

Continued from page 1  
Enhancements deliver faster, more efficient service

## ANNOUNCING UPCOMING SERVICE ENHANCEMENTS:

**ACH Origination File Calendaring** offers clients the ability to support the automatic file creation/release from ACH templates without manual intervention. With calendaring, you can create specific release schedules for recurring ACH origination template files.

**Foreign Currency screen enhancements** offers clients a more robust system for entering transactions. The existing transaction will be separated into individual transaction screens by type of transaction, allowing for more complete data entry and efficient tracking and settlement of specific transactions.

**ACH Risk Management Solution** will offer clients an integrated and comprehensive solution for managing and measuring ACH fraud detection in real time "before" releasing the file for delivery.

**STARSTM Face-Lift** offers clients a redesigned and more user-friendly online platform.

Please contact Client Services or your Relationship Manager to learn more about these upcoming enhancements.

### A very satisfied client

*A recent message from Connecticut River Bank indicated that its President & CEO, Gary Gray, was very pleased with Bankers' Bank Northeast's entire implementation process for International Services.*

*When Connecticut River received a termination letter from Bank of America, it was faced with selecting a new provider and Gray said that he was very impressed at how quickly BBN reacted and that Kim Lavigne and her staff considered the solution much better than what they had previously.*

### Enhancing Client Service



Our commitment to client satisfaction is one of continuous improvement in everything we do, including both our products and service. To encourage client communication, the Bank has instituted a Client Suggestion Process. To make it convenient, please email your suggestions to: [suggestions@bankersbanknortheast.com](mailto:suggestions@bankersbanknortheast.com). All suggestions will be acknowledged and vetted by our Products Committee and Senior Management.

#### CORPORATE OFFICES REGIONAL OFFICES OFFICERS

Glastonbury, CT  
1-800-449-9121

Serving New England  
and New York

[bankersbanknortheast.com](http://bankersbanknortheast.com)

Peter J. Sposito President & CEO  
Richard B. Lockwood III Executive Vice President  
Charlotte Hansen, CPA Sr. Vice President & CFO  
Elissa G. Reynolds Sr. Vice President/Operations Manager  
Susan W. Salecky Sr. Vice President/Service and Sales  
Peter Garland Chief Credit Officer

Sabina L. Barresi Vice President/Relationship Manager  
Richard J. Nurge Vice President/Relationship Manager  
Richard C. Layman Assistant Vice President/Senior Credit Analyst  
Geoffrey S. Gibbons Correspondent Officer/Relationship Manager  
Lora L. Prior Operations Compliance Officer  
Rachel E. Carlson Information Security Officer/IT Manager  
Michelle R. Orsini Client Services Officer/Manager



A New Direction In Correspondent Banking  
300 Winding Brook Drive  
Glastonbury, CT 06033-4335

PRSRT FIRST CLASS  
US POSTAGE  
PAID  
HARTFORD CT  
PERMIT NO. 2386

# THE RESPONDENT

A New Direction In Correspondent Banking



Fall 2011



Bill Placke  
President & CEO

### Start Community Bank is something of an upstart

New Haven, Connecticut has had more than its share of economic challenges for too many years. Today, it's the 29th poorest city in the nation, in spite of the dominance of the higher education community, the medical services sector and the biotech industry.

It was a particularly dark day in 2003 when New Haven Savings Bank announced that it would seek demutualization.

Mayor John DeStefano knew what that meant to the people of his city. Eventually, the bank would be sold and New Haven would be without a community bank—and he moved quickly to stop this from happening.

New Haven Savings ultimately responded to the city's challenge by agreeing to a settlement in which \$25 million was set

aside to establish a de novo bank known as a community development bank.

It took a while but on December 20, 2010, Start Community Bank received all necessary approvals from the State Department of Banking, the Federal Reserve Bank and the FDIC for its insurance certification.

