhaudt



LinkedIn has been known for years in social media circles as the non-flashy, sleeping giant. However, LinkedIn has recently undergone a number of exciting updates within the last year to freshen its look and become a major competitor in the social media space. Now it's up to us, as smart marketers, to utilize these new features to help reach our marketing goals.

LinkedIn Company Page updates added more customizable features, such as banner images on the company overview page and the products/services tab, as well as product icons. Call attention to what's important to your visitors by utilizing the new features detailed below.

SQN Banking Systems, a leading provider of integrated fraud detection and process improvement products for the financial industry, recently utilized the new features available to companies to showcase their wide range of products.

"Our social media goal for 2013 is to earn top-of-mind awareness and reinforce our expertise within the industry," said Rachel Woodman, director of marketing at SQN Banking Systems. "Being on LinkedIn allows us to provide our connections with the latest company updates, announcements and product releases, while simultaneously having a dialogue with existing customers and prospects about relevant industry trends and information."

To see the new features in action while reading this article, visit SQN Banking System's LinkedIn Company Page at www.linkedin.com/company/sqn-banking-systems.

- Company Overview Page/Home Tab: Create a banner image to promote and reinforce your financial institution's brand. Banner images can be png, jpg or gif files at a maximum size of 2 MB. Images must be 646 by 220 pixels or larger.
- Products/Services Tab:
  - Customize the tab by spotlighting featured products/services with a large, rotating banner image. You can create up to three banners that will rotate on the top of the page when a visitor clicks on the Products/Services Tab, each with a different click-through URL.
  - Create and customize individual products/services pages to showcase your variety of offerings. Each page should include a category, name, custom image, description, key features, contacts, YouTube videos and special promotions.
  - Design a product/service icon for each product/service listed on the tab.
  - Determine the order of your products/services to ensure that your best products/services are at the top of the list.
  - Request recommendations from customers that have used your product/service to help establish credibility.
- Download the "Follow Company" chicklet for use on web pages and online marketing materials to promote your company's presence on LinkedIn.

"The new LinkedIn pages are far more visually appealing than they ever were before," said Woodman. "We feel that showcasing our products in a new light will allow us to really utilize LinkedIn as a sales and marketing tool, while reinforcing our brand."

Another fun new option, and I encourage all bank marketers to do this, is to feature certain groups that you belong to on your LinkedIn Company Page. With more than 1.3 million groups available on LinkedIn, anyone can find the perfect group to share industry-related content, ask for advice, network with other members, post jobs, and discuss recent conferences and events. Featuring a group that is dedicated to financial education, such as the New England Financial Marketing Association (NEFMA) group, on your company page will demonstrate your financial institution's commitment to understanding your target audience.

To stay up-to-date with these changes, regularly visit the LinkedIn blog at blog.linkedin.com for marketing tips and information about LinkedIn updates. Or, regularly check your company page for new feature alerts. ■

Carrie Schelfhaudt *is director of social media at McDougall & Duval Advertising, based in Amesbury, Mass.*

ROBO-COP STRIKES AGAIN

NY AG Wins Another Round for Stricken Homeowners

By Steve Viuker

New York State Attorney General Eric Schneiderman recently announced a multi-state settlement with Lender Processing Services, Inc. and its subsidiaries, LPS Default Solutions and DocX, to resolve claims of unlawful foreclosure practices, including robo-signing. The $121 million settlement, reached by New York, 44 other states and the District of Columbia, will require LPS and its subsidiaries to reform their business practices and, if necessary, to correct documents it improperly executed that harmed homeowners. New York's share of the settlement is approximately $1.9 million. The action reinforces Schneiderman's role as, in essence, a robo-siging cop -- one of the most aggressive opponents of such practices.

Critics say that amount of the settlement is inadequate to recompense New York state homeowners under foreclosure, but its significance is not. It reinforces what banks across the nation have been saying since the crisis began – it's the non-bank lenders who stoked the fires of the financial crisis. And it's a symbol of how Schneiderman and other attorneys general around the country are not waiting for regulation from the Consumer Financial Protection Board to impose penalties on mortgage servicers. If the new banking regulations are hard to decipher, multimillion settlements are not.

This current settlement is not to be confused with two previous robo-deals, involving the nation's largest banks. In one agreement, 10 of the nation's largest banks paid $8.5 billion to borrowers for so-called "robo-signing." A total of 3.8 million borrowers, designated as those who were in any stage of foreclosure in 2009 or 2010, will get either direct payments or mortgage assistance ranging anywhere from a few hundred dollars to more than $100,000, according to federal regulators. That settlement is the result of an independent foreclosure review ordered by the Office of the Comptroller of the Currency in 2011. It required banks to hire independent auditors to go back over loans from 2009 and 2010 to look for foreclosure abuses, but the reviews were taking too long and costing too much.

