



Compliance eNewsletter

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InfoSight News

Channel Update – ACH

The Same Day ACH Payments page in the ACH/Electronic Payments channel has been updated to provide additional detail regarding the forthcoming changes to Same Day ACH.

The upcoming enhancements create added opportunities and offerings by providing faster funds availability, expanding access and increasing dollar thresholds. They will be rolled out in phases, with the first enhancement effective September 20, 2019.

New Videos on the Compliance Connection!

Two new videos have been posted to the [Compliance Connection channel](#) on You Tube!

- [Part Two: S. 2155 Economic Growth, Regulatory Relief, and Consumer Protection Act](#) This presentation is the second of our two-part update covering the changes resulting from the passage of S.2155 that may impact credit unions.
- [Compliance Outlook – 2nd and 3rd Quarters of 2019](#) This presentation provides an overview of regulatory changes that may be impacting the credit union, effective in the 2nd and 3rd quarter of 2019.

Our [Compliance Connection channel](#) helps keep you up to date on trends and topics happening in the Compliance Space! It's also a great resource to provide training on compliance issues to your non-compliance staff, executive management and Board of Directors.

Compliance News

CFPB Issues New Advisory for Reporting Elderly Exploitation

The Consumer Financial Protection Bureau (Bureau) [issued an updated advisory](#) this week to financial institutions urging them to report to the appropriate local, state and federal authorities whenever they suspect that an older adult is the target or victim of financial exploitation. The Bureau also recommended that financial institutions file Suspicious Activity Reports (SARs) with the federal government when they suspect elder

financial exploitation (EFE). Today's updated advisory builds on the Bureau's earlier recommendations and its recent research on elder financial abuse. It contains voluntary best practices to help financial institutions prevent and respond to EFE.

Source: CFPB

The Top Ten Things Every Compliance Officer Should Know by Learning from Other's Mistakes Webinar

CUNA offered this training session, held on July 16, which focused on the concept of creating and maintaining a vibrant training tool, which can euphemistically be called "a scrapbook of shame." While this concept can be used for any element of our compliance world, this session focused on high-profile credit union embezzlements, failures and collapses and ways to utilize those events for maximum training and impact. It is not about sensationalizing someone's failure; it is about creating an environment where key stakeholders ask, "could this happen here" and, "how can we make our systems better?" [Click here to see more about purchasing the recorded event.](#)

Six Things to Consider When the Government Wants Their Money Back

As you know, when a member who receives Federal government benefits into their credit union account through the Automated Clearing House (ACH) dies, the Federal government will send a Notice of Reclamation to recover all benefit payments that were made since the member's death. This procedure of recovering federal government benefit payments is referred to as "Reclamation."

The following are 6 things you should know about this procedure:

1. **The CU's Implicit Agreement with the Government:** By accepting a recurring benefit payment from the government, a credit union agrees to the provisions of reclamation and authorizes the debiting of the credit union's Federal Reserve Bank account, if the government deems it necessary. For example, if a credit union does not return the full amount of the outstanding total or any other amount for which the credit union is liable in a timely manner, the Federal Government will collect the amount outstanding by instructing the appropriate Federal Reserve Bank to debit the credit union's account.
2. **Member Notice when Closing the Account:** If a credit union closes an account to which benefit payments currently are being sent, the credit union must provide 30 calendar days written notice to the recipient prior to closing the account, except in cases of fraud.
3. **Identification Verification:** A credit union that accepts an authorization without verifying the identity of the recipient will be liable to the Federal Government for all credits or debits made in reliance on the authorization.

4. **Incorrect Account Number:** If an agency determines, after appropriate investigation, that a loss has occurred because of a credit union error, for example, an incorrect account number, the agency will notify the credit union and provide the credit union with a reasonable opportunity to respond. If the credit union doesn't respond, or responds insufficiently, the agency may have the amount debited from the credit union's Federal Reserve Bank account.
5. **Notice of Misdirected Payment:** If a credit union becomes aware that an agency has originated an ACH credit entry to an account that is not owned by the payee named in the ACH payment information, the credit union must promptly notify the agency. A credit union that originates a Notification of Change (NOC) entry with the correct information or returns the original ACH credit entry to the agency with an appropriate return reason code, will be deemed to have satisfied this requirement.
6. **Notice of Death:** A credit union must return any benefit payments received after the credit union becomes aware of the death or legal incapacity of a recipient, regardless of the manner in which the credit union discovers this information. If the credit union learns of the death or legal incapacity of a recipient from a source other than notice from the agency, the credit union must immediately notify the agency of the death or incapacity. The proper use of the R15 or R14 return reason code will be deemed to constitute this notice.

For more information: [Treasury's Green Book: Chapter 5 - Reclamations](#)

Source: CUNA

FinCEN advisory on FATF list

The Financial Crimes Enforcement Network (FinCEN) has issued an advisory [[FIN-2019-A004](#)] to financial institutions regarding the Financial Action Task Force's (FATF) updated list of jurisdictions with strategic anti-money laundering and combating the financing of terrorism (AML/CFT) deficiencies and relevant actions by the U.S. Government. These changes may affect U.S. financial institutions' obligations and risk-based approaches regarding relevant jurisdictions. The advisory also reminds financial institutions of the status and obligations involving these jurisdictions.

Source: FinCEN

Other Articles of Interest:

- [Student loan debt relief scheme stopped by FTC](#)
- [SCRA Back To Basics - Part 1: Coverage](#)

Advocacy Highlight

[CUNA's Advocacy Resources](#)

- [This Week in Washington – July 15, 2019](#)
- [House Passes National Defense Authorization Act \(NDAA\)](#)
- [Seven Things to know About Contactless Cards](#)
- [Community Financial Institutions Can't Wait on the Fed for Real-Time Payments](#)
- [NCUA's Proposed, Pending and Recently Final Regulations](#)
- [CUNA's 2019 Advocacy Agenda](#)
- [Input to lawmakers and regulators](#)
- [CUNA Advocacy page](#)
- [CUNA's Removing Barriers blog](#)
- [CUNA's Priorities](#)
- [Actions You Can Take](#)

Compliance Calendar

- September 2nd, 2019: Labor Day - Federal Holiday
- September 20th, 2019: Providing Faster Funds Availability (Effective Date)
- October 14th, 2019: Columbus Day - Federal Holiday
- November 11th, 2019: Veterans Day - Federal Holiday
- November 28th, 2019: Thanksgiving Day - Federal Holiday

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