InfoSight Highlight

Prescreen Opt-out Notice

The Fair and Accurate Credit Transactions Act of 2003 (FACT Act) directed the Federal Trade Commission (FTC), in consultation with the Federal banking agencies and NCUA, to adopt a rule to improve the required notice to consumers regarding their right to opt out of prescreened solicitations for credit or insurance.

The Fair Credit Reporting Act (FCRA) allows creditors to obtain credit reports for transactions not initiated by the member - called prescreened offers of credit. In order to provide a prescreened offer, the credit union must be able to extend a firm offer of credit.

When the credit union engages in prescreening it is required to provide the consumer with the following statement, consisting of a short notice and a long notice, which shall be in the same language as the offer of credit or insurance.

Visit the Prescreen Opt-out Notice topic in the Advertising channel of InfoSight to review the short and long portions of the statement that you must provide. The topic also links to the rule, where you can find model forms in both English and Spanish.

Compliance News

Elder Financial Abuse Has Become More Acute

This somber assessment by Thomas Curry, Chief Officer of the OCC (Office of the Comptroller of the Currency) which he shared in a speech in Washington, D.C. last month follows on the heels of several notable events related to elder financial abuse earlier this year. The True Link Report on Elder Financial Abuse 2015 published in January indicated their “research reveals that seniors lose $36.48 billion each year to financial abuse” and that “approximately 36.9% of seniors are affected by financial abuse in any five-year period”. The U.S. Senate Special Committee on Aging held a hearing in early February to focus on elder financial exploitation which Chairman Senator Collins characterized as a “growing epidemic” and the Executive Director of NAPSA (National Adult Protective Services Association) testified is “a rampant, largely invisible, expensive and lethal problem”. And in

Georgia Credit Union Affiliates

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Compliance Video

Compliance Connection Video

In this video, League InfoSight CEO Glory LeDu talks about the highlights from the 4th Quarter of 2018 and the 1st Quarter of 2019.

When S.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 Part 1 in this short video to break it down for you.

Just a reminder that Compliance videos since 2016 can be found on YouTube at the Compliance Connection

late February, the New York State Department of Financial Services issued Guidance for Financial Institutions on Preventing Elder Financial Exploitation which referenced red flags indicators that had been published in a FinCEN advisory.

The Comptroller of the Currency made a second emphatic statement in his March speech on this escalating crime. Mr. Curry stressed that "[financial institutions] can play a critical role in identifying financial fraud and protecting their older customers against these losses." With the heightened expectation and responsibility for financial institutions to detect and report elder financial abuse, the following list of red flag indicators which was compiled by BITS, the Technology Policy Division of the Financial Services Roundtable, may be helpful.

Three Red Flag Categories:

- Changes in Spending and Transaction Patterns
- Changes to Accounts and/or Documentation
- Changes in Appearance or Demeanor

1. Changes in Checking and/or Credit/Debit Spending and Transaction Patterns

1. A set of "out-of-sync" check numbers.
2. A sudden flurry of "bounced" checks and overdraft fees.
3. Transaction review shows multiple small dollar checks posting to the senior's account in the same month. This could be indicative of telemarketing or charity scams.
4. Large withdrawals from a previously inactive checking or credit account or a new joint account.
5. Account use shortly after the addition of a new authorized signer.
6. Abrupt increases in credit or debit card activity.
7. Sudden appearance of credit card balances or ATM/debit card purchases or withdrawals with no prior history of such previous use.
8. Withdrawals or purchases using ATM or debit cards that are repetitive over a short period of time.
9. Withdrawals or purchases using ATM or debit cards that are inconsistent with prior usage patterns or times (e.g., late night or very early morning withdrawals by elderly customers, withdrawals at ATMs in distant parts of town by customers who don't drive or are house bound).
10. Withdrawals or purchases using ATM or debit cards that are used shortly after the addition of a new authorized signer.

channel, where they are generally updated quarterly.

