

InfoSight Highlight

Charitable Donation Accounts

A charitable donation account (CDA) is a hybrid charitable and investment vehicle that federal credit unions may fund as a means to provide charitable contributions and donations to qualified charities. A qualified charity is a charitable organization or other non-profit entity recognized as exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

A federal credit union may fund a CDA free from the investment limitations of the Federal Credit Union Act and part 703, if it funds a CDA that satisfies all of the following conditions:

- Maximum aggregate funding. The book value of your investments in all CDAs, in the aggregate, as carried on your statement of financial condition prepared in accordance with generally accepted accounting principles, must be limited to 5 percent of your net worth at all times for the duration of the accounts, as measured every quarterly Call Report cycle. This means that regardless of how many CDAs you invest in, the combined book value of all such investments must not exceed 5 percent of your net worth. You must bring your aggregate accounts into compliance with the maximum aggregate funding limit within 30 days of any breach of this limit.
- Segregated account. The assets of a CDA must be held in a segregated custodial account or special purpose entity and must be specifically identified as a CDA.
- Regulatory oversight. If you choose to establish a CDA using a trust vehicle, the trustee must be regulated by the Office of the Comptroller of the Currency (OCC), the U.S. Securities and Exchange Commission (SEC), another federal regulatory agency, or a state financial regulatory agency. A regulated trustee or other person or entity that is authorized to make investment decisions for a CDA (manager), other than the credit union itself, must be either a Registered Investment Adviser or regulated by the OCC.

For more information, go to the [Investment channel](#) and click on the [Charitable Donation Accounts topic](#).

Compliance News

CFPB: Upcoming Webinar: SARs on Elder Financial Exploitation

Join experts from the CFPB's Office for Older Americans for a free [webinar](#) on April 9 at 8:00 a.m. HST, highlighting the findings from its new report, [Suspicious Activity Reports on Elder Financial Exploitation: Issues and Trends](#). The webinar will provide key facts, trends, and patterns revealed in these Suspicious Activity Reports (SARs), filed by banks, credit unions, money transmitters, and other financial services providers. Presenters will discuss the implications of these findings and next steps.

Key audiences for this webinar include financial institutions, law enforcement, prosecution, adult protective services, the aging network, and others working to enhance protections for older adults. CFPB's first-ever public analysis provides a chance to better understand elder fraud and find ways to improve prevention and response.

CFPB Highlights Servicemember Complaints

The Bureau has released its [2018 Complaint Snapshot](#), with a national overview of servicemember complaints and complaint information by state. There were 33,984 complaints received in 2018, an increase of 12% over those received in 2017.

NCUA: Share Insurance Fund Closed 2018 with \$226.5 Million Net Income

The National Credit Union Administration Board held its third open meeting of 2019 at the

InfoSight
Compliance eNewsletter
March 20, 2019
Vol. 12, Issue 12

Created in partnership with
the Credit Union National
Association

Compliance Calendar

April 1

*[IRS Electronic Forms Due to IRS](#)
*[Prepaid Accounts under the EFT Act/Regulation E & Truth-in-Lending Act/Regulation Z](#)

April 30

*[Form UC-B6, "Quarterly Wage Contribution & Employment & Training Assessment Report"](#)
*[Form 941, Employer's Quarterly Federal Tax Return](#)

May 10

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

June 21

[ACH-Return for Questionable Transaction](#)

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](#)

agency's headquarters and unanimously approved one item: A final rule making regulations regarding loans and lines of credit to members clearer and easier to follow.

NCUA: Q4 2018 State Credit Union Data Report Available

Federally insured credit unions generally saw continued positive trends in the fourth quarter of 2018, according to the latest NCUA [Quarterly U.S. Map Review](#).

NMLS Releases Mortgage Industry Report for 2018 Q4

The [NMLS Mortgage Industry Report for the fourth quarter of 2018](#) is available. Updates to the [Money Services Businesses Fact Sheet](#) and [Debt Collection Fact Sheet](#) have also been posted.

IRS Tax Tip: Phony IRS Calls Increase During Filing Season

The tax filing season is a busy time for taxpayers, but scammers also stay busy. Taxpayers should be aware of [several types of tax scams](#), but phone scams start to increase during the beginning of tax season and then remain active throughout the remainder of the year.

CMG RISK Alert: Transportation Fad Drives Potential Liability for Credit Unions

Electric scooter and bicycle ride shares are popping up in U.S. cities allowing users to travel through highly populated areas. Some employers cover the membership or rental fees as a commuter perk or part of a corporate wellness program. However, accidents are growing. And, liability could result from an employee's failure to obey traffic laws or injuries occurring when used on work time.