While bank president Bill Placke had strong city support in getting the bank open, he turned to strategic partners to help make it work. "A de novo doesn't have the personnel needed to fulfill its operational requirements," says Placke. Since he had known Peter J. Sposito, President and CEO of Bankers' Bank Northeast (BBN) for more than 30 years, he knew exactly where to go for correspondent banking services. "BBN is very



Continued on page 3



Elissa G. Reynolds  
Senior Vice President/  
Operations Manager

### Enhancements deliver faster, more efficient service

#### Wire Processing Enhancement

In response to volume growth and the objective to deliver faster and more efficient customer service for wire processing, the Bank upgraded its FedLine Advantage connection to the Federal Reserve's FedDirect platform at the end of June.

This processing enhancement allows for both incoming and outgoing wire activity to flow without manual intervention to and from the Federal Reserve Bank in real-time. It not only allows us to provide faster delivery of send/receive processing and confirmation notifications, but we can also deliver and credit your account with any incoming wires that arrive up to 6:30 pm the same day.

With the FedDirect platform upgrade, we now have the capability to handle domestic wires after the traditional cut-off time of 3:30 pm. By enrolling in this new ser-

vice, your institution can send domestic wires until the Federal Reserve wire area closes at 6:30 pm. This service requires setup in advance and your institution will be required to maintain additional balances in your account corresponding to expected late out-going wire activity.

This upgrade has also allowed us to enhance the delivery and receipt of ACH inbound and origination files. With ACH Advance, we can handle inbound and origination files with the same automated flow as wires. This means we can now offer additional release times for ACH origination files. As such, we have added a daily release time of 6:50 pm (ET) to the present schedule. This is an automatic upgrade for all clients who currently have ACH services with BBN, and is available immediately.

To activate the late wire service or to obtain more information about any of these enhancements, please contact Client Services or your Relationship Manager.

Continued on page 4

### President's Message



Peter J. Sposito  
President & CEO

#### The anatomy of a successful disaster recovery

When Hurricane Irene hammered Connecticut on Saturday, August 27, 2011, Bankers' Bank Northeast lost power, as did 94% of the residents of Glastonbury. The Bank's on-site full building emergency generator immediately kicked in and operated without incident on Sunday and all day Monday.

Since the length of the outage was unknown, we topped off the generator's 750-gallon tank with 300 gallons of diesel fuel on Monday afternoon.

If that were all to the story, it would have been a minor event. It wasn't. The real story was yet to come. It took place on Tuesday, August 30 and here's what happened:

#### 7:50 AM

A generator failure occurs and a majority of the Bank's workstations lose power and are operating on time limited UPS devices (batteries). The telephone system continues to operate on battery power, as well.

#### 9:00 AM

We contacted Connecticut's Banking Commissioner and our Federal regulator, the Federal Reserve Bank of Boston, to advise them that the Bank was operating in a Disaster Recovery (DR) mode (a standard operating procedure).

#### 9:20 AM

The Bank's eight-member DR team leaves the Bank for the pre-staged DR site located several towns away and within an operating electrical network grid.

#### 10:00 AM

The DR site is operational with connectivity to our wire processing system, data files and other critical Internet sites.

#### 11:30 AM

A small 5500-watt generator is installed at the Bank's Glastonbury site in an attempt to recharge the UPS devices.

#### 12 PM

It's determined that the generator is not compatible with our UPS devices.

#### 12 PM

Mechanics arrive to service the diesel generator.

#### 1:30 PM

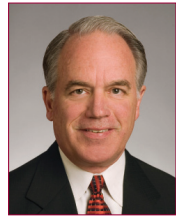
The full-building generator is restarted at the Glastonbury site, but fails.

#### 2:50 PM

After bypassing the fuel filters, the full-building generator is restarted again (and remains running for two more days).

The mechanics determined that when the fuel was added late Monday afternoon the refueling operation stirred up the sediment from the fuel that was already in the tank, which then clogged the filter system and rendered the unit inoperable.

Continued on page 3



Glen Dooley  
Senior Vice President  
National Penn

## International Letters of Credit offer an opportunity to build client relationships

**B**oyertown, Pa.-based National Penn Bank is approaching ten years of supporting Bankers' Bank Northeast clients whose customers require assistance with Letters of Credit.

This is a service that can enhance a customer relationship; indeed, not being able to support the international needs of a client may put valued relationships at risk.

competitors to maintain and grow profitable relationships and cultivate new ones.

