

InfoSight Highlight

Service Denial and Expulsion

The funds that a credit union holds belong to its members. When a particular member causes the credit union to suffer a loss, that loss is borne by all members of the credit union. In light of this, some credit unions implement either a "member credit denial" policy or a "member expulsion" policy to deal with members who are indebted to the credit union and who cannot, or will not, repay their outstanding obligations. Another common issue is abusive or threatening members. In cases like this, many credit unions choose to adopt a service denial policy as a means of addressing the problem member.

In conjunction with these policies, the credit union may consider implementing a membership denial policy that denies a former member who has caused the credit union a loss and who either has not repaid that loss or is not in the process of repaying that loss, the privilege of re-obtaining membership at the credit union.

For additional information, scroll down the [Service Denial and Expulsion page](#) to view the Laws, Additional Resources, and Related Links.

Compliance News

Agencies Issue Final Amendments to Regulation CC Regarding Funds Availability

The Consumer Financial Protection Bureau and the [Federal Reserve Board](#) jointly issued [amendments to Regulation CC](#) that implement a statutory requirement to adjust for inflation every five years the amount of funds depository institutions must make available to their customers. The amendments apply in circumstances ranging from next business day withdrawal of certain check deposits to setting the threshold amount for determining whether an account has been repeatedly withdrawn.

The first set of adjustments are detailed in the [Federal Register notice](#) and will be effective on July 1, 2020, to allow institutions adequate time for implementation.

- The \$100 amount (changed in 2011 by the Dodd-Frank Act to \$200) in §229.10(c)(1)(vii) of deposits of non next-day checks to be available by the next business day will increase to \$225
- The \$400 amount in §229.12(d) (Time period adjustment for withdrawal by cash or similar means) will increase to \$450
- The \$5,000 amounts in §229.13(a) (New accounts), §229.13(b) (Large deposits) and §229.13(d) (Repeated overdrafts) will increase to \$5,525
- The \$1,000 and \$500,000 amounts in §229.21(a) (Civil liability) will increase to \$1,100 and \$552,500, respectively

The final rule also implements the EFA Act amendments made by the Economic Growth, Regulatory Relief, and Consumer Protection Act, which include extending coverage of the EFA Act to American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam; it also makes non-substantive changes to Regulation DD affecting cross references to Regulation CC. These changes will be effective 60 days after publication in the Federal Register. Still uncertain is the fate of proposed amendments to "clean up" the regulation to eliminate references to non-local checks and other outdated wording related to the Fed's pre-2010 multiple check processing regions. As originally proposed several years ago, these amendments would revise consumer notices and disclosures and could make other substantive changes.

NCUA: "Community, Service, and Savings" Initiative Marks Federal Credit Union Act

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Compliance Calendar

June 21

[ACH-Return for Questionable Transaction](#)

July 28

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

July 31

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

[*IRS Form 5500 or 5500-EZ](#)

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

August 12

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

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 30

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

Anniversary

To mark the 85th anniversary of the Federal Credit Union Act, the National Credit Union Administration launched a digital outreach initiative, "85 Years of Community, Service, and Savings."

NCUA Board Chairman Rodney E. Hood urged credit unions to make use of the agency's digital resources. "On this 85th anniversary of the signing of the Federal Credit Union Act, we should feel a great sense of accomplishment, but we should also accept the challenge to do more," Hood said. "I encourage credit unions and their members to take advantage of the information resources NCUA has available. An educated credit union member is a more financially secure member."

The digital outreach effort includes a [commemorative page](#) on its main website, [NCUA.gov](#), that traces the history of the Federal Credit Union Act, the agency, and the credit union system. The page features a [new credit union timeline](#), a [special consumer infographic](#), and a [commemorative seal](#). A [new page](#) on the agency's [MyCreditUnion.gov](#) consumer website highlights how credit unions help their members build secure financial futures.

