



Compliance eNewsletter

March 15, 2019 Vol. 13, Issue 10

InfoSight News

What can InfoSight do for your credit union?

- Provides insight to and understanding of key compliance issues
- Helps increase compliance by offering checklists and action steps, so you can readily determine if and how a regulation applies to you — and what you need to do about it
- Saves your staff valuable time by providing easy-to-understand compliance content in a standardized format
- Offers access to compliance information for other states and CUNA

Compliance News

House Members Introduce Bill to Allow Cannabis Banking

A [bipartisan group of House members](#) on Thursday introduced legislation that would provide credit unions and other financial institutions with a safe harbor from sanctions for doing business with marijuana-related businesses.

Democrats Ed Perlmutter of Colorado and Denny Heck of Washington introduced H.R. 1595, which has 99 Democratic cosponsors and nine Republican cosponsors. “Only Congress can provide the certainty financial institutions need to start banking legitimate marijuana businesses – just like any other legal business – and reduce risks for employees, businesses and communities across the country,” Heck said. “If Congress fails to act, we are discouraging responsible, regulated markets and allowing a serious public safety threat to go unaddressed,” Heck said.

Under current law, because cannabis is considered illegal under the federal Controlled Substances Act, financial institutions providing services to licensed marijuana businesses are subject to criminal prosecution. As a result, some cannabis-related services, many of which are cash businesses, cannot be provided with traditional banking services.

Perlmutter and Heck have introduced similar legislation in the past. However, this year's bill includes protections for ancillary businesses, such as real estate owners, adjusts tribal language and changes the definition of cannabis business.

[In a recent interview](#), Perlmutter and Heck said they are pleased with the support their effort has received. The two are members of the House Financial Services Committee, which recently held a hearing on the issue. H.R. 1595 has been referred to that committee, as well as the House Judiciary Committee. At that hearing, Rachel Pross, chief risk officer with the Maps Credit Union in Salem, Ore. said that her institution has been providing banking services to cannabis-related businesses since marijuana is legal in that state. However, she said that her credit union risks federal sanctions for conducting that business and that that risk should be removed.

CUNA, NAFCU, as well as the American Bankers Association have endorsed the legislation. And during a recent Senate Banking Committee hearing, Federal Reserve Chairman Jerome Powell said that Congress should consider providing financial institutions with clarity on the issue.

Source: CU Times

FSOC proposes changes to nonbank designations guidance

The Financial Stability Oversight Council (FSOC) yesterday [voted unanimously](#) to issue for public comment [proposed interpretive guidance](#) on nonbank financial company designations. The proposed guidance would implement an activities-based approach to identifying and addressing potential risks to financial stability. It would also enhance the analytical rigor and transparency of the Council's process for designating nonbank financial companies. Under the guidance, the Council would:

- Prioritize its efforts to identify, assess, and address potential risks to U.S. financial stability through an activities-based approach. The Council would monitor diverse financial markets and market developments in consultation with relevant financial regulatory agencies. In the event a potential risk to U.S. financial stability is identified, the Council would leverage the expertise of existing regulators in pursuing the implementation of actions to address the risk.
- Perform a cost-benefit analysis before designating any nonbank financial company. The Council would consider the benefits and costs of a designation for the U.S. financial system and the relevant company. The Council would designate a nonbank financial company only if the expected benefits justify the expected costs of the designation.
- Assess the likelihood of a nonbank financial company's material financial distress when evaluating the firm for a potential designation. Before designating a nonbank financial company, the Council would consider not only the impact of an identifiable risk, but also the likelihood that the risk will be

realized. Doing so will ensure that the Council remains focused on those risks that are most likely to pose a threat to U.S. financial stability.

- Create a more efficient and effective nonbank financial company designation process. The proposed guidance would create a more efficient and effective designation process by condensing the current three-stage process into two stages, increasing engagement and transparency to firms and their regulators, and creating off-ramps that allow firms to understand and address potential risks to financial stability

Source: US Department of Treasury

New law protects minors against ID theft

The CFPB has [posted an article](#) regarding a new federal law (section 301 of EGRRCPA) that went into effect September 21, 2018, which lets parents and child welfare representatives of people under 16, as well as legal guardians, request a security freeze, also called a credit freeze, on their behalf.

Source: CFPB

Get-rich-quick victims to get \$644,000

The [Federal Trade Commission has reported](#) that it will be mailing 12,072 refund checks totaling more than \$644,000 to people who lost money to a get-rich-quick scheme that falsely claimed they could earn significant money working online by using products marketed as “secret codes” by the operators of the Mobile Money Code scheme.

Source: FTC

Other Articles/Items of Interest

- [SEC Share Class Initiative Returning More Than \\$125 Million to Investors](#)
- [This tax season, protect yourself from IRS imposter scams](#)

Advocacy Highlight

- [This week Ahead in Washington](#)
- [CUNA's 2019 Advocacy Agenda](#)

Keeping up with CUNA Advocacy

To stay abreast of the issues on which CUNA has provided input to lawmakers and regulators, [here is a list of those topics](#).

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](#). 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.

Compliance Calendar

- April 1st, 2019: Prepaid Accounts under the Electronic Fund Transfer Act/Regulation E and the Truth In Lending Act/Regulation Z (Date Extended)
- May 27th, 2019: Memorial Day - Federal Holiday
- June 21st, 2019: Return for Questionable Transaction (Effective Date)
- July 4th, 2019: Independence Day - Federal Holiday
- September 2nd, 2019: Labor Day - Federal Holiday

Created in partnership with