National Penn recognizes that many smaller banks may have little experience dealing internationally. That is why it provides BBN's clients, as well as their customers, with the education needed to determine the various payment methods involved in dealing internationally, including associated risks and costs. Personal attention is also important. Many larger banks focus only on the higher volume customers, preferring to reroute new-to-international or less frequent import/export users to a centralized Help Desk. This can mean an 800 number in another time zone, where the service can be impersonal.

"As a super-community bank, National Penn provides international services while giving customers the personal service they deserve throughout the entire process," says Glen A. Dooley, Senior Vice President of International Banking at National Penn. "This is also how we service BBN's clients, working through the bank or going directly to the importer/exporter, whichever the client bank prefers. Either way, Letters of Credit and other international services provide the opportunity to add value to the customer relationship."



For additional information please contact your Relationship Manager.

much like a correspondent of a different era," says Placke. "They don't compete with us. They're like a co-op spreading costs over a large number of clients. It's a great concept."

As a community development bank (there are only 100 in the U.S. and most are in large urban areas), one of Start Bank's goals is to serve a population that's largely "unbanked." Currently, Start Community Bank uses Coin & Currency, Fed Funds as Agent and EBA (Excess Balance Account via BBN at the Fed), a Fed Funds Liquidity Line and the **STARS™** Comprehensive Settlement platform.

Placke indicates that they will need to add International Letters of Credit and Standby Letters of Credit. They will also be looking at BBN's Loan Participation program to complement its own loan production efforts, and then as commercial business unfolds, they will use the Bank for International Wire Transfers.

"Having a part in the development of Start Community Bank is thrilling for us," notes Pete Sposito. "This is really community banking coming full circle as many community banks were first established in the 19th century to serve an immigrant population."

A major thrust of Start Bank is financial literacy. This program helps residents see the bank as an alternative to check cashing services and a way to help people save time and money. "To pay their bills, for instance, they go from place-to-place—and that takes what most people have little of—time," says Placke. We call it "the poverty of time."

With two locations currently, Start Bank is convenient and sends the community a powerful message—"On Your Block. In Your Corner."

Mayor DeStefano is solidly in the bank's corner. He's not only a board member; he is deeply involved in business development with Bill Placke.

And it's all working. "With a difficult winter, we really didn't gain traction until this past spring," reports Placke. "We have over 1,100 account relationships, our loan portfolio is building steadily, albeit slowly, and our financial literacy program is paying off. It's very exciting to open first-time checking and savings accounts for individuals who have never had the opportunity."

That's a real *Start*.

Continued from page 1

## The anatomy of a successful disaster recovery

The main components of the recovery operation were the tasks performed by the Bank's personnel:

- **At the Bank:** a team was assembled with members from Operations, IT and Client Services. Since the phones were operating on battery-backup, we restricted use of phones to only the Client Services' Team. A single team member's laptop provided access to **STARS™**, our bank-to-bank communications system and the shared network drives.
- **At the DR site:** the outbound Wire Transfers, ACH and Vault Cash files were processed. One member served as the team's liaison with clients and the others maintained communications with BBN Glastonbury staff, fielding questions and managing workflow.

In the final analysis, the Bank's staff proved, once again, that it's plan execution that makes the difference. The fact that we had a plan enabled us to continue our forward motion. Because we had alternative sources of communications, we were able to stay in touch with our clients. The will of our staff to take on every hurdle that Murphy's Law presented enabled them to serve our clients under high levels of duress.

While the DR episode was stressful and demanding for the Bank's staff, clients reported that this was a non-event. We surveyed a cross section of our clients the following morning. They uniformly reported that although they had read our early morning "disaster mode" notice, they assumed that we had restored our power because they noticed little impact on their ability to utilize our services; that's exactly as it should have been.

I'm proud to tell you this story that speaks to the desire of our people to get the job done no matter what the circumstances.

Peter J. Sposito, President & CEO

and return exchange be no less than five business days.