MLA Website Changes Scheduled This Week

The Defense Manpower Data Center (DMDC) announced that on June 27, it will make significant changes to the [Military Lending Act \(MLA\) website](#) to enhance security of the site and better protect the personal information of servicemembers. All users of the site will be required to create user accounts, which will be required to access both the Single Record Request and the Multiple Record Request capabilities of the site. In addition to the username, password, company name, and challenge questions currently required to create a user account, beginning June 27, new MLA website users will be required to supply the user's first name, last name, address, and e-mail address in order to create an account. Starting around mid-August 2019, existing MLA website users will be required to update their accounts with the additional fields.

FTC: Final Rule Implementing Law Providing Free Credit Monitoring for Active Duty Military Consumers

The Federal Trade Commission has finalized the rule implementing a 2018 law that requires the nationwide consumer reporting agencies (CRAs) to provide free electronic credit monitoring services for active duty military consumers.

The [Free Electronic Credit Monitoring for Active Duty Military Rule](#), which will be published in the Federal Register shortly, implements legislation included in the 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act, which amended the Fair Credit Reporting Act (FCRA) by requiring CRAs to notify active duty military consumers about any "material" additions or modifications to their credit files.

FTC: New Crackdown on Illegal Robocalls

The Federal Trade Commission (FTC) and law enforcement partners [announce](#) new major crackdown on illegal robocalls, including 94 actions targeting operations around the country that are responsible for more than one billion calls pitching a variety of products and services including credit card interest rate reduction services, money-making opportunities, and medical alert systems.

The joint crackdown, "Operation Call it Quits," is part of the Commission's ongoing effort to help stem the tide of universally loathed pre-recorded telemarketing calls. It also includes new information to help educate consumers about illegal robocalls. In addition, the FTC continues to promote the development of technology-based solutions to block robocalls and combat caller ID spoofing.

CMG Webinar: How to Stay Ahead of Data Privacy Concerns

In today's data-driven world, you can never be too safe. Join the live webinar on July 17, to hear from industry's experts CUNA Mutual Group, M3 Insurance Solutions, and Beazley Group.

During this session, CMG will address data privacy concerns and how to stay ahead, including:

- Emerging data regulations
- Ensuring data security accountability
- Scanning for and mitigating vulnerabilities

December 31

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

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

Compliance Training

July 1

[ALLL Supporting Documentation: Current Rules & Future Expectations Under CECL \(Webinar\)](#)

July 2

[Managing Accounts & Records for Nonresident Aliens: Opening, Identifying, Monitoring & Tax Reporting \(Webinar\)](#)

July 9

[Mortgage Lending Hot Spots Series: Surviving a TRID Compliance Exam \(Webinar\)](#)

July 9-10

[Basic Credit Union Accounting Class - CU Hawaii FCU, Hilo](#)

July 10

[FinCEN Guidelines on Reporting Elder Financial Exploitation \(Webinar\)](#)

July 14-26

[Western CUNA Management School, Pomona, California](#)

July 16

[IRA Series: Processing IRA Rollovers & Transfers \(Webinar\)](#)

July 18

[Regulation E Series: Legally Handling ATM & Debit Card Claims Under Regulation E \(Webinar\)](#)

July 23

[Call Report Series: Call Report Preparation: Avoiding Common Errors \(Webinar\)](#)

July 27

[Stay Engaged & Strengthen Teams Workshop - Hawaii Community FCU, Kona](#)

Compliance Video

Compliance Outlook S. 2155, Part 1

When Senate Bill 2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act, passed in 2018 there was a lot to understand!

- Understanding the importance of cyber liability insurance
- Developing an incident response plan

[Click here](#) to register for this free webinar.

