

## InfoSight Highlight

### Privacy

The rules relative to Privacy include several components, including disclosure rules created by the Gramm-Leach-Bliley Act and the Right to Financial Privacy Act, as well as the reimbursement to financial institutions for providing records. You will want to review items in the [Privacy topic](#) under the [Accounts channel](#) to ensure you are compliant!

## Compliance News

### CFPB Releases Report on Consumer Credit Card Market

The Consumer Financial Protection Bureau released its fourth biennial report on the state of the credit card market for the period 2017-2018. The report indicates credit cards remain central to Americans' financial lives, constituting the largest U.S. consumer lending market. Market conditions remain stable as a result of low unemployment, modest wage growth, and high consumer confidence. Consumer satisfaction with credit cards remains high and debt service burdens are near the lowest level in more than a decade. Late payment and default rates have risen modestly but remain below pre-recession levels.

### FFIEC Encourages Standardized Approach to Assessing Cybersecurity Preparedness

The Federal Financial Institutions Examination Council (FFIEC) members emphasized the benefits of using a standardized approach to assess and improve cybersecurity preparedness. Firms adopting a standardized approach are better able to track their progress over time; and share information and best practices with other financial institutions and with regulators.

### Same Day ACH: Faster Funds Availability

Effective on September 20, RDFIs will have two new funds availability requirements that are based on the RDFIs' "local time." With these requirements, RDFIs must ensure that Receivers have funds availability for the following ACH credits:

- Funds from all non-Same Day ACH credits made available to the RDFI by 5:00 p.m. local time the banking day before settlement must be available for withdrawal on Settlement Date by 9:00 a.m. RDFI local time. Currently, RDFIs must already meet this funds availability deadline for PPD credits made available by the 5:00 p.m. cutoff on the banking day prior to Settlement Date. This change expands the current "PPD availability rule" to apply to all SEC Codes.
- Funds from Same Day ACH credits received in the first Same Day ACH processing window must be available for withdrawal on Settlement Date by 1:30 p.m. RDFI local time.

### New FinCEN Division Focuses on Identifying Primary Foreign Money Laundering Threats

The Financial Crimes Enforcement Network (FinCEN) has launched its Global Investigations Division (GID), which will be responsible for implementing targeted investigation strategies rooted in FinCEN's unique authorities under the Bank Secrecy Act to combat illicit finance threats and related crimes, both domestically and internationally.

### FinCEN Advisory Alerts Financial Sector to Fentanyl Trafficking Schemes

The FinCEN issued this advisory to alert financial institutions to illicit financial schemes and mechanisms related to the trafficking of fentanyl, fentanyl analogues, and other synthetic opioids, and to assist them in detecting and reporting related activity. Transactions related to the sale or purchase of fentanyl often involve money transfers to individuals in China and other foreign countries through MSBs, online payment processors, or bank transfers to individuals located in foreign countries.

InfoSight  
Compliance eNewsletter  
August 28, 2019  
Vol. 12, Issue 35

Created in partnership with  
the Credit Union National  
Association

## Compliance Calendar

### September 20

[ACH Providing Faster Funds Availability](#)

### September 30

[\\*Claim for Exemption: Real Property Assessment City & County of Honolulu](#)

[\\*Claim for Exemption: Real Property Assessment - County of Kauai](#)

### October 27

[NCUA Call Report for September 30, 2019 Cycle Due](#)

### October 31

[\\*Form UC-B6, "Quarterly Wage Contribution & Employment & Training Assessment Report"](#)

[\\*Form 941, Employer's Quarterly Federal Tax Return](#)

### November 24

[SAFE Act. – MLO Registration](#)

### November 30

[New Employee Forms W-4 & HW-4](#)

### December 31

[\\*Claim for Exemption: Real Property Assessment - County of Hawaii](#)

[\\*Claim for Exemption: Real Property Assessment - County of Maui](#)

## Compliance Training

### September 4

[Official Demands Part 2: Handling Garnishments, Levies & Judgment Liens \(Webinar\)](#)

### September 5

[Auditing E-Policies & Procedures:](#)

### **IRS Warns of New Email Scam**

The IRS issued a warning to taxpayers about a new IRS impersonation scam campaign spreading nationally on email. The IRS does not send unsolicited emails and never emails taxpayers about the status of refunds.

### **FTC: Latest News on Romance Scams**

If you've seen the news, 'romance scammers' are among the eighty defendants *indicted by the Department of Justice* in a scheme that stole millions from Americans. People reported losing \$143 million in romance schemes last year, more than any other type of fraud reported to the Federal Trade Commission. But there are steps you can take, and then tell someone about. So watch the video, [learn more](#), and pass it on.

