

2/2/12

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STATE OF SOUTH DAKOTA)	COUNTY OF PENNINGTON
)	
IN CIRCUIT COURT)	SEVENTH JUDICIAL CIRCUIT

EDWARD D. THURMAN and)
 KATHY L. THURMAN, as named)
 plaintiffs on behalf of a class,)

Plaintiffs,

No. 11-1087

v.

CUNA MUTUAL INSURANCE)
 SOCIETY and)
 BLACK HILLS FEDERAL CREDIT)
 UNION,)

Defendants.

AMENDED
CLASS ACTION COMPLAINT AND DEMAND FOR JURY TRIAL

Facts

1. In 1995, Black Hills Federal Credit Union (BHFCU) of Rapid City loaned money to Edward and Kathy Thurman in exchange for their promissory note and second mortgage on their home.

2. As part of the loan, BHFCU sold the Thurmans disability insurance provided by CUNA Mutual Insurance Society (CUNA).

3. Then and now, BHFCU splits the revenue from the sale of disability insurance with CUNA pursuant to a contract between BHFCU and CUNA.

4. On July 1, 1999, after having consulted with CUNA, and relying on CUNA's

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advice, BHFCU unilaterally changed the terms of the policy by increasing what it charged for disability insurance to \$.235 per \$100 of the outstanding loan balance for Single Credit Disability and to \$.411 per \$100 of outstanding loan balance for Joint Credit Disability, and at the same time providing negligibly increased disability coverage.

5. After having consulted with CUNA, and relying on CUNA's advice, BHFCU published notice of these changes in a "Notice to Members" on the bottom of the fourth page of its July, 1999 newsletter.

6. In making this unilateral change in the terms of the policy, and in choosing the form and content of the notice, BHFCU consulted with CUNA, relied on CUNA, and followed CUNA's advice.

7. Before making these changes, CUNA and BHFCU carefully studied the financial benefits that these changes would bring them, and determined that these financial benefits were substantial.

8. CUNA and BHFCU knew that the benefits of the negligibly increased disability coverage were insignificant.

9. CUNA and BHFCU knew that if BHFCU's members (CUNA's insureds) understood how much their premium was being increased, and how little increased benefit that they were providing with the premium increase, that BHFCU's members (CUNA's insureds) would reject the change.

10. Relying on CUNA's advice, BHFCU intentionally chose to place the "Notice

to Members” on an inside page of its monthly newsletter, so that its members would be unlikely to notice it, and if they did notice it, unlikely to appreciate its significance.

11. CUNA and BHFCU knew that BHFCU mailed and delivered its monthly newsletter folded in two, so that it arrived in many homes looking like the advertising that it was.

12. CUNA and BHFCU knew or should have known, or recklessly disregarded the fact that many of BHFCU’s members were unlikely even to open the monthly newsletter, or to read it, or to read all the way to the “Notice to Members.”

13. Relying on CUNA’s advice, BHFCU intentionally chose to place the “Notice to Members” at the bottom of the page, and to place other, much less significant information at the top of the page, so that its members would be unlikely to notice it, and if they did notice it, unlikely to appreciate its significance.

14. Relying on CUNA’s advice, BHFCU intentionally chose to put the information at the top of the page in bold typeface and large font, including “Loan Rates” (advertising rates on various loans), “Certificates” (advertising rates on various certificates of deposit), and “Net Link & Smart Pay” (encouraging members to switch to internet banking), so that the reader’s eye and attention would be drawn to the bold typeface and large font, rather than to the “Notice to Members” at the bottom of the page.

15. Relying on CUNA’s advice, BHFCU intentionally chose to conceal from its members:

- a. The rate the members were paying before the increase;
- b. The percentage amount of the increase;
- c. The dollar amount of the increase over the life of the loan;
- d. The increased amount of interest that BHFCU would collect over the life of the loan as a result of the increased premium; and
- e. The insignificant benefit of the negligibly increased insurance coverage.

16. The newsletter referred to herein is attached as Exhibit 1.

17. In doing all of the above, BHFCU, relying on CUNA's advice, intentionally chose to give notice of the increase in a manner that was calculated to conceal the substance and effect of the increase, and to conceal the large cost of the increase and the tiny accompanying benefit, all for the purpose of unjustifiably taking money away from their members (CUNA's insureds) to line their own pockets.