OFAC: Issuance of Venezuela-related General License 7A

The Department of the Treasury's Office of Foreign Assets Control (OFAC) issued amended Venezuela-related [General License 7A, "Authorizing Certain Activities Involving PDV Holding, Inc. and CITGO Holding, Inc."](#) to extend its expiration date.

FinCEN Replaces Part 561 List with CAPTA List

The OFAC posted an announcement that it is replacing its [List of Foreign Financial Institutions Subject to Part 561](#) with the [List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions](#) (the "CAPTA List"). The CAPTA List contains identifying information of foreign financial institutions for which the opening or maintaining of a correspondent account or a payable-through account in the United States is prohibited or is subject to one or more strict conditions. The specific strict conditions or prohibitions to which the foreign financial institutions are subject include the Ukraine Freedom Support Act of 2014, as amended by the Countering America's Adversaries Through Sanctions Act (CAATSA), the North Korea Sanctions Regulations, 31 C.F.R. part 510, the Iranian Financial Sanctions Regulations, 31 C.F.R. Part 561, which were identified on OFAC's now defunct Part 561 List, and the Hizballah International Financing Prevention Act of 2015, which would be identified on the Hizballah Financial Sanctions Regulations List (the "HFSR List").

Treasury Sanctions Russia Over Continued Aggression in Ukraine

The OFAC designated six Russian individuals and eight entities in response to Russia's continued and ongoing aggression in Ukraine. THIS action targets individuals and entities playing a role in Russia's unjustified attacks on Ukrainian naval vessels in the Kerch Strait, the purported annexation of Crimea, and backing of illegitimate separatist government elections in eastern Ukraine. These actions complement sanctions also taken by the European Union and Canada, and underscore the strength and commitment of the transatlantic partnership to counter Russia's continued destabilizing behavior and malign activities.

US-CERT:

- [Mozilla Releases Security Updates for Firefox](#): Mozilla released security updates to address vulnerabilities in Firefox and Firefox ESR. The Cybersecurity and Infrastructure Security Agency (CISA) encourages users and administrators to review the Mozilla Security Advisories for [Firefox ESR 60.6](#) and [Firefox 66](#) and apply the necessary updates.
- [Microsoft Ending Support for Windows 7](#): All software products have a life-cycle. After January 14, 2020, Microsoft will no longer provide security updates or support for PCs running the Windows 7 operating system. Computers running the Windows 7 operating system will continue to work even after support ends. However, using unsupported software may increase the risks from viruses and other security threats.

Compliance Training

March 25

[Handling Power of Attorney & Living Trust Documents on Deposit Accounts & Loans \(Webinar\)](#)

March 26

[Board Reporting Series: Red Flags in Board Reports \(Webinar\)](#)

March 27

[Credit Analysis & Underwriting Series: Global Cash Flow Analysis for Underwriters & Credit Analysts \(Webinar\)](#)

April 2

[Mobile Device Risks, Records & Compliance Rules: Managing Your BYOD & COPE Policies & Procedures \(Webinar\)](#)

April 3

[UDAAP: Consumer Complaint Monitoring & Avoiding Harm \(Webinar\)](#)

April 4

[C-Suite Series: Enterprise Risk Management: Three Key Risk Assessments \(Webinar\)](#)

April 6

[HCUL Frontline Essentials Workshop - Kona](#)

April 8

[Notary Essentials & Legalities \(Webinar\)](#)

April 9

[Board Reporting Series: Security Officer Reports to the Board: Fulfilling Your Annual Requirement \(Webinar\)](#)

April 10

[Teller Training Series: Accurately Completing the CTR Line-by-Line \(Webinar\)](#)

April 16

[Loan Underwriting 101: Interviewing, Credit Reports, Debt Ratios & Regulation B \(Webinar\)](#)

April 17

[Consumer Collection Series: Your Borrower Filed Bankruptcy, Now What? \(Webinar\)](#)

April 18

[ACH Specialist Series: Liability with ACH DNEs & Reclamations \(Webinar\)](#)

