

Compliance Journal

Special Focus

Mergers and Acquisitions: A Compliance Officer's Perspective

by Jeffrey Schmid, Director-Compliance & Management Services, FIPCO

In early 2019, I served as the Compliance Officer of a small-community bank that was in the early stages of an acquisition. While both institutions performed necessary due-diligence, including review of the Compliance Management System I managed, certain compliance and regulatory aspects began to emerge that never previously hit my radar. After all, M&A activity is not an area of focus for the typical Compliance Officer. What I came to realize is that emerging trends in our industry are beginning to change the dynamics of where our responsibilities lie, while prevention of consumer harm rises to a new level.

So, what is a Compliance Officer to do? First, I turned toward my regulator for guidance. The Summer 2013 edition of Supervisory Highlights from the FDIC was a great starting point. The article, *Mergers and Acquisitions: A Compliance Perspective*, written by **Matthew Z. Zamora**, Senior Compliance Examiner, Division of Depositor and Consumer Protection, reminded me of the importance of maintaining a good Compliance Management System (CMS) during and after the merger. It helped me recognize that the ability of the surviving institution to establish and maintain its CMS would be subject to regulatory scrutiny and non-compliance could lead to punitive damages.

Equipped with this new-found knowledge, I confronted the next challenge of putting it to practical use. To further complicate matters, areas and issues not addressed when merger discussions first began started to crop-up. For example, if management decided to merge any products, services, and software, it would undoubtedly create a vacuum of new disclosures, changed processes, enhanced procedures, and potentially limit resources.

So, what is a compliance officer to do?

First, I analyzed which regulations brought the most risk, including reputational and regulatory. I identified several regulations that presented potential punitive damages for non-compliance which, if not addressed early, could result in negative consequences to shareholder value. To tackle this, I created a chart of the regulations applicable to both institutions, along with potential civil monetary penalties. What I found was staggering.

Next, I created a checklist. I know, I know, Compliance Officers live by these. But a well-documented checklist of which regulations needed to be considered, which tasks needed to be performed, and who was responsible for performing them helped me to keep this aspect of M&A in the forefront. I then communicated this information with management of both institutions so that proper resources could be allocated.

Then, much like the first steps in introducing a new product or service, I engaged my experiences as a Compliance Officer. For instance, in the case of mapping loan and deposit accounts, a Compliance Officer should perform a side-by-side comparison of account related disclosures, including Truth in Savings, TRID and contracts, looking for commonality in terms and fees to help find the right products that bring synergy. By applying this method I found that, in some cases, it made more sense to build a new product on the acquirer's system to mirror the product of the merged institution. The key was to find as much commonality as possible to avoid additional disclosures and customer confusion. As I worked with the merger and acquisition team, we found differences and tracked them in a table format so we could use this information when it came time to inform our customers well in advance of the actual merger.

Next, I worked with management to determine what the departments would look like following the formal merger of both institutions. I found that because of how the merged institution serviced its mortgage loans, a simple name change triggered RESPA requirements



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on providing Notice of Servicing Rights to all mortgage customers, even though payments, address and phone number remained the same. Once the merger was announced and a legal closing date was determined, I worked with our mortgage processing department to properly disclose the likelihood that servicing would be transferred to the new bank and prepared a mass mailing for existing customers.

And what about that thing they call HMDA? This can be disastrous for an institution if done wrong, so the team began by analyzing if one or both institutions were required to file. If one institution did not file, we knew it would be a major change for the other institution, especially for collecting necessary information. We started by asking questions about Pre-approval and Pre-qualification programs and if either institution reported HELOC's, knowing that how these are defined and reported could be different for each bank and might lead to missed applications. Until the end of the year, we found that keeping and filing separate HMDA LAR's could be advantageous, but not efficient. Referencing A Guide to HMDA Reporting Getting It Right! was my greatest tool as a compliance officer. I also found that a conversation with our reporting vendor about license fees and implementation helped prepare for another calendar year of reporting. Planning a new collection, reporting, and review process before the next calendar year helped put both banks on the right path.

Finally, as one who handled multiple responsibilities, I didn't forget to dust off my CRA Officer hat and update our public file. I had to redraw our CRA assessment area, update our list of products and services for the combined institution, and re-post the corresponding lobby notice. I also prepared for the possibility of customer complaints that might follow after the merger.

Conclusion

While these are just a few examples of what I encountered during a merger and acquisition, through them I found that the role of the Compliance Officer is a critical component, before, during, and after the merge. Keeping abreast of these challenges introduced a new dynamic in managing the newly formed CMS program. To prepare your bank for these or other types of challenges, please contact **Jeffery Schmid**, Director of Compliance and Management Services through FIPCO at jschmid@fipco.com to see how our experience can assist your bank. ■

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Regulatory Spotlight

Agencies Propose Community Reinvestment Act Regulations.

The Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Department of the Treasury (Treasury) issued a joint notice of proposed rulemaking (rule) to modernize Community Reinvestment Act (CRA) regulations. The rule contains four main elements designed to encourage banks to serve their communities by making the regulatory framework more objective, transparent, consistent, and easy to understand. Specifically, the agencies have proposed to clarify which activities qualify for CRA credit, update where activities count for CRA credit, create a more transparent and objective method for measuring CRA performance, and provide for more transparent, consistent, and timely CRA-related data collection, recordkeeping, and reporting. At the time of publication, this proposal has not yet been published in the *Federal Register*. Comments on the proposal will be due 60 days after publication in the *Federal Register*. The notice may be viewed at: <https://www.occ.treas.gov/news-issuances/federal-register/2019/nr-ia-2019-147-federal-register.pdf>.