The targeted banks, which included Bank of America, Citibank, JPMorgan Chase and Wells Fargo, will make $3.5 billion in direct payments to borrowers and $5.2 billion in other assistance, such as loan modifications and forgiveness of deficiency judgments. All borrowers in the settlement will receive something, regardless if they were wronged in any way, according to federal regulators. Bank of America's share is the largest at just under $3 billion in direct payments and borrower assistance, in part due to Bank of America purchasing Countrywide Financial.

This settlement follows a $25 billion deal last year with many of the same mortgage servicers and state attorneys general, resulting, so far, in nearly $22 billion in consumer relief and $4.2 billion pending to 300,000 borrowers through the end of September, roughly $84,385 per homeowner.

THESE GUYS ARE GETTING TOUGH

"Lender Processing Services, Inc., LPS Default Solutions and DocX cut corners in order to maximize their profits," Schneiderman said in a statement. "My office will pursue any company that generates false or robo-signed documents that are used to foreclose on New York homeowners." The proposed consent judgment resolves allegations that the Jacksonville-based company "robo-signed" documents and engaged in other improper conduct related to mortgage loan default servicing. LPS Default Solutions and DocX primarily provide technological support to banks and mortgage loan servicers.

Among other things, the settlement prohibits signature by unauthorized persons or those without first-hand knowledge of the facts attested to in filed documents, enhances oversight of the default services provided, and requires review of all third-party fees to ensure that the fees have been earned and are reasonable and accurate.

In a February 15 statement announcing the settlement of a separate matter with the U.S. Department of Justice, LPS President and CEO Hugh Harris referred to the agreement in a statement: "LPS has effectively dealt with its legacy issues related to past business practices

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and is squarely focused on delivering leading technology-driven solutions to enable the mortgage industry to meet its new requirements." A company spokesman declined a request from *Banking New York* for further comment. [*Editor's note:* LPS is a data customer of The Warren Group, publisher of *Banking New York*.]

In the settlement, LPS stipulates to important facts uncovered in the investigation, including the practice by DocX of so-called "surrogate signing," the signing of documents by an unauthorized person in the name of another and notarizing those documents as if they had been signed by the proper person. Once the judgment is entered by the courts, LPS will undertake a review of documents executed during the period of Jan. 1, 2008, to Dec. 31, 2010, to determine what documents, if any, need to be re-executed or corrected. If LPS is authorized to make the corrections, it will do so and will make periodic reports to the attorney general of the status of its review and/or modification of documents.

BRINGING IT ALL BACK HOME

In late March 2012, Schneiderman announced that up to $15 million of the $132 million he secured in the national mortgage servicing settlement will be used to extend funding for foreclosure prevention and other related services. Up to $9 million of the allocation will support the state's Foreclosure Prevention Services Program, which was set to expire on April 1. And up to $6 million will support housing and community renewal activities statewide through not-for-profit community-based housing organizations. Schneiderman's office will fund an additional $3 million in foreclosure prevention services to aid New Yorkers struggling through the mortgage crisis from proceeds secured from two separate settlements.

"Some loan processing companies had become lackadaisical when it comes to filing and reviewing documents related to foreclosure proceedings," said Gary Malin, president of Manhattan-based Citi Habitats. "The foreclosure process can be heart-wrenching for the homeowners involved, and is a very serious matter, so it is important for all related paperwork to be double-checked and in order. This settlement sends a message to these companies that they need to revise their operating practices and follow the proper protocol, instead of cutting corners. ... In my view, any settlement that results in increased protection for consumers is a good thing."

Malin added, "If several houses in close proximity all have tall grass and weeds in the yard, and are in a state of general disrepair, it pulls down the value of all the homes in the area. It's difficult to fall in love with a home and a community if it looks like nobody in the neighborhood cares."

He said municipal governments also need to make sure foreclosed properties cause minimal disruption to the surrounding residents. Communities have passed legislation that requires banks to register properties with the local police department when a notice of default is issued and when the property becomes vacant. These ordinances also require banks to inspect these homes regularly and maintain them fully – all of which costs the banks.

However, Malin says, buyers may now be able to buy foreclosed homes at a significant discount. If the value of surrounding homes is also depressed as a result of the foreclosures, then they may also be a good option to pick up at considerable savings, which could be a wise long-term investment. As the housing market recovers, the value of these homes will rise. "It's a case-by-case basis, but look for homes in areas with easy access to highways or mass transit lines, in stable, established towns that are not too-far flung from the city center. Homes in these areas are likely to appreciate the fastest."

However, Steve Dibert, president of MFI-Miami, a mortgage fraud investigative firm and a blunt critic of banks, characterizes settlements as a way for banks to get the issue behind them and move on. But he says the problems created by past bad practices can't be eradicated with a check. "[T]here are years of documents that haven't been reviewed," he says."We have only scratched the surface." ■

Five Star Bank: A Legacy Turns the Page

By Linda Goodspeed

Five Star Bank Made for You.

