



Compliance eNewsletter

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InfoSight News

Cybersecurity Awareness Month – by Guest Author Mike Lane

Periodically, we will feature articles by content experts, and we're happy to include this one from Mike Lane, CISSP, Director of IT at [AffirmX, a Product of CU Risk Intelligence](#):

Regardless of your credit union's asset size, location or strategy, everyone can agree that 2020 is utterly unique and that the single greatest threat to your cybersecurity program remains the same: your staff. No single vector represents such a large vulnerability to your institution and its critical data. An increasingly remote and decentralized staff only serves to reinforce the importance of adequate cybersecurity awareness training for your workforce.

Some key elements of a successful information security training and awareness program are:

- Make training relevant to roles and responsibilities of individuals or groups of personnel
- Start cybersecurity and information assurance training during the onboarding process
- Create training exercises that are interactive and realistic
- Periodically quiz personnel to assess cybersecurity policy information retention
- Involve information security staff early-on in project and strategy development processes to effectively integrate security controls
- Incentivize and reward staff for timely disclosure of security incidents

These small steps can help transition your staff from a potential vulnerability, to your greatest cyber defense. A highly aware and trained workforce produces a strong return on your security investment and is a critical component for today's ever more perilous cybersecurity environment.

More information regarding NCUA's cybersecurity tools and resources are found on the [NCUA Cybersecurity Resources Webpage](#).

Compliance and Advocacy News & Highlights

ACCESS Initiative Launched by NCUA

NCUA Chairman Hood has announced the launch of the agency's new [Advancing Communities through Credit, Education, Stability, and Support \(ACCESS\) initiative](#), which will bring together

leaders across the NCUA to refresh and modernize regulations, policies, and programs in support of greater financial inclusion within the agency and the credit union system. Efforts under this program include increasing access to credit and loan products, dedicating resources to help people make smart financial decisions, enhancing existing programs that encourage credit union membership and access to financial services, and fostering inclusive policies and outreach efforts in the community.

Source: NCUA

Owner of Bitcoin 'Mixer' Service Hit with \$60M CMP

The Financial Crimes Enforcement Center has announced it has assessed a [\\$60,000,000 civil money penalty](#) against Larry Dean Harmon of Akron, Ohio, d/b/a Helix and primary operator of Coin Ninja LLC, , both convertible virtual currency "mixers" or "tumblers," for multiple violations of the Bank Secrecy Act and implementing regulations.

Harmon operated Helix from 2014 to 2017 and Coin Ninja from 2017 to 2020, as unregistered money services businesses, and is being prosecuted in federal court on charges of conspiracy to launder monetary instruments and operation of an unlicensed money transmitting business in connection with his operation of Helix.

Mr. Harmon, doing business as Helix and Coin Ninja, operated as an exchanger of convertible virtual currencies by accepting and transmitting bitcoin through a variety of means. From June 2014 through December 2017, Helix conducted over 1,225,000 transactions for its customers and was associated with virtual currency wallet addresses that sent or received over \$311 million dollars. FinCEN's investigation has identified at least 356,000 bitcoin transactions through Helix. Mr. Harmon operated Helix as a bitcoin mixer, or tumbler, and advertised its services in the darkest spaces of the internet as a way for customers to anonymously pay for things like drugs, guns, and child pornography. Mr. Harmon subsequently founded, and acted as Chief Executive Officer of, Coin Ninja, which operated as an unregistered MSB and in the same manner as Helix.

FinCEN's investigation demonstrated that Mr. Harmon deliberately disregarded his obligations under the BSA and implemented practices that allowed Helix to circumvent the BSA's requirements. This included a failure to collect and verify customer names, addresses, and other identifiers on over 1.2 million transactions. Harmon, operating through Helix, actively deleted even the minimal customer information he did collect. The investigation revealed that Mr. Harmon engaged in transactions with narcotics traffickers, counterfeiters and fraudsters, as well as other criminals.

Source: FinCEN

Advisory on Human Trafficking and Related Activity

FinCEN has issued [FIN-2020-A008](#), a Supplemental Advisory on Identifying and Reporting Human Trafficking and Related Activity. The Advisory supplements Advisory [FIN-2014-A008](#), "Guidance

on Recognizing Activity that May be Associated with Human Smuggling and Human Trafficking — Financial Red Flags."

The Supplemental Advisory explains four new human trafficking typologies identified since 2014, and provides a list of twenty behavioral and financial indicators to supplement the red flag indicators in the 2014 Advisory. Also included are two case studies illustrating the use of funnel accounts, prepaid cards and bitcoin; and instructions for SAR filing involving activities highlighted in the Advisory.

Source: FinCEN

CFPB Posts HMDA Data Reference Chart for 2021

The CFPB has posted the "[Reportable HMDA Data: A Regulatory and Reporting Overview Reference Chart for HMDA Data Collected in 2021](#)," which can be used as a reference tool for data points required to be collected, recorded, and reported under Regulation C, as amended by the HMDA Rules. Relevant regulation and commentary sections are provided for ease of reference. The chart also incorporates the information found in Section 4.2.2 of the 2021 Filing Instructions Guide and provides when to report not applicable or exempt, including the codes used for reporting not applicable or exempt from section 4 of the 2021 Filing Instructions Guide for ease of reference.

Source: CFPB

Fannie and Freddie Extend COVID-19 Loan Flexibilities

The FHFA has announced that [Fannie Mae and Freddie Mac will extend several of their loan origination flexibilities](#) until the end of November, 2020. The changes are to ensure continued support for borrowers during the COVID-19 national emergency. The flexibilities were set to expire on October 31, 2020.

The extended flexibilities include:

- Alternative appraisals on purchase and rate term refinance loans;
- Alternative methods for documenting income and verifying employment before loan closing; and
- Expanding the use of power of attorney to assist with loan closings.

Source: FHFA

Articles of Interest

- [Consumer Financial Protection Bureau Issues Final Rule Extending the GSE Patch](#)
- [Play it Safe Online – CFPB Tips for Cybersecurity Prevention](#)

- [Credit Unions Show How They Are Inspiring Hope During the Pandemic on International Credit Union Day](#)

CUNA's Advocacy Resources:

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

WOCCU Advocacy Resources:

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

Compliance Calendar

- October 25th, 2020: **5300 Call Report Due to NCUA**
- November 11th, 2020: Veterans Day - Federal Holiday
- November 26th, 2020: Thanksgiving Day - Federal Holiday
- December 25th, 2020: Christmas Day - Federal Holiday
- January 1st, 2021: **Annual Updates**