

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

September 23, 2016

Compliance News

CFPB Information on Unauthorized Wells Fargo Accounts

The CFPB has posted an [article](#) with information for consumers who incurred fees as a result of an unauthorized Wells Fargo account. The CFPB suggests that customers of any bank or credit union should always closely monitor their accounts to make sure they don't see unauthorized products or account activity. If they suspect that they had an unauthorized account opened, they should visit their local bank branch or call their financial institution. If they continue to have an issue, they can submit a complaint to the CFPB, either online or by calling toll-free (855) 411-2372. Wells Fargo customers should not have to contact the bank to receive a refund of fees they incurred as a result of the bank's recently revealed illegal conduct. Wells Fargo has already been ordered to identify affected consumers and make the required refunds.

Source: CFPB

NCUA Board Briefed on New Cyber Risks

At an [open meeting](#), the NCUA Board received a briefing from the regulator's Office of Examination and Insurance on the rapidly changing nature of cybersecurity. The Board was told the financial services sector is experiencing an "Uber moment," and technological innovation, the expansion of social networking and growing interconnectivity are fueling fundamental change in cybersecurity procedures and processes. That change carries with it more sophisticated risks and more numerous vulnerabilities for community-based financial institutions like credit unions. Potential effects on credit unions include higher mitigation costs and lower consumer confidence, as well as greater financial and legal risks. The agency maintains a [cybersecurity resources webpage](#) that offers extensive, detailed information on cybersecurity matters. Credit unions are encouraged to use this resource.

Source: NCUA

NACHA Announces Third-Party Sender Registration Rule

[NACHA has announced](#) that a new rule has been approved that will require Originating Depository Financial Institutions (ODFIs) to identify and register their Third-Party Sender customers. The registration process will promote consistent customer due diligence among all ODFIs, and serve as a tool to support NACHA's continuing efforts to maintain ACH Network quality. A Third-Party Sender is a processing intermediary between a financial institution and an end-user of ACH payments. The Third-Party Sender Registration Rule, which becomes effective September 29, 2017, will require ODFIs to provide a limited set of initial, basic registration information, such as name of business and contact

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Association Compliance Forums

Click on one of the below links to subscribe

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[BSA Compliance Officer Forum](#)

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information, for each Third-Party Sender with which it maintains a relationship. ODFIs that do not maintain any Third-Party Sender relationships will be required to provide a statement to that effect.

To help support the industry with managing and identifying Third-Party Sender relationships, NACHA has developed a number of tools and resources, including a [Third-Party Sender Identification Tool](#) and an [Operations Bulletin](#) that provides examples to help ACH participants properly categorize the parties in payment scenarios involving payment intermediaries, many of which are Third-Party Sender relationships.

Source: NACHA

FinCEN Advisory on E-mail Compromise Fraud Schemes

FinCEN recently issued an advisory to financial institutions on e-mail compromise fraud schemes in which criminals misappropriate funds by deceiving financial institutions and consumers into conducting wire transfers. This advisory provides red flags that institutions can use to identify and prevent these schemes. The red flags were developed in consultation with the FBI and U.S. Secret Service.

The main types of e-mail compromise fraud include:

- Business E-mail Compromise (BEC): which targets a financial institution's commercial customers; and
- E-mail Account Compromise (EAC): which targets a victim's personal accounts.

BEC and EAC schemes are among the growing trend of cyber-enabled crimes adversely affecting financial institutions, with 22,000 reported cases of BEC and EAC fraud involving \$3.1 billion since 2013.

[Click here for FIN-2016-A003: Advisory to Financial Institutions on E-Mail Compromise Fraud Schemes](#)

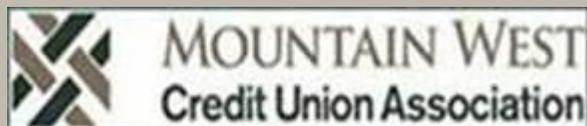
Updated FATF-Identified Jurisdictions with AML/CFT Deficiencies

This past June, the Financial Action Task Force (FATF) updated its list of jurisdictions with strategic Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) deficiencies. These changes may affect U.S. financial institutions' obligations and risk-based approaches with respect to relevant jurisdictions.

The FATF has identified the following jurisdictions as having deficiencies in their AML/CFT regimes: Afghanistan, Bosnia and Herzegovina, Guyana, Iraq, Lao PDR, Syria, Uganda, Vanuatu, and Yemen. These countries have developed an action plan with the FATF to correct these deficiencies. Myanmar (Burma) and Papua New Guinea have been removed from the FATF listing.

[Click here for FIN-2016-A004: Advisory on the FATF-Identified Jurisdictions with AML/CFT Deficiencies](#)

Source: FinCEN



[Training & Events Calendar](#)

Operations.

If a full suite of compliance services is not what you are looking for, we now offer self-assessment tools, individual loan reviews, and a basic annual compliance package that includes ACH, BSA, SAFE Act, and Website compliance.

For more information about our compliance services, please contact Melia Heimbeck at: mheimbeck@mwcua.com or (720) 479-3325 or 1 (800) 477-1697 ext. 3325



InfoSight Highlight

Representative Payees

A "representative payee" is a person who has contracted with the Social Security Administration (SSA) to act as a recipient for funds of a person who is incompetent because of age (i.e. under 18) or due to a mental or physical condition and is incapable of handling his or her own affairs. When benefit payments are required to be paid into a separate dedicated account, the representative payee is required to establish an account in a financial institution. This dedicated account may be in any of the following types of accounts:

- Share draft/checking
- Share/savings
- Money market

Dedicated accounts may not be in the form of share certificates/certificate of deposits.

A representative payee must use the payments received only for the use and benefit of the beneficiary in a manner and for the purposes he or she determines to be in the best interests of the beneficiary. The credit union is not responsible for monitoring the activity of the account or ensuring that withdrawals are used for any required purpose.