18. As a result of these actions and inactions, and other actions and inactions not yet known to Mr. and Mrs. Thurman, CUNA and BHFCU successfully implemented their plan to charge and receive substantial additional money from Mr. and Mrs. Thurman while providing a negligibly increased disability benefit.

19. The Thurmans never accepted CUNA's and BHFCU's 1999 increase in the cost of disability insurance.

20. CUNA and BHFCU treated the Thurmans the same way that they treated every

other person who purchased disability insurance from them before July 1, 1999.

21. CUNA and BHFCU's increased charges for disability insurance as of July 1, 1999, unlawfully took money from the Thurmans, for the benefit of CUNA and BHFCU.

22. CUNA and BHFCU's wrongful conduct was the proximate cause of damages to the Thurmans and CUNA's other insureds (BHFCU's members).

23. In doing all the foregoing, CUNA and BHFCU aided and abetted, assisted, counseled, and encouraged each other, all for the purpose of their mutual profit at the expense of the Thurmans and CUNA's other insureds (BHFCU's members).

24. At the same time that it was engaged in and profiting from the scheme set out above, CUNA was engaged in another scheme to unlawfully profit at the expense of its insureds, by denying disability benefits to people in Rapid City, as well as around the country, who were entitled to such benefits, as discussed in *McElgunn v. CUNA*, 700 F. Supp. 2d 1141 (D.S.D. 2010).

25. As a result of *McElgunn v. CUNA*, CUNA paid more than \$11,000,000 to its insureds in unlawful profits that it had obtained as a result of the unlawful scheme exposed in that case.

Class Action

26. The paragraphs above are incorporated herein by this reference.

27. The Thurmans are representative of a class of persons and bring this action on behalf of the class.

28. The class consists of all persons, including the Thurmans, who purchased disability insurance from CUNA and BHFCU before July 1, 1999, who were subject to CUNA's and BHFCU's unilateral change in the terms of the policy by increasing what they charged for disability insurance to \$.235 per \$100 of the outstanding loan balance for Single Credit Disability and to \$.411 per \$100 of outstanding loan balance for Joint Credit Disability, and at the same time providing negligibly increased disability coverage.

29. The class is so numerous that joinder of all members is impracticable.

30. There are questions of law and fact common to the class.

31. The claims of the Thurmans are typical of the claims of the class.

32. The Thurmans will fairly and adequately protect the interests of the class.

33. CUNA and BHFCU have acted on grounds generally applicable to the class, thereby making appropriate permanent injunctive relief or corresponding declaratory relief with respect to the class as a whole.

34. The questions of law and fact common to the members of the class predominate over any questions affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

The Federal District Court does not have Subject Matter Jurisdiction

35. Title 28 U.S.C. § 1332(d)(4)(A) and (B) bar a federal district court from exercising jurisdiction over this case because:

a. Greater than two-thirds of the members of the proposed plaintiff class

are citizens of South Dakota;

b. Defendant BHFCU is a defendant from whom significant relief is sought by members of the plaintiff class;

c. Defendant BHFCU's alleged conduct forms a significant basis for the claims asserted by the proposed plaintiff class;

d. Defendant BHFCU is a citizen of South Dakota; and

e. On information and belief, during the three-year period preceding the filing of this class action, no other class action has been filed asserting the same or similar factual allegations against any of the defendants on behalf of the same or other persons.

Count One - Breach of Contract

36. The paragraphs above are incorporated herein by this reference.

37. CUNA and BHFCU breached their contract with the class members, including the Thurmans, by unilaterally changing the terms of the policy by increasing what they charged for disability insurance to \$.235 per \$100 of the outstanding loan balance for Single Credit Disability and to \$.411 per \$100 of outstanding loan balance for Joint Credit Disability, and at the same time providing negligibly increased disability coverage.

Count Two - Unjust Enrichment

38. The paragraphs above are incorporated herein by this reference.

39. As a result of the conduct alleged above, CUNA and BHFCU knowingly received money from the class members, including the Thurmans, and it is inequitable to

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allow CUNA and BHFCU to retain this money.

