



### Compliance News

#### CFPB Reminds Consumers What to Do if They Suspect a Data Breach

In light of recent data breaches, the CFPB posted a blog last week to remind consumers of steps they should take if they believe their credit or debit card information was hacked. The blog posting references a Consumer Advisory released by the agency earlier this year. If followed, the common sense steps described in the advisory should benefit both the member/consumer as well as the credit union and other financial institution. Two key steps included in the advisory are for the member/consumer to: (1) check their account statements for unauthorized charges or debits and make a habit of monitoring their accounts; and (2) alert their financial institution or card provider immediately if they think their account has suspicious debits or charges.

*Source: CUNA News Now*

#### CFPB Updates Small Entity Compliance Guide for TILA-RESPA Form

The Consumer Financial Protection Bureau (CFPB) has released an update to the [compliance guide](#) for its Truth in Lending Act-Real Estate Settlement Procedures Act (TILA-RESPA) Integrated Disclosure rule.

The original document, a guide designed to make the rule more accessible for smaller businesses with limited legal and compliance staff, was published by the bureau in April. This version features updated information and clarifications in several sections.

The update offers additional clarifications for the loan estimate and seven-day waiting period sections. Creditors are responsible for placing in the mail, or delivering, the loan estimate form "no later than the third business day after receiving the consumer's application."

The estimate must also be placed in the mail or delivered no later than the seventh business day before the consummation of the transaction, and the creditor is responsible that the loan estimate and its delivery meet all content, delivery and timing requirements stated in the rule.

A consumer may modify or waive the seven business day waiting period after receiving the loan estimate if the consumer has a "bona-fide personal financial emergency that necessitates consummating the credit transaction before the end of the waiting period," according to the rule.

A "bona fide personal financial emergency" is determined by the facts surrounding the situation. The bureau gives an example of "the imminent sale of the consumer's home at foreclosure, where the foreclosure sale will proceed unless loan proceeds are made available to the consumer during the waiting period."

In order for the waiting period to be waived or modified, the consumer must give the creditor a dated written statement describing the emergency, specifically modifies or waives the waiting period and is signed by all consumers primarily liable for the legal obligation.

The TILA-RESPA rule will become effective Aug. 1, 2015.

*Source: CUNA News Now*

#### FinCEN Issues Advisory with Human Trafficking, Smuggling Red Flags

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**Customer Identification Program**

Section 326 of the USA Patriot Act sets forth

To support law enforcement's efforts to fight smuggling and trafficking, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) has released an [advisory](#) on possible financial red flags. The information is intended to help financial institutions identify and report suspicious financial activity connected to human smuggling and trafficking.

Human smuggling is defined as acts to bring unauthorized aliens into the United States, transport them within the country or conspire to commit those acts. Human trafficking is defined as the act of recruiting, harboring, transporting a person for forced labor or commercial sex acts through the use of force, fraud or coercion.

FinCEN's bulletin acknowledges similarities between legitimate financial activities and those that could be supporting human trafficking. It recommends evaluating indicators of human smuggling or trafficking in combinations with other red flags and factors.

The new FinCEN advisory tells financial institutions to be on the lookout for such things as:

- Multiple wire transfers, generally kept below the \$3,000 reporting threshold, sent from various locations across the United States to a common beneficiary located in a U.S. or Mexican city along the Southwest border;
- Multiple, apparently unrelated, customers sending wire transfers to the same beneficiary. These wire senders may also use similar transactional information including common amounts, addresses and phone numbers. When questioned to the extent circumstances allow, the wire senders may have no apparent relation to the recipient of the funds or know the purpose of the wire transfers;
- Frequent exchange of small-denomination for larger-denomination bills by a customer who is not in a cash-intensive industry; and
- A customer's or member's account appears to function as a funnel account, where cash deposits occur in cities or states where the customer does not reside or conduct business. Frequently, in the case of funnel accounts, the funds are quickly withdrawn the same day after the deposits are made.

To report suspicions of human smuggling and trafficking, FinCEN requests financial institutions include one or both of the key terms in the Narrative and the Suspicious Activity Information: "Advisory Human Trafficking" and/or "Advisory Human Smuggling."

The narrative should also include an explanation of why the institution knows, suspects or has reason to suspect that the activity is suspicious.

