



Compliance eNewsletter

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InfoSight News

InfoSight Topic Highlight: **NEW!** Complaint Management

Because the FFIEC provides guidance that a credit union should have an effective complaint management system (CMS) in place, it was time this topic was included in InfoSight. Under Board Responsibility, a new topic has been added: **Complaint Management!** Check out the new content today!

Compliance and Advocacy News & Highlights

CFPB issues Small Dollar Lending Rule FAQs

The Bureau [recently issued several Frequently Asked Questions](#) (FAQs) about the Small Dollar Lending Rule. The FAQs are presented in three different groups:

- Covered loans (22 questions, with 7 added or updated)
- Payment transfers (11 questions, with 3 added or updated)
- Payment notices (1 question, which was added or updated)

The Bureau [previously issued several resources](#), including a Small Entity Compliance Guide, to help institutions comply with the Small Dollar Lending Rule.

Source: CFPB

OFAC adds a dozen new designations

[OFAC recently imposed sanctions](#) on eleven individuals for undermining Hong Kong's autonomy and restricting the freedom of expression or assembly of the citizens of Hong Kong. These actions were taken in accordance with Executive Order 13936, "The President's Executive Order on Hong Kong Normalization," which President Trump issued on July 14, 2020.

Source: OFAC

Enforcement actions against Capital One

Capital One Financial Corporation, McLean, Virginia, was issued a [consent cease and desist order](#) by the Federal Reserve Board, and its national bank subsidiaries, Capital One, N.A. and Capital One Bank (USA), N.A., were assessed an \$80 million civil money penalty and issued a consent cease and desist order by the OCC.

The enforcement actions were taken for the banks' failure to establish effective risk assessment processes prior to migrating significant information technology operations to the public cloud environment, and their failure to correct the deficiencies in a timely manner, culminating in a significant data breach in March 2019 that affected the personal information of Capital One credit card customers and applicants for credit card products.

Source: Federal Reserve

Interactive Brokers to pay \$38M for BSA/AML lapses

The SEC has announced that [Interactive Brokers LLC will pay an \\$11.5 million penalty](#) to settle charges it repeatedly failed to file Suspicious Activity Reports (SARs) for U.S. microcap securities trades it executed on behalf of its customers. In parallel actions, the Financial Industry Regulatory Authority (FINRA) and the Commodity Futures Trading Commission (CFTC) also announced settlements with Interactive Brokers related to anti-money laundering failures in which the registered broker-dealer agreed to pay penalties of \$15 million and \$11.5 million, respectively, for a total of \$38 million in penalties paid to the three agencies.

Source: SEC

HUD physical inspections to resume

Secretary Carson has announced [HUD will resume Real Estate Assessment Center \(REAC\) inspections](#) of HUD multifamily and public housing properties and units under strict safety protocols during the national recovery from the COVID-19 pandemic. REAC inspections are the assessment tool that ensures HUD-assisted properties meet federal standards of health, safety, and accessibility. The inspections were paused due to the Coronavirus outbreak in March of 2020.

Source: HUD

NCUA Issues Alert Regarding COVID-19 Fraud Schemes

The NCUA [issued an alert](#) to inform credit unions about the risk of fraud associated with the COVID-19 pandemic.

Source: NCUA

Compliance: MLA card fee spreadsheet updated for 2Q 2020

CUNA has updated its [Military Lending Act credit card fee spreadsheet](#) for the second quarter of 2020, necessary because a credit union may exclude a bona fide credit card fee from the military annual percentage rate if the fee is considered “reasonable,” under the MLA rule.

Source: CUNA

IRS Waiver of 2020 Required Minimum distributions

The IRS recently issued [Notice 2020-51](#) to provide guidance regarding the waiver of 2020 required minimum distributions. Following are some FAQs which may provide additional explanation:

Q 1. Our credit union has a number of IRA owners who took their RMDs in January, before the IRS waived 2020 RMDs. Are these IRA owners now able to roll over their RMDs?

A 1. Yes. Notice 2020-51 grants an extension of the 60-day deadline for rollovers, for any distribution that was intended to be an RMD, except for the 2020 RMD waiver. The deadline for rolling over any such distribution has been extended to August 31, 2020.

Q 2. We have a number of IRA owners who take their RMDs monthly. Are these IRA owners now able to roll over all of the RMDs they have received?

A 2. IRA owners who have received more than one distribution that was intended to be an RMD are permitted to repay the distributions to the distributing IRA. The deadline for repayment is August 31, 2020. The one-per-12-month rule and the 60-day rule do not apply to these repayments, but the repayment must be made to the distributing IRA.

Q 3. Did the IRS grant any relief to beneficiaries who received an RMD from an inherited IRA?

A 3. Yes. Notice 2020-51 also permits a non-spouse beneficiary to make a repayment of any RMD to the distributing inherited IRA without violating the restriction on rollovers for non-spouse beneficiaries.

Q 4. Many of our IRA owners take payments that are more than the amount of their RMDs. Can these amounts also be rolled over or repaid?

A 4. The extension of the 60-day deadline for rollover of RMDs and the ability to repay RMDs to the distributing IRA apply only to the amount of the RMD. Any additional amount distributed may be rolled over, but the 60-day deadline and the one-per-12-month rule would apply.

Q 5. How are repayments of amounts intended as RMDs expected to be reported?

A 5. The IRS has not issued any guidance on how to report repayments. We recommend that you track any repayments of RMDs, so that once the IRS provides reporting guidance, you will be able to report the transactions in accordance with the IRS instructions.

Q 6. We did not inform our IRA owners when the IRS waived 2020 RMDs earlier this year. Are we required to provide notice to our IRA owners?

A 6. Yes. Notice 2020-51 requires IRA trustees and custodians to notify IRA owners that no RMD is due for 2020. The requirement can be satisfied if a copy of the Form 5498 that is filed with the IRS is furnished to the IRA owner.

For more information regarding Notice 2020-51, contact your IRA Servicer.

Source: Ascensus/CUNA

Articles of Interest:

- [New Virus-Era Survey Shows CU Members Weighing Fewer Branch Visits](#)

CUNA's Advocacy Resources:

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

WOCCU Advocacy Resources:

- [WOCCU International COVID-19 Response Committee to Identify, Share Best Practices with Credit Unions](#)

The [WOCCU Advocacy](#) team has succeeded in reducing regulatory burdens for credit unions in the areas of prudential regulation, anti-money laundering, taxation and accounting standards. We now invite you to follow what our Advocacy team is working on each week right here in InfoSight!

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

Compliance Calendar

- September 7th, 2020: Labor Day - Federal Holiday
- October 12th, 2020: Columbus Day - Federal Holiday
- October 25th, 2020: **5300 Call Report Due to NCUA**
- November 11th, 2020: Veterans Day - Federal Holiday
- November 19th, 2020: **Payday Lending, Vehicle Title, and Certain High-Cost Installment Loans (CFPB)**