After 150 years of leadership by the Humphrey family, Five Star Bank has a new CEO from outside the family.

Peter Humphrey, the fourth generation of his family to lead Five Star Bank, retired in August after shepherding the bank for the last 35 years. He will continue to play a key role at the bank as a member of the board of directors and a major shareholder. The new CEO is Martin K. Birmingham, who took that title on Feb. 20. Prior to Humphrey's retirement, Birmingham had served as president and chief of community banking.

Humphrey's retirement came on the heels of two major acquisitions by Financial Institutions, Inc., the parent company of Five Star Bank. In the second and third quarters of 2012, the company acquired four former HSBC branches and four First Niagara branches, bringing Five Star's total assets to $2.7 billion with 52 branches spread across 14 contiguous counties in western and central New York. The bank provides a full range of banking, brokerage and insurance products aimed at individuals, small to medium-sized businesses and municipalities.

Alex Twerdahl, associate director at Sandler O'Neill & Partners, who follows the bank, commented last year, "They've shown some good growth for awhile now. They just closed on eight new branch offices. Their credit has been very solid. They have got plenty of capital and a low level of non performing loans. They're in a good position."

Birmingham said integrating the new branches into Five Star's network is his top priority. The integration is "substantially complete," he said recently, noting that it went "extremely well."

The acquisitions "represent a significant opportunity in the markets we are serving in greater Rochester and Buffalo and the southern tier in Corning and Elmira," Birmingham said. He and Richard Harrison, chief operating officer, were instrumental in negotiating the branch office acquisitions. "Those new branches have allowed us to pick up some critical mass we didn't have on our own. We need to maximize those opportunities," Birmingham said.

Thanks in large part to those new branches, Five Star's deposits grew to $2.3 billion at Sept. 30, 2012, an increase of $196.4 million from the end of the second quarter of 2012 and up $400 million compared with the end of 2011.

Birmingham sees even more room for growth.

"Rochester and Buffalo are a key focus for us," he said, noting that Rochester represents a $19.3 billion deposit market and Buffalo a $34 billion deposit market.

"We think there is lots of upside in those markets," Birmingham continued. "We're going to go after it in a very traditional way by delighting our deposit customers, growing our deposit base and lending those funds back out in the form of loans, retail and commercial."

With the branch acquisitions, Five Star also grew its loans by $70.4 million, bringing its total loan portfolio to $1.659 billion at Sept. 30, 2012, up $34.8 million, or 2 percent, from June 30, 2012 and up $174.2 million, or 12 percent, from Dec. 31, 2011.

However, Rick Weiss, an analyst at Janney Capital Markets who follows the bank, cautioned in a report late last year that indirect auto loans made up more than one-third (34 percent) of Five Star's total loan portfolio, and said it was time for the bank to diversify.

"We would like to see the company begin to stabilize the indirect auto portfolio around current levels and continue to build relationship-type loans such as commercial business," he wrote last year. "We await signs that the company will effectively diversify its loan portfolio before fully endorsing the stock at the current price."

But Weiss also said then that Five Star's overall asset quality metrics were good and remained relatively stable. At Sept. 30, 2012, Five Star's nonperforming loans were $10.4 million, just 0.63 percent of total loans.

Birmingham credited the bank's low level of nonperforming loans to the region's more stable economy and the bank's conservative lending philosophy.

"Upstate New York never had the highs and lows that other parts of the country have experienced," he said. "On top of that, we have a very disciplined credit culture. As a result, we've had some good outcomes."

At $2.7 billion in total assets, Birmingham said Five Star Bank has "enough critical mass to benefit from economies of scale to support compliance and regulatory efforts under Dodd-Frank, and at the same time can still drive sufficient growth in our loan portfolio and also allow us to operate the bank in a very efficient manner."

Twerdahl agreed: "They are a good, healthy, community bank. They have a great branch network. They're clean with credit and have enough capital to grow and take advantage of their new branches. They are positioned very well." ■

Top-Performing Banks Produce Predictable Profits – and You Can, Too

By Roxanne Emmerich

Can you go to your board and tell them how much business you'll close in the next 30 days – with at least 90 percent certainty?

Do you have controls to make sure that every person who is calling is doing two things effectively: Calling the right people, and secondly, following a process that assures premium pricing so you never have to hear those dreaded words "we can do the deal if we match rates" again?

Most important, is your institution being paid for your unique selling propositions (USPs) – or do your lenders put you in a position of having to turn away deals, or match them every time a desperate competitor undercuts you, hurting not only the borrower, but the bank that got the business (and you, too, because you failed to get that business)?

You *can* have more certainty about the amount of business you'll close, about whether your lenders are calling on the right people, and even about whether you'll get new business at premium pricing with a predictable level of certainty.

