

## Regulatory Compliance News



**MOUNTAIN WEST**  
Credit Union Association

February 5, 2016

### Compliance News

#### NCUA Updates Online Consumer ID Theft Resources

In support of the FTC designation of January 25-29, 2016, as Tax Identity Theft Awareness Week, the NCUA has updated its [tax identity theft resources page](#) on the MyCreditUnion.gov consumer website. The page includes useful information for preventing or reporting identity theft that may be perpetrated using fake contacts that appear to be legitimate Internal Revenue Service requests for taxpayer information. Credit unions are encouraged to share this information with their members.

*Source: NCUA*

#### U.S. Sanctions Five More On 'Magnitsky' List of Alleged Rights Abusers

The United States has added five more people to its so-called "Magnitsky List," which sanctions alleged human rights abusers connected to the death of whistleblowing Russian lawyer Sergei Magnitsky.

The Treasury Department released the [additional names](#) on February 1, bringing the total number of people targeted by the law passed by Congress in 2012 to 39.

Many of those on the list are either tied to the tax fraud that Magnitsky uncovered or to the Moscow prison where he was held and died.

Among those added on February 1 was a deputy interior minister linked to Magnitsky's death and an outside investigator who refuted allegations that Magnitsky had been tortured while in prison.

*Source: OFAC*

#### IRS Annual "Dirty Dozen" List of Tax Scams to Avoid

The Internal Revenue Service recently issued a filing season alert warning taxpayers to watch out for identity theft at tax time and highlighted the crime as the first scam in the agency's "Dirty Dozen" series.

Over the course of the past year, as part of the [Security Summit initiative](#), the IRS partnered with states and the tax industry to enhance coordination and create a more secure system for taxpayers.

Security Summit participants, including the IRS, will regularly share details of fraudulent schemes detected this season so industry and government have the same information and can adjust accordingly to provide increased protection. Many changes will be invisible to the taxpayer, but the more than 20 shared data elements are critical to making sure the IRS, states and industry can better verify the taxpayer and the legitimacy of the tax return.

"Our collaborative efforts with the Security Summit have given the IRS additional tools to stop fraudulent returns at the door," said IRS

### Your Credit Union's Regulatory Compliance Support Staff

#### Mark Robey

**Sr. VP of Regulatory Affairs**

Phone: 800-477-1697, ext. 3327

Direct: 720-479-3327

#### Melia Heimbeck

**Director of Compliance Operations**

Phone: 800-477-1697, ext. 3325

Direct: 720-479-3325

#### Julie Kappenman

**Director of Association Compliance Services**

Phone: 800-477-1697, ext. 3324

Direct: 720-479-3324

#### Donna Gibbs

**Coordinator Association Services/Compliance**

Phone: 800-477-1697, ext. 3281

Direct: 720-479-3281

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Commissioner John Koskinen. "The criminals continue to look for increasingly sophisticated ways to breach the tax system. While the IRS has improved prevention and detection efforts, we're calling on taxpayers to protect their private information so thieves can't steal personal data to file fraudulent returns."

The IRS also joined with industry and states on a public awareness campaign to provide taxpayers with easy tips to better protect themselves. The "[Taxes. Security. Together.](#)" campaign includes YouTube videos, Tax Tips and fact sheets to help taxpayers stay safe online.

The Dirty Dozen is compiled annually by the IRS and lists a variety of common scams taxpayers may encounter any time during the year. Many of these con games peak during filing season as people prepare their tax returns or hire someone to do so.

"We urge people to use caution when viewing e-mails, receiving telephone calls or getting advice on tax issues because scams can take on many sophisticated forms," Koskinen said. "Keep your personal information secure by protecting your computers and only giving out your Social Security numbers when absolutely necessary."

Tax-related identity theft occurs when someone uses your stolen Social Security number to file a tax return claiming a fraudulent refund. While the IRS has made significant strides over the past several years to address this issue, it remains a top concern for the IRS, which is why identity theft remains on the Dirty Dozen list again this year as the IRS works to protect taxpayers and help victims.

In the most recent three fiscal years, [Criminal Investigation](#) (CI) helped convict approximately 2,000 identity thieves. In fiscal year 2015, the IRS initiated 776 identity theft related investigations, which resulted in 774 sentencings through CI enforcement efforts. The courts continue to impose significant jail time with the average months to serve in fiscal year 2015 at 38 months— the longest sentencing being over 27 years.

