

InfoSight Highlight

IRS Form 1099-INT

IRS Form 1099-INT must be filed for each person for whom the credit union pays \$10 or more in interest during the calendar year. Although federal (and many state-chartered credit unions pay members “dividends” by definition, for purposes of IRS information returns, credit union dividends are treated as “interest” and must be reported to the government each year on IRS Form 1099-INT.

Form 1099-INT must be filed for 1) each person paid at least \$10 in interest or dividends and 2) each person from whom Federal income tax was withheld under the backup withholding rules, regardless of the amount withheld. As in the case with most other IRS information returns, a 1099 must be delivered to each affected member by January 31 following the tax year reported. Copies must be delivered to the IRS by February 28 for paper, and magnetic filing by April 2 if filing electronically.

Credit unions can file for an automatic extension of time to file their 1099-INT forms with the IRS by filing IRS Form 8809. The extension will only apply to filing with the IRS, so credit unions must still deliver a 1099-INT to each affected member by the January 31 deadline.

[Click here](#) for additional information, and to ensure your credit union is in compliance.

Compliance News

Compliance Due Diligence Checklist

There has been a lot of focus on FinCEN's new beneficial owner of legal entities requirements going into effect in five months. There has been less focus on FinCEN's 5 new requirements for your anti-money laundering program, which include:

- A system of internal controls to assure ongoing compliance;
- Independent testing for compliance to be conducted by credit union personnel or outside parties;
- Designation of an individual or individuals responsible for coordinating and monitoring day-to-day compliance;
- Training for appropriate personnel; and

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Compliance Videos

NEW! Compliance Outlook for Q4 2017

[In this video](#), Glory LeDu provides a brief summary of the key changes of the new HMDA rules becoming effective in January. You won't want to miss this important overview!

Quarterly Update for Q4 and Review of Q3 –

This newly released Compliance Connection [video](#) reviews those laws and regulations effective in the 3rd Quarter of 2017 and tells credit unions what to prepare for in the 4th Quarter of 2017 as well as what's coming up in the first half of 2018. You won't want to miss it!

Just a reminder that Compliance videos since 2016 can be found on YouTube at the [Compliance](#)

- Appropriate risk-based procedures for conducting ongoing member due diligence.

There has been less discussion of these requirements because four of them have been required by NCUA's Part 748 for many years, and the fifth has been considered implicit in the federal regulators' BSA/AML Examination Manual, and necessary to satisfy your suspicious activity reporting (SAR) obligations.

But let's take a closer at that 5th new requirement and what FinCEN will require you to **explicitly** include in your anti-money laundering programs by May 11, 2018.

Member Risk Profile: To meet this requirement you must develop a member risk profile, which means understanding the nature and purpose of your member relationship in order to provide a baseline against which your member's activity is assessed for suspicious activity reporting. This may include self-evident information such as the type of member or type of account, service, or product. It could also include information indicating a possible change in the member's transaction activity or beneficial ownership, because such information could be relevant to assessing the risk posed by the member.

This information should be integrated into the credit union's automated monitoring system, if applicable. It may also be used as a means of determining whether a transaction that has been flagged as potentially suspicious is actually suspicious.

Ongoing Monitoring: Member due diligence also includes conducting ongoing monitoring to identify and report suspicious transactions.

Updated Member Information: On a risk basis, credit unions must maintain and update member information. When you detect a change in your member's activity, through normal monitoring, you must update your member's information. Such changes in activity may include executing cross-border wire transfers for no apparent reason, or a significant change in the volume of activity without an explanation. This new provision does not require credit unions to update member information on a continuous or periodic basis. The updating requirement is event-driven and only occurs as a result of detecting unusual activity through normal monitoring.

Which brings us back to the new beneficial owners requirement - although there is no requirement that credit unions update beneficial

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

Compliance Calendar

December, 2017

- December 25th, 2017: Christmas Day - Federal Holiday

January, 2018

- January 1st, 2018: [Home Mortgage Disclosure Act – Regulation C \(CFPB\)](#), most provisions – Effective date
- January 1st, 2018: New Year's Day - Federal Holiday
- January 15th, 2018: Martin Luther King, Jr. Birthday - Federal Holiday

February, 2018

- February 19th, 2018: President's Day - Federal Holiday

March, 2018

- March 16th, 2018: [Same-day ACH \(NACHA\) – Phase 3 of the implementation period for the rule.](#)

April, 2018

ownership information on a regular basis, FinCEN does expect that if you detect a

change in this information for any account (not just those opened on or after May 11, 2018) you should update, or initiate, that account's beneficial owner certification. CUNA has developed [this](#) Customer Due Diligence Checklist to assist in your efforts to comply.

Source: CUNA Compliance Blog

Bill Passed for Mortgage-related Regulatory Relief

The House voted 294-129 in favor of a bill Tuesday (12/12/17) that would provide mortgage-related regulatory relief. The Community Institution Mortgage Relief Act of 2017 (H.R. 3971) was introduced in October by Rep. Claudia Tenney (R-N.Y.).

“H.R. 3971 is a common-sense piece of regulatory reform legislation that makes changes to the Truth in Lending Act and the Real Estate Settlement Procedures Act,” said CUNA Chief Advocacy Officer Ryan Donovan.

Specifically, it would exempt:

- Mortgage loans made by financial institutions under \$10 billion in assets from the Truth in Lending Act's escrow requirements; and
- Mortgage servicers that service fewer than 20,000 mortgages annually from the requirements of Section 6 of the Real Estate Settlement Procedures Act.

The bill is consistent with the goals of CUNA's bipartisan, pro-consumer [Campaign for Common-Sense Regulation](#), which CUNA launched earlier this year.

Can CU Staff Accept Gifts from Members?