In fact, increasing your chances in these ways is just prudent management. Your team has a fiduciary responsibility to your stakeholders to bring in predictable numbers, to prove that they're meeting with the right people, and to have the right conversations that assure you're getting paid a substantial premium for your USPs.

But not to worry.

If you're not currently getting these results, you're not alone.

THE BLOODBATH IN CONSUMER MORTGAGES IS ABOUT TO HIT COMMERCIAL LOANS

Eliminating the pain from your customers is imperative – and it also happens to be good for you.

In fact, what happened in the mortgage arena is about to happen on the commercial side: Borrowers are getting the best rate, but they're about to be left dressed up for the prom with no date – while fickle lenders (who are stealing the business now) will decide they don't really want to go to the prom, after all.

We've been there before and we'll be there again.

It's now come down to an ethical obligation – not just a sound business strategy – to get more effective at saving these borrowers. If your team doesn't know how to handle the bottom-feeding pricers, many of these businesses will be left stranded when they need credit the most. They'll instead receive a notice that reads, "Pay up in 30 days because we no longer have an appetite for your kind of loan."

What's the most critical factor in ensuring that your bank (and your community) isn't crippled when this train wreck of overly ambitious "new to the market" lenders turn on good business credits, stranding them when they need help the most? Getting an iron-clad system established now to make sure your team knows exactly who to call, how to start conversations that never lapse into price wars, how to use your list of unique selling propositions that justify a higher price and – most importantly – a system that compels the prospect to reveal how much your unique selling propositions will bring to their bottom line.

When a prospect tells YOU why the hundreds of thousands of dollars they'll make or save are worth the measly $20,000 additional you're charging … well, that's how a real sales system is supposed to work.

BELIEVING IN THE SYSTEM

So why don't most banks simply add a sales system like this?

First, one has to suspend disbelief. At a recent course where we taught this profit-rich sales process, those who didn't believe it was possible were mixed in with those who are already doing it – and getting 50 to 200 basis points more.

At that point, well, it's rather difficult to say it can't be done, now isn't it?

Secondly, the system hinges on asking questions to help the prospect understand there is a cost of staying with their incumbent bank. One consultative question in a system like this is, "When your personal banker comes in to do a 15-point checklist that includes whether your people are implementing all PCI compliance practices to avoid the $500,000 fine per incident – plus some 14 others that have those kind of cost savings – what have been some of the biggest cost savings from those meetings?"

"Meetings?" the prospect will probably exclaim. "PCI compliance? Our banker doesn't have a checklist – or even come to visit us."

At that point, your lenders can simply say, "My fault, I must not be making myself clear. I'm talking about, you know, those semi-annual meetings where they sit down to review not just PCI compliance, but systems you have in place to protect you from employee embezzlement and save you the hundreds of thousands that are commonly lost by small businesses. THAT meeting."

Of course, that's just one question your lenders could be asking a prospect in a pre-planned sales system like this. Truth is, they need a dozen really great questions like this that all speak to hundreds of thousands of dollars of additional revenue or decreased expenses to the prospect to help justify your premium pricing.

Saying that your lenders have all been in banking for over a decade doesn't mean one cent to a prospect. Asking these kinds of questions, on the other hand, is priceless.

Looked at this way, getting a premium of 50 to 200 basis points should be expected from a sales system like this – but you're going to have to work at building it to convince your people that sales is a system (and that the system is wildly successful when followed in its entirety with no missing steps).

So, are you ready to get premium pricing while you're financing the lowest-risk, highest-quality credits? It's no longer a pipe dream – it's a system. Will 2013 be the year that your net interest margin skyrockets regardless of what happens with rates? It can … by stopping the excuses and replacing them with a predictable and proven system that ensures success. ■

Roxanne Emmerich *is CEO of The Emmerich Group.*

The Evolution of the Virtual Branch

By Michael Bouchard

Recently, the analyst group Javelin Research & Strategy predicted that by 2015 over 50 percent of new accounts will be opened online. Pannos Winzeler Marketing has already seen clients coming close to reaching that mark. An increasing preference to apply for loans and open accounts online has begun a rapid evolution in the way financial institution (FI) websites are designed and the capabilities and information offered. Where websites were once little more than brochures limited to providing general information about products and services, now web-savvy customers expect to do more online.

Today financial institutions' websites are modeled after successful retail sites like Amazon and Best Buy. Applying for a loan or signing up for a new account is usually just a click or two away and the key metrics are no longer just page views and visit duration. Conversions – converting a visit to a customer – is the critical measurement used to evaluate performance. Analytics are employed to study the path of customers through the website to the point where they become customers or sign up for additional products. This combined with online advertising, means financial institutions are able to measure their marketing efforts with more precision.

The evolution to a more retail-based design has many financial institution's homepages looking to enhance engagement and deliver a powerful brand experience by employing high quality imagery that project local connections and a commitment to personal relationships. Today websites are also focused on improving the user experience with intuitive navigation featuring easy to use buttons to open accounts and access frequently sought information.

