



TMAC® News

Treasury Management Association of Chicago®
 8 S. Michigan Ave. Suite 1000
 Chicago, IL 60603
 312-332-7622
 www.tmachicago.org
 tmac@gss.net

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Inside this issue:

| | |
|------------------------------|---|
| Upcoming Meeting | 1 |
| Current Issues in Washington | 2 |
| TMAC® Officers | 2 |
| Committee Chairs | 3 |

TMAC® 2005/2006 MEETING DATES

March 16, 2006
Chicago

April 27, 2006
Suburbs

Windy City Summit
May 24-26, 2006

June 8, 2006
Chicago

June 16, 2006
Banker's Day

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:
 April – 4/12/06
 June – 5/24/06

Upcoming Meeting: March 16th Meeting Information

International Treasury Management – A Discussion on Best Practices
 Presented by,
 David El Hadj and Lorraine Eastwood, JP Morgan Chase

Treasury Management's job is no longer limited to consolidating and investing cash within the US. International Business is becoming an increasingly important component of our responsibilities. Whether you are new to international cash management or seasoned, this session will benefit you by highlighting and reviewing best practices of international Treasury Management and Trade.

David F. El Hadj

David El Hadj is a Vice President, of Global Trade Finance, at JP Morgan Chase. Presently, he specializes in providing risk mitigation techniques and working capital solutions for US and Canadian Corporates. He is responsible for overall marketing and relationship management, as it pertains to trade finance products and solutions.

Prior to joining JPMorgan Chase, David held various positions in the US, UK and Saudi Arabia, for PNC Bank, Brown Brothers Harriman & Company and at Arab National Bank. He has participated in a number of leading industry groups, such as the Bankers' Association for Finance and Trade, and is a board member of the British American Business Council. David studied at Millfield School in Somerset, England and is a graduate of Northeastern



University in Economics. He attended finance and accounting courses at the Wharton School.

Lorraine Eastwood

A Senior International Treasury Specialist at JP Morgan consulting predominantly with U. S. multinational companies. Lorraine has a comprehensive understanding of international treasury solutions and has worked closely with many large corporate and middle market multinational companies to help them add greater efficiencies to their regional treasury functions, by designing tax-efficient solutions to centralize global multi-currency cash flows.

TMAC® OFFICERS**President**

Jim McHale
UOP LLC
847.391.3048
jim.mchale@uop.com

Vice President

Rachel Miller
Sieben Energy Associates
312.899.1000 x.21
RMiller@SiebenEnergy.com

Treasurer

Robert Chan
Reyes Holdings
847.227.6698
rchan@reyesholdings.com

Secretary

Susan Donatello
Schwarz
847.583.7161
susan.donatello@schwarz.com

Meeting Location:

Petterino's
150 N. Dearborn St.
Chicago, IL 60601
Phone: (312) 422-0150

Evening Agenda:

3:30 p.m. Arrival and Check-in
4:00 p.m. Business Meeting
4:15 p.m. Presentation
5:30 p.m. Cocktails
6:00 p.m. Dinner

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

UPDATE: As of the February meeting, we have had 14 dinner no-shows this year which has cost TMAC \$700. We realize that there may be last minute issues that arise that cause you to miss a meeting, but even same day notification of your cancellation may be able to save us the cost of your meal. Please contact the TMAC office at (312) 332-7622 if you are unable to attend a meeting.

Current Issues in Washington

November/December 2005, January 2006

June Johnson, Hartmarx Corporation

Member, AFP Government Relations Committee

With Congress's return after adjourning for the prior year, at the top of the congressional agenda will be lobbying reform, the permanent extension of the 2002 tax cuts, resolving the differences between the comprehensive pension reform legislation, data security and ID theft legislation. An update of current issues is as follows:

- **Deposit Insurance System Reform** – Both the House and the Senate have recently reached an agreement on deposit insurance reform, clearing the way for the President's signature. Included in the agreement is the merger of the BIF and the SAIF into the new Deposit Insurance Fund (DIF); requiring the FDIC and the NCUA (beginning in 2010) to consider raising the standard maximum deposit insurance; increasing the deposit insurance limit for certain retirement accounts to \$250,000, allowing the FDIC to set assessments, 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.
- **Data Protection/ID Theft** – Action on legislation regarding data protection and ID theft appears likely in 2006. At a minimum, any final legislation will likely include new notification requirements, with application to non-financial institutions and preempting state law.
- **Terrorism Risk Insurance Act** – On December 22, 2005, President Bush signed into law the Terrorism Risk Insurance Extension Act of 2005, which reauthorizes the Terrorism Risk Insurance Program for two years. On December 30, 2005, the US Department of Treasury issued interim guidance designed to assist the insurance industry with implementing changes made to the Terrorism Risk Insurance Program of the controls over the preparation of the financial statements.

COMMITTEE CHAIRS

Meeting Site

Dan Carmody
TreaSolution, Inc.
773.209.2094

Kasthuri Henry
Aon Risk Services
312.381.4115

Membership

Jonathan Buchbinder
Heidrick & Struggles Intl
312.496.1723

Policy

John Gallagher
773.975.3975

Program

Kimberly Drennan
CompositesOne LLC
847.437.0200 Ext 4422

Leslie Stermetz
Duchossois Industries
630.530.6846

Scholarship

Mike Madden
General Binding Corp.
847.291.5340

Web Site

Eva Tarr
630.365.2537

Windy City

Angelyn Pennington
Brookdale Living Communities, Inc.
312.977.3743

Mary Bravo
GLS Corporation
847.437.0200

Ad Hoc

Norm Goldstein
Gold Int'l Inc.
847.966.4002

- **Pension Reform** – Both the Senate and the House have passed legislation to reform pension plan funding rules, raise PBGC premiums from \$19 to \$30 per participant, address legal uncertainties surrounding hybrid plans, enhance disclosure for plan participants and improve multi-employer plan funding. The bills also include provisions relating to DC plans, which include encouraging investment advice for 401(k) participants, allowing employees to diversify company stock held in their 401(k) plans after three years of service, and making permanent the retirement savings and IRA provisions enacted in 2001.

Additionally, on November 10, 2005, FASB approved a major project on accounting for pension and postretirement benefits. The project includes two phases:

- 1) improving disclosure of pension and postretirement benefits by bringing the information currently contained in company footnotes onto the balance sheet and
- 2) reviewing the measurement concepts, discounts rates and valuation methodology associated with pensions. Both phases are expected to begin in 2006.

- **Remotely Created Checks** – On November 21, 2005, the Federal Reserve approved amendments to Regulation CC that shift liability for unauthorized remotely created checks from the paying bank to the depository bank whose customer created and deposited the check. The rule applies to both business and consumer accounts and becomes effective July 1, 2006.
- **Corporate Check Conversion** – NACHA members approved an amendment to the NACHA rules that defines the business checks eligible for conversion to ACH debits and those that are ineligible. The new rules become effective September 15, 2006. Business checks will be ineligible for conversion at a lockbox or POP if they contain the check serial number in the MICR line. In addition, checks in an amount greater than \$25,000 will be ineligible for conversion.
- **PCAOB Advisor on SOX** – On November 30, 2005, the PCAOB released a report on the initial implementation of SOX 404. The report lists key weaknesses mostly by auditors, including not integrating their audits of internal control with their audits of financial statements, not effectively applying the top-down approach, not altering the nature, timing and extent of their testing to reflect the level of risk, not using the work of others to the extent permitted by the Standard, failing to sufficiently evaluate the adequacy of compensating controls, and not performing sufficient testing of the controls over the preparation of the financial 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.