### **CMG RISK Alert: Spike in Overdraft / NSF Fee Demand Letters Witnessed by Credit Unions**

The number of Overdraft / NSF Fee demand letters sent to credit unions has recently spiked, according to CUNA Mutual Group's Third-Party Litigation team. The demand letters target alleged deceptive practices and excessive overdraft / NSF fees. It's imperative for credit unions to review member account agreements and disclosures to ensure the documents properly disclose how and when overdraft and NSF are assessed.

### **CMG RISK Alert: Cut Down on Penalties During Fantasy Football Season**

During this time of the year, fantasy football can be a hot office topic. While fantasy sports and tournaments can play a role in building team chemistry and camaraderie; it can also lead to negative effects including lost productivity, improper use of credit union resources, and a potential violation of state and federal gaming laws.

### **CMG Webinar: Planning for the Branch of the Future**

There's no one strategy for developing the branch of the future. And, the reasons driving change can differ for each credit union. But, no matter the plan, it's critical that your policies, procedures, and internal controls are refreshed to best manage your operational risks.

On September 18, join CUNA Mutual Group Risk Consultants, Holly Spiczenski and Mike Petrone, and special guest speakers from three credit unions who all have a different approach to their branch of the future. [Watch this video](#) to get a sneak peak of what we're going to touch on during the live session.

### **US-CERT:**

- [September is National Preparedness Month: Be Prepared, Not Scared](#): National Preparedness Month promotes family and community disaster and emergency planning. This year's theme is "Prepared, Not Scared." Although most people understand that being prepared is essential to getting through an emergency such as a natural disaster, there is less awareness about the necessity of cybersecurity preparedness. Cybersecurity preparedness is often a deciding factor on how much an impact a cyber-related event, such as a ransomware infection, identity theft, or data breach, has on an individual or an organization.
- [Apple Releases Multiple Security Updates](#): Apple released security updates to address vulnerabilities in multiple products. The Cybersecurity and Infrastructure Security Agency (CISA) encourages users and administrators to review the Apple security pages and apply the necessary updates.
- [Google Releases Security Updates for Chrome](#): Google released Chrome version 76.0.3809.132 for Windows, Mac, and Linux. The CISA encourages users and administrators to review the [Chrome Release](#) page and apply the necessary updates.
- [Cisco Releases Security Updates](#): Cisco released security updates to address vulnerabilities in Cisco Integrated Management Controller (IMC) Supervisor, Unified Computing System (UCS) Director, and UCS Director Express for Big Data. The CISA encourages users and administrators to review the Cisco Security Advisories and apply the necessary updates.
- [CISA Insights: Ransomware Outbreak](#): The CISA released its first CISA Insights product, which discusses the rapid emergence of ransomware across our Nation's

[Risks, Rules & Records \(Webinar\)](#)

### **September 10**

[Managing Minor Accounts: Withdrawals, Transfers, CDD, Closing & Best Practices \(Webinar\)](#)

### **September 11**

[Conducting the 2019 ACH Audit \(Webinar\)](#)

### **September 12**

[Mortgage Lending Hot Spots Series: Appraisal & Evaluation Guidance on Collateral Valuation \(Webinar\)](#)

### **September 14**

[Leveraging the Credit Union Difference Workshop, Gather FCU, Kauai](#)

### **September 16**

[New Compliance Officer Boot Camp \(Webinar\)](#)

### **September 17**

[IRA Series: Handling IRA Required Minimum Distributions & Roth Distributions \(Webinar\)](#)

### **September 18**

[Regulation E Series: Auditing for Reg E Compliance \(Webinar\)](#)

### **September 19**

[Emerging Trends & Developments in Online, Mobile & Digital Channels \(Webinar\)](#)

### **September 24**

[Mitigating a Data Breach: Forensics & Incident Response \(Webinar\)](#)

### **September 25**

[Hiring in the Digital Age: What Every HR Manager Needs to Know About Social Media \(Webinar\)](#)

### **September 26**

[What Directors Should Know About CECL, ALLL & the New Credit Impairment Standards \(Webinar\)](#)

## **Compliance Video**

### **Compliance Outlook - 2nd and 3rd Quarters of 2019**

This presentation provides an overview of regulatory changes that may be impacting the credit union, effective in the 2nd and 3rd quarter of 2019.

Just a reminder that Compliance videos since 2014 can be found on

networks. [CISA Insights – Ransomware Outbreak](#) includes steps in key areas to help organizations protect themselves from ransomware attacks, a top priority for CISA.