Your credit union's offices soon (if they aren't already) will be full of cards, chocolates, cookies, fruitcakes, and maybe tickets to the “concert of the year.” Can you accept these? Do you know when you might need to say “no thank you”?

- April 1st, 2018: [Prepaid Accounts under the Electronic Fund Transfer Act/Regulation E and the Truth In Lending Act/Regulation Z \(Date Extended\)](#)

May, 2018

- May 11th, 2018: Customer Due Diligence – CDD (FinCEN) – Effective date
- May 28th, 2018: Memorial Day - Federal Holiday

July, 2018

- July 4th, 2018: Independence Day - Federal Holiday

September, 2018

- September 3rd, 2018: Labor Day - Federal Holiday

October, 2018

- October 8th, 2018: Columbus Day - Federal Holiday

Compliance Training

NCUA webinar on Credit Union Diversity

Now is a good time to review your credit union's Bank Bribery Act policy. The act applies to all credit unions with accounts insured by the National Credit Union Share Insurance Fund.

The National Credit Union Administration ([NCUA](#)) issued Interpretive Ruling and Policy Statement (IRPS) No. 87 in 1987 to provide federally insured credit unions with Bank Bribery Act guidelines. IRPS 87-1 gives credit unions some background on the act and recommends procedures to ensure compliance.

Per 18 U.S.C. 215(a), if the value of the item or benefit offered or received exceeds \$100, the offense is a felony punishable by up to 30 years imprisonment and a fine of up to \$1 million or three times the value of the bribe or gratuity, whichever is greater. If value does not exceed \$100, the offense is a misdemeanor punishable by up to one year imprisonment and a maximum fine of \$1,000.

There are situations when it might be appropriate for a credit union employee to receive a business-related gift. Your credit union's policies should address specific examples.

Make sure you have a clear understanding of the guidelines.

You won't violate the act if you:

- Accept a gift based on a family relationship;
- Receive a benefit available to the general public; or
- Receive a benefit paid by the credit union as a reasonable business expense.

For a listing of appropriate gifts, see the [complete article](#) on the CUNA website.

Advocacy Highlight

With the recent updates to CUNA's website, Advocacy information has also changed. To view recent advocacy issues and see ways your credit union can become involved, visit the [Priorities](#) or [Actions](#) pages.

[Home Depot payments start in Jan., Equifax suits combined](#)

Credit unions who made claims under the Home Depot data breach settlement will begin receiving settlements payments from the company starting in January. A [settlement was approved](#) in September that included

The NCUA presented a webinar on November 2, titled "What, Why and How: Credit Union Diversity." An [archived recording of the webinar](#) is available online. The webinar featured credit union board members and staff leaders from Municipal Credit Union, Brooklyn, New York, Self Help Credit Union, Durham, North Carolina, and North Side Community Federal Credit Union, Chicago, Illinois. The webinar also discussed how to use the NCUA's Voluntary Credit Union Diversity Self-Assessment tool. This 28-question checklist is designed to support credit unions' diversity efforts. All credit unions, but especially those with at least 100 employees, are encouraged to complete the checklist and submit it electronically to the NCUA's Office of Minority and Women Inclusion by Dec. 30.

[CUNA and CUNA Webinars](#)

CUNA offers hundreds of online training events that make it easy for you to learn right at your desk. Whether you are looking for a beginner course or want a comprehensive understanding on a specific topic, CUNA webinars, audio conferences and eSchools have what you need. [Click here](#) for updates on compliance, operations, lending topics and more!

the creation of a \$25 million fund by Home Depot and an agreement to strengthen its future data security measures.

“We’re pleased to see credit unions affected by this breach will start to see some compensation from the major costs they were hit with as a result of this data breach,” said CUNA President/CEO Jim Nussle. “We remain active in seeking recompense from other data breaches, and in the meantime CUNA will continue its advocacy work to hold merchants to the strict same data security standards credit unions follow.”

The judge who approved the Home Depot settlement, Judge Thomas W. Thrash Jr., will also hear the consolidated class action lawsuits against Equifax, it was announced Thursday. The consolidated suit will be heard in the U.S. District Court for the Northern District of Georgia.

CUNA [filed its lawsuit](#) against Equifax as a result of the data breach announced in September that exposed information of as many as 145 million consumers. A number of credit unions and leagues joined CUNA by filing additional suits which have now been consolidated for judicial efficiency.

Source: CUNA

CUNA Advocacy Update

The CUNA Advocacy Update is published at the beginning of every week and 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. To receive this update, click on “Get CUNA Updates” on the CUNA [Advocacy page](#). Additional Advocacy efforts may also be found under CUNA’s [Removing Barriers](#) blog.

NEW- COMPLYSIGHT TRAINING VIDEOS ARE NOW AVAILABLE!

We are happy to announce that our training webinars have been updated! We have created a video series with shorter segments to help our users get the most out of ComplySight! These video tutorials are available 24/7!

We have created **seven** new video tutorials ranging in length from 5 to 23 minutes:

- ComplySight Overview and Set Up
- Set Up and Manage Users
- Assigning Compliance Reviews
- Factor Grading
- Automatic Action Items (AAI) and Manual Action Items (MAI)
- Examiner/Audit Findings
- Regulatory Alerts

To access the tutorials, log into ComplySight and click on the “Help” page, then choose “Video Tutorials.” We are also in the process of revising our User Guide, so be sure to keep an eye out for those changes too. If you have any questions, please feel free to contact info@complysight.com.

ComplySight: 30 Day Free Trial!

If you're interested in a “trial run” of ComplySight, League InfoSight is offering a free, 30-day trial so you can see the benefits first-hand. It's easy to get started. [Just visit us online and click on Free Trial Offer.](#)