



March 7, 2014

### Compliance News

#### NCUA Hosting Bank Secrecy Act Webinar

Credit union managers and compliance staff will be able to learn more about Bank Secrecy Act compliance on a **free webinar, "BSA-MSB Training: What You Need to Know,"** hosted by NCUA on Wednesday, March 19, 2014, at 2 p.m. Eastern. [Click here for information](#)

*Source: NCUA*

#### Tax-Fraud Season: Credit Unions Must Stay Alert for Schemes (Colleen Kelly)

According to the IRS, tax refund fraud has increased exponentially in the past few years. It is reported that from 2011 through November 2013, the agency has stopped 14.6 million suspicious returns involving more than \$50 billion in fraudulent refunds.

According to an article in the Express (Washington Post free paper), federal authorities acknowledge that the tax fraud schemes are often fueled by corruption among those preparing tax returns, cashing checks or handling people's personal information. An IRS Special Agent explains in the article that one person finds and steals the identifying information, another prepares the return, and yet another cashes the refund check – each taking a cut of the proceeds.

As always, but particularly during tax season, credit unions must protect their member's personal information, and stay on top of suspicious activity. We have gotten inquiries about non-members' tax refund checks going into member's accounts. Not only must credit unions note and potentially report such suspicious activity for BSA purposes, you must be on the look-out for members using personal accounts for business purposes, such as a tax return filing business.

*Source: CUNA Comblog*

#### NCUA Launches Cybersecurity Resources Page

Last week, NCUA launched a new [webpage](#) that provides links to cybersecurity and data security resources for credit union staff, including: regulations, guidance, and best practices. The launch coincided with NCUA Board Chairman Matz's [remarks](#) at the CUNA GAC, where she noted cybersecurity is one of the top priorities for the agency and the credit union system. The agency is also working on better understanding the evolving cyber threat environment with other financial regulators, law enforcement, and intelligence communities, as part of a new working group. CUNA senior staff continue to meet with NCUA and others to advocate for credit unions on cybersecurity and data security issues. We urge NCUA and others to provide additional resources and assistance to help credit unions with addressing and coordinating on cybersecurity, while minimizing additional regulatory burdens on credit unions

*Source: CUNA*

### Compliance Team

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### Highlight

#### Bank Secrecy Act: Recordkeeping

The Bank Secrecy Act (BSA) regulations require credit unions to maintain numerous records. The general retention period under the BSA is five (5) years.

Credit unions must keep copies of Suspicious Activity Reports, along with supporting documentation and Currency Transaction Reports. The Recordkeeping page of the Bank Secrecy Act channel of InfoSight lists other records that must be kept, including—but not limited to—the

## ACH Change Effective March 15 – Effective Date and Rule Language

These changes to the *NACHA Operating Rules* regarding the ODFI's warranty with respect to Outbound IAT Entries are effective on March 15, 2013. *Rules* sections impacted by these changes appear below and reflect updated language:

### Article Two – Rights and Responsibilities of ODFIs, Their Originators, and Third-Party Senders

#### Subsection 2.5.8.4 Additional ODFI Warranties for Outbound IAT Entries

In addition to the other warranties contained within these Rules, an ODFI initiating an Outbound IAT Entry warrants to each RDFI, ACH Operator, and Gateway:

- (a) *Compliance with U.S. Legal Requirements*. The Originator and ODFI are in compliance with U.S. Legal Requirements with respect to the IAT Entry, including their obligations under programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and the Financial Crimes Enforcement Network (FinCEN).
- (b) *Compliance with Foreign Laws or Payment System Rules Regarding Authorization*. If the laws or payment system rules of the receiving country require authorization with respect to an IAT Entry, the ODFI warrants that the authorization of the IAT Entry complies with the laws and payment system rules of the receiving country.