*Source: CUNA News Now*

### CFPB to Supervise Larger Non-Bank Remittance Providers as of Dec. 1

Effective December 1, larger non-bank international money transfer providers become subject to the Consumer Financial Protection Bureau's remittance rules that were adopted in 2013.

"Last year, our new protections for consumers sending money abroad took effect," said CFPB Director Richard Cordray in announcing the new rule. "Today's rule gives us oversight of the larger marketplace and allows us to ensure that consumers are actually receiving those protections."

The CFPB estimates that non-bank providers transfer approximately \$50 billion annually through about 150 million individual international money transfers. The bureau further estimates that the rule, proposed in January and adopted Friday, will bring new oversight to about 25 of the largest providers in the market.

The CFPB's remittance rule requires transfer firms to provide prepayment and receipt disclosures to the consumer sender that include the exchange rate, certain fees and taxes associated with a transfer, and the amount of money that will be received on the other end of the transfer. Remittance transfer providers are also required to investigate disputes and correct errors.

Credit unions and other financial institutions are already subject to the CFPB's remittance rule.

The Credit Union National Association remains concerned that many credit unions have reduced or eliminated international payment services in light of the remittance rule generally. CUNA continues to urge an exemption from the rule beyond the current 100

minimum standards for financial institutions, including credit unions, for the identification and verification of the identity of any customer/member opening an account (12 CFR §103.121).

The written customer/member identification program (CIP):

- Must be a part of the credit union's anti-money laundering program
- Must be approved by the board
- Should be tailored to the credit union's size, location, and type of business
- Members must be provided notice that the credit union is verifying their identity and why. The CIP must, at a minimum, provide for:
  - Obtainment of certain basic identifying data
  - Verification of the identity of each customer to the extent reasonable and practicable
  - Maintenance of records of the information used to verify the identity
  - Determination of whether the customer/member appears on any lists of suspected terrorists provided by the federal government

For additional information to help your credit union stay in compliance, visit the Customer Identification Program topic on the Bank Secrecy Act channel of InfoSight.

### Surviving Compliance: The Jungle

Have you been looking for a fun way to review specific compliance questions that your credit union may have? THIS IS IT! Join Shawn and Glory on a perilous trip through the compliance jungle while they tackle credit unions' toughest compliance problems. CAUTION: Laughter may ensue. [Click here](#) for the video.



This week's [Regulatory Advocacy Report](#) will bring you up to speed on the following issues:

- NCUA September Board Meeting Agenda
- CUNA Still Seeks Comments on CFPB's Proposal on Consumer Complaints
- CUNA and the Iowa Credit Union League Meets with the CFPB
- Apple Announces "Apple Pay" System for Mobile Payments
- CUNA Submits Comments to CFPB on Mobile Financial Services and the Underserved
- NCUA Announces Partnership with AARP to Promote Financial Literacy and Consumer Education
- CFPB Reminds Consumers What to Do if They Suspect a Data Breach
- CFPB Issues Final Rule to Supervise Largest Nonbank International Money Transfer Providers

Be sure to visit our new [Risk-Based Capital blog](#) for the latest from CUNA staff and guest bloggers

transfers per year threshold that the rules currently provide, as well as additional flexibility for credit unions.

*Source: CUNA News Now*

### Master Card Limitation of Liability Change - Notification Date September 26, 2014

On October 17, 2014, MasterCard's zero liability coverage will apply to all transactions with a MasterCard brand, including PIN-based at Point of Sale (POS) and ATM. The member will not be responsible for unauthorized transactions, as long as the cardholder has exercised reasonable care in safeguarding their card from risk of loss or theft, and upon becoming aware, promptly reporting the loss or theft to the issuer. Because the previous \$50 limitation was eliminated, if the member does not meet conditions for zero liability, [Regulation E limitations](#) will apply. Under Regulation E, the member could have up to \$500 liability if timely notice under the rule is not given. This change therefore has the potential to increase the liability for the member, which would result in the change in terms notice requirements provided for in the regulation. Credit unions are encouraged to reach out to their card vendors for additional information and contractual considerations.