- Strongly support the sunset of paper Same Day Settlement (SDS).
- Strongly oppose reinjecting paper items back into a largely imaged-enabled environment, especially if the paying bank is fully electronic.
- Strongly support the Board's proposal to permit a paying bank to require that checks presented for same day settlement be presented as electronic collection items to a designated electronic presentment point.
- BBN recommends that it should be the paying bank's decision whether to receive SDS in electronic or paper format, not the presenting bank and that the presenting bank must conform to the paying bank's preference.

If you haven't done so, it's worthwhile visiting the Federal Reserve's website to review the comment letters presented by Bankers' Bank Northeast and others within the industry. The website is: <http://www.federalreserve.gov/generalinfo/foia/proposedregs.cfm>. Then, go to the topic "Reg CC" and click on the link to view comments.

Should you have any questions, please contact Lisa Reynolds, Senior Vice President, at [egr@bankersbanknortheast.com](mailto:egr@bankersbanknortheast.com) or at 860-657-4926.

## Proposed Changes To Reg CC



Elissa G. Reynolds  
Senior Vice President/  
Operations Manager

In early March, the Federal Reserve Board published the long-awaited proposed changes to Regulation CC (Availability of Funds and Collection of Checks) and issued a Request for Comment (RFC) on this 500+ page proposal by June 3, 2011.

Bankers' Bank Northeast (BBN) participated in a series of meetings hosted by ECCHO (Electronic Check Clearing House Organization), ICBA (Independent Community Bankers of America) and other industry associations and financial institutions. In general, the proposed changes would update Regulation CC to be aligned with the Check 21 Act and current industry standards for image exchange.

In addition to participating with the industry associations, Bankers' Bank Northeast submitted its own comment letter to the Federal Reserve Board in response to the RFC. Highlights of BBN's response include:

- Generally agree with the setting forth of rules regarding expeditious return obligations.
- Strongly oppose the elimination of the "Refer To Maker" return reason code.
- Strongly oppose adjusting the safe-harbor hold timeframe by decreasing the extension from the current four days to two days. We recommend the time period for forward

## NewsNotes

### BBN's Annual Charity Golf Tournament



**President & CEO Peter J. Sposito** of Bankers' Bank Northeast welcomed everyone to the 2011 Charity Golf Tournament and introduced

guest speaker ICBA Chairman Sal Marranta.



**ICBA Chairman visits Charity Golf Tournament** BBN was pleased that ICBA Chairman Sal Marranta participated in the 2011 event.

Shown here speaking to the group, he is the President & CEO of New York's Cattaraugus County Bank.



**Thanks to BBN's 2011 Charitable Golf Tournament**, a check for \$10,426, (the figure when all the proceeds were tallied up, rather than \$9,000 as shown in the photo) went to the Massachusetts Bankers Association Charitable Foundation.

Shown here are (l. to r.) Executive Vice President Richard B. Lockwood, III and Jon Skarin, Director of Federal Regulatory & Legislative Policy for Massachusetts Bankers Association.

### ALLEN NIELSEN RETIRES



**Allen L. Nielsen** was honored on his retirement at a special event in August. The Board of Directors, staff and many of Allen's colleagues gathered to recognize his service as Executive Vice President since the founding of Bankers' Bank Northeast. Extending congratulations are (l. to r.) Executive Vice President Richard B. Lockwood, III, Senior Vice President Susan W. Salecky, Senior Vice President Elissa G. Reynolds, CFO Charlotte Hansen, CPA, and the honored guest Allen Nielsen.

### AT THE BANK



**Lora L. Prior**, who joined the Bank in 2003 and was most recently Operations Officer/BSA Compliance Analyst, has been promoted to the new position of Operations Compliance Officer. A Johnson & Wales University graduate, Lora holds a banking certificate from the New England College of Finance. She reports to Senior Vice President / Operations Manager Elissa G. Reynolds.



**John Biancamano** has joined BBN's Operations staff as its Domestic and International Wire Services Specialist. He lives in Wethersfield, CT, and was previously with Bank of America.



**The Bank has hired Paul Kenney of Glastonbury** as a Technology Specialist. He will be supporting the expanding technology needs of BBN's employees. He reports to Rachel Carlson, Information Security Officer/IT Manager.

**Office Manager Anne H. Jones reports that Jean H. Kelly** has been hired as a part-time Administrative Office Assistant.