



Newsletter

No. 09-14



September 17, 2014



Credit Union Department
914 East Anderson Lane
Austin, Texas 78752

Phone: 512-837-9236

Fax: 512-832-0278

Email: [info@cud.texas.gov](mailto:info@ cud.texas.gov)

Web Site: www.cud.texas.gov

CUD is the state agency that regulates and supervises credit unions chartered by the State of Texas. The Department is professionally accredited by the National Association of State Credit Union Supervisors (NASCUS) certifying that CUD maintains the highest standards and practices in state credit union supervision.

*Our **Mission** is to safeguard the public interest, protect the interests of credit union members and promote public confidence in credit unions.*

Credit Union Commission

The Commission is the policy making body for CUD. The Commission is a board of private citizens appointed by and responsible to the Governor of Texas.

Members:

Manuel Cavazos IV, Chair

Rob Kyker, Vice Chair

Gary D. Tuma

Gary L. Janacek

Sherri B. Merket

Allyson "Missy" Morrow

Kay Stewart

Vik Vad

A. John Yoggerst

Next Commission Meeting

Friday, October 17, 2014 beginning at 8:00 a.m. in the offices of CUD.

FinCEN Advisory

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) has issued a new advisory, [FIN-2014-A007](#). FinCEN's advisory explains how a financial institution and its leadership can improve and strengthen organizational compliance with BSA obligations by ensuring that:

1. Leadership is actively supporting, understanding and engaged with compliance efforts;
2. Any efforts to manage and mitigate BSA/AML deficiencies and risks are not compromised by an institution's interest in revenue;
3. Any relevant information throughout the organization is shared with compliance staff to advance BSA/AML efforts;
4. Leadership provides adequate human and technological resources;
5. The compliance program is effective and tested by an independent and competent party; and
6. The organization's leadership and staff understand the purpose of its BSA/AML efforts and how the reports are used.



Cyber Threat

The Department of Homeland Security's National Cybersecurity and Communications Integration Center has published a DDoS (distributed denial-of-service) Quick Guide. The guide can be found at <http://www.us-cert.gov/security-publications/DDoS-Quick-Guide>. It is important that credit unions are aware of the threats of potential cyber-attacks, understand their risks, and work within the credit union, as well as with service providers to ensure security and resilience of their credit union in the face of increasingly sophisticated cyber-attacks.

Operating Fee Due

All fees must be received on or before **September 30, 2014** to avoid the payment of any penalties. If you did not receive an invoice, immediately contact Isabel Velasquez at (512) 837-9236 to provide you with an invoice.



September 30 Call Report

The due date for the September 30, 2014 call report is **October 24, 2014**. Your credit union's profile must be reviewed, updated, and certified **prior** to submitting your 5300 Call Report. Always remember that whenever you make a change to the profile, you **must** "save and certify" to permanently save your changes.



Rules for Credit Unions

In response to suggestions we have created a PDF of all credit union rules and regulations. Credit unions can easily research from a single PDF file. For your convenience you can download this document from our website by clicking on this [link](#).



Texas Directors College

The National Association of State Credit Union Supervisors and the Cornerstone Credit Union League have scheduled a one-day educational event on **November 10, 2014** for all credit union board members, committee members, and senior management. For more information, please contact NASCUS Vice President of Education, Isaida Woo, at isaida@nascus.org, or visit our website at www.cu.texas.gov under announcements.



The Importance of Succession Planning

Critical to the long-term operation and success of any credit union is the need for a management succession plan, which is essential to maintaining the operational integrity of the institution in the event of planned or unplanned changes in key leadership roles. Succession planning, which is a process for identifying and developing internal staff with the potential for assuming key leadership positions at a future date not only recognizes that some jobs are the lifeblood of the organization and too critical to be left vacant, it also increases the availability of experienced and capable employees who are prepared to assume key management roles as they become available.

Although the breadth and depth of an effective succession plan is largely dependent on the size, complexity and array of member services offered by the credit union, succession planning provides the board of directors and management with the tools they need to recruit superior employees, develop their knowledge, skills and abilities, and prepares them for advancement or promotion in to leadership positions. Establishing clear objectives are also critical to implementing an effective succession plan. These objectives, which are a core tenet of any plan, include: the identification of employees that have the potential to assume greater responsibility; providing critical development experiences to those who can move into key roles; ensuring current leadership supports the professional development of those who have the ability to move into leadership roles; and building a database that can be utilized to make well-informed decisions when staffing key positions within the credit union.

