



Newsletter

No. 06-19



June 19, 2019



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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:

Allyson "Missy" Morrow, Chair
Sherri Brannon Merket, Vice Chair
Elizabeth L. "Liz" Bayless
Beckie Stockstill Cobb
Yusuf E. Farran
Steven "Steve" Gilman
Jim Minge
Kay Stewart
Rick Ybarra

Next Commission Meeting

Friday, July 12, 2019 beginning at 9:00 a.m. in the offices of CUD.

Notice of Regular Commission Meeting

The Credit Union Commission will hold its Regular meeting on **Friday, July 12, 2019, at 9:00 a.m.**, in the Department's conference room. The agenda and meeting packet will be available on our website on or about July 1, 2019.



NASCUS State System Summit

Join Commissioner Kolhoff at the NASCUS Summit which is quickly approaching (August 13-16) in San Francisco. The Summit is the only national meeting focusing exclusively on the state credit union system. This national meeting brings together state credit union regulators and industry policy makers from around the nation for mutual exchange and dialog. [Click here for hotel, registration, agenda information.](#)

This year's planned talking points include the state of the state credit union charter and how it should evolve, implications of providing financial services to the hemp industry, compliance updates, NACUSO's Next Big Idea Winner and FINTECH implications, communicating in crisis scenarios, the credit union officials and regulators role in responding to harassment claims and the #MeToo movement, interstate branching, developing an ERM focused culture, cybersecurity and legislative issues impacting the state charter. NCUA Chair Rodney Hood is also scheduled to speak on his views of the credit union system and its future.

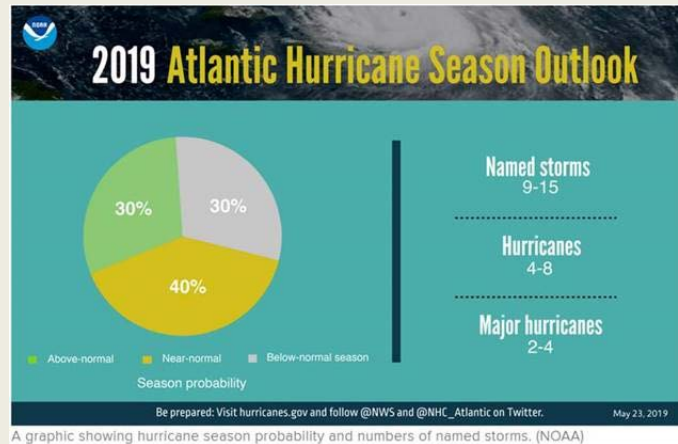


Upcoming Holiday Schedule for CUD

The Department's office will be closed on **July 4th** in observance of Independence Day.

Hurricane Season

Climatologists have predicted a near normal 2019 Atlantic hurricane season that could include nine to 15 named storms, including four to eight hurricanes. Two to four of those hurricanes are expected to grow to major hurricanes with storm winds exceeding 110 mph, Category 3 or stronger. Credit unions are reminded that it only takes one hurricane making landfall to make it an active season for them and encouraged to prepare diligently for every season. Emergency preparedness guidelines can be found [here](#) and at the [NCUA](#). It is imperative officials remain cognizant of the requirements of [TAC 91.5001](#), including emergency office closure notification requirements under (c) and keeping credit union officials NCUA CU Online Profile contact information accurate to comply with (d).



Elder Abuse/Financial Exploitation

Credit unions know they need to report elder abuse on a suspicious activity report under the Bank Secrecy Act (BSA). However, many financial institutions in Texas remain unaware that they also have an obligation to report suspected elder abuse (physical or financial) to the state of Texas as well. This state reporting requirement has been in place for years, however a 2017 law brought it to a new light.

[Chapter 280 to the Finance Code](#) requires financial institutions to report financial exploitation of vulnerable adults (over 65 years old or disabled) to the [Department of Family and Protective Services \(DFPS\)](#). Although the provision in the Finance Code specific to financial institutions is new, the requirement to report is not. Current [Human Resources Code Section 48.051](#) already required all persons (including credit unions) to report abuse.

The 2017 law requires credit union employees who believe a member may be subject to financial exploitation to notify the credit union. The credit union is required to report suspected financial exploitation to DFPS. The report must be submitted not later than the earlier of: 1) the date the assessment is complete, or 2) the fifth business day after the date the credit union is notified of the suspected financial exploitation. In other words, a report should be filed with the DFPS within 5 days or sooner, far earlier than the 30-day deadline for filing a suspicious activity report under BSA.