One of the more radical notions from online retailers that has been adopted by a few FIs is the ability for customers to post product reviews and rate products. Online retailers have seen that reviews create trust and provide additional information about products and services. FIs who allow customers to post reviews and share them recognize the value of social recommendations and user reviews.

Another feature of retail websites that is gaining widespread adoption is the integration of online chat allowing customers looking for assistance or information to quickly reach a customer support representative. Many FIs are also investing in financial literacy providing educational content on their websites. Some develop the content themselves and others use third party providers like Truebridge to help customers better manage their financial lives.

Many customers no longer make frequent trips to the branch, often preferring to visit their bank's homepage in order to access their online banking. As a result, many homepages now take advantage of these frequent visits to promote social communities. Every visit gives customers a chance to interact and connect with real time updates from Facebook, Twitter YouTube, Blogs and other social sites. Much like a trip to the branch, a visit to the homepage can now provide the chance start a conversation and create a deeper relationship than one may have ever imagined.

A new challenge for tomorrow's websites is customers' rapid adoption of mobile devices. Not only are customers looking to find new financial relationships online, they increasingly want to be able to open accounts using a tablet or smartphone. Andera, a large provider of online account opening technology, recently noted that in June 9.55 percent of traffic originated from mobile devices, an increase of 130 percent over the year. We have seen similar growth on our own clients' websites. As a result most FIs will be considering developing a separate site for mobile devices or developing full mobile optimized websites that seamlessly fit any device or desktop computer.

Overall, the biggest change in websites has been their increasing role in customer acquisition, maintaining customer loyalty and delivering customer service. Most financial institutions have been successfully using physical branches to accomplish those goals. In the future your website, and the ability to access it on any device may be as important to your success as your branches and your staff. ■

Michael Bouchard *is web director for Pannos Winzeler Marketing.*

Two More NY Banks Convert to State Charter

Two New York-based banks have been approved to convert from national charters to New York state charters. The New York State Department of Financial Services (NYSDFS) approved Jeffersonville Bancorp, Inc. the holding company for the First National Bank of Jeffersonville, for conversion to a state charter effective Dec. 21, 2012, and the bank now operates under the name Jeff Bank. It will fall under the purview of the FDIC and the Federal Reserve Board.

Flushing Financial Corporation, the parent holding company for Flushing Savings Bank, received Federal Reserve approval to convert from a savings and loan holding company to a bank holding company. This was the final approval required to merge Flushing Savings Bank with and into Flushing Commercial Bank. The combined bank is to be named Flushing Bank and will be a New York state-chartered, full-service commercial bank. The NYSDFS and the FDIC had previously approved the bank's application to merge the two banks and operate the combined bank as a full-service commercial bank. The transaction was expected to be completed on Feb. 28, 2013.

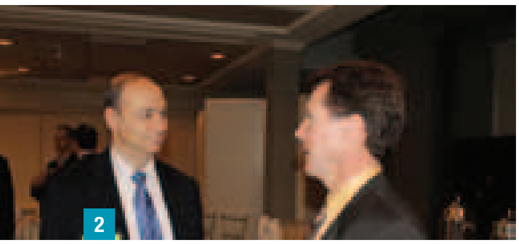
Both banks issued statements saying they expected some annual cost savings as a result of their conversions. Additionally, both banks stated that they expect to benefit from NYSDFS oversight, due to its more local orientation.

Banks operating in New York have the choice of having either a state or federal charter. Last year, the NYSDFS reported a surge in applications from federally chartered banks seeking state charters. That trend was linked to changes in regulation at both the state and federal levels.

Mergers and expansion plans may also be behind the trend. A federal charter limits commercial lending to 10 percent of bank assets; the state charter does not. Additionally, state charter reciprocal agreements allow banks to operate outside their home state. ■

Take Stock in the U.S., Says Neal Soss

By Steve Viuker



1 Musa Yenni, Yenni Capital (left), and Michael Archer, McGladrey LLP.

2 Matthew, Sovereign Bank (left) and Matt, Greystone Global LLC, attend the AGC Tarrytown event..

3 Neal Soss

4 Domenic Saglimbeni (left), and Karen Jenson, M&T Bank.

At the Association for Corporate Growth New York's recent monthly meeting in Tarrytown, Neal M. Soss, managing director and chief economist for Credit Suisse, spoke of national and international trends in 2013 and beyond.

"We are capable of thriving in any environment, but you've got to accept the environment for what it is," said Soss. He opined that Europe's survival of its debt crisis and improved exports in Asia were all good economic news.

The payroll tax restoration that went into effect Jan. 1 cuts about 2 percent from the average paycheck, he noted, and as a result, "we're going to have a slightly softer patch in retail now than we had before." But the situation will improve by the holiday shopping season, he predicted, as consumers will have adjusted to the lost income.