OFAC Targets Senior IRGC Commanders

The U.S. Treasury announced that OFAC has taken action against eight senior commanders of Navy, Aerospace, and Ground Forces of the Islamic Revolutionary Guards Corps (IRGC). Those designations reinforce the President's action in issuing an Executive Order imposing sanctions on the Supreme Leader of the Islamic Republic of Iran as well as the Supreme Leader's Office. The President's order will deny Iran's leadership access to financial resources and authorizes the targeting of persons appointed to certain official or other positions by the Supreme Leader or the Supreme Leader's Office. Moreover, any foreign financial institution that knowingly facilitates a significant financial transaction for entities designated under this Executive Order could be cut off from the U.S. financial system.

OFAC: Amendment of Reporting, Procedures & Penalties Regulations

The Office of Foreign Assets Control (OFAC) is *amending the Reporting, Procedures and Penalties Regulations*, 31 CFR part 501 which establishes standard reporting and recordkeeping requirements and license application and other procedures relevant to the economic sanctions programs administered by OFAC. The interim rule:

1. provides updated instructions and incorporates new requirements for parties filing reports on blocked property, unblocked property, or rejected transactions;
2. revises the licensing procedures section to include information regarding OFAC's electronic license application procedures, and to provide additional instructions regarding applications for the release of blocked funds; and
3. clarifies the rules governing the availability of information under federal law, including the Freedom of Information Act (FOIA), for information that is submitted to OFAC in connection with blocking or unblocking reports, reports on rejected transactions, or license applications.

The amendments are effective June 21, 2019. Comments on the interim final rule will be accepted through July 22, 2019.

US-CERT:

- [Cisco Releases Security Updates for Data Center Network Manager](#): Cisco released security updates to address vulnerabilities in Cisco Data Center Network Manager (DCNM).
- [CISA Statement on Iranian Cybersecurity Threats](#): Cybersecurity and Infrastructure Security Agency (CISA) Director Christopher C. Krebs released a statement in response to the recent rise in malicious cyber activity, including spear phishing and brute force attacks, by Iranian regime actors and proxies. CISA encourages users and administrators to review the [CISA Statement on Iranian Cybersecurity Threats](#) and [tips and best practices for staying safe online](#).
- [Dell Releases Security Advisory for Dell SupportAssist](#): Dell released a security advisory to address a vulnerability in Dell SupportAssist software.
- [Apache Releases Security Advisory for Apache Tomcat](#): Apache released a security advisory to address a vulnerability in Apache Tomcat.
- [Apple Releases Security Updates for AirPort 802.11n Wi-Fi Base Stations](#): Apple released security updates to address vulnerabilities in AirPort Express, AirPort Extreme, and AirPort Time Capsule wireless routers with 802.11n.
- [Multiple Vulnerabilities Affecting Linux, FreeBSD Kernels](#): The CERT Coordination Center (CERT/CC) released information on TCP networking vulnerabilities affecting Linux and FreeBSD kernels.
- [Microsoft Releases Outlook for Android Security Update](#): Microsoft released an update to address a vulnerability in Outlook for Android.
- [Mozilla Releases Security Updates for Firefox, Thunderbird](#): Mozilla released security updates to address vulnerabilities in Firefox, Firefox ESR, and Thunderbird.

Glory LeDu, League InfoSight CEO, provides a short breakdown for you. [Click here](#) for the slide presentation. Just a reminder that Compliance videos since 2014 can be found on YouTube at the [Compliance Connection channel](#), where they are generally updated quarterly.

- [Cisco Releases Security Updates for Multiple Products](#): Cisco released security updates to address vulnerabilities in [multiple Cisco products](#).

Questions & Answers

Question: What do credit unions need to consider before offering business accounts?

Answer: Business services are increasing as credit unions continue to penetrate their fields of membership and as more credit union members become entrepreneurs.

If a credit union is looking to meet this demand and offer business accounts, the following items should be considered:

- What types of businesses will the credit union accept as members?
- Are there any businesses the credit union will not accept?
- What types of accounts will the credit union offer?
- Will the credit union offer business loans?
- What type of pricing will the credit union have?
- What forms will be necessary?
- What kind of documentation will the credit union require from the business?
- Will there need to be a night depository?
- Will the credit union need a dedicated business account teller in the lobby?
- What coin and currency considerations and changes will be required?
- Will the credit union need to increase the vault coverage?

