



Newsletter

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Credit Union Department

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The Credit Union Department (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:

Yusuf E. Farran, Chair
Sherri Brannon Merket, Vice Chair
Elizabeth L. "Liz" Bayless
Karyn C. Brownlee
Beckie Stockstill Cobb
Steven "Steve" Gilman
Jim Minge
David F. Shurtz
Kay Rankin-Swan

Next Commission Meeting

Friday, March 11, 2022 beginning at 9:00 a.m. in the offices of CUD.

FINCEN: ENVIRONMENTAL CRIME SUBJECT TO BSA

Known or suspected environmental crime is an important part of a financial institution's compliance with the Bank Secrecy Act (BSA), according to a notice issued by the Treasury Department's Financial Crimes Enforcement Network (FinCEN).

The FinCEN notice highlighted five specific types of environmental crime: wildlife trafficking, illegal logging, illegal fishing, illegal mining, and waste and hazardous substances trafficking. Instructions for reporting such activity on a suspicious activity report (SAR) are provided in the FinCEN notice.

An "upward trend" in environmental crimes and associated illicit financial activity is occurring, the notice indicated. The financial crime unit said it was highlighting the trend because:

- it represents a strong association with corruption and transnational criminal organizations, two priorities for the agency in its efforts to combat national anti-money laundering and counter financing of terrorism;
- a need exists to enhance reporting and analysis of related illicit financial flows; and
- environmental crimes' contributes to the climate crisis, including threats to ecosystems, decreasing biodiversity, and increased carbon dioxide in the atmosphere.

The agency said depositories may consider using the authority provided under the BSA's section 314(b), which gives a safe harbor from liability for certain information sharing undertaken voluntarily to better identify and report activities that may involve money laundering or terrorist activities. A footnote in the notice states this safe harbor "may apply in certain situations to the sharing of cyber-related information, such as IP addresses".

LINK:

[FinCEN Calls Attention to Environmental Crimes and Related Financial Activity](#)

TEXAS CREDIT UNION DEPARTMENT RECEIVES 2021 NASCUS RE-ACCREDITATION

The Texas Credit Union Department is proud to announce it has earned Re-Accreditation by the National Association of State Credit Union Supervisors (NASCUS) following a series of in-depth reviews and assessments by a panel of veteran state supervisors.

"Re-accreditation demonstrates the value we as examiners and an agency provide to the industry and its members. Our credit union examination department ensures compliance with our laws while following best practices to meet the highest national standards in our supervision of more than \$54 billion in assets across 175 credit unions. I am proud of our team for receiving the NASCUS reaccreditation," commented Commissioner John J. Kolhoff.

NASCUS accreditation is a robust process that includes disciplined self-evaluation, peer review, and ongoing monitoring. The process, administered by the NASCUS Performance Standards Committee (PSC), measures a state regulatory agency's ability and resources to carry out its regulatory and supervisory programs effectively.

"Accreditation is direct evidence of an agency's capabilities and benefits all credit unions in the state as well," said NASCUS President and CEO Lucy Ito. "It recognizes the professionalism of a state agency's regulators, supervisors, and staff, while potentially delivering an impetus and support for legislation to modernize state law and policy changes to advance state supervisory processes and best practices."

To earn Accreditation, a credit union state supervisory agency must demonstrate that it meets accreditation standards in agency administration and finance, personnel and training, examination, supervision, and legislative powers.

NASCUS' Lucy Ito further stated, "This achievement not only benefits regulators but also state-chartered credit unions, members, and the industry as a whole, by illustrating how a state agency has met the highest levels of regulatory proficiency."

The program, modeled on the university accreditation concept, applies national performance standards to a state's credit union regulatory program. The Credit Union Department first earned accredited status in 1996.



PROPOSED RULE REVIEW

The Texas Credit Union Commission (Commission) will review and consider for re-adoption, revision, or repeal, Chapter 91, Subchapter G, concerning lending powers, consisting of §91.701, (Lending Powers), 91.703 (Interest Rates), 91.704 (Real Estate Lending), 91.705 (Home Improvement Loans), 91.706 (Home Equity Loans), 91.707 (Reverse Mortgages), 91.708 (Real Estate Appraisals or Evaluations), 91.709 (Member Business and Commercial Loans), 91.710 (Overdraft Protection), 91.711 (Purchase and Sale of Member Loans), 91.712 (Plastic Cards), 91.713 (Indirect Lending), 91.714 (Leasing), 91.715 (Exceptions to the General Lending Policies), 91.716 (Prohibited Fees), 91.717 (More Stringent Restrictions), 91.718

PROPOSED RULE REVIEW (Continued)

(Charging off or Setting Up Reserves), 91.719 (Loans to Officials and Senior Management Employees) and 91.720 (Small-Dollar, Short-Term Credit).

An assessment will be made by the Commission as to whether the reasons for adopting or readopting these rules continue to exist. Each rule will be reviewed to determine whether it is obsolete, whether the rule reflects current legal and policy considerations, and whether the rule reflects current procedures of the Credit Union Department.

The Commission also invites your comments on how to make these rules easier to understand. For example:

- Do the rules organize the material to suit your needs? If not, how could the material be better organized?
- Do the rules clearly state the requirements? If not, how could the rule be more clearly stated?
- Do the rules contain technical language or jargon that is not clear? If so, what language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the rule easier to understand? If so, what changes to the format would make the rule easier to understand?
- Would more (but shorter) sections be better in any of the rules? If so, what sections should be changed?

Any proposed changes to these rules as a result of the rule review will be published in the Proposed Rule Section of the *Texas Register*. The proposed rules will be open for public comment prior to the final adoption by the Commission.



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 shown 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>
January 2022	Friday, January 14
February 2022	Friday, February 11



Applications Approved

Applications approved since November 17, 2021.

Credit Union

Changes or Groups Added

Field of Membership – Approved:

MTCU (Midland)

[See Newsletter No. 07-21](#)

Public Employees CU (Austin)

[See Newsletter No. 10-21](#)

Applications Received

The following applications were received and will be published in the **December 24, 2021** issue of the *Texas Register*.

Merger or Consolidation:

An application was received from **First Service Credit Union** (Houston) seeking approval to merge with **People’s Trust Federal Credit Union** (Houston), with First Service Credit Union being the surviving credit union.

Articles of Incorporation:

An application was received from **Cen-Tex Manufacturing Credit Union** (Brownwood) to amend its Articles of Incorporation relating to principal place of business.

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## **Upcoming Holiday Schedule for CUD**

The Department’s office will be closed on **December 24, 2021** in observance of the Christmas Holidays.



*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.*

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



The Credit Union Commission and the Staff of the Department would like to extend our best wishes for a New Year of Health, Happiness, and Prosperity!