Soss said the federal interest rate will likely remain near zero, which has spurred a surge in the stock market due in part to other investment options becoming unprofitable. As for public debt and underfunded obligations threatening local, state and federal budgets, he was blunt: "We are at the threshold now of austerity in budgets and fiscal drag that I suspect will be more or less a permanent feature," he said.

TAKING A EUROPEAN CUE

However, Soss said the cyclical economy globally and in the United States seems to be on the mend. "Where does this all start?" he asked. "It starts with Europe, which attracted a lot of attention last year. They needed to get their fiscal issues tightened up. And they did." He cited a huge outpouring of deposits from Spain. "They didn't leave the Euro; just Spain. The results were a recession. Europe is still tightening its budget, but less intensely. More importantly, the European Central Bank said there is nothing to worry about regarding the sustainability of the system."

Warning that Europe is still emerging from its recession, he cautioned against expecting a boom in its future. "But what was a decline in business will now be a modest trajectory." This has implications for large, multinational U.S. firms, which derive a large portion of their profits from international, not domestic, activities. Capital spending and industrial production went slack in the last half of 2012 due to the economic uncertainty, he said.

Soss said that in terms of policy and performance, emerging countries are in a stop-and-go stage of economic development. "That is not the best way to run a railroad," he observed. "You want to be in a more stable environment. The poster child right now is Mexico; with a government that is very well regarded and is reform-minded. And it is good for the United States when its neighbor has his house go up in value."

Soss pointed out that China looks like its economic growth is slowing, from a previous 10 percent to 7.5 percent. He noted last year's concern about as to how severe the slowdown in China would be, and noted the country's attempt to shift its economy away from dependency on exports towards domestic activities.

In conclusion, Soss discussed Japan. "In the 1980s and 1990s, people said Japan owned the future. Japan has a problem in scale, not in spirit. Fertility has collapsed in Japan and if you don't have children, everybody gets old. And that makes it hard to get the growth in the economy that you have been accustomed to. Japan is literally shrinking. There are less Japanese [people] than a year ago." ■

'Cliff Notes' For Long Island Economy

By Steve Viuker

Pearl Kamer, chief economist at the Long Island Association, had sobering news for a gathering of business executives at a recent breakfast hosted by the New York Chapter of the Association for Corporate Growth at Hofstra University. "If the country defaults on its debt obligations … it's going to kill our economy," she said.

Pearl Kamer

The impact of both Sandy and the Nor'easter that followed shortly after took their toll on the entire tri-state region. Long Island was not spared going over the cliff.

After a burst of job growth during the spring and summer months, year-over-year job gains diminished throughout the fall. Between October and November, Long Island sustained a loss of 3,300 payroll jobs, including the loss of 5,100 private-sector jobs. 6,500 jobs were lost in the leisure and hospitality sector, a category that including dining and drinking establishments. Categories that include various personal services, lost 2,000 jobs between October and November. Hospitals lost 900 jobs as a result of storm damage.

Kamer said the rebuilding process should be used to address problems of too many layers of government and a lack of affordable housing. She said Long Island "must convert research from laboratories and colleges into commercial products and support technology start-ups," that can make up for jobs lost in manufacturing, construction and government.

Even more telling, Kamer pointed to the loss of 8,100 jobs between November 2011 and November 2012. These included 2,700 private sector jobs. In addition, there were 8,600 fewer goods-producing jobs on Long Island in November 2012 than a year prior. Construction jobs were down by 6,900. Local governments employed 4,900 fewer workers than a year ago. Growth industries included whole trade (+2,400); finance (+4,500) professional and business services (+1,100) and educational and health services (+1,700), but those gains only partially offset the job losses.

The unemployment rate for Long Island increased from 6.8 percent in November 2011 to 7.1 percent in November 2012. Communities hit by Sandy suffered most. The unemployment rate for Long Beach, which lost its entire iconic boardwalk and direct Long Island Railroad train service, rose from 7.7 percent in October to 10.1 percent in November 2012.

The median of newly sold homes has been rising in both Long Island counties. In the 12 months ending in November 2012, home prices were up by 5.8 percent in Nassau and 1.1 percent in Suffolk. However, the number of pending home sales fell by 19.1 percent in Nassau and 8.7 percent in Suffolk in the 12 months ending in November. The inventory of homes for sale also declined from 21,550 to 17, 481, according to the MLS of Long Island.

But throughout the good and bad times on Long Island, the Islanders hockey team was always a uniting factor. Winning multiple Stanley Cups and being the only major league team was a source of pride. That ended with the announcement in late October that the franchise was moving to the new Barclays Center in downtown Brooklyn (near the LIRR Atlantic Terminal), and joining the Nets.