Count Three - Violation of South Dakota Unfair Trade Practices Laws

40. The paragraphs above are incorporated herein by this reference.

41. CUNA and BHFCU wilfully collected from the class members, including the Thurmans, a premium or charge for insurance a sum in excess of the premium applicable to such insurance, and as specified in the policy, in violation of SDCL 58-33-36.

Count Four - Violation of South Dakota Deceptive Trade Practices and Consumer Protection Laws

42. The paragraphs above are incorporated by this reference.

43. CUNA and BHFCU knowingly and intentionally acted, used, and employed deceptive acts or practices, false pretenses, and misrepresentation to conceal, suppress, and omit material facts in connection with the sale or advertisement of "merchandise," as defined in SDCL 37-24-1(7), by the acts described above, all for the purpose of increasing their own revenue at the expense of the class members, including the Thurmans.

Count Five - Tort Liability for Deceit and Breach of Duty

44. The paragraphs above are incorporated by this reference.

45. CUNA and BHFCU were under a duty to the class members, including the Thurmans, to exercise reasonable care to disclose their unilateral change in the policy, in accordance with the Restatement 2d of Torts § 551 and other relevant authorities, because they failed to disclose:

a. Matters known to them that the class members, including the Thurmans,

were entitled to know because of a fiduciary or other similar relation of trust and confidence between them;

b. Matters known to them that they knew to be necessary to prevent their partial or ambiguous statement of the facts from being misleading; and

c. Facts basic to the transaction, because they knew that the class members, including the Thurmans, were about to enter into it under a mistake as to them, and that the class members, including the Thurmans, because of the relationship with CUNA and BHFCU, would reasonably expect a disclosure of those facts.

46. CUNA and BHFCU are liable to the class members, including the Thurmans, for deceit, because they suppressed facts that they were bound to disclose, and gave information of other facts which were likely to mislead for want of communication of the suppressed facts.

47. CUNA and BHFCU acted with malice, oppression, and deliberate and reckless disregard for the rights of the class members, including the Thurmans.

Count Six - Tort Liability for Conversion

48. The paragraphs above are incorporated by this reference.

49. The class members, including the Thurmans, intended their payments to CUNA and BHFCU to go only toward lawful charges to which they had agreed, including disability insurance at the rate to which they had agreed, and they intended that the remainder of their payment go toward the principal and interest on their debt to BHFCU.

50. CUNA and BHFCU converted part of each payment made by the class members, including the Thurmans, that should have gone toward payment of the principal and interest on their debt to BHFCU, to CUNA's and BHFCU's own benefit as unlawfully increased premiums for disability insurance with negligibly increased disability coverage.

51. CUNA and BHFCU unwarrantedly, unlawfully, and intentionally seriously interfered with the rights of the class members, including the Thurmans, in their property, thereby depriving them of the use they intended for their property, namely payment of the principal and interest on their debt to BHFCU.

52. CUNA and BHFCU are liable to the class members, including the Thurmans, for conversion.

53. CUNA and BHFCU acted with malice, oppression, and deliberate and reckless disregard for the rights of the class members, including the Thurmans.

Count Seven - Implied Trust

54. The paragraphs above are incorporated by reference.

55. CUNA and BHFCU gained money by fraud, or other wrongful act, and therefore are implied trustees of the money they gained for the benefit of the people who would otherwise have had it, in accordance with SDCL 55-1-8.

Count Eight - SDCL 58-17-14

56. The paragraphs above are incorporated by reference.

57. In 1999, SDCL 58-17-14 provided: "There shall be a provision as follows:

‘Entire contract; changes: . . . Any rider, endorsement or application which modifies, limits or excludes coverage under this policy must be signed by you, the insured, to be valid.’ This provision applies to any rider, endorsement or amendment of an application whether attached at the time of the application or after.”

58. SDCL 58-17-14 was intended to protect South Dakota policyholders like the Thurmans and the class members.

59. CUNA and BHFCU violated SDCL 58-17-14 by unilaterally changing coverage without the signature of their insureds, including the Thurmans and the class members.