In accordance with the [change in terms notice requirements of Regulation E](#), since this change could potentially result in increased liability for the member, the credit union is required to mail or deliver written notice of the change at least 21 days before the effective date. Therefore, your existing members will need to be notified no **later than September 26, 2014** of this change and how it impacts them. Existing Regulation E disclosures will also need to be updated and provided to new members either at account opening and/or when the member contracts for an electronic fund transfer (EFT) service or before the first EFT is made involving the member's account.

*Source: MCUL*

### Advocacy Highlight

#### CUNA Still Seeks Comments on CFPB's Proposal on Consumer Complaints

Just a reminder, the comment period closes September 22 on the CFPB's proposal to expand its complaint database. See CUNA's Regulatory [Call to Action](#) for more information as well as to provide us with your feedback.

The CFPB currently discloses certain complaint data it receives regarding consumer financial products and services via its public database. Under the proposal, the CFPB would expand that disclosure to include unstructured consumer complaint narrative data. Only those narratives for which opt-in consumer consent has been obtained and personal information has been scrubbed would be subject to disclosure. The proposal would permit financial institutions to respond to the narrative complaint but there is concern that existing privacy laws could effectively prohibit institutions from doing so.

#### Apple Announces "Apple Pay" System for Mobile Payments

Apple has announced [Apple Pay](#), a mobile payments system that will combine near-field communication (NFC) with its Passbook app, taking plastic cards out of the point-of-sale environment. Apple Pay allows consumers to add their card on file for their iTunes account or upload their credit cards to their Apple Passbook by taking a photo of the card. Apple Pay supports credit and debit cards from the three major payment networks—American Express, MasterCard and Visa—initially for cards that are issued by banks such as Bank of America, Capital One Bank, Chase, Citi and Wells Fargo, which represent 83% of credit card purchase volume in the United States. Point-of-sale transactions are authorized with a one-time unique number and Apple's Touch ID fingerprint technology. To become part of Apple Pay, credit unions and other financial institutions will need to enable tokenization with their payment networks. Apple Pay will work with the new iPhone 6, iPhone 6 Plus, and the newly announced Apple Watch.

CUNA continues to work with the payment networks, processors, and others on the latest payments developments, including providing more information for credit unions interested in Apple Pay. [Credit union payments providers](#), including CO-OP Financial Services, are working to ensure credit unions are part of Apple Pay. We understand that the initial launch in October will include only the largest issuers and other institutions will be able to work with their networks and processors to find out more information about joining Apple Pay.

*Source: CUNA News Now*



### 2014 Compliance Calendar

#### September 19

- ♦ [NACHA Operating Rules Changes](#)

#### October 13

- ♦ [Columbus Day – Federal Holiday](#)

#### October 24

- ♦ [5300 Call Report Due to NCUA](#)

#### October 31

- ♦ [Credit Card Qtrly Agreement Submission Due to CFPB \(10,000 or more open credit card accounts\)](#)

#### November 2

- ♦ [Daylight Savings Time Ends](#)

#### November 11

- ♦ [Veterans' Day – Federal Holiday](#)

#### November 27

- ♦ [Thanksgiving Day – Federal Holiday](#)

### Effective Dates New and Revised Rules

#### August 1, 2015~CFPB

[TILA-RESPA Integrated Disclosure Rule](#)

#### December 31, 2015~IRS

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

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

#### September 22, 2014~FinCEN

[Customer Due Diligence](#)

#### October 1, 2014~NCUA

[Fixed Assets](#)

#### October 8, 2014~CFPB

[Proposed Regulation on HMDA \(Reg C\)](#)

### CUNA Schools and Webinars

#### Schools and Conferences

##### October 26 – 29

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

#### Webinars

##### October 7

[ACH Fundamentals](#)



# MOUNTAIN WEST Credit Union Association

## Training & Events Calendar

October 16

ACH Basics

### **September 23**

Webinar: [NACHA Rules vs. Reg E Rules – Which Takes Legal Priority in Which Situation](#)

### **October 8**

Compliance Networking Council – Casper, Denver & Phoenix – contact Shay Jacobs  
[sjacobs@mwcu.com](mailto:sjacobs@mwcu.com)

### **October 29**

Webinar: [Social Media Update: Facebook, LinkedIn, YouTube and Twitter](#)

### **November 4 – 6**

[Regulatory Compliance School - Phoenix](#)

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

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