Attempts to renovate the aging Nassau Coliseum over the years never took hold. In response to a question from *Banking New York*, Kamer spoke about the impact of the team leaving and the future of the Coliseum site.

((Kamer was a consultant to Islanders owner Charles Wang.)

"The Islanders leaving hurts because we don't have a major league team and it hurts the businesses located near the Nassau Coliseum," she explained. "But if you look towards the future, it gives you a fresh chance to plan for something for the entire Hub property. The problem is that it's so expensive to redo the Coliseum and to provide structured parking."

Said Kamer, "A developer couldn't come in at the lower density that Hempstead put into place in terms of zoning and make a profit. Now, you don't have to put the Coliseum in the equation."

And in the ultimate irony, Nassau County has tapped Barclays Center developer Bruce Ratner as an advisor on the future of the Coliseum site. Donald Monti, who heads Renaissance Downtowns in Plainview, will oversee the development of the rest of the 77-acre site. Monti, who had applied to become the site's master developer through the county's Request for Qualifications process, will partner with RXR Realty's Scott Rechler, who previously tried to develop the same site with Islanders owner Charles Wang. ■

CARVER BANCORP

Carver Bancorp, Inc., the holding company for Carver Federal Savings Bank, has announced several changes to its executive management team. **Michael T. Pugh** has been appointed to the newly created position of president and COO, reporting to **Deborah C. Wright**, chairman and CEO. In this role he will oversee Carver's new business and related operating functions, including lending, retail, operations and marketing. Since mid-2012, he had been Carver's chief revenue officer, focusing on redesigning its new business strategy, management structure and related processes. Before joining Carver, he worked at Capital One, N.A., as senior vice president, regional executive and market president of the Eastern Maryland, Delaware and Washington, D.C. markets. Carver also announced that **Mark A. Ricca**, its chief financial and administrative officer, will resign effective Feb. 15 to accept a CEO position at another institution.

The Carver board of directors has appointed **David Toner**, CPA, senior vice president and controller for the past four years, as acting CFO, effective Feb. 15. Toner joined Carver in 2009 after more than 20 years with Citigroup in various financial control positions in the United States and Europe, including serving as CFO of Citigroup's Community Development business from 2004 through 2007. Prior to joining Citigroup in 1987, he held various audit positions with Deloitte & Touche (formerly Deloitte, Haskins & Sells).

Carver also noted several additional executive management appointments:

Alfredo Assad, most recently a consultant assisting Carver in rebuilding its lending department, has been appointed acting chief lending officer.

Prior to joining Carver, he was a director and the president of New York National

Bank. He has also held lending, risk management, and treasury positions at Banco Popular North America, Credit Communal de Belgique and M&T Bank.

James A. Raborn, most recently senior vice president, loan workout officer, has been named general counsel. He joined Carver in April 2011 from Emigrant Bank where he served as first vice president and director of foreclosure/real estate owned for approximately four years. Previously, he practiced law for more than 15 years at Riker Danzig Scherer Hyland & Perretti LLP and Norris McLaughlin & Marcus.

John Spencer, most recently chief retail officer, has been appointed chief of operations, which includes oversight of retail operations and branch administration, information technology, and facilities.He will lead the anticipated conversion of the bank's core technology platform in 2013. He joined Carver in 2009 as senior vice president and chief retail officer, after 22 years at JPMorgan Chase & Co. where he held several management positions in retail sales/customer service, audit, and operations management. Additionally, he served as a branch administration executive for Chase's retail division, supporting a network with 700 branches, and over $50 billion in deposits.

These executive management changes are subject to regulatory approval.

FIRST NIAGARA

First Niagara Financial Group, Inc. has appointed **Liam Brickley** as chief credit officer. He will be responsible for all aspects of First Niagara's credit administration function and policies and will report to First Niagara executive vice president and chief risk officer **Richard Barry**. He replaces **Kevin O'Bryan**, who has retired. Brickley joins First Niagara after a 20-year career at Citizens Financial Group where he most recently served as chief credit officer for the wholesale bank. Prior to that, Brickley worked at Wells Fargo managing various commercial lending businesses and portfolios.

First Niagara has also promoted **Avi Patel** to serve as chief marketing officer. Patel is responsible for First Niagara's branding and marketing strategies, as well as management of departments and agency partners tasked with implementing those strategies through traditional and interactive advertising, marketing, and promotions. Patel will continue to head First Niagara's retail product development and management group, which he has led as its director since joining the bank in January 2011 as a senior vice president. He formerly served as a vice president at Wilmington Trust Co., where he was responsible for sales and marketing strategy, product development and management, and consumer and business banking channel development.

First Niagara has also promoted **Kristy Berner** to senior vice president and general counsel and **Kate White** to senior vice president and managing director of human resources. Berner had served as First Niagara's assistant general counsel since 2010, playing an integral role in the successful completion of recent acquisitions and capital markets activities. Prior to joining First Niagara, Berner was with the Corporate and Securities Practice Group of the law firm of Hodgson Russ LLP. White joined First Niagara in 2008 as the human resources business partner for First Niagara's Partnership Services Group. Prior to joining First Niagara, White was with HSBC for more than 10 years in various HR and talent management roles, including corporate HR director.

