



Compliance eNewsletter

October 2, 2020 Vol. 14, Issue 38

InfoSight News

Field of Membership Expansion Updated

Beginning October 14, 2020, a credit union applying for NCUA approval of a community charter, expansion, or conversion to designate a Combined Statistical Area (CSA) or an individual, contiguous portion of a CSA as a well-defined local community (WDLC) if the area has a population of 2.5 million or less. The **Field of Membership Expansion** topic in the Field of Membership channel has been updated to include this information.

Compliance and Advocacy News & Highlights

Make a Plan to VOTE!

With the 2020 general elections fast approaching, you can check your voter registration status, request an early ballot, look up polling locations and more on this [easy-to-use site](#). Don't delay! Make a plan – and VOTE!

NCUA Extends the Premium Finance Lending CIP Exemption to All CU Members

In response to a request from financial institutions, federal regulatory agencies including the NCUA [issued an Order](#) (superseding a [2018 Order](#)) extending the [Customer Identification Program \(CIP\)](#) exemption for credit unions facilitating purchases of property and casualty insurance policies (common referred to as “premium finance lending”) to all members/customers. The 2018 Order allowed this exemption only for “commercial customers.” This order does not apply to life insurance policies, annuity contracts or any other insurance product with features of cash value or investment.

This exemption was initially granted, and now amended, because the agencies found that premium finance loans present a low risk of money laundering or terrorist financing because:

- The loan proceeds are remitted to the insurance company rather than the insured party;

- Property and casualty insurance policies have no investment value; and
- Borrowers cannot use these accounts to purchase other merchandise, deposit or withdraw cash, write checks, or transfer funds.

Credit unions engaging in premium finance lending must continue to comply with all other regulatory requirements, including the regulations implementing the BSA that require the filing of suspicious activity reports.

Source: NCUA

Western Union refunds on the way

The Federal Trade Commission [reported yesterday](#) that \$147 million is being mailed to 33,000 consumers in the second distribution of refunds resulting from the [law enforcement actions brought against Western Union in 2017](#) by the FTC, the Department of Justice, and the Postal Inspection Service. Affected consumers are receiving compensation for 100 percent of their verified losses.

The FTC's 2017 complaint against Western Union alleged that for many years, Western Union was aware that fraudsters around the world used the company's money transfer system to bilk consumers, and that some Western Union agents were complicit in the frauds. The complaint alleged that Western Union failed to put in place effective anti-fraud policies and procedures and to act promptly against problem agents.

Source: FTC

Telecom firm to pay \$1.9M for facilitating credit card relief scheme

The Federal Trade Commission has [announced](#) that Globex Telecom, Inc. and an affiliated company will pay a total of \$1.9 million to settle charges that they facilitated a scheme that peddled bogus credit card interest rate relief, illegally charging consumers millions of dollars. The settlement marks the end of the FTC's first consumer protection case against a Voice over Internet Protocol service provider. The FTC and Ohio alleged that Globex provided a company called Educare Centre Services with the means to make calls to U.S. consumers, including illegal robocalls, to market Educare's phony credit card interest rate reduction services.

Source: FTC

Amended Field of Membership Application Requirements for Combined Statistical Area and Core-Based Statistical Area

On October 14, 2020, according to a recent [Letter to Federal Credit Unions](#), amendments to the NCUA's chartering and field-of-membership rules ([12 CFR Part 701 Appendix B](#)) will go into effect. These changes will allow a credit union applying for NCUA approval of a community charter,

expansion, or conversion to designate a Combined Statistical Area (CSA) or an individual, contiguous portion of a CSA as a well-defined local community (WDL) if the area has a population of 2.5 million or less.

Beginning October 14, 2020, prospective and existing federal credit unions seeking a community charter may use a CSA or portions of a CSA (within certain limitations, as defined in the rule) as a basis for defining their proposed service area without documenting how a CSA's residents interact or share common interests. The Board's approval of this final rule will facilitate greater access to safe and affordable financial services for all Americans.

Source: NCUA

CFPB Issues Summer Supervisory Highlights

In early September, the CFPB issued its twenty second edition of [Supervisory Highlights](#), which reports examination findings in the areas of consumer reporting, debt collection, deposits, fair lending, and mortgage servicing that were completed between September 2019 and December 2019. Reviewing this information can help credit unions remain in compliance or identify deficiencies in their own processes, policies, and procedures.

Source: CFPB

Articles of Interest

- [Rogue CU Raises Over \\$1 Million in Two Weeks for Wildfire Relief](#)
- [Investigators Bust Nationwide Synthetic ID Fraud Operation Involving Several CUs](#)

CUNA's Advocacy Resources:

- [This week in Washington](#)
- [CUNA Advocacy Issues - COVID-19](#)

WOCCU Advocacy Resources:

- [Telegraph](#)
- [Advocate Blog](#)

Compliance Calendar

- October 12th, 2020: Columbus Day - Federal Holiday
- October 14th, 2020: **Amended Field of Membership Application Requirements for Combined Statistical Area and Core-Based Statistical Area**
- October 20th, 2020: **Payday Lending, Vehicle Title, and Certain High-Cost Installment Loans (CFPB)**
- October 25th, 2020: **5300 Call Report Due to NCUA**

- November 11th, 2020: Veterans Day - Federal Holiday