



# Newsletter

No. 05-18



May 16, 2018



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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.

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## 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 13, 2018 beginning at 9:00 a.m. in the offices of CUD.

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## Red Flags of Financial Exploitation

Financial exploitation of older Americans and their families is a significant concern for credit unions and their affected members. According to AARP's Banksafe Initiative Reports, older Americans and their families are valuable members, as they are responsible for 67 cents of every dollar deposited at U.S. credit unions and retail banks. AARP also reports that the average victim loses \$120,000 and financial institutions lose \$1 billion per year in deposits as a result of financial exploitation.

To help protect your older members and limit the loss of valuable staff time associated with these financial losses, we encourage credit unions to train their frontline staff to recognize suspicious activity on an account. Have staff discuss suspected exploitation with their supervisor and the member. Some examples of unusual activity outside of the member's normal pattern include: (1) transactions by the family caregiver that do not seem to be in the interest of the member, such as excessive spending on travel or jewelry; (2) a new, younger friend or sweetheart added to documents and accounts, sometimes followed by a large amount of money being transferred out of the account, or transactions at places the member does not frequent; (3) loans for a questionable reason, such as for a car when the member is visually impaired; (4) suspicious signatures on checks; (5) unusual or nervous behavior by the member and a reluctance to talk to you; or (6) withdrawals for reasons that are "too good to be true", such as winning the lottery.



## Upcoming Holiday Schedule for CUD

The Department's office will be closed on **May 28<sup>th</sup>** in observance of Memorial Day.



## ***2018 Annual Credit Union Survey***

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We would like to thank each of you that participated in the 2018 Annual Survey. The feedback we received from credit unions is valuable, and the Department is committed to continually enhancing its examination and regulatory oversight whenever possible. We are pleased by the positive comments we received, and continue to strive to be an effective and efficient regulator.

We appreciate all of the views expressed and would like to encourage you to provide additional comments or suggestions throughout the year. The agency relies on your feedback to identify concerns. Your thoughtful comments contribute to the success of our agency.



## ***FFIEC Issues Statement on Cyber Insurance***

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The Federal Financial Institutions Examination Council (FFIEC) members recently issued a joint statement to describe matters that financial institutions should consider in determining whether to use cyber insurance as a component of their risk management programs.

The joint statement notes that the number and sophistication of cyberattacks are increasing and that traditional general liability insurance policies may not provide adequate coverage for potential exposures associated with cyber events. Cyber insurance can offset financial losses from a variety of situations – including data breaches resulting in the loss of confidential information – that may not be covered by more traditional policies.

Credit unions should assess their current coverage and consider how cyber insurance may fit into an overall risk management framework. Cyber insurance, however, does not diminish the importance of a sound control environment.

Credit unions may find additional information on cybersecurity risk management on the FFIEC’s website at <http://www.ffiec.gov>.



## ***FinCEN Guidance for Due Diligence Requirements***

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The Financial Crimes Enforcement Network (FinCEN) has issued a "[Frequently Asked Questions](#)" document regarding the Customer Due Diligence Requirements for Financial Institutions. The FinCEN issued the FAQs to help financial institutions understand the scope of the due diligence rule, which took effect on May 11.

The due diligence rule requires credit unions to report the “beneficial owners” of a legal entity opening an account or applying for certain credit. The reporting requirement applies to anyone with a controlling interest or at least a 25 percent ownership stake.



## Publication Deadlines

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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>
June 2018	Friday, June 15
July 2018	Friday, July 13



## Applications Approved

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Applications approved since **April 18, 2018** include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
<i>Field of Membership – Approved:</i>	
<b>First Class American CU</b> (Fort Worth)	<a href="#">See Newsletter No. 02-18</a>
<b>City CU</b> (Dallas)	<a href="#">See Newsletter No. 02-18</a>
<i>Merger or Consolidation – Approved:</i>	
<b>SAFE CU</b> (Beaumont) and <b>Education First FCU</b> (Beaumont)	<a href="#">See Newsletter No. 10-17</a>
<i>Articles of Incorporation – Approved:</i>	
<b>Highway District 2 CU</b> (Fort Worth)	<a href="#">See Newsletter No. 03-18</a>



## Applications Received

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The following applications were received and will be published in the **May 25, 2018** issue of the *Texas Register*.

*Field of Membership Expansion:*

**City Credit Union** (Dallas) – Persons who work, worship, reside or attend school in Collin County, Texas, to be eligible for membership in the credit union.

## *Applications Received (Continued)*

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### *Merger or Consolidation:*

An application was received from **Neighborhood Credit Union** (Dallas) seeking approval to merge with **Dallas Federal Credit Union** (Dallas), with Neighborhood 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. 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.

*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

