

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

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| <b>In The Matter Of:</b>                     | ) |                             |
|  | ) |                             |
| <b>Vermont State Employees Credit Union,</b> | ) | <b>Docket Nos. 12-020-B</b> |
| <b>Respondent</b>                            | ) | <b>12-021-B</b>             |

**SETTLEMENT AGREEMENT**

This Settlement Agreement (Agreement) is made by and between Vermont State Employees Credit Union (VSECU), a Vermont state-chartered credit union, and the Vermont Department of Financial Regulation (Department) (collectively the "Parties").

The Parties agree as follows:

1. VSECU filed a Petition for Declaratory Relief with the Department on June 18, 2012 (Department Docket No. 12-021-B) seeking that the Commissioner make certain declarations with respect to the application of 8 V.S.A. § 14103 to Vermont state chartered credit union advertising and marketing.
2. The Department served a Notice of Intent to Issue a Cease and Desist on VSECU on June 18, 2012 (Department Docket No. 12-020-B) with respect to the application of 8 V.S.A. § 14103 to VSECU's advertising and marketing.
3. The Parties agree they will both benefit from a mutual resolution of the above-referenced dockets.
4. Upon execution of this Settlement Agreement by both Parties and in consideration of the mutual promises in this Agreement it is further agreed:
  - a. VSECU will not describe *itself* as a "banking cooperative," banking co-op," "bank," "banking association," "trust company," or other similar sounding word or name in its advertising and marketing.

- b. VSECU will discontinue use of the phrases referred to in ¶ 4.a above in its marketing and advertising material starting November 15, 2012. Further, VSECU agrees that it will stop efforts to associate VSECU with the phrases “banking cooperative” and “banking co-op.”
- c. The Department will not take regulatory action against VSECU under 8 V.S.A. § 14103 as long as VSECU refrains from referring to *itself* as a “banking cooperative,” banking co-op, “bank,” “banking association”, “cooperative bank,” “trust company,” or other similar sounding word or name in any future advertisements or marketing materials. As more fully set forth below, VSECU is not prohibited from using the word “bank” or any derivative of the word “bank” to describe its *services* or to differentiate itself from a bank, e.g., by describing itself as a “banking alternative” or as an entity that is “redefining banking.”
- d. (i) For purposes of this subparagraph (d), the term “services” means soliciting, receiving or accepting money or its equivalent on deposit, extending loans and financing of any kind, escrow services, investment services, and money transfers of all kinds, including without limitation bill-paying and debit card services, Automated Clearing House transfers, and wire transfers.
- (ii) For purposes of this subparagraph (d), the term “advertisements” is limited to advertisements ordinarily accessible by or directed to non-members and purchased and placed by or on behalf of VSECU in print, radio, internet/electronic and television media, hyperlink or search engine designated landing pages supporting electronic media, promotional material in any

media, and pages on a website maintained by or on behalf of VSECU. The term “advertisements” as used in this subparagraph (d) does not include items used solely to promote the VSECU brand without reference to services as defined in this subparagraph (d). Such excluded items may include, by way of example only, gifts, premiums, and the display of VSECU’s logo and slogans.

(iii) When VSECU uses the terms “bank” or “banking” or derivative terms or phrases in advertisements (as limited in this subparagraph (d)) in which VSECU refers to its services (as defined in this subparagraph (d)) it will disclose that it is a credit union. The disclosure that VSECU is a credit union will be clear and conspicuous so that reasonable consumers can read, see or hear and understand the information.

(iv) Notwithstanding any other provision of this subparagraph (d), when VSECU uses the terms “bank” or “banking” or derivative terms or phrases in the text of hyperlinks or search engine designated links, it need not include the term “credit union” in the text of the link but VSECU will disclose on the landing page of those links that it is a credit union. The disclosure that VSECU is a credit union will be clear and conspicuous so that reasonable consumers can read, see or hear and understand the information.

- e. The credit union is not barred from using its registered tradename, “VSECU.”
- f. The Parties will, simultaneously with the execution of this agreement, execute a Stipulation and Consent Order in the form of Attachment A to this Agreement, closing dockets 12-020-B and 12-021-B.

- g. The Department will, on execution of this Agreement, publish a bulletin in the form of Attachment B to this Agreement.
- h. The Parties will, on execution of this Agreement, issue a joint press release in the form of Attachment C to this Agreement.
- i. This Settlement Agreement and the attached exhibits represent the complete agreement between the Parties as to the subject matter of the above-referenced dockets and supersede all prior negotiations, agreements and understanding with respect to that subject matter. This agreement may only be amended by a written document duly executed by all Parties.
- j. VSECU waives its statutory right to notice and a hearing before the Commissioner of the Department, or his designated appointee and all rights of appeal in any forum.
- k. The failure by one party to require performance of any provision shall not affect that party's right to require performance at any time thereafter, nor shall a waiver of any breach or default of this Settlement Agreement constitute a waiver of any subsequent breach or default or a waiver of the provision itself. If any provision of this Settlement Agreement is held unenforceable, then such provision will be modified to reflect the parties' intention. All remaining provisions of this Contract shall remain in full force and effect. VSECU acknowledges and agrees that this Settlement Agreement is entered into freely and voluntarily and that except as set forth herein, no promise was made to induce the VSECU to enter into it. VSECU acknowledges that it has consulted with its attorney in this matter and that it has reviewed this Settlement

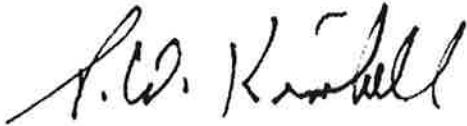
Agreement and it understands all terms and obligations contained herein. The Parties further acknowledge and agree that this Settlement Agreement constitutes a valid Order of the Commissioner and the Parties agree to be fully bound by it.

1. The undersigned representative of VSECU affirms that he has taken all necessary steps to obtain the authority to bind VSECU to the obligations stated herein and has the authority to bind VSECU to the obligations stated herein.

5. This Settlement Agreement may be signed in counterparts.

Dated at Montpelier, Vermont this 5th day of October, 2012.

STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION



By: \_\_\_\_\_  
Stephen W. Kimbell, Commissioner

VERMONT STATE EMPLOYEES  
CREDIT UNION

By: \_\_\_\_\_  
Steven D. Post, President and  
Chief Executive Officer

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CREDIT UNION

By: \_\_\_\_\_  
Stephen W. Kimbell, Commissioner

By:   
Steven D. Post, President and  
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