The credit union can offer business, association, and club accounts (herein referred to as "business/organizational accounts"). Both state and federally chartered credit unions can offer these accounts provided that field-of-membership requirements are met.

To open a business/organizational account, the policymaking body for the business, association, or club must authorize its application for membership. The credit union should obtain a copy of the organization's minutes reflecting the adoption of a resolution authorizing application for membership in the credit union.

Question: Is it true that specialized account agreements are needed when a credit union establishes a business account for one of its members?

Answer: While specialized, comprehensive account agreements might be a good idea for the credit union to use when establishing business accounts, they are not required by law or regulation. Therefore, it is a decision for the credit union to make whether or not to use a specialized account agreement to establish a business account, including how extensive the agreement should be, or whether to simply use an account card developed specifically for establishing accounts for businesses.

In the absence of specific provisions in your account card contract, the Uniform Commercial Code (UCC) governs the account relationship between your credit union and the business. The principal benefit of having a very detailed business account contract is that, if a legal matter were to arise, it may be easier to prove your case in court if you can produce a comprehensive agreement clearly stating the terms of the relationship rather than have to point to various sections of the UCC.

Source: [Infosight](#)

Additional resources:

CU PolicyPro has the following policies on business accounts:

- **2211 - Business Accounts**

- 2110 - Bank Secrecy Act/Anti-Money Laundering Program
- 2112 - BSA - Marijuana-Related Business Accounts
- 2113 - BSA – Not Servicing Marijuana-Related Business Accounts
- 2205 - Unlawful Internet Gambling
- 2210 - Accounts
- 2215 - Account Ownership
- 2225 - Remote Banking
- 11009 - Identity Theft Red Flag Guidelines

Note: you must have a username and password to access CU PolicyPro. To register, go to: http://hi.leagueinfo.com/CU_PolicyPro_Registration_34685.html. If you already have a username and password, go to: <https://policypro.leagueinfo.com/members.php>.

If you are looking for procedures, go to the [CUNA Compliance Community](#). Credit unions have shared some of their procedures with the compliance community. This is a secured website, you will need to have your username and password for CUNA.

Advocacy Highlight

[NCUA Proposed Delaying Risk-Based Capital Rule Until 2022](#)

At the June open meeting the NCUA Board approved one item: a *proposed rule* delaying the effective date of the agency's risk-based capital rule to January 1, 2022. [Click here](#) for the video recording of the open meeting. The proposed rule was published in the [Federal Register](#) on June 26, with comments due by July 26.

[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:

- Exploring ideas that move at ACUC
- Raising our voices in the media
- 360-degree advocacy
- [Updates from NCUA's latest Board meeting](#)

[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:

- [The Week Ahead in Washington](#)
- [Op-ed: I wrote an article for CUInsight sharing our Advocacy Agenda for the remainder of 2019!](#)
- [House Ways and Means Committee passes CUNA-supported repeal of UBIT](#)
- [NCUA proposes to delay RBC Rule](#)
- [BSA/AML concerns addressed in draft legislation](#)
- Credit union concerns shared with Committees prior to hearings on both sides of the Capitol
- [CFPB's Ombudsman hosts forum in Chicago](#)
- [6th Circuit Court of Appeals schedules arguments in CU ADA cases](#)

[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:

- [Potential Regulatory Changes to the Remittance Rule due to the CFPB by June 28](#)
- [Regulatory Flexibility Act Review of 2009 Overdraft Rule due to the CFPB by July 1](#)
- [Home Mortgage Disclosure Act \(Reg C\) Data Points and Coverage due to the CFPB by July 8](#)
- [Public Unit and Nonmember Shares due to the NCUA by July 29](#)
- [Debt collection NPRM due to the CFPB by August 19](#)

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