

Regulatory Compliance News



MOUNTAIN WEST
Credit Union Association

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Compliance News

Migrating from SSL and Early TLS – How Secure is Your Network?

The time to migrate is now

For over 20 years Secure Sockets Layer (SSL) has been in the market as one of the most widely-used encryption protocols ever released, and remains in widespread use today despite various security vulnerabilities exposed in the protocol.

Fifteen years ago, SSL v3.0 was superseded by TLS v1.0, which has since been superseded by TLS v1.1 and v1.2. To date, SSL and early TLS no longer meet minimum security standards due to security vulnerabilities in the protocol for which there are no fixes. It is critically important that entities upgrade to a secure alternative as soon as possible, and disable any fallback to both SSL and early TLS.

SSL has been removed as an example of strong cryptography in the PCI DSS, and can no longer be used as a security control after June 30, 2016.

What is the risk?

SSL/TLS encrypts a channel between two endpoints (for example, between a web browser and web server) to provide privacy and reliability of data transmitted over the communications channel. Since the release of SSL v3.0, several vulnerabilities have been identified, most recently in late 2014 when researchers published details on a security vulnerability (CVE-2014-3566) that may allow attackers to extract data from secure connections. More commonly referred to as POODLE (Padding Oracle On Downgraded Legacy Encryption), this vulnerability is a man-in-the-middle attack where it's possible to decrypt an encrypted message secured by SSL v3.0.

The SSL protocol (all versions) cannot be fixed; there are no known methods to remediate vulnerabilities such as POODLE. SSL and early TLS no longer meet the security needs of entities implementing strong cryptography to protect payment data over public or untrusted communications channels. Additionally, modern web browsers will begin prohibiting SSL connections in the very near future, preventing users of these browsers from accessing web servers that have not migrated to a more modern protocol.

How should I respond?

The best response is to disable SSL entirely and migrate to a more modern encryption protocol, which at the time of this publication is a minimum of TLS v1.1, although entities are strongly encouraged to consider TLS v1.2. Note that not all implementations of TLS v1.1 are considered secure – refer to NIST SP 800-52 rev 1 for guidance on secure TLS configurations.

Source: PCI Security Standards Council

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Association Compliance Forums

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FTC Announces Schedule for Reviewing Regulations

As part of the Federal Trade Commission's [systematic review of all current FTC rules and guides](#), the agency is has recently announced a modified 10-year regulatory review schedule.

To ensure that its rules and industry guides stay relevant and are not overly burdensome, the FTC reviews them on a 10-year schedule. The review schedule is published each year, with adjustments in response to public input, changes in the marketplace, and resource demands. For 2016, the Commission intends to initiate reviews of, and solicit public comments on, the following rules:

- Standards for Safeguarding Customer Information, 16 CFR Part 314;
- CAN-SPAM Rule, 16 CFR Part 316;
- Labeling and Advertising of Home Insulation, 16 CFR Part 460; and
- Disposal of Consumer Report Information and Records, 16 CFR Part 682.

The Commission vote to publish the proposed Federal Register notice regarding its regulatory review program was 4-0.

Source: FTC

DHS Officials Issue Warning About Scams Targeting Senior Citizens

U.S. Immigration and Customs Enforcement (ICE) and U.S. Customs and Border Protection (CBP) officials issued a recent warning about a scheme that conned dozens of elderly U.S. citizens into being unwitting drug mules to countries with severe penalties for drug-related charges, like Australia and New Zealand. The announcement was made by A. Scott Brown, Acting Assistant Director of Investigative Programs for ICE's Homeland Security Investigations (HSI), during a hearing before the Senate Special Committee on Aging.

The average age of the 144 couriers was 59; the oldest of these was 87. The oldest individual conned as a part of this scheme was 97; however, HSI special agents identified him before he left the United States to participate in the endeavor and convinced him to abandon his travel plans because he was likely to be another victim. The victims were recruited via social media, cyber begging and telemarketing fraud. Investigators believe over 30 individuals from the United States remain incarcerated overseas.

