



InfoSight Highlight

NCUA Advertising Signage Requirements

Credit unions must follow the NCUA advertising rules in all advertisements. All credit union advertisements or promotions will include either the NCUA's official advertisement sign or an abbreviated statement.

Credit unions can choose either of the following options to comply with this Regulation:

1. *Statement*: “**This Credit Union is federally-insured by the National Credit Union Administration.**”
2. *Short Statement* (no longer requires accompanying “official sign”): “**Federally Insured by NCUA**”; or
3. *The Official Sign*: (note: if the NCUA official sign in the advertisement is so small that the NCUA's sign and the two lines of small type become indistinct, the credit union should use the NCUA official advertising statement, or the short statement instead.)

For additional information, click [here](#) for the topic.

Compliance News

Providing Sensitive Credit Union and Member Data to NCUA
Recently updated examination procedures from the National Credit Union Administration (NCUA) are intended to strengthen safeguards for data received electronically during an examination.

The changes, detailed in a [letter](#) sent to credit union CEOs, are based on [recommendations](#) the NCUA's Office of the Inspector General made in June.

The NCUA defines “sensitive data” as: information which by itself, or in combination with other information, could be used to cause harm to a credit union, credit union member or any other party external to the NCUA; and any information concerning a person or their account which is not public information, including any non-public personally identifiable information.

GEORGIA CREDIT UNION
Affiliates

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Credit Union National Association

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](#)

“In order to ensure sensitive electronic credit union and member data is well protected, the data held by NCUA needs to be encrypted,” reads the letter, signed by Larry Fazio, director of the NCUA’s Office of Examination and Insurance. “The process of exchanging this data between credit unions and examiners also needs to be secure and well controlled.”

Effective immediately, NCUA examiners may only accept sensitive data electronically through:

Secure electronic transmission or transfer by removable media, including encryption. The data files or the electronic transmission conveying the files must be encrypted. Encryption must have 128-bit encryption and the use of a strong password (minimum eight characters, mixture of upper- and lowercase letters, numerals and special characters). The password must be provided separately from the device or transmission; and

In-person transfer by removable media not including encryption. If a credit union is unable or unwilling to provide data as mandated in the previous option, it may accept data if a credit union representative provides the data files to the examiner and remains physically present while the examiner transfers the data to the NCUA’s encrypted equipment.

“The above protocols reflect the initial steps NCUA is taking to strengthen the safeguards for sensitive data received electronically from a credit union during an examination,” the letter reads. “NCUA is in the process of acquiring a secure file transfer solution (such as an online portal) to facilitate examiner staff and credit unions securely and efficiently exchanging information.”

Fazio added that agency aims to have such a solution in place early in 2016.

BSA & Loans

Question: Are we required to do any BSA due diligence on the co-signors or guarantors of a loan?

Answer: According to [CUNA's Compliance Blog](#), the [FFIEC Examination Manual](#) states... for loans that may pose a higher risk of

[channel](#), where they are generally updated quarterly.

Compliance Calendar

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 Compliance Act Effective Date

[Click here for upcoming](#)

money laundering and terrorist financing, credit unions should complete due diligence on related account parties (i.e., guarantors, signatories, or principals). FinCEN states that the involvement of multiple parties on a loan transaction may increase its risk when the source and use of the funds are not transparent. Due diligence for a high risk lending transaction could include performing reference checks, obtaining credit references, verifying the source of collateral, and obtaining tax or financial statements on the borrower and any or all of the various parties involved in the loan.

The following are examples of money laundering or terrorist financing lending schemes FinCEN would like financial institutions to be on the lookout for:

- To secure a loan, an individual purchases a certificate of deposit with illicit funds;
- Loans are made for an ambiguous or illegitimate purpose;
- Loans are made for, or are paid for, a third party;
- The member attempts to sever the paper trail between the borrower and the illicit funds;
- Loans are extended to persons located outside the U.S. or may involve collateral outside the U.S.

The sophistication of the systems used to monitor lending account activity should conform to the size and complexity of the credit union's lending business.

12 Red Flags for "Funnel Accounts" Used to Launder Money
Regulatory and law enforcement agencies are cautioning financial institutions about an increased use of illegal funnel accounts to launder proceeds from human smuggling, human trafficking and drug trafficking crimes. In light of the recent attention on this money laundering trend, below is a brief overview of funnel accounts and how they are used to launder criminal proceeds.

Question: What is a "funnel account"?

Answer: A funnel account (sometimes referred to as an interstate funnel account) is a method used to launder money that exploits branch networks of financial institutions. It involves illegal funds deposited into an account at one geographic location that gives

compliance dates.

Compliance Training

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 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

criminals immediate access to the money via withdrawals in a different geographic location. The transaction amounts are kept under the AML reporting requirements in an attempt to avoid detection.

How Criminal Enterprises Use Funnel Accounts

Funnel accounts are opened by criminal organizations in the geographic area where the funds will be withdrawn, often locations along the southwest border of the U.S. The criminal organization provides the account number to co-conspirators around the U.S. who make cash deposits into the account from various geographic locations. The illicit funds are then immediately available for withdrawal by the criminal organization in the state in which the account was opened.