Agencies Finalize Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds.

The Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Commodity Futures Trading Commission (CFTC), and the Securities and Exchange Commission (SEC) are adopting amendments to the regulations implementing section 13 of the Bank Holding Company Act. Section 13 contains certain restrictions on the ability of a banking entity and nonbank financial company supervised by FRB to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund. These final amendments are intended to provide banking entities with clarity about what activities are prohibited and to improve supervision and implementation of section 13. The effective date for amendatory instructions 1 through 14 (OCC), 16 through 29 (FRB), 31 through 44 (FDIC), and 46 through 58 (CFTC) is 01/01/2020; the effective date for amendatory instructions 60 through 73 (SEC) is **01/13/2020**; and the effective date for the addition of appendices Z at amendatory instructions 15 (OCC), 30 (FRB), and 45 (FDIC) is **01/01/2020**, through **12/31/2020**, except for amendatory instruction 74 (SEC), which is effective **01/13/2020**, through **12/31/2020**. Banking entities must comply with the final amendments by **01/01/2021**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-14/pdf/2019-22695.pdf>. *Federal Register*, Vol. 84, No. 220, 11/14/2019, 61974-62277.

Agencies Finalizes Capital Simplification for Qualifying Community Banking Organizations.

The Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) are adopting a final rule that provides for a simple measure of capital adequacy for certain community banking organizations, consistent with section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (final rule). Under the final rule, depository institutions and depository institution holding companies that have less than \$10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio (equal to tier 1 capital divided by average total consolidated assets) of greater than 9 percent, will be eligible to opt into the community bank leverage ratio framework (qualifying community banking organizations). Qualifying community banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than **9 percent** will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the well-capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. The final rule includes a two-quarter grace period during which a qualifying community banking organization that temporarily fails to meet any of the qualifying criteria, including the greater than 9 percent leverage ratio requirement, generally would still be deemed well-capitalized so long as the banking organization maintains a leverage ratio greater than 8 percent. At the end of the grace period, the banking organization must meet all qualifying criteria to remain in the community bank leverage ratio framework or otherwise must comply with and report under the generally applicable rule. Similarly, a banking organization that fails to maintain a leverage ratio greater than **8 percent** would not be permitted to use the grace period and must comply with the capital rule's generally applicable requirements and file the appropriate regulatory reports. The final rule is effective **01/01/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-13/pdf/2019-23472.pdf>. *Federal Register*, Vol. 84, No. 219, 11/13/2019, 61776-61804.

Agencies Finalize Simplifications to the Capital Rule.

The Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) are adopting a final rule that permits insured depository institutions and depository institution holding companies not subject to the advanced approaches capital rule to implement certain provisions of the final rule titled Reg-



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ulatory Capital: Simplifications to the Capital Rule Pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996, which was issued by the agencies in **07/22/2019**, (Capital Simplifications Final Rule) on **01/01/2020**, rather than **04/01/2020**, as initially provided. Consistent with this approach, the transition provisions of the regulatory capital rule are being amended to provide that banking organizations not subject to the advanced approaches capital rule will be permitted to implement the Capital Simplifications Final Rule as of its revised effective date in the quarter beginning **01/01/2020**, or to wait until the quarter beginning **04/01/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-13/pdf/2019-23467.pdf>. *Federal Register*, Vol. 84, No. 219, 11/13/2019, 61804-61808.

CFPB Issues Interpretive Rule on Regulation Z.

The Bureau of Consumer Financial Protection (CFPB) issued an interpretive rule which construes CFPB's Regulation Z, which implements the Truth in Lending Act (TILA). Generally, if a mortgage loan originator organization employs an individual loan originator who is not licensed and is not required to be licensed, Regulation Z requires the loan originator organization to perform specific screening of that individual before permitting the individual to act as a loan originator and to provide certain ongoing training. Regulation Z is ambiguous as to whether these requirements apply to loan originator organizations employing individual loan originators who have temporary authority to originate loans pursuant to the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (EGRRCPA) amendments to the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act). These amendments take effect on **11/24/2019**. This interpretive rule concludes that a loan originator organization is not required to comply with certain screening and training requirements under Regulation Z if the individual loan originator employee is authorized to act as a loan originator pursuant to the temporary authority described in the SAFE Act. The interpretive rule is effective **11/24/2019**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-19/pdf/2019-24944.pdf>. *Federal Register*, Vol. 84, No. 223, 11/19/2019, 63791-63794.

CFPB Issues Final Rule on Fair Credit Reporting Act Disclosures.

CFPB issued a final rule amending an appendix for Regulation V, which implements the Fair Credit Reporting Act (FCRA). CFPB is required to calculate annually the dollar amount of the maximum allowable charge for disclosures by a consumer reporting agency to a consumer pursuant to FCRA Section 609; this final rule establishes the maximum allowable charge for the 2020 calendar year. The final rule is effective **01/01/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-