



TMAC® News

Treasury Management Association of Chicago®
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Upcoming Meeting: April 27th Meeting Information

ELECTIONS

Elections will be held at the April meeting for the 2006-07 Officers. You should have received the Candidate Data sheets via email. You may also view this information on the TMAC website.

Dual Sessions will be offered:

Session #1:

Allstate Insurance Company Treasury and Planning Department Recognized for Innovation

2005 Pinnacle Award presented by Association for Financial Professionals® and Wachovia

Presented by: The Allstate Team including Tricia Baldwin, Claudia Vroman, Jon Wells, Tim Zellmer and Russ Augsburg

In 2005, Allstate's Treasury and Planning department was awarded the Association for Financial Professionals' Pinnacle Award for Innovation. The award was presented during the organization's annual conference in San Antonio during October of last year.

Allstate's Treasury and Planning department was recognized for mechanizing wire transfer requests and securely transferring the requisition responsibility to the requestor – while improving security, privacy, Office of Foreign Assets Control (OFAC) compliance and operational efficiency. The nomination highlighted four key components of the forward-looking processes:

1. A mechanical interface routine was built to upload wire transfer requests from preauthorized individuals, thereby improving quality, timeliness and efficiency.
2. An Intranet web application was employed to allow for remote entry of



wire transfer requests by 20 some different functional teams. Fax and e-mail requests were eliminated in order to address security concerns. The operational efficiencies allow Treasury to meet Investment Dept reporting deadlines 96 percent of the time.

3. A mechanical OFAC scrub was implemented where all wire transfer requests, prior to being sent to the bank, are scrubbed against an OFAC database based upon the US Treasury guidelines for scrubbing transactions.
4. Implementation of a Sarbanes-Oxley self assessment program including eight Level 1 self-assessments (wire transfer process related) and eleven Level 2 self-assessments (wire transfer technology related).

Newsletter Submissions

To submit an article for the newsletter please contact:

Susan Donatello at

847-583-7161

OR

susan.donatello@schwarz.com

Deadlines for article submissions:

June – 5/24/06

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Session #2:

**Treasury in Transition:
Managing Constraints and Maximizing Opportunities**

Presented by:

Elizabeth E. St-Onge, Cert ICM

Principal

Treasury Strategies, Inc.

Liquidity is at record high levels. Interest rates are on the rise. The need for effectively integrated technology is continuing to grow. Compliance activities often consume large chunks of time from already lean staffs. Demands for Treasury to take on more strategic and increased roles within business are growing...

What are the trends in treasury given the dynamic and rapidly changing environment? What key tools and techniques do the leading treasurers employ? What are the implications to the future of your Treasury? These are a few of the questions we will address in our session on Treasury in Transition.

If you need to cancel your meeting reservation, please contact the TMAC office at 312-332-7622.

Speaker Bio:

As a Principal for Treasury Strategies, Inc., Elizabeth St-Onge provides assistance to corporate treasuries in assessing and implementing technology to meet key corporate objectives.

Elizabeth's in-depth understanding of treasury and working capital management processes, coupled with her experience working for a treasury technology provider, enables her to understand how technology is applied to solve business problems.

Elizabeth has also worked with banks and treasury outsourcing providers in developing value-added products and services for corporations.

Prior to joining Treasury Strategies, Elizabeth worked as a consultant with a top treasury software provider for eight years where she was tasked with applying her intimate knowledge of treasury software to transform many of the world's most prestigious organizations with cutting-edge solutions.

Elizabeth has received the Cert ICM (Certified International Cash Management) Certification. She holds a joint honors degree in International Trade and Political Science from the University of Waterloo.

Born and raised in Canada, Elizabeth currently lives in Chicago. She is fluent in English and French.

