



Newsletter

No. 12-14



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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, February 20, 2015 beginning at 8:00 a.m. in the offices of CUD.

Cybersecurity

Credit unions must protect themselves against a number of cyberattacks, whether the perpetrator is a foreign nation, cyber criminal or disgruntled employee. In some credit unions, cybersecurity has historically been treated as a technology issue. However, cyber risk should be managed at the most senior level in the same manner as other major credit union risk. To properly manage cyber risk, the credit union must fully understand the organization's cyber risks, the credit union's plan to manage these risks, and the credit union's response plan when the inevitable breach occurs. Credit unions also should consider the risk to the organization's reputation and the legal exposure that could result from a cyber incident.

A good starting point for a credit union is a list of cyber security questions created by the Department of Homeland Security. Click the following link for the Department of Homeland Security document: <https://www.us-cert.gov/sites/default/files/publications/DHS-Cybersecurity-Questions-for-CEOs.pdf>



Upcoming Holiday Schedule for CUD

The Department's office will be closed on **December 24, 25, 26,** and **January 1** in observance of Christmas and the New Year.



Providing Credit Union Services to Money Services Businesses (“MSBs”)

The Financial Crimes Enforcement Network (FinCEN) has recently issued a statement on providing financial services to MSBs. In the statement, FinCEN reiterated expectations regarding financial institutions’ obligations under the Bank Secrecy Act (“BSA”) for MSBs. MSBs play an important role in a transparent financial system because they often provide financial services to people less likely to use traditional banking services and because of their prominent role in providing remittance services.

FinCEN’s statement highlighted concerns that financial institutions are indiscriminately closing the accounts of all MSBs, or refusing to open accounts for any MSBs, thereby eliminating them as a category of customers. FinCEN expects financial institutions that open and maintain accounts for MSBs to apply the requirements of the BSA, as they do with all accountholders, based on risk. As with any category of accountholder, the levels of risk will vary; therefore, MSBs should be treated on a case-by-case basis.

FinCEN’s statement also reiterated that the BSA does not require, and neither does FinCEN expect, institutions to serve as the de facto regulator of the money services business industry any more than of any other industry.

Access the full text of the FinCEN statement at http://www.fincen.gov/news_room/nr/html/20141110.html.



Stolen Debit Cards – Member Liability

During the holiday season, a member’s debit card may be lost or stolen. Regulation E prescribes the responsibilities of credit unions and other financial institutions. Credit unions should review the regulation to ensure their procedures comply with all requirements. A short summary related to the theft or loss of a debit card follows:

Members may not be held fully liable for unauthorized debits if the member gives notice of the loss or theft in a timely manner. Member notification can be given in person, by telephone, or in writing. Credit unions may request confirmation of an oral notification in writing within 10 business days, but a member’s failure to provide such confirmation does not affect their liability for the unauthorized charges. Credit unions must follow Regulation E liability limits, even if the member’s negligence (such as writing the PIN on the back of the card) contributed to the losses.¹

If the member notifies the credit union within two business days after learning of the loss or theft of the card, he or she cannot be liable for more than \$50 in unauthorized debits related to the debit card. If the member fails to notify the financial institution within two business days after learning of the loss or theft of the access device, the consumer’s liability cannot exceed “the lesser of \$500 or the sum of: (i) \$50 or the amount of unauthorized transfers that occur within the two business days, whichever is less; and (ii) The amount of unauthorized transfers that occur after the close of two business days and before notice to the institution, provided the institution establishes that these transfers would not have occurred had the consumer notified the institution within that two-day period.”² Note that Regulation E definitions of timeliness refer to when the member **learns of** the loss, not the date the card was actually lost or stolen. The member may be fully liable for unauthorized transactions if he or she fails to notify the credit union within sixty days of the unauthorized transfer’s appearance on a periodic statement. However, if the member’s delay in notifying the credit union was due to extenuating circumstances such as hospitalization, the institution must consider the notification timely for a reasonable period. For the full text of Regulation E provisions on lost or stolen cards, see §205.6 and §205.11 http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=635f26c4af3e2fe4327fd25ef4cb5638&tpl=/ecfrbrowse/Title12/12cfr205_main_02.tpl

¹ See Credit Union Magazine, December 2014, p. 42. *Compliance Q&A*, by CUNA’s Compliance Team.

² 12 CFR §205.6

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>
January, 2015	Friday, January 16
February, 2015	Friday, February 13



Applications Approved

Applications approved since November 19, 2014 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Field of Membership Changes – Approved:</i>	
InvesTex Credit Union (Houston)	See Newsletter No. 09-14
Assemblies of God Credit Union (Springfield, Missouri)	See Newsletter No. 10-14
<i>Articles of Incorporation Changes – Approved:</i>	
Ward County Teachers Credit Union (Monahans)	See Newsletter No. 10-14



Applications Received

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

Field of Membership Expansion:

Smart Financial Credit Union, Houston, Texas – To permit persons who live, work, or attend school in, and businesses in Brazoria County, Texas, to be eligible for membership in the credit union.

Community Service Credit Union (#1), Huntsville, Texas – To permit persons who reside, work, attend school or worship in, businesses and entities located in Grimes County, Texas, to be eligible for membership in the credit union.

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Applications Received

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Community Service Credit Union (#2), Huntsville, Texas – To permit persons who reside, work, attend school or worship in, businesses and entities located in San Jacinto County, Texas, to be eligible for membership in the credit union.

Community Service Credit Union (#3), Huntsville, Texas – To permit persons who reside, work, attend school or worship in, businesses and entities located in Trinity County, Texas, to be eligible for membership in the credit union.

Community Service Credit Union (#4), Huntsville, Texas – To permit persons who reside, work, attend school or worship in, businesses and entities located in Madison County, Texas, 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 **WesTex Community Credit Union** (Kermit) seeking approval to merge with **City-County Federal Credit Union** (Pecos), with WesTex Community Credit Union being the surviving credit union.

An application was received from **Tarrant County's Credit Union** (Fort Worth) seeking approval to merge with **Corps of Engineers Federal Credit Union** (Fort Worth), with Tarrant County's Credit Union being 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

A graphic featuring the words "HAPPY NEW YEAR" in a bold, red, blocky font with a black outline and a slight 3D effect. The text is arranged in two lines: "HAPPY" on the top line and "NEW YEAR" on the bottom line. Two bright yellow, multi-pointed starburst graphics are positioned around the text: one above the word "NEW" and one below the word "HAPPY".

HAPPY NEW YEAR

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!