#### Subsection 2.5.8.7 Assumption of Risk (*new subsection*)

As between the ODFI and the Gateway of an Outbound IAT Entry, the ODFI bears the risk that the laws of the receiving country prohibit or otherwise preclude the processing, settlement, or transfer of the proceeds of the Entry, including through blocking or other sequestration or seizure of funds, unless otherwise agreed between the Gateway and the ODFI. As between the Originator and the ODFI, the Originator bears all such risk, unless otherwise agreed between the Originator and the ODFI or required by Legal Requirements.

Source: NACHA



**MOUNTAIN WEST**  
Credit Union Association

[Training & Events Calendar](#)

## Telephone Trainings



[View List of March Telephone Training Sessions](#)

## Bank Secrecy Act School

The [Bank Secrecy Act School](#) will be taking place in two locations this Spring. Select the location that is nearest you to register and learn more about the program.

[Bank Secrecy Act School: Denver, CO: May 29, 2014](#)

## Consumer Lending Basics for Non-Lenders

Join us this Spring for Consumer Lending Basics for Non-Lenders. This program introduces MSRs and entry-level consumer lenders to the fundamentals of consumer lending and will take place in Phoenix, AZ and Denver, CO. For more information or to register, click on the link to choose the program nearest you.

following:

- Extensions of credit in excess of \$10,000
- Currency transaction in excess of \$10,000 to or from any person, account, or place outside the United States
- Cash sales of monetary instruments (e.g., money orders, traveler's checks, cashier's checks) between \$3,000 and \$10,000

Visit the BSA Recordkeeping page to review which records your credit union must retain. This page also provides links to these resources:

- CUNA's Bank Secrecy Compliance Guide, which provides a detailed analysis of the recordkeeping requirements.
- FFIEC's BSA/Anti-Money Laundering Infobase, which provides training and examination information.

## CU Compliance Video Connection: Disaster Preparedness

The National Credit Union Administration (NCUA) expects all federally insured credit unions to have a comprehensive contingency plan that is regularly tested. This presentation provides the information your credit union's needs for a Disaster Preparedness and Recovery. For more information, [Click here](#) for the video.

## Advocacy Highlight

### CUNA NAFCU Join Forces to Urge Additional 90 Days for RBC Comments

The Credit Union National Association (CUNA) and the National Association of Federal Credit Unions (NAFCU) on Friday sent a letter to all three members of the National Credit Union Administration (NCUA) Board urging the agency to allow an additional 90 day comment period on the Risk-Based Capital proposal.

If additional time is not granted, the comment period will expire May 28th. Both organizations have

[Arizona: Consumer Lending Basics for Non-Lenders: March 20, 2014](#)

[Colorado: Consumer Lending Basics for Non-Lenders: May 22, 2014](#)



### **Mountain West CU Association Bankruptcy & Collections School**

The Bankruptcy and Collections School, taking place on April 16-17 in Denver, CO, is designed to expand your knowledge of legal issues with collections and bankruptcy to keep your credit unions collection practices sound. Register for one day or both days.

To register and view the course information, [click here](#).

**Day One: April 16** - Developing and Maintaining an Effective Collections Department

**Day Two: April 17** - Bankruptcy: Beyond the Basics!

### **April 3**

[Advanced Personal and Business Tax Return Analysis: Denver, CO](#)

### **April 15**

[Webinar: Mobile Device Risks & Compliance Rules: Managing Your Credit Union's BYOD & COPE Policies](#)

### **April 24**

[Webinar: BSA Officer Duties & Update](#)

### **July 1**

[Webinar: COMPLIANCE OFFICER TRAINING: Will Your AML/BSA/OFAC Program Satisfy Examiner Scrutiny?](#)

## **CUNA Webinars**

- ♦ [Deceased Members and Probate Matters webinar \(03-10-2014\)](#)
- ♦ [CUNA CPDOnline Monthlies - General Navigation and Q and A webinar \(03-12-14\)](#)
- ♦ [Deposit Account Regulations webinar \(2014\) \(03-18-2014\)](#)
- ♦ [General Operations Regulations webinar \(04-01-14\)](#)
- ♦ [Doing Well by Doing Good - How Financial Counseling and Education Benefits Members and the Credit Union webinar \(04-01-14\)](#)
- ♦ [Developing a Well-Rounded Financial Counseling and Education Program at Your Credit Union webinar \(04-08-14\)](#)
- ♦ [Exploring Financial Counseling Models webinar series \(04-08-14\)](#)
- ♦ [Money Mission Demo - Online Financial Literacy Game webinar \(04-14-2014\)](#)
- ♦ [10 Steps to Proper Chattel Lien Reinforcement webinar\(04-14-14\)](#)
- ♦ [Successful Financial Counseling and Education Programs - Best Practices webinar \(04-15-14\)](#)