"Those who target vulnerable populations, to include our elderly, are among the worst kinds of criminals. Heart breaking does not begin to describe some of these case details," said ICE Director Sarah R. Saldaña. "It is the job of law enforcement to bring these perpetrators to justice, but it is all of our jobs to teach our own loved ones to be vigilant against these kinds of schemes."

The ruse entices victims with a promise of an inheritance or business opportunity and the requirement that they fly to various countries to meet with "attorneys" or "business partners," with all travel and expenses paid by the transnational criminal organization. On the final leg of the trip, the victims are asked to take seemingly harmless items along with them for their business contacts at the next location. Upon arrival and inspection, these innocuous items are found to contain drugs resulting in detention and arrest by local authorities. The drugs are concealed in everything from chocolates, picture frames, tea and markers to canned goods, shampoo bottles, soap and wooden hangers.

To date, HSI and CBP have worked with their foreign counterparts to

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InfoSight Highlight

IRS Levies

An Internal Revenue Service (IRS) levy is a legal seizure of a member's property to satisfy a tax debt. When a levy is made on a member's deposits in the credit union, the levy attaches to funds in the account at the time of the levy and up to the amount of the levy. The levy attaches to all of the member's deposits including shares, certificates of deposits, club accounts, and joint accounts. The levy does not attach to funds deposited after receipt of the levy.

If, at the time of receipt of the levy, there is a current and valid security interest on the member's shares that have been levied (i.e. a specific pledge of shares as evidenced on loan documents or other security instrument), the credit union can provide such documentation to the IRS and be relieved of forwarding these shares to the IRS. NOTE: Credit unions may NOT claim any statutory lien rights on a member's deposited funds as of the date of receipt of an IRS levy. (A statutory lien gives credit unions overall rights to enforce its lien against a member's account(s) only when the member has failed to satisfy an outstanding financial obligation owed to the credit union).

What must a credit union do to comply with an IRS levy?

The IRS, unless indicating otherwise, requires that a financial institution hold funds for 21 days after the receipt of an IRS levy before turning the funds over to the IRS. At the end of the 21-day holding period, the credit union is to surrender the funds to the IRS district director. This is done on the first business day after the holding period. Therefore, when the credit union receives an IRS levy form, it should place a hold on all funds that are available to the member up to the amount of the levy for 21 days.

Waiving Rights to Holding Period. A member may

intercept 144 couriers carrying a total of 272 kilograms of methamphetamine, 209 kilograms of cocaine, 4 kilograms of ecstasy and 11 kilograms of heroin. Fifteen facilitators affiliated with the transnational criminal organization were also arrested.

It should be noted, that while HSI makes efforts to prevent potential elderly couriers from departing the United States, the short window of opportunity and the strong relationship scammers have established with their victims makes this difficult. The recruited individuals are often so engaged with the criminal organization, they do not believe the truth when they are confronted with it because these organizations warn their victims not to believe anyone who approaches them as law enforcement. HSI has warned elderly unwitting couriers concerning their potential role in this scheme, only to have them book travel and be intercepted in another country with narcotics.

While organizations like these will victimize consumers of all ages, backgrounds and income levels, the elderly are disproportionately targeted, according to investigators. Perpetrators take advantage of the fact that elderly Americans may be lonely and not have the Internet savvy to recognize the scam.

Source: US Immigration and Customer Enforcement

Advocacy Highlight

Pending Regulatory Proposals – Comments Needed!

CUNA intends to comment on the following pending regulatory proposals. Please consider whether and how these proposals would affect your credit union, and contact the CUNA staff listed with each proposal with your feedback .