RIDGEWOOD SAVINGS BANK

RIDGEWOOD SAVINGS BANK

Leonard Stekol has been promoted to the position of executive vice president and CFO and **Anthony J. Simeone** to executive vice president and chief lending officer. Stekol, who joined Ridgewood in 1993, previously served as senior vice president and chief financial officer. Simeone, who came to the bank in 2002, was formerly senior vice president and chief lending officer. ■

Rochester Council President Lovely Warren

FIRST NIAGARA DONATES FORMER BANK BRANCH TO ROCHESTER CREDIT UNION

First Niagara Financial Group, Inc. has donated a former bank branch to the Lexington Avenue Federal Credit Union. The branch donation, announced Jan. 15, includes the title to the property on Joseph Avenue and all of the building's contents, technology and furniture. The donation was valued at approximately $200,000.

In addition to the branch donation, First Niagara is providing a $10,000 grant to the Joseph Avenue Business Association to support development of its four-part strategic plan for revitalization of the neighborhood.

"First Niagara has always made investing in the communities we serve a top priority," said First Niagara Rochester Market Executive Suzanne Nasipak-Chapman. "We want to make sure that residents and businesses in the Joseph Avenue neighborhood maintain access to a successful financial institution close to where they live and work."

First Niagara sought input from the city of Rochester in order to find a credit union with interest in the space. Together, First Niagara and the city approached the Lexington Avenue Federal Credit Union, which was eager to add a second location for its members to conduct their banking.

"This is truly good corporate citizenship at its best. It's great to see a dedicated company like First Niagara recognize the needs of the neighborhood, and be willing to do something about it," said Rochester Council President Lovely A. Warren, Northeast District. "The collaboration between First Niagara and the Lexington Avenue FCU with the Rochester City Council is an approach we applaud and we encourage more businesses to take."

Charles Casaceli, CEO of Lexington Avenue FCU, noted, "When First Niagara and the City Council approached us, we saw this as an excellent opportunity for government, business, and not-for-profit to do something with the best of intentions for Rochesterians in mind. We're grateful to First Niagara for its generosity and pleased that our current and new customers will benefit from the added convenience provided by this expansion."

First Niagara will continue to serve the neighborhood from its 70 Lyell Ave. location and 11 other Rochester-area branches.

M&T BANK, HUDSON CITY SAVINGS RAISE MORE THAN $800K FOR HURRICANE SANDY RELIEF

M&T Bank and Hudson City Savings Bank raised $824,143 through the collective efforts of employees, customers, directors and retirees, for the American Red Cross Hurricane Sandy Relief Fund, the banks announced on Jan. 29. The money will be directed to American Red Cross chapters in New Jersey, Staten Island and Long Island to assist people in communities recovering from the natural disaster.

"Even with the resources available to us, my office was closed for almost six weeks," said Selena McLeod, branch manager of Hudson City Savings Bank's Midland Beach Office on Staten Island. But, she noted, many other individuals and businesses have been more severely affected.

"This generous response from our employees, associates and customers will help a lot of people during their time of need," said Brian Stone, administrative vice president for commercial banking at M&T Bank's Long Island regional headquarters in Melville. "This was one of the worst storms to hit Long Island in decades and there are a lot of local businesses that are still getting back on their feet to this day."

M&T Bank and Hudson City Savings Bank each made initial commitments of $250,000 to the American Red Cross during the first week of November 2012. The employees, directors and retirees of both M&T Bank and Hudson City Savings Bank donated a combined $157,657 to the relief effort. M&T Bank matched all of those contributions for an additional $157,657. Bank customers made $8,829 of donations at bank branches in November and December to round out the grand total of $824,143. ■


"The PULSE DebitProtect service helps us control fraud and protects us from losses. Since we've implemented it, our fraud has gone down significantly."
Scott Heitkamp
President and CEO
ValueBank Texas
Bottom Line
"It has saved our bank numerous times."
In the early '80s, Mr. Heitkamp and ValueBank Texas were looking for a network partner that understood the needs of a community bank. PULSE was the perfect fit. Over the years, ValueBank has utilized many of our innovative products and services to help them grow. When it comes to fraud detection, they rely on DebitProtect®. It provides early warnings on fraudulent card activity, which has helped them significantly reduce their fraud losses. That's good for ValueBank's bottom line.
"If you're not using DebitProtect, you better take a good look at it." To take a good look at DebitProtect and hear what else Mr. Heitkamp had to say, go to:
pulsenetwork.com/debitprotect-bny
pulse®
All debit all the time℠
A Discover Financial Services Company
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