Compliance Calendar

September 7
Labor Day - Federal Holiday

September 18
NACHA's Return Rate Levels & Reinstated Transactions Rule

October 3
CFPB: Know Before You Owe Disclosure - Effective Date

CFPB: Integrated Mortgage Disclosures - Effective Date

October 12
Columbus Day - Federal Holiday

October 23
5300 Call Report Due to NCUA

November 1
Daylight Savings Time Ends

November 11
Veterans' Day - Federal Holiday

November 26
Thanksgiving Day - Federal Holiday

December 25
Christmas Day - Federal Holiday

December 31
Foreign Account Tax

11. Unexplained disappearance of funds or valuable possessions, such as safety deposit box items.
12. Vulnerable adult appears confused about the account balance or transactions on his or her account.
13. A caregiver appears to be getting paid too much or too often.
14. Significant increases in monthly expenses paid which may indicate that expenses for persons other than the customers are being paid.
15. Sudden changes in accounts or practices, such as unexplained withdrawals of large sums of money, particularly with a vulnerable adult who is escorted by another (e.g., caregiver, family member, "friend") who appears to be directing the changing activity patterns.

2. Changes to Accounts and/or Documentation

1. Recent changes or additions of authorized signers on a vulnerable adult's financial institution signature card.
2. Statements are sent to an address other than the vulnerable adult's home.
3. Vulnerable adult has no knowledge of a newly- issued ATM, debit or credit card.
4. Abrupt changes to, or confusion regarding changes in, financial documents such as Power of Attorney, account beneficiaries, wills and trusts, property titles, deeds and other ownership documents.
5. Sudden unexplained transfers of assets, particularly real property.
6. Sudden appearance of previously uninvolved relatives claiming their rights to a vulnerable adult's affairs and possessions.
7. Discovery of a vulnerable adult's signature being forged for financial transactions or for the titles of his or her possessions.
8. Refinance of the vulnerable adult's property, particularly with significant cash out or with the addition of new owners on the deed and, most particularly, without the new owners shown as co-borrowers on the loan.

3. Changes in Appearance or Demeanor

1. Vulnerable adult has a companion who seems to be "calling the shots".
2. Change in the vulnerable adult's physical or mental appearance. For example, the customer may appear uncharacteristically disheveled, confused or forgetful. These

Compliance Act Effective Date

Click here for upcoming compliance dates.

Compliance Training

September 1, 2015
TCPA - RoboCalls, Text Messages and the New FCC Ruling - Webinar
12:00 - 1:30 p.m. EST

September 1, 2015
Improving Credit and Correcting Errors on Credit Reports – Webinar
2:00 – 3:30 p.m. EST

September 8, 2015
Helping Your Members Understand Their Rights on Repossessions, Foreclosures and Bankruptcies - Webinar
2:00 – 3:30 p.m. EST

September 8 – October 7, 2015
CUNA Lending Compliance eSchool
3:00 – 4:30 p.m. EST

September 9, 2015
New Restrictions on Second-Lien Stripping in Bankruptcy - Webinar
12 - 1:00 p.m. EST

September 14, 2015
Changes to the Military Lending Act - Webinar
11:30 - 12:30 p.m. EST

September 16 – 17, 2015
Leadership Development

signs could indicate self-neglect or early dementia and leave the vulnerable adult open for financial exploitation.
3. Vulnerable adult acknowledges providing personal and account information to a solicitor via the phone or email.
4. Excitement about winning a sweepstakes or lottery.
5. Allegations from a vulnerable adult or relative regarding missing funds or physical or mental abuse.

See also the FinCEN Advisory regarding filing Suspicious Activity Reports regarding Elder Financial Exploitation.

(*Source: Verafin*)

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Revocable Trust Account Coverage
Question: I am reviewing our credit union's revocable trust accounts. Am I correct that each owner and each beneficiary of each trust account is insured up to $250,000?

Answer: The answer, according to CUNA's Compliance Blog is "no." Insurance coverage for revocable trust accounts is calculated differently depending on the number of eligible beneficiaries named by the owner, the beneficiaries' interests, and the amount of the funds.

NCUA defines an eligible beneficiary as "a natural person as well as a charitable organization and other non-profit entity recognized as such under the Internal Revenue Code". (12 CFR 754.4(c))

Each owner of a revocable trust may be entitled to insurance coverage up to $250,000 for each beneficiary that the account owner designates in the revocable trust account. For example, if all of the beneficiaries are eligible and have equal interests, the insurance coverage for each owner is calculated by multiplying $250,000 times the number of beneficiaries.

All funds attributable to non-eligible beneficiaries are aggregated and insured up to $250,000 as the single account funds of the trust owner. Additionally, if the trust account has six or more beneficiaries and specifies different interests for the beneficiaries, the owner may be insured up to each beneficiary's actual interest in the trust.