YouTube at the [Compliance Connection channel](#), where they are generally updated quarterly.

## Questions & Answers

**Question: Can one revocable trust document cover two accounts with separate social security numbers? (e.g. social security numbers belonging to each of the two trustees.)**

**Answer:** A revocable trust can be assigned only one social security number. Generally, it is the grantor's social security number. Where a revocable trust has more than one grantor, it is inappropriate to use both grantors' social security numbers. If multiple social security numbers are used, then the member should consult with the attorney or person who drafted the agreement to determine the proper taxpayer identification number to use.

**Question: Which types of trust can be opened using the social security number of a trustee and which types of trust require a separate tax identification number?**

**Answer:** A revocable trust account may, in most instances, be established utilizing the grantor's social security number. An irrevocable trust account is established utilizing a separate taxpayer identification number. An account held by a living trust is established utilizing separate taxpayer identification, which in most instances, is the grantor's social security number. However, a different taxpayer identification number may be used depending upon the terms of the trust. It is the trustee's responsibility to inform a credit union which taxpayer identification number to record.

**Question: Should a trust account be reported to the IRS separately from other accounts using the same social security number?**

**Answer:** Yes. Although the Internal Revenue Service is concerned only with the total amount of interest paid by an institution to each of its depositors, there are internal operational considerations which suggest that interest earned on trust accounts should be reported separately. Many credit unions issue combined account statements to members. These statements are appropriate to use where several accounts are held under one form of ownership. For example, if John Doe has established a regular share account, share draft account and a share certificate account, the activity on all three accounts may be reported to the member in one account statement. In this situation, the credit union may also choose to file a combined 1099 for John Doe to the IRS.

If John Doe later decides to establish a trust account, however, it requires that a separate account statement be issued because the account is held under a different form of ownership from John Doe's individual accounts. Thus, John Doe's trust account activity should not be reported on his combined statement but rather on a separate account statement. In addition, for most credit unions, this will require a data processor to issue a separate 1099 to affected members.

Source: [InfoSight](#)

## Advocacy Highlight

### [The Nussle Report](#)

The Nussle Report delivers CUNA's insights on key events and policy developments affecting credit unions. This report also provides a valuable window into CUNA's actions on behalf of member credit unions and reinforces the value of CUNA membership. Topics for this week include:

- Credit unions win on field of membership issue
- [Harper meets CUNA in DC](#)
- [Talking the economy with CNBC](#)
- [NCUA clarifies rules on hemp businesses](#)

- [\*Congratulations to this year's Credit Union Rock Stars!\*](#)

### **CUNA Advocacy Update**

The CUNA Advocacy Update keeps you on top of the most important changes in Washington for credit union's and what CUNA is doing to monitor, analyze, and influence government agencies and federal law. Issues this week included:

- [\*BIG NEWS!! Court upholds NCUA's Field of Membership Rule\*](#)
- [\*Comments submitted to the FCC on SHAKEN/STIRRED Framework\*](#)
- [\*NCUA issues interim guidance on hemp\*](#)
- [\*Member Benefit: August Economic Update Ready!\*](#)
- [\*It's not too late: Develop your advocacy skills to become a well-rounded leader\*](#)

### **Pending Regulatory Comment Calls**

The League encourages credit unions to use [\*PowerComment\*](#) to file comment letters with regulators on the items below. For more information regarding these proposals, please follow the links below:

- [\*QM Definition under TILA \(Reg Z\) due to CFPB by September 16\*](#)
- [\*Delay of CECL effective date due to FASB by September 16\*](#)
- [\*Debt collection NPRM due to the CFPB by September 18\*](#)
- [\*Second Chance IRPS due to NCUA by September 27\*](#)
- [\*Disparate Impact Rule due to HUD by October 10\*](#)
- [\*Home Mortgage Disclosure Act \(Reg C\) Data Points & Coverage due to the CFPB by October 15\*](#)
- [\*Home Mortgage Disclosure \(Reg C\) reporting thresholds due to CFPB by October 15\*](#)
- [\*Federal Reserve actions to support Interbank settlement of faster payments due to FED by November 7\*](#)
- [\*Truth in Lending \(RegZ\) Annual Threshold Adjustments due to CFPB by January 1, 2020\*](#)

If you have any questions or comments concerning this newsletter, please contact Dorie Fitchett, Regulatory Officer at [dorie.fitchett@hcul.org](mailto:dorie.fitchett@hcul.org), or directly @ 203.6412, or for neighbor islands toll-free @ 1.888.331.5646 ext. 412.