Count Nine - SDCL 58-19-18, 58-19-19, and 58-19-21

60. The paragraphs above are incorporated by reference.

61. In 1999, SDCL 58-19-18, 58-19-19, and 58-19-21 were the same as they are now.

62. CUNA and BHFCU violated SDCL 58-19-18, 58-19-19, and 58-19-21 when they unilaterally changed coverage without issuing to each insured a new certificate of an amendment to the current certificate.

63. In unilaterally changing coverage without issuing to each insured a new certificate of an amendment to the current certificate, CUNA and BHFCU failed to provide their insureds with the information that they were entitled to receive under SDCL 58-19-18, 58-19-19, and 58-19-21, including but not limited to the premium or the amount of payment,

and a description of the coverage provided.

64. In failing to provide their insureds with the information that they were entitled to receive under 58-19-18, 58-19-19, and 58-19-21, including but not limited to the premium or the amount of payment, and a description of the coverage provided, CUNA and BHFCU knowingly, willingly, and intentionally deprived their insureds of the opportunity to make an informed decision about whether or not to accept the new coverage which was 68% more expensive than the coverage that their insureds bought.

Wherefore plaintiffs demand judgment of defendants as follows:

1. For certification of a class pursuant to SDCL 15-6-23(c);
2. For damages according to proof;
3. For restitution according to proof;
4. For return of all money held in implied trust pursuant to SDCL 55-1-8;
5. For declaratory and injunctive relief that CUNA's and BHFCU's conduct was unlawful as alleged above;
6. For recovery of all actual and consequential damages suffered, including reasonable attorneys' fees to be set by the court and paid by defendants pursuant to SDCL 58-33-46.1 and such other grounds for recovery of reasonable attorneys' fees to be set by the court and paid by defendants as are proven;
7. For interest as provided by law;
8. For punitive damages to punish defendants, and to deter defendants and others

from similar conduct in the future;

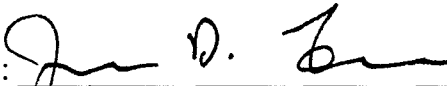
9. For reasonable attorney's fees based on successful representation of the class,
and
10. For such other and further relief as the Court may deem just.

Dated: February 2, 2012

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Michael A. Wilson
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Attorneys for Plaintiffs

By: 
James D. Leach

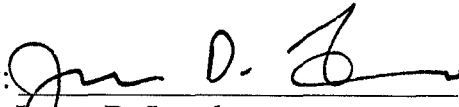
Plaintiffs Respectfully Demand a Jury Trial

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Pennington County, SD
FILED
IN CIRCUIT COURT
FEB 03 2012
Ranae Truman, Clerk of Courts
By _____ Deputy

Attorneys for Plaintiffs

By: 
James D. Leach

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Auto Loans — BHFCU's Your Best Bet!

At Black Hills Federal Credit Union, we have the right financing to help you get the vehicle you want! Our rates are hard to beat (please refer to our Loan Rates inside) and we have numerous financing options.

Compare the benefits of BHFCU financing and you'll understand why we're proud to be the Black Hills Loan Leader!

- ✦ Low Rates
- ✦ Lower Payment Option (Lease-like lending program)
- ✦ Biweekly or Monthly Payments
- ✦ Discount for Automatic Payments
- ✦ Loans by Phone or Fax
- ✦ Dealer Direct Program (BHFCU Financing available at most dealers)



MAIN OFFICE

225 Main Street, P.O. Box 1420
Rapid City, SD 57709-1420
Call (605) 343-0891 for all
Rapid City locations.
BHFCU-Owned ATM

SPEARFISH BRANCH

835 Main Street
Spearfish, SD 57783
(605) 642-8161
Fax (605) 642-7529
BHFCU-owned ATM

HOT SPRINGS BRANCH

330 South Chicago
Hot Springs, SD 57747
(605) 745-4212
Fax (605) 745-6999

BHFCU-owned ATM in Custer

Nelson's Conoco/
Taco Bell Express
49 N. 5th St., Custer, SD 57730

BHFCU TOLL-FREE

(800) 482-2428

QUICK TELLER (QT)