Meeting Location:

Grazie's Ristorante
1050 East Oakton
Des Plaines, IL 60018
Phone: (847) 299-0011

Evening Agenda:

3:30 p.m. Arrival and Check-in

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Current Issues in Washington

June Johnson, Hartmarx Corporation

February/March 2006

Member, AFP Government Relations Committee

With Congress on "Spring Break" and 2006 being an election year, expectations on the resolution of several major issues is highly unlikely. However, Congress has recently taken action on several issues concerning treasury professionals, including card interchange fees, data security and ID theft, and credit rating agency reform. An update of current issues is as follows:

- **Deposit Insurance System Reform** – On February 15, 2006 President Bush signed the Deficit Reduction Act into law. The law contains many provisions including the merger of the BIF and the SAIF into the new Deposit Insurance Fund (DIF), a compromise on coverage limit increases, and eliminating the current 1.25% hard target DRR and providing the FDIC with the discretion to set the DRR within a range of 1.15% to 1.50% for any given year. Reacting to the law, the FDIC recently approved final rules that will raise the deposit insurance coverage on retirement accounts to \$250,000 from \$100,000. The increase was effective on April 1, 2006.
- **Data Protection/ID Theft** – On March 16, 2006, the House Financial Services Committee approved its version of data protection and ID theft legislation. The proposal requires all business to maintain reasonable policies and procedures to protect the security and confidentiality of sensitive financial personal information relating to any consumer. Additionally, the proposal would allow victims of ID theft to place a "security freeze" on their credit reports. The freeze would prevent any new access to a consumer's credit report unless the consumer revokes the freeze.
- **Rating Agency Reform** – On March 7, 2006, the Senate Banking Committee held its third hearing to assess the current oversight and operation of credit rating agencies. Under proposed legislation, credit rating agencies, after meeting several criteria, would have to register with the SEC. The proposal also eliminates NRSRO designation process in favor of a more transparent registration process.
- **PBGC Premium Increase** – The President signed the Deficit Reduction Act on February 8, 2006. The legislation includes raising PBGC premiums from \$19 to \$30 per participant in 2006 and indexing thereafter. In addition, companies whose plans terminate in bankruptcy are subject to a special premium of \$1,250 per participant payable for three years after they emerge from bankruptcy.
- **Taxation on Internet and Other Remote Sales** – On December 20, 2005, the Senate introduced bills allowing states to collect sales tax on out-of-state transactions. The criteria required by the bills are covered by the Streamlined Sales and Use Tax Agreement which became effective on October 3, 2005.
- **Card Interchange Fees** – A House Energy and Commerce subcommittee held a hearing on February 10 on "The Law and Economics of Interchange Fees". In the courts, fourteen (14) interchange lawsuits filed by individual merchants and merchant associations against Visa, MasterCard and some of their member banks have been consolidated and will be heard in the U.S. District Court of Eastern New York. Some of the lawsuits allege price fixing in the setting of interchange fees for credit card transactions. Others challenge the card associations "no surcharge" rules barring merchants from charging consumers for paying with cards.

- ***SEC and PCAOB Seeks Comments on Section 404 Requirements*** – On February 16, 2006, the SEC and the PCAOB announced that they will hold a roundtable meeting on May 10, 2006, to discuss second-year experiences with the reporting and auditing requirements of the Sarbanes-Oxley Act of 2002 related to companies' internal control over financial reporting. The roundtable will include issuers, auditors, investors, and other interest parties.
- ***SEC Votes for Increased Compensation Disclosure*** – On January 17, 2006, the SEC voted unanimously for new rules to require that total executive compensation be reported in tabular form. The definition of total compensation will include current and future accrued benefits, including perks and earned retirement benefits. In addition, benefits to board members will also need to be disclosed. The rules would change the disclosure requirements for proxy statements, annual reports and registration statements.

For more information regarding these issues, including comment letters and AFP positions, please visit the AFP web site. Feel free to contact me at jjohnson@hartmarx.com or any other member of the AFP Government Relations Committee (GRC) if you have any questions.