Leagues and credit unions are encouraged to use [Power Comment](#) to file comment letters with regulators. For more information regarding these proposals, please follow the links below:

March 14, 2016~CFPB

[HMDA Resubmission Guidelines](#)

CUNA Contact: [Andy Price](#)

March 17, 2016~FHFA

[Enterprise Duty to Serve Underserved Markets](#)

CUNA Contact: [Andy Price](#)

March 22, 2017~NCUA

[EGRPRA Review](#)

CUNA Contact: [Andy Price](#)



[Training & Events Calendar](#)

February 24

Webinar: [Construction to Permanent Lending Compliance with CFPB Rules:](#)

waive the 21-day holding period by notifying the credit union. If the account is a joint account then all owners must agree to the waiver. If the credit union surrenders funds after the 21-day holding period has been waived, the credit union must include a notification of the waiver to the district director. The credit union can release the levy only upon notification by the IRS district director of such release. If the credit union member elects not to waive their rights during the 21-day holding period, the member may not withdraw any funds to which the levy is attached.

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

CUNA Advocacy Update

Each year, CUNA provides the “CUNA State Government Affairs Year End Review” which provides the results of advocacy activities throughout the country. For the 2015 review, click [here](#).

The Regulatory Advocacy Report is now combined with CUNA’s Legislative Update into a comprehensive CUNA Advocacy Update. The new Advocacy Update is published at the beginning of every week, is accessible [here](#) 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](#).



Compliance Calendar

March 13

- Daylight Savings Time Begins

April 22

- 5300 Call Report Due to NCUA

May 30

- Memorial Day – Federal Holiday

June 30

- PCI-SSL/TLS Can No Longer Be Used as a Security Control

Effective Dates

Including TRID Changes

March 8

Webinar: Credit Reporting Guidelines, Rules & Best Practices: FCRA & FACT Act

March 8

Cyber Security Workshop: Denver

March 10

Cyber Security Workshop: Phoenix

March 15

Webinar: Auditing for TRID Compliance: Safe Harbor Expires 2.1.2016

March 16

Webinar: Flood Insurance Compliance Update & FAQs

March 22

BSA Seminar : Phoenix

March 22

Webinar: Lending Series: The CFPB's Four Ds of Lending

March 23

Webinar: Cyber Series: Outsourcing Tech Services: Regulations, Examiner Expectations & Actions for Vendor Management

March 31

Webinar: Developing Your Same-Day ACH Game Plan

Financial Strategies Seminar

Managing risks while maintaining stability and growth is a constant challenge for financial institutions especially in a complex regulatory environment. Join industry experts as they provide guidance on preparing for success in the ever-evolving credit union industry. We'll start the day with a market update and industry trends, and then look at bond portfolio management, risk management, cybersecurity, tax and accounting issues as well as regulatory compliance and hot legal topics affecting those responsible for financial management functions at their credit union. CPE credits available.

March 29, 2016 – Phoenix

June 8, 2016 - Denver

New and Revised Rules

January 27, 2016~NCUA

Pass-thru Share Insurance for Interest on Lawyers Trust Accounts

July 1, 2016~DoEd

Program Integrity and Improvement

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

January 1, 2017~CFPB

HMDA – Regulation C

September 15, 2017~NACHA

Same-day ACH (NACHA) – Phase 2

CUNA Comment Calls – Due Dates on Proposed Rules

January 27, 2016~NIST

NIST RFI: Updates to the Cybersecurity Framework

February 1, 2016~FTC

The Holder Rule

February 8, 2016~NCUA

NCUA Field of Membership Proposal

March 18, 2016~FinCEN

Changes to BSA Currency Transaction Report

March 24, 2016~NCUA

NCUA Strategic Plan 2017- 2021

March 26, 2016~NCUA

Overhead Transfer Rate Methodology

March 26, 2016~NCUA

Operating Fee Schedule

CUNA Schools and Webinars

February 24

Webinar: CTRs and SARs for the Frontline

February 24 – December 7

Webinar: 2016 CUNA Frontline Compliance Series

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

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