(800) 660-3224
Rapid City QT
343-1677

BHFCU FAX
(605) 343-3927

INTERNET/NETLINK
<http://www.blackhillsfcu.org>



RAPID CITY MT. VIEW BRANCH

850 Mt. View Road, P.O. Box 1420
BHFCU-Owned ATM

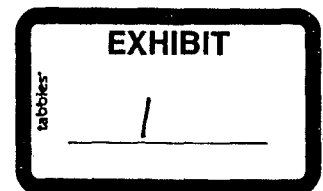
RAPID CITY EAST NORTH BRANCH

301 East North Street, P.O. Box 1420
BHFCU-owned ATM

RAPID CITY KINNEY AVE. DRIVE-UP BRANCH

118 Kinney Ave., P.O. Box 1420

Presorted
Standard
US Postage Pd
Rapid City, SD
Permit #387



P.O. Box 1420
Rapid City, SD 57709-1420

FEDERAL CREDIT UNION



Membership Privileges

Black Hills Federal Credit Union 1999

10th Annual Member Auto Sale!

Are you interested in selling or purchasing a nearly new car, truck, motorcycle, boat, or personal watercraft? Join us for our 10th Annual "Sell-it-Yourself" Member Auto Sale on Saturday, August 21, 1999. This year's sale will begin at 8:00 a.m. and end at 12:00 noon.

Our Main Office parking lot will be jam-packed with nearly 100 vehicles owned by BHFCU members! Live radio broadcasts and newspaper advertisements will help promote the great vehicles available at the sale. Buyers and sellers will be eligible for prizes throughout the morning. In addition, our on-site concession stand will have plenty of homemade goodies for breakfast, lunch, or even a snack! Whether you're buying or selling, don't miss this once-a-year opportunity to get a great value on a quality used vehicle.

Register Early!

You may pick up your Information and Registration Packet at any BHFCU location beginning Monday, August 2, 1999. Please complete the required information and return the packet by 5:00 p.m. on Monday, August 16, 1999. Space is limited so register early!

Buy with Confidence!

Take the worry out of buying a pre-owned vehicle. At our Member Auto Sale you can personally meet the BHFCU member who is selling his or her vehicle. Use this opportunity to discuss the maintenance and performance of the vehicle and negotiate the price without a middleman! BHFCU specialists will be on hand to provide book values and to arrange financing packages to fit your needs.

Great Fun!

We've made this year's 10th Annual Sale even better!

- Prizes for participants!
- \$50 in cash to the first BHFCU borrower!
- Fun for the kids — a magician, balloons, and tattoos!
- Live radio broadcasts!
- Concession stand hosted by BHFCU staff. Proceeds donated to the Children's Home Society!
- Watch the Central States Fair Parade at 11:00!

This year's 10th Annual Member Auto Sale promises to be the biggest and the best! Join us Saturday, August 21, for a fun-filled morning!

Inside this Issue:

Member Auto Sale

Y2K Update

**Horizon Financial
Services**

Low Loan Rates

BLACK HILLS

FEDERAL CREDIT UNION

A MEMBER-OWNED, NOT-FOR-PROFIT COOPERATIVE

NCUA INSURED

Mission Statement

To deliver quality financial and related services to its members in a professional and friendly manner.

Board of Directors

Gas Larson, *Chairman*

Bonnie Higgins, *Vice-Chairperson*

Marvin Galina, *Treasurer*

Rusty Cowles, *Secretary*

Robert Keller, *Director*

George Jewett, *Director*

George Martin, *Director*

Supervisory Committee

John Phelps, *Chairman*

William A. McBride, *Secretary*

Patricia Elliot, *Member*

Vern Johnson, *Member*

Joanne Pease, *Member*

Management

Roger R. Heacock

President

Chuck Wendling

V.P. of Loans/Member Services

Tom Anderson

V.P. of Operations/Branch

Coordinator

Andrew Hawkinson

V.P. of Finance

Julie S. Annicchiarico

V.P. of Administration

Holiday Closings

September 6 - Labor Day

Financial Update

As of May 31, 1999

Members.....	37,164
Shares.....	\$224,180,768
Loans.....	\$175,601,868
Capital.....	\$24,501,884
Total Assets.....	\$249,217,915



President's Report

BHFCU Committed To Maintaining The Personal Touch While Offering Automated Services

We have worked very hard throughout the years to serve you in the most personal, friendly manner possible. Even in these days of computer technology and automation of services, we realize the human factor continues to be so important in serving our members well.