Elder Abuse/Financial Exploitation (Continued)

A credit union that makes such a report under Finance Code Chapter 280 is not required to make an additional report of suspected abuse, neglect, or exploitation under the Human Resources Code Section 48.051 (the current law regarding reporting abuse).

Credit unions must adopt policies and procedures that require employees to identify exploitation and promptly notify the appropriate point person at the credit union. The policies and procedures should also address training staff, investigating abuse, reporting abuse, and placing holds on accounts. The credit union must investigate and timely file any necessary reports. The policies and procedures may authorize the credit union to report the suspected financial abuse to other appropriate entities such as the Office of the Attorney General, the Federal Trade Commission, and the appropriate law enforcement agency. As a reminder, financial exploitation also triggers a requirement to file a suspicious activity report.

At the time of submitting a report to DFPS, the credit union is authorized to also notify a third party reasonably associated with the vulnerable adult (such as a family member) if that person is not a suspect.

If a credit union submits a report, it may place a hold on any transaction involving an account of the vulnerable adult suspected to be tied to financial exploitation. A mandatory hold on transactions may also be requested by DFPS or a law enforcement agency.

A credit union employee who makes a notification and a credit union that files a report or otherwise participates in judicial proceedings is immune from any civil or criminal liability unless acting in bad faith or with malicious purpose. A credit union is immune from civil or criminal liability or disciplinary action resulting from placing or not placing a hold on transactions.

Credit unions shall provide related documentation, on request, to DFPS, law enforcement, or a prosecuting attorney's office.

DFPS has provided resources for submitting reports on its website [here](#). Reports can be made by phone at 1-800-252-5400 (for urgent or emergency situations) or through DFPS's website [here](#).



Board Meeting Attendance and Training

Critical to the long-term success of a credit union is an active, involved board that provides proper oversight of operations and a sound strategic direction for the future of the credit union. One of the keys to ensuring that a board is successful is regular, participatory attendance.

The issue of board attendance is a tricky one. Board members are volunteers with their own jobs, families, and busy lives to balance in addition to the voluntary obligations of serving on a credit union board. However, missed meetings seriously diminish the effectiveness of the entire board, and a director's irregular or inconsistent meeting attendance could result in removal from the board.

Board Meeting Attendance and Training (Continued)

Texas Finance Code Section 122.055 provides that the office of a director becomes vacant if the director has been absent from more meetings than the total number of absences permitted by commission rule. Under 7 TAC Section 91.501 (g), any director who fails to attend three consecutive regularly scheduled meetings without an excuse approved by a majority vote of the board or fails to attend six regularly scheduled meetings during any twelve-month period (whether the absences are excused or not) is automatically removed from office.

Another key to be a successful board member and contributing to the success of the credit union is annual continuing education, which is required by 7 TAC Section 91.501 (d). Directors must develop and maintain a fundamental, ongoing knowledge of the regulations and issues affecting credit union operations to assure a safe and sound institution. A written board policy which establishes appropriate continuing education requirements and provides enough resources for directors to achieve and maintain professional competence is required. The long-term viability of your credit union depends upon having active, engaged, knowledgeable board members.



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>
July 2019	Friday, July 12
August 2019	Friday, August 16



Applications Approved

Applications approved since **May 15, 2019** include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership – Approved:	
Texas Bay CU (Houston)	See Newsletter No. 03-19
EECU (Fort Worth)	See Newsletter No. 03-19
City CU #1 (Dallas)	See Newsletter No. 04-19
City CU #2 (Dallas)	See Newsletter No. 04-19
City CU #3 (Dallas)	See Newsletter No. 04-19
City CU #4 (Dallas)	See Newsletter No. 04-19



Applications Received

The following application was received and will be published in the **June 28, 2019** issue of the *Texas Register*.

Field of Membership Expansion:

Texell Credit Union (Temple) – Persons who live, work, worship or attend school in McLennan County, Texas.

Mobility Credit Union (Irving) – Persons who live, worship, attend school or work in Parker County, Texas.

Mobility Credit Union (Irving) – Persons who live, worship, attend school or work in Johnson County, Texas.

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*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