**[Mountain West CU Association Annual Meeting Information](#)**  
**[Fair Lending Basics for Volunteers Breakout Session at AMC](#)**

concluded that it is simply not enough time for credit unions to analyze thoroughly the proposal and develop well-reasoned comments based on their individual circumstances.

*Source: CUNA*



Our compliance partners at NeighborBench have changed their name to [AffirmX](#)

Enhancements have been made to this cloud-based, near real-time solution that identifies risk AND provides you access to experts. This innovative tool combines call-report data, onsite visits, and document review in the areas of Operations, Lending, BSA, Deposit and Advertising. Imagine staying current with your consumer regulatory compliance risks in one easy-to-read dashboard depiction that saves you time and money. If a full suite of compliance risk assessments isn't the answer for you, we now offer a basic annual compliance package, including BSA, ACH, SAFE Act, and Website compliance for one low price.

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

## **[2014 Compliance Calendar](#)**

### **[March 9](#)**

- ♦ [Daylight Savings Time Begins](#)

### **[March 21](#)**

- ♦ [NACHA Operating Rule Changes](#)

### **[March 31](#)**

- ♦ [NCUA Liquidity & Contingency Fund Plans Effective Date](#)

### **[April 25](#)**

The world of Fair Lending has seen fines and the Department of Justice referrals skyrocket recently. While only a small number of credit unions have faced Fair Lending examinations, the number is increasing and expected to continue, likely resulting in additional enforcement actions. Make sure your board and committee members are up-to-speed by having them attend the 2014 Annual Meeting & Convention educational breakout session: Fair Lending Basics for Volunteers where attendees will walk out with a certificate of attendance that can be provided to regulators as proof of on-going education. Visit [www.mwcua.com/am](http://www.mwcua.com/am) for more details.

For more information on the 2014 Mountain West CU Association Annual Meeting,

[click on the Unite for Good graphic below.](#)



♦ [5300 Call Report Due to NCUA](#)

#### **April 30**

♦ [Credit Card Quarterly Agreement Submission Due to CFPB](#)

#### **May 26**

♦ [Memorial Day – Federal Holiday](#)

#### **July 4**

♦ [Independence Day – Federal Holiday](#)

#### **July 31**

♦ [Credit Card Quarterly Agreement Submission Due to CFPB](#)

### **CUNA Schools and Conferences**

#### **April 6 - 11**

[CUNA Regulatory Compliance School Introduction and Update](#), Hollywood, CA

#### **September 14 - 19**

[CUNA Regulatory Compliance School Introduction & Update](#), Chicago, IL

#### **October 26 - 29**

[CUNA Bank Secrecy Act Conference](#), Las Vegas, NV

### **CUNA 2014 Effective Dates New and Revised Rules**

#### **March 31, 2014~NCUA**

[NCUA Emergency Liquidity Rule](#)

#### **December 31, 2015~IRS**

["Foreign Account Tax Compliance Act" \(FATCA\) Rule](#)

#### **30 Days From Publication in Fed Register**

[CUNA Summary of Changes between NCUAs Final and Proposed Rules on Derivatives to Mitigate Interest Rate Risk January 2014](#)

### **2014 CUNA Comment Calls Due Dates on Proposed Rules**

**March 24, 2014~FRB**

[2013 Regulation CC Proposal \(Check Collection and Return Rules\)](#)

Please respond to [mrobey@mwcu.com](mailto:mrobey@mwcu.com) with any questions or concerns regarding content of this newsletter.

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