We are committed to serving you in the style which suits you best. To accomplish this and to provide the ultimate in convenience,



"Automated services allow us to meet your financial needs faster and more consistently, at any time, and from virtually anywhere."
—Roger Heacock

we provide our services through multiple delivery options. Whether you like to do business in person or over the telephone, we have a friendly, well-trained staff to serve you.

However, if you desire more convenient access to our services, our array of automated services may provide the convenience and accessibility you need. Thousands of BHFCU members are actively using a variety of delivery options to transact their business and to gain useful information about BHFCU and its services. Our delivery options range from branches, drive-ups, and the phone center to automated services such as ATMs, Quick Teller (QT), direct deposit, and our Internet site.

Automated services allow us to meet your financial needs faster and more consistently, at any time, and from virtually anywhere. For example, if you like to regularly balance your checkbook, say once or twice a week, you don't have to wait for a statement. You can simply access NetLink on our secure Internet site anytime of the day or night at blackhillsfcu.org. You'll have full access to checks cleared, your

deposits, and loan payments made. You can also transfer money between share accounts or directly to a loan. For authorized borrowers, you can even make yourself a loan!! All of these transactions can also be performed on our Quick Teller (QT) automated telephone service. Both services are easy to use, convenient, secure, and free!

How many times have many of us forgotten to get cash while the Credit Union was open? With a BHFCU

EZ Check & ATM Card (VISA Debit), you can get cash whenever you want, as our ATMs are available 24 hours a day! And, transactions at BHFCU-owned ATMs are free for members! This card is also easy and convenient to use for purchases. Instead of writing a check and having to show your I.D., just give the merchant the EZ Check Card. You'll have the added benefit that your monthly statement will clearly show the name of the merchant.

And, don't forget to have your paycheck or government payment deposited directly at your Credit Union. It's a safe, worry-free automatic way to deposit your check and make your payments.

If you've been hesitating to use any of these automated services because you are unsure how they work or if they are safe to use, please stop by any of our full service offices and let us explain these services to you. Why not enjoy the convenience of doing your Credit Union business when and where you want.

Loan Rates*

New & Used Vehicles (1997-1999)	
24 Months	6.25%
60 Months	6.74%
72 Months	7.25%
84 Months	7.74%

Used Vehicles (1993-1996)	
60 Months	7.74%

LPO (Lower Payment Option, 1997-New)	
New - 60 Months	7.75%
1998 - 48 Months	7.75%
1997 - 36 Months	7.75%

RV Loans	
60 Months	7.75%
84 Months	8.50%
144 Months	9.90%

First Mortgage Loans (Up to \$214,600)	
5/1 ARM (Up to 30 years)	Note Rate: 7.00%
	APR: 7.10%
Fixed Rate	(Please call)

Home Equity Loans (Up to \$100,000)	
60 Months	7.50%
61-120 Months	7.75%
121-180 Months	8.00%

VISA Credit Card	
Open End	11.65%

MasterCard Credit Card	
Open End (25-Day Grace)	12.65%

Computer Loans (Up to \$5,000)	
48 Months	9.90%

* Rates stated as Annual Percentage Rate (APR). Rates effective as of 1/1/99, and are subject to change without notice. These rates include a .25% APR discount, where applicable, available to members with a checking account with us and an automatic payment plan on their credit card. This rate is our lowest rate for the term shown. Other rates and fees apply.