Institute
Duluth, GA

September 16, 2015
Participation Lending in a Safe and Sound Manner - NCUA Webinar
2:00 p.m. EST

September 20 – 25, 2015
CUNA Regulatory Compliance School
Boston, MA

Sept. 24 – Oct. 15, 2015
CUNA Bank Secrecy Act eSchool
3:30 – 5:30 p.m. EST

September 28, 2015
BSA Internal Audit Strategies – Webinar
3:30 – 5:30 p.m. EST

October 1, 2015
Don't Let Orange Become the New Black: Enforcement Actions – Webinar
3:30 – 4:30 p.m.

October 8, 2015
What's In Your Member's Wallets – Webinar
3:30 – 4:30 p.m. EST

October 13 & 22, 2015
ACH Origination – Webinar
2:00 – 3:00 p.m. EST

October 15, 2015
Beneficial Owners and Business Accounts – Webinar
3:30 – 4:30 p.m. EST

For more information and examples of how to insure revocable trust accounts, review NCUA's Your Insured Funds brochure.

NCUA to Host Webinar on Safe & Sound Participation Lending
NCUA will host a free 90-minute webinar on **September 16 at 2:00 p.m. EST** entitled, "Participation Lending in a Safe and Sound Manner." The program will cover:

- The benefits of participation lending for buyers and sellers
- The three levels of due diligence for participation buyers
- Buyer and seller side case studies
- Participation solutions in partnership with corporate credit unions

Participants may submit questions in advance at WebinarQuestions@ncua.gov. The subject line of the email should read, "Participation Lending." Click here for more information.

Your CU Should Know…
Credit Unions Should Review their Privileged Access Users Annually: According to NCUA, not only should credit unions, at a minimum, review their privileged access users and systems annually, there should be additional vetting when privileged access rights are expanded for any user account. During such a review, NCUA recommends that credit unions consider the following questions:

- Do our users need the level of access they currently have?
- Have we segregated sensitive systems and data stores into secure enclaves?
- Do we have effective oversight of privileged access?
- How can we make active monitoring part of our culture?

October 21, 2015
Lending Workshop
Duluth, GA

November 12, 2015
BSA/OFAC Workshop
Atlanta, GA

BSA Training Opportunities through GCUA
Click here for details

NCUA states that "these simple steps can go a long way to reducing the potential for unauthorized access of critical systems." For more information see *NCUA Report*, August 2015.

Strong Credit Card Verification Process Needed: According to NCUA, credit union's verification process is critical to stem credit card fraud. NCUA believes that "credit unions offering Apple Pay should review their current practices for customer verification to ensure they are doing everything they can to mitigate potential fraud." See *NCUA Report*, August 2015 for tips.

Bureau Complaints—Credit Report Issues: The Consumer Financial Protection Bureau (CFPB) has announced on its Blog and in a news release the publication of its Complaint Report for the Month of August, which features credit reporting issues reported to the agency. The report also includes an in-depth look at consumer complaints in Los Angeles, California, where mortgages are the most complained-about product, and credit reporting and debt collection complaints represented slightly lower percentages of overall complaints than at the national level.

CFPB Urges Students to Review College-Sponsored Bank Accounts: An article on the Bureau Blog advises new college students to consider all options before opening a bank account, and to be aware that an account that's co-branded with a school logo and attached to a student ID/debit card may not be the best deal available. A checklist for opening a bank or credit union account was provided.

Court Rules FTC Can Hold Companies Accountable for Weak Data Security: The FTC originally alleged that Wyndham Hotel and Resort had engaged both in unfair and deceptive business practices in violation of Section 5 of the FTC Act by failing to maintain reasonable and appropriate data security measures. The alleged security failures led to at least three data breaches between April 2001 and January 2010, exposing consumer data and payment card account numbers. Wyndham has been fighting back arguing that the FTC exceeded its statutory authority and Congress never intended for the commission to be able to use its Section 5 powers to police "failures

to institute voluntary industry best practices". The U.S. Court of Appeals for the Third Circuit rejected these arguments finding that "it is not only appropriate, but critical, that the FTC has the ability to take action on behalf of consumers when companies fail to take reasonable steps to secure sensitive consumer information."

Warn Your Member of IRS Scams: It used to be that scammers were posing as IRS agents to target the most vulnerable populations, such as older Americans, newly arrived immigrants and those whose first language is not English. Now these scammers are targeting anyone.

In a new variation, scammers alter what appears on the victim's telephone caller ID to make it seem like the call is coming from the IRS or another agency such as the Department of Motor Vehicles. They use fake names, titles and badge numbers. They use online resources to get the victim's name, address and other details about their life to make the call sound official. These scammers will even provide their victims with directions to the nearest financial institution or business where the victim can obtain a means of payment such as a debit card.