The IRS understands that identity theft is a frustrating, complex process for victims. While identity thieves steal information from sources outside the tax system, the IRS is often the first to inform a victim that identity theft occurred. The IRS is working hard to resolve identity theft cases as quickly as possible.

*Source: IRS.gov*

### **Online CUSO Registry to Open for Registrations in February**

Credit union service organizations will have 60 days to register with NCUA's CUSO Registry, the new online system for CUSOs to report their operational and financial information directly to the agency. The registration period begins Monday, Feb. 1, and ends Thursday, March 31.

On Nov. 21, 2013, NCUA amended federal rules and regulations related to credit union service organizations, commonly known as CUSOs. Included in these amendments is the requirement for CUSOs to agree, in writing, to provide information directly to the agency. For more information, see NCUA's Letter to Credit Unions 13-CU-13, [Changes to NCUA Regulations Related to Credit Union Service Organizations](#).

*Source: NCUA*

### **Consumer Financial Protection Bureau Monthly Complaint Snapshot**

regulatory compliance, including Advertising, BSA, Deposits, Lending, and Operations.

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### **InfoSight Highlight**

#### **Identity Theft – Address Discrepancies**

There are circumstances under which a credit union will obtain a credit report for a consumer, such as when establishing a new account, a new loan, or re-evaluating a line of credit. A credit reporting agency (CRA) is required to send a notice of address discrepancy when it determines that the address provided to it by the credit union "substantially differs" from the address it has in the consumer's file.

#### **Reasonable Belief**

Whenever the credit union receives a notice of address discrepancy, it must have in place reasonable policies and procedures to enable it to form a reasonable belief that the report requested relates to the consumer in question. Examples of reasonable policies and procedures would include, but not necessarily be limited to: comparing the information in the report provided by the CRA with the information the credit union either obtains and uses to verify the consumer's identity in accordance with its Customer Information Program (CIP); maintains in its own records such as applications, change of address notifications and other member records, or other documentation retained for CIP identification; or information obtained from third-party sources; or verifying the information in the consumer report provided by the CRA with the consumer.

If the credit union cannot establish a reasonable belief that the consumer report relates to the consumer about whom it has requested the report, the Agencies expect the credit union will not use that report.

#### **Furnishing Address to CRA**

The obligation to furnish a confirmed address for the consumer to the CRA is applicable only to new continuing relationships. A credit union must develop

## Examines Debt Settlement, Check Cashing, and Other Financial Service Complaints

The Consumer Financial Protection Bureau (CFPB) released its latest monthly consumer complaint snapshot, highlighting consumer complaints about financial services such as debt settlement, check cashing, money orders, and credit repair. The report shows that consumer complaints about these types of financial services generally revolve around issues of fraud or problems with reliable customer service. This month's snapshot also highlights trends seen in complaints coming from New York State and the New York metro area. As of Jan. 1, 2016, the Bureau has handled over 790,000 complaints across all products.

"Many of the financial services examined in today's report are used by people struggling to make ends meet who can least afford to have issues with their financial products," said CFPB Director Richard Cordray. "The Bureau will continue to use complaints submitted about these products to target bad actors in the financial marketplace." The Monthly Complaint Report can be found [here](#).

### Product Spotlight: Other Financial Service

The CFPB offers "other financial service" as an option for consumers submitting a complaint that falls outside of one of the Bureau's other major complaint categories. Some of the complaints that fall into this category are debt settlement, check cashing, credit repair, and money orders. As of Jan. 1, 2016, the Bureau had handled approximately 2,700 other financial service complaints. Some of the findings in the snapshot include:

- **Excessive fees for debt settlement and credit repair services:** Of all complaints marked as other financial service, 60 percent of them were about problems consumers had when dealing with debt settlement and credit repair companies. These complaints often had to do with consumers being charged upfront fees when using these services. Charging upfront fees for these services is generally prohibited by existing law.
- **Problems redeeming money orders:** Consumers who submitted complaints about money order issues frequently complained about the error resolution process they had to deal with, and the length of time it took to resolve errors related to their money order with customer service representatives.
- **Fraud when consumers use money orders and travelers checks:** Consumers who submit complaints involving money orders and travelers checks often believe they have been the victims of fraud. These complaints generally involve common scams involving advance payment when promised goods are not delivered and services not rendered.