Alien smuggling organizations (ASOs) often use funnel accounts to receive illicit proceeds from U.S. based family members of foreign nationals living in Mexico and Central America who pay “coyotes” to smuggle their relatives into the United States across the southwest border. Deposits into funnel accounts can occur anywhere in the U.S. since individuals making payments to smuggling organizations can live in any part of the country.

Red Flags Indicators for Funnel Accounts

U.S. Immigration and Customs Enforcement (ICE) recently featured the topic of funnel accounts in their publication *Cornerstone Report* and provided the red flags listed below as potential indicators of this type of money laundering scheme.

1. Account(s) with multiple deposits which are shortly transferred to other accounts
2. Accounts with high aggregate dollar deposit activity but with low account balances
3. Accounts with deposits from multiple, different individuals or companies
4. Accounts with multiple deposits from multiple locations outside the banking area
5. Accounts with multiple deposits from multiple sources (e.g., cash, ATM deposits, checks, wire transfers, etc.)
6. Accounts opened in the U.S., by individuals temporarily within the U.S. who are bearing immigration identity documents (such as border crossing cards), then used to wire transfer funds back to Mexico
7. Deposits are immediately (or within 1 to 2 days) withdrawn or wired from the account
8. Accounts with an unusually high number of charge-backs

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

October 21, 2015
Lending Workshop
Duluth, GA

November 12, 2015
BSA/OFAC Workshop
Atlanta, GA

BSA Training Opportunities
through GCUA
[Click here for details](#)

9. Financial activity not commensurate with stated business or occupation of the depositing individual
10. Anonymous cash deposits made in destination states [interior states] followed by rapid cash withdrawals made in source states [border states]
11. Abrupt change in account activity
12. Branch-shopping at various financial institutions to disguise nexus of the deposited funds with movements across the U.S. international borders.

Financial institutions would be well advised to incorporate these red flag indicators into their suspicious activity detection initiatives.

(Source: Verifin)

Your CU Should Know...

HUD Issues Rule for Onsite Completion of Construction of Manufactured Homes: The Department of Housing and Urban Development has published a final rule [80 FR 53712] establishing a procedure whereby construction of new manufactured housing that is substantially completed in the factory can be completed at the installation site, rather than in the plant. Before this rule, a manufacturer would first be required to obtain HUD approval for on-site completion of each of its designs using the alternate construction provisions of HUD's regulations. This final rule simplifies this process by establishing uniform procedures by which manufacturers may complete construction of their homes at the installation site without having to obtain advance approval from HUD.

The rule applies only to the completion of homes subject to the Manufactured Home Construction and Safety Standards, not to the installation of homes subject to the Model Manufactured Home Installation Standards. Moreover, this final rule would not apply when a major section of a manufactured home is to be constructed on-site. The rule becomes effective **March 7, 2016**.

Consumer Compliance Outlook Released: The Federal Reserve System has released its *Consumer Compliance Outlook* for the Second Quarter 2015. For this seventh anniversary edition of the

newsletter, *Outlook* focuses on a single topic, "**Managing Risk Throughout the Product Life Cycle.**"

NCUA CU Locator Updated: The NCUA has announced its Credit Union Locator, an online search tool, has been updated. New features include a more attractive design, enhanced credit union search functions and turn-by-turn driving directions for reaching individual credit unions. In addition, optimized map results have "pins" indicating each credit union's location.

CMG Presents TCPA and Other Issues: CUNA Mutual Group Bond policyholders are invited to register for this live Risk Management webinar, "Litigation Trends and Managing Your Risk" taking place on **Wednesday, September 16, 2015 at 2:00 pm EST**. You'll leave with actionable insights to help you better manage operational risks and lawsuits. During this 90-minute deep-dive, presenters from CUNA Mutual Group including from Risk Management and Claims will share litigation trends you need to be aware of in these areas:

- Collection Letters
- Telephone Consumer Protection Act
- ATMs: ADA; Skimming; Safety
- Overtime Fee Changes & Fair Labor Standards Act

To register...CUNA Mutual Group Bond policyholders can simply sign in to the Protection Resource Center at cunamutual.com to register. You can also navigate to the registration page from CUNA Mutual Group Upcoming Webinars. A User ID and Password are required to register. If you don't have a User ID and Password, go to cunamutual.com, click "My Services," then "Register for a new User ID."

Resources for Teaching Kids About Money: The Consumer Financial Protection Bureau (CFPB) has recently posted items to its blog that focus on ways children can learn about money management:

- The right shoes and common sense can help your preteen gain financial ground
- When your child learns self-control, it helps their financial future too
- Sesame Street Video: Good things come to those who wait

CFPB Suggests Credit Protection Tactics for Servicemenbers:The Bureau Blog features an [article](#) for servicemembers describing ways they can protect their credit while in the military. The Bureau also released a [Fraud Alert Fact Sheet](#) with information on how servicemembers can obtain protective alerts for their credit history.

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 11th**.

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.