It's important to remind your members that the official IRS website is IRS.gov. They should be on the look-out for sites claiming to be the IRS but ending in .com, .net, .org or other designations instead of .gov. Remind your members never to provide personal information, financial or otherwise, to suspicious websites or strangers calling out of the blue.

If one of your members is targeted by any scam, be sure to contact the Federal Trade Commission and use their "FTC Complaint Assistant" at FTC.gov.

Census Tract Changes Explained: In the past 12 months, the Census published changes to counties and census tracts for 2013, 2014, and 2015. The FFIEC previously posted information related to these changes, but recent questions have come up about FFIEC implementation of these changes. Information about the most recent and historical changes is available on the FFIEC site.

AML Regs Proposed for Investment Advisors: The Financial Crimes Enforcement Network (FinCEN) has proposed a rule that would require certain investment advisers to establish anti-money laundering (AML) programs and report suspicious activity to FinCEN pursuant to the Bank Secrecy Act (BSA). FinCEN also proposed to include investment advisers in the general definition of "financial institution," which, among other things, would require them to file Currency Transaction Reports (CTRs) and keep records relating to the transmittal of funds. Comments on the proposal will be accepted for 60 days following publication in the Federal Register.

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Local Training!

Leadership Development Institute: Looking to take your leadership skills to the next level? Please join us on **September 16 - 17th in Duluth, GA** for the Leadership Development Institute to enhance your leadership skills and begin the trek towards becoming a successful credit union leader.

This institute, instructed by Kerri Smith, CEO of CU Exceed, LLC and an award winning marketing and business development professional, and Ron Galloway, author and filmmaker, allows current and up-and-coming credit union leaders to learn from an industry vet and a business guru.

During the institute, you will learn:

- The differences between management and leadership
- Coaching, counseling and mentoring techniques
- To identify different communication styles
- Ways to create an effective team culture

Click here to register.

Embracing Mobile Solutions to Meet Members' Needs: In this two-hour workshop you'll learn how to:

- Use creative, common-sense and budget friendly ways to take advantage of mobile technology
- Use mobile solutions as alternatives to new branches

- Deploy tablets to create ultra-mobile branching
- Use consumer mobile solutions to sign up new members anywhere, anytime
- Help your team feel safe embracing change in order to move forward
- Effectively communicate, coach and deliver feedback to your staff
- Balance people's "personal piggy banks"
- Gain trust, excitement and buy in from team members

Bonus: You'll receive a mobile solutions implementation worksheet including recommended apps and resources.

Choose the session that works best for you! Click here to register for this event.

- **Duluth, September 22, 2015**
- **Savannah, September 23, 2015**

Comment Calls

FFIEC Cybersecurity Assessment Tool
The Federal Financial Institutions Examination Council (FFIEC), which includes the CFPB, FDIC, Federal Reserve Board, NCUA, and OCC, recently released a Cybersecurity Assessment Tool (Assessment) intended to assist financial institutions of all sizes in assessing their inherent cybersecurity risks and their risk management capabilities.

The Assessment allows a financial institution to identify its inherent cyber risk profile based on the institution's technologies and connection types, delivery channels, online/mobile products and technology services it offers, organizational characteristics, and threats it is likely to face. The institution can then use the Assessment's maturity matrix to evaluate its level of cybersecurity preparedness; the matrix's maturity levels will help identify opportunities for improving the institution's cybersecurity, based on its inherent risk profile.

In accordance with the Paperwork Reduction Act (PRA), the FFIEC is currently seeking comments on the reporting burden associated with the Assessment. The FFIEC estimates it will take financial institutions an average of 80 hours annually to complete the Assessment. Use of the Assessment by financial institutions is voluntary.

We believe that while this process is not mandatory, it may become so. We want your feedback on how this would affect your credit union. Also, please send any comments/questions/concerns related to the Assessment that you would like us to convey to the FFIEC. Please send your comments back to Selina Gambrell at selinag@gcua.org by **September 8th**.

The CUNA Advocacy Update keeps you on top of the most important changes in Washington for credit unions--and what CUNA is doing to monitor, analyze, and influence government agencies and federal law. You can view the current report and past reports from the archive.

Click here to request to be added to the mailing list for this and/or other GCUA email publications.
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Need a BSA, ACH or Website review? Email compliance@gcua.org.