### National Complaint Overview

As of Jan. 1, 2016, the CFPB has handled 790,000 complaints nationally. Some of the highlights from the statistics in this month's snapshot report include:

- **Complaint volume:** For December 2015, the three most-complained-about financial products were credit reporting, debt collection, and mortgages, together representing slightly over two-thirds—68 percent—of complaints submitted. Overall, the CFPB saw a 1 percent decrease in complaint volume between November and December 2015.
- **Product trends:** In a year-to-year comparison examining the time periods of October to December, complaints about prepaid products

and implement reasonable policies and procedures for furnishing what it believes and confirms is a reasonably accurate address for the consumer to the CRA from whom it received a notice of address discrepancy when the credit union:

- Can form a reasonable belief that the consumer report relates to the consumer about whom the credit union requested the report;
- Establishes a continuing relationship with the consumer;
- Regularly and in the ordinary course of business furnishes information to the CRA from which the notice of address discrepancy relating to the consumer was obtained.

The credit union may confirm that the report pertains to the consumer for whom the information was requested using the following examples:

- Verifying the address with the consumer about whom it has requested the report;
- Reviewing its own records to verify the address of the consumer;
- Verifying the address through third-party sources; or
- Using other reasonable means.

### Timing for Furnishing Address

A credit union's policies and procedures must provide that the credit union will furnish the consumer's address that it has reasonably confirmed to be accurate to the CRA as part of the information it regularly furnishes for the given reporting period in which it establishes a relationship with the consumer.

**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](#).

rose 233 percent. Between Sep. 1 and Nov. 31, the CFPB received 459 complaints about prepaid products, mostly from one company.

- **State information:** Of the five most populous states, Illinois displayed the sharpest rise—23 percent—in complaint volume during the same three month time period—October to December—between 2014 and 2015.
- **Most-complained-about companies:** The three companies the CFPB received the most complaints about between August and October of 2015 were Equifax, TransUnion, and Experian. Company-level information should be considered in the context of company size and activity in the relevant market.

Source: CFPB

## Advocacy Highlight

### State Advocacy Activities

**Leagues Leading the Way in State Capitols:** By the close of this week, legislatures in 41 states will be in session and after only a month into the 2016 session, over 29,000 bills have been introduced in the states. Several credit union leagues have already had bills introduced to remove barriers for credit unions to better serve their members. In [Indiana](#), the League is pursuing legislation fixing an outdated restriction on lending to board members. [Massachusetts](#), [Michigan](#) and [Wisconsin](#) continue their pursuit of charter update legislation. In Florida, the League of Southeastern Credit Unions seeks to protect credit unions through an improved process service requirement. Public deposit legislation is advancing in [Virginia](#), [Ohio](#) and [New York](#). The [Georgia](#) League seeks legislation to clarify that lawyers do not need to be present in the lending process; Georgia also held a [successful GAC meeting](#) last week. In [Arizona](#), the League is pursuing legislation to modernize director compensation and governance requirements. In [Missouri](#), the Heartland Credit Union Association has asked the legislature to make changes in the state credit union act to provide parity with federally chartered credit unions.

Source: CUNA



### Training & Events Calendar

#### February 11

Webinar: [Avoiding Compliance Violations in Advertising](#)

#### February 24

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



## Compliance Calendar

### January 12

- [Microsoft Discontinues Support of Older Versions of Internet Explorer](#)

### January 22

- [5300 Call Report Due to NCUA](#)

### February 15

- [President's Day – Federal Holiday](#)

### March 13

- [Daylight Savings Time Begins](#)

## Effective Dates 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 13, 2016~FinCEN

[Regulatory Impact Assessment & Initial Regulatory Flexibility Analysis Regarding FinCEN's CDD Proposal](#)

### 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 26, 2016~NCUA

**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](#)

**[Overhead Transfer Rate Methodology](#)****March 26, 2016~NCUA**

[Operating Fee Schedule](#)

**April 4, 2016~FinCEN**

[Changes to Currency Transaction Report Form](#)

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**CUNA Schools and Webinars****February 9 – April 7**

[CUNA Regulatory Compliance Introduction eSchool](#)

**February 24**

Webinar: [CTRs and SARs for the Frontline](#)

**February 24 – December 7**

Webinar: [2016 CUNA Frontline Compliance Series](#)

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