Certificates*

Money Market (90-270 Days)	
\$1,000-24,999	4.80%
\$25,000+	4.91%

12 Month Certificate	
\$500-24,999	5.15%
\$25,000-99,000	5.25%

18 Month Certificate	
\$500-24,999	5.15%
\$25,000-99,000	5.25%

24 Month Certificate	
\$500-24,999	5.20%
\$25,000-99,000	5.30%

30 Month Certificate	
\$500-24,999	5.41%
\$25,000-99,000	5.50%

36 Month Certificate	
\$500-24,999	5.35%
\$25,000-99,000	5.45%

48 Month Certificate	
\$500-24,999	5.40%
\$25,000-99,000	5.50%

5 to 8 Year Certificate	
\$500-24,999	5.60%
\$25,000-99,000	5.70%

IRA Certificates available for the same minimum balances, terms, and rates as above. Ask about our Jumbo Certificate Rates!

*NOTE: Rates stated as Annual Percentage Yield (APY). All dividends compounded daily and paid monthly. Penalty for early withdrawal. Rates are accurate as of July 1, 1999, and are subject to change without notice. Call us at 343-0891 or (800) 482-2428 for more information about rates, terms, and fees.



The Easy Way to Pay Your Bills!

SmartPay and NetLink team up to make your life easier! NetLink provides free Internet access to your BHFCU accounts. SmartPay is a low-cost service of NetLink that allows you to pay your bills electronically using your PC!

No Envelopes or Stamps Necessary!

All you need is Internet access to NetLink, a checking account, and a completed sign-up form.

Ask a Member Service Representative for a sign-up form or print one from our website at: www.blackhillsfcu.org

A World of Convenience at Your Fingertips!

Notice to Members:

This Notice is to be attached to and made a part of the Monthly Premium Certificate of Insurance issued under the Group Credit Insurance Policy.

Effective July 1, 1999, Black Hills Federal Credit Union has changed the Credit Disability plan of coverage from 30 Day Non-Retroactive to 14 Day Retroactive. This affects the "Total Disability Benefits" provision of the Certificate previously given to you. The new provision will provide that instead of being disabled for 30 days with benefits beginning on the 31st day, you must be disabled for 14 days with benefits retroactive to the 1st day. All other provisions will remain the same. Your new Single Credit Disability rate will increase to \$.235 per \$100 of outstanding loan balance and your Joint Credit Disability rate will be \$.411 per \$100 of outstanding loan balance.

The Credit Life rate per \$100 of outstanding loan balance is \$.075 for the Single Insured Plan and \$.124 for the Joint Insured Plan.

Loans originated through our Dealer Direct Program have, if insurance is included, always had 14 days retroactive disability insurance, therefore, they are not affected by the certificate endorsement notice.



Year 2000 Update

Many of you have heard media reports or read articles suggesting that consumers withdraw extra cash prior to midnight December 31. Although the management of BHFCU feels this is unnecessary, we also realize how important it is for you to know that you will have cash available to meet your needs during the Year 2000 transition. It is also essential to know that your funds are safe and secure in the Credit Union. Well, let us assure you that we do and always will take good care of your deposits at BHFCU!

We will, of course, take extra precautions before and after the Year 2000 transition. Our primary computer software package has been successfully tested for Y2K compliance in conjunction with a nationally recognized CPA firm; therefore, we anticipate no interruption. In the unlikely event of a problem, we will have access to your account information and balances on multiple electronic files and printed copies.

Additionally, your December statement will be processed prior to midnight. You will be able to access your account balances using QT or NetLink as quickly as our backup processes are completed on December 31, 1999.

As for cash needs during the transition to the new millenium, we urge you to avoid actions that can potentially put you and your money at risk of theft, fraud, or other loss. Your money is safest when left on deposit in the Credit Union! Our suggestion: estimate three days of cash needs for your family in the off chance that businesses you rely on experience Y2K problems. BHFCU will be closing early on Friday, December 31, 1999, but will be open for business as usual on Monday, January 3, 2000. By filling your cash needs as if you were preparing for a long weekend, you will be safest from theft or loss, yet comfortable in your spending power.

Remember that your money on deposit with BHFCU is insured up to \$100,000 by the National Credit Union Administration. If you would like more information about how your BHFCU accounts are insured, please speak with a Member Service Representative at your convenience.

Year 2000 Member Information Packets (detailed information about our Y2K readiness) are available at any BHFCU office. If you would prefer, please call us and we will be happy to mail you our Y2K information.