- [Now Available: Recording of Chinese Malicious Cyber Activity Briefing](#): The CISA posted the February 14, 2019, Awareness Briefing on Chinese Malicious Cyber Activity. This webinar provides background and mitigation techniques on Chinese malicious cyber activity targeting managed service providers (MSPs).
- [New Zealand Tragedy-Related Scams and Malware Campaigns](#): In the wake of the recent New Zealand mosque shootings, the CISA advises users to watch out for possible malicious cyber activity seeking to capitalize on this tragic event. Users should exercise caution in handling emails related to the shootings, even if they appear to originate from trusted sources. Fraudulent emails often contain links or attachments that direct users to phishing or malware-infected websites. Emails requesting donations from duplicitous charitable organizations are also common after tragic events.
- [Intel Releases Security Advisories on Multiple Products](#): Intel released security updates and recommendations to address vulnerabilities in multiple products. The Cybersecurity and Infrastructure Security Agency (CISA) encourages users and administrators to review the [Intel Product Security Center Advisories](#) page, apply the necessary mitigations, and refer to software vendors for appropriate patches, when available.
- [VMware Releases Security Updates for Workstation and Horizon](#): VMware released security updates to address vulnerabilities affecting Workstation 14 and 15, and Horizon 6 and 7. The CISA encourages users and administrators to review VMware Security Advisories [VMSA-2019-0002](#) and [VMSA-2019-0003](#) and apply the necessary updates.
- [Microsoft Releases Security Update for Azure Linux Guest Agent](#): Microsoft released an update to address a vulnerability in Azure Linux Guest Agent. The CISA encourages users and administrators to review the [Microsoft Security Advisory](#) and apply the necessary update.
- [MS-ISAC Releases Security Primer on TrickBot Malware](#): The Multi-State Information Sharing and Analysis Center (MS-ISAC) released a security primer on TrickBot malware. TrickBot is a modular banking Trojan that targets users' financial information and acts as a dropper for other malware. An attacker can leverage TrickBot's modules to steal banking information, conduct system and network reconnaissance, harvest credentials, and achieve network propagation.
- [WordPress Releases Security Update](#): WordPress 5.1 and prior versions are affected by a vulnerability. The CISA encourages users and administrators to review the [WordPress Security and Maintenance Release](#) and upgrade to WordPress 5.1.1.
- [Cisco Releases Security Updates](#): Cisco released security updates to address vulnerabilities in Cisco products. A remote attacker could exploit one of these vulnerabilities to cause a denial-of-service condition.
- [Google Releases Security Updates for Chrome](#): Google released Chrome version 73.0.3683.75 for Windows, Mac, and Linux. This version addresses multiple vulnerabilities that an attacker could exploit to take control of an affected system.

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:

- [New CRA bill removes credit unions from compliance](#)
- [Bill would allow credit unions to legally bank cannabis companies](#)
- [NCUA board gets confirmations and holds board meeting](#)
- [Maturity limit increase critical to FCUA modernization](#)
- [Director Kraninger testifies before the Senator Finance Committee](#)
- [Financial services committee considers flood insurance reauthorization](#)

April 23

[Top 20 Questions About Completing the TRID Loan Estimate & Closing Disclosure \(Webinar\)](#)

April 24

[Escrow Account Shortages, Surpluses & Deficiencies \(Webinar\)](#)

April 25

[C-Suite Series: ALM Strategies in a Rising Rate Environment \(Webinar\)](#)

April 27

[ACH Basics for Frontline Staff Workshop – Kauai](#)

April 29

[Hacking the Weakest Link: The Role of Staff in Maintaining IT Security \(Webinar\)](#)

April 30

[*ACH Basics for Frontline Staff Workshop – Oahu](#)
[*Call Report Series: Introduction to Call Report Loan Classifications \(Webinar\)](#)

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! 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.

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:

- [*I wrote to the Hill and gave a recap of GAC*](#)
- [*CUNA's 360-degree Advocacy-in-Action: Senator Warren's legislation excludes credit unions from the CRA*](#)
- [*CUNA sets the record straight on Elizabeth Warren's new bill*](#)
- [*CUNA met with DOJ civil rights division on ADA*](#)
- [*CUNA's Consumer Protection Subcommittee met with Director Kraninger*](#)
- [*CUNA writes letter of support for H.R. 1661 to increase maturity limits*](#)
- [*Senate confirms Hood & Harper for NCUA Board*](#)
- [*CU advisory council gives feedback on HMDA, PACE financing*](#)
- [*NCUA finalizes Loans to Members Rule*](#)

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:

- [*FHFA validation and approval of credit score models due to FHFA by March 21.*](#)
- [*Annual supervisory committee audits and verifications due to NCUA by April 26.*](#)
- [*Request for information on the consumer credit card market due to CFPB by May 1.*](#)
- [*Payday, vehicle title, and certain high-cost installment loans due to the CFPB by May 15.*](#)
- [*Residential property assessed clean energy financing due to the CFPB by May 15.*](#)

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.