InfoSight -- [AZ](#), [CO](#), [WY](#)

Compliance Videos

Same Day ACH Preview

In this newly released video Amy Smith, VP and Executive Director of The Clearing House Payments Authority, provides background information on the current batch-and-forward ACH payment system and introduces the "Phased Approach" of the Same Day ACH program, which will begin in September of 2016. You will want to pay special attention to Amy's suggestion to review current ACH files you may be

September 27

Webinar: [Mobile Remote Deposit Strategies: Technology, Deployment Models & Risks](#)

September 28

Webinar: [Clarifying Signature Card Confusion for Personal & Business Accounts](#)

October 4

Webinar: [Handling Dormant Accounts, Unclaimed Property & Escheatment](#)

October 5

Webinar: [Essential Compliance Regulations for Deposit Operations](#)

October 6

Webinar: [Avoiding the Top 10 Legal & Compliance Mistakes in the E-Statement Process](#)

October 20

Webinar: [Conducting the 2016 ACH Audit](#)

November 3

Webinar: [Cyber Series – Member Authentication & Validation](#)

November 15

Webinar: [Recognizing & Responding to Elder Fraud: What Every Staff Member Should Know](#)

November 15-16 – Phoenix

IRA School: Essentials & Advanced

December 14

Webinar: [Essential Compliance Training for the Board & Senior Management](#)

December 15

Webinar: [Powers of Attorney In-depth: Good Faith, Fraud & Fiduciary Capacity](#)

December 21

Webinar: [Emerging Need & Regulatory Expectations for Enterprise Risk Management Framework](#)

2016 Compliance Schools Registration

Compliance expert, Gaye DeCesare, NCCO, CUCE, BSACS, will be giving attendees a solid understanding of the regulations and laws affecting their regulatory compliance responsibilities.

- Phoenix, AZ: [October 12-13](#) (*seats still available*)

CUNA Webinars

July 7, 2016 - July 7, 2017

[CFPB's Payday, Small Dollar and Vehicle Title Proposed Rule – Recorded](#)

CUNA Comment Calls – Due Dates on Proposed Rules

September 14, 2016

transmitting. View the video [here](#).

Military Lending Act

This video provides an overview of the key changes made to the Military Lending Act that credit unions are going to need to consider and implement prior to the compliance effective date of October 3, 2016. View the video [here](#).

2016 Q3 Review

Glory LeDu, Manager of League System Relations provides an [overview](#) of the compliance challenges your credit union is facing now in the 3rd quarter of 2016.

Advocacy Highlight

Action Alert: CFPB's Small Dollar Loan Proposal

The Consumer Financial Protection Bureau (CFPB) released an extremely complex 1300+ page small dollar rule in early June. The proposed rule includes some reforms to predatory lending practices, which credit unions would support if narrowly tailored. Unfortunately, the CFPB's proposed rule badly misses the mark of targeting predatory behavior, and instead threatens to limit consumer-friendly alternatives to short-term, small dollar loans. You are encouraged to [share your story](#) with the CFPB, and tell them the negative impact this rule will have on your ability to provide services to your members. The comment period closes on October 7.

Credit Union Hike-the-Hills Provide Opportunities to Voice Concerns on CFPB Small Dollar Rule

This month, representatives from dozens of credit unions are traveling to Washington, DC to represent the industry on Capitol Hill and federal agencies. With only a few weeks remaining in the comment period for the CFPB's payday and [small dollar loan rule](#), credit union representatives are using this time to voice concerns about how the CFPB's overly broad rule could detrimentally impact credit union members, who rely on consumer friendly credit union small dollar loans. Credit unions continue to urge the CFPB to focus the rule on predatory practices in the payday lending market, and to avoid adding new requirements to credit union small dollar loans, which consumers need as a safe and affordable alternatives. They will also continue to urge the CFPB to more narrowly tailor the rule so that totally different types of loans, such as auto refinances, are not impacted.

Source: CUNA Advocacy

CUNA Advocacy Report

The Regulatory Advocacy Report is now combined with CUNA's Legislative Update into a comprehensive CUNA

Consumer Survey Re Complaint Closing Process

September 19, 2016~CFPB

CFPB Small Dollar Proposal

October 11, 2016

Amendments to TRID Rule

October 31, 2016~CFPB

RFI for Small Dollar Proposed Rule



Compliance Calendar

October 3

- NACHA's Network Quality Rule

October 10

- Columbus Day – Federal Holiday

October 24

- 5300 Call Report Due to NCUA

October 31

- Credit Card Quarterly Submission Due to CFPB

November 6

- Daylight Savings Time Ends

November 11

- Veterans' Day – Federal Holiday

November 24

- Thanksgiving Day – Federal Holiday

December 26

- Christmas Day – Federal Holiday

Advocacy Update. The new [Advocacy Update](#) is published at the beginning of every week, and keeps you on top of the most important changes in Washington for credit unions--and what CUNA is doing to monitor, analyze, and influence government agencies and federal law.

Prior CUNA Regulatory Advocacy Reports have been archived and are available [here](#).

Effective Dates New and Revised Rules

September 23, 2016~NACHA

Same-day ACH (NACHA) – Phase 1

October 3, 2016~DoD

Limitations on Terms of Consumer Credit Extended to Service Members & Dependents

December 1, 2016~DOL

New Overtime Rules

January 1, 2017~CFPB

HMDA – Regulation C

January 1, 2017~NCUA

Member Business Loan Rule

April 10, 2017~DOL

Fiduciary

September 15, 2017~NACHA

Same-day ACH (NACHA) – Phase 2

Please respond to [Mark Robey](#) with any questions or concerns regarding content of this newsletter.

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