Lastly, the effectiveness of any succession plan requires the establishment of processes for periodic review and assessment of the plan. As credit unions grow in both size and complexity, key leadership roles may change or result in additional opportunities for employees to advance in to other key positions within the organization. Thus, the board and management must have a process in place to evaluate and modify succession plans consistent with changes in the credit union's operations and business model.



Complaints of Discrimination

The Department regularly receives complaints from persons who believe they are the victims of discrimination by credit unions. Although times have certainly changed, the Department recognizes that illegal discrimination can occur and takes these complaints very seriously. Credit unions often sincerely desire to respond to and resolve members' complaints of discrimination, but may be confused as to what the Department expects in response to such a complaint. This article offers general guidance for credit unions facing a complaint of discrimination; for specific inquiries, credit unions should call the Department at 512-837-9236.

Credit unions should respond promptly to any claim of illegal discrimination. Overt, conscious discrimination is rare, but unconscious or inadvertent discrimination may still lead to credit union liability. For example, a procedure which makes it difficult or impossible for hearing-impaired members to access account services by telephone (where such services are available to non-disabled members) may be considered illegal discrimination. [See e.g. the US v Wells Fargo, DJ # 202-11-239 settlement at: http://www.ada.gov/wells_fargo/wells_fargo_settle.htm]. However, not all claims of discrimination include the protected classes set forth in federal and state discrimination laws. For example, it is illegal to discriminate on the basis of race, gender, disability, or age (over 40); it is not illegal (though it may still be viewed as unfair to the member) to "discriminate" against persons who have tattoos, are young, fail to dress appropriately for a job interview, or have a bad credit score. Sometimes members may simply need to be educated about the non-discriminatory basis of the credit union's conduct.

Best practices for credit unions include having a written policy prohibiting its employees from illegal discriminatory conduct and educating employees to identify and avoid unconscious or subtle discrimination against protected classes. In response to an allegation that includes a claim of discrimination, credit unions should provide the Department with copies of its relevant policies or employee training materials, along with an explanation of how employee conduct complied with the policies or training in the complainant's case. Where applicable, the credit union should further explain the non-discriminatory basis for its conduct (e.g. "The loan was denied due to the applicant's credit score of XXX." with supporting documentation enclosed), to help the Department and the member understand that illegal discrimination did not take place. Good practices to prevent illegal discrimination and prompt responses to claims of illegal discrimination will support member satisfaction and help avoid liability.



Publication Deadlines

In order to meet the submission deadlines for the applicable issues of the Texas Register, it is necessary for the Department to establish the schedule included below. Completed applications received after the deadline for the month cannot be published until the following month.

| <u>Publication Date</u> | <u>Application Deadline</u> |
|-------------------------|-----------------------------|
| October, 2014 | Monday, October 13 |
| November, 2014 | Friday, November 14 |



Applications Approved

Applications approved since August 20, 2014 include:

Credit Union

Articles of Incorporation Changes – Approved:

Tarrant County Credit Union (Fort Worth)

Changes or Groups Added

See Newsletter No. 07-14



Applications Received

The following applications were received and will be published in the September 26, 2014 issue of the *Texas Register*.

Field of Membership Expansion:

InvesTex Credit Union (Houston) -- To permit persons who live, work, worship, or attend school within a 10-mile radius of the InvesTex Credit Union branch located at: One Allen Center Downtown – 500 Dallas, Suite P-110, Houston, TX 77002, to be eligible for membership in the credit union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Credit unions that wish to comment on any application must also complete a Notice of Protest form. The form may be obtained by contacting the Department at (512) 837-9236 or downloading the form at <http://www.cud.texas.gov/page/bylaw-charter-applications>. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.



Merger or Consolidation:

An application was received from **InTouch Credit Union** (Plano) seeking approval to merge with **New Mount Zion Baptist Church Credit Union** (Dallas). InTouch Credit Union will be the surviving credit union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.



This newsletter is produced monthly as a part of the Department's continued communication outreach with the credit unions it regulates. Delivery is generally provided by electronic notification of its availability on the Department's website.

Suggestions and comments concerning the newsletter or its content are welcomed.



To learn more about CUD click <http://www.cud.texas.gov> or contact us at 914 E. Anderson Lane, Austin, TX 78752