We're a Team you can count on, now, and well beyond the Year 2000!

Year 2000 Readiness Disclosure Statement

News from BHFCU!

Tiered Pricing is a Hit!

Tiered pricing pays you back for maintaining good credit — that's what BHFCU members say they like about our new loan pricing program! If you're looking to borrow, be sure to ask about how your credit score and our tiered-pricing program can help you get a low interest rate on your next loan!

Call our Phone Center!

Need a loan or information about a product or service? Call us! Our Phone Center will be happy to help you! Our service representatives are here to answer your calls from 8 a.m. until 5 p.m., Monday through Friday! Also, for your convenience, QT and NetLink are available 24-hours a day, 7-days a week!

Introducing Googolplex and Home & Family Finance Online!

(Available on BHFCU's website at blackhillsfcu.org)



Googolplex is a hot new web site for youth of all ages! Googolplex is unique in that it offers three reading and interest levels — elementary, middle, and high school. The site is updated weekly and includes activities, games, money management, and savings tips. Encourage your kids to check out Googolplex on BHFCU's website!



Home & Family Finance Online features consumer tips and articles that will help you make informed decisions about everything from home buying and selling to investing. Visit Home & Family Finance Online on our website!

Available Now!

Horizon Financial Services

The financial services landscape is constantly changing, as are the needs of each of our members. We are aware that traditional products and services may not meet our members' financial needs. We also know the investment options available to members are many and confusing. Random surveys of the credit union membership conducted several years ago indicated a strong interest in alternative investments (mutual funds, annuities, etc.). With that in mind, Credit Union management chose to respond proactively to our members' desire for these services.

In doing so, we went head to head with outside forces of competition—major brokerage firms, mortgage bankers, mutual fund companies, and other aggressive financial service providers. Our goal was to fulfill our mission to deliver quality financial and related services to our members, and to strengthen the relationship between members and their Credit Union.

Horizon Financial Services, located at the Credit Union, can help meet your needs in the areas of financial planning and investing through Financial Network, a full service broker/dealer.

Our mission is to provide the highest quality services to assist members in working toward their financial objectives. Additionally, we want to enhance the Credit Union's traditional role by making a variety of financial products and services available to our members. Horizon Financial Services makes available through Financial Network: Asset Management, Financial and Retirement Planning, Investment Options (stocks, bonds, mutual funds, and annuities) and Insurance Services (long term care, life, and disability).

Now, financial planning for members to fund a college education, to begin personal retirement planning, or to better manage their assets is done under the same roof where they save or borrow. This 'no pressure to buy' environment makes it easier for members to take advantage of alternative investment options. If you've ever wondered how alternative investments may fit into your financial picture, call your nearest BHFCU office for an appointment with Horizon Financial Services and Financial Network!

Who is eligible to join BHFCU?

Businesses and individuals
(and their immediate family members)
who live, work, worship, or attend school in
Pennington, Custer, or Fall River Counties,
or in the City of Spearfish!

Tell your friends & relatives!



HORIZON FINANCIAL SERVICES

makes available the following:

Retirement Planning
Estate Planning
College Funding
Qualified Retirement Plans
Stocks
Bonds
Mutual Funds
Annuities
Life Insurance
Long Term Care Insurance
Disability Insurance

Matt Dahl,
Investment Advisor,
is available to assist with
your investment planning
needs. Call Matt today!



SECURITIES OFFERED THROUGH FINANCIAL NETWORK
INVESTMENT CORPORATION, A REGISTERED BROKER-DEALER,
REGISTERED INVESTMENT ADVISOR, MEMBER SIPC.

INVESTMENTS ARE NOT
NCUSIF INSURED

MAY LOSE VALUE
NO CREDIT UNION
GUARANTEE

Annual Meeting Results

Black Hills Federal Credit Union's Annual Meeting was held May 5, 1999. Re-elected to the Board of Directors were Marvin Galinat and Gary Larson.

In the Reorganizational Meeting, also held on May 5, 1999, Gary Larson was elected Chairman of the Board. Other officers include Bonnie Hughes, Vice Chairperson, Marvin Galinat, Treasurer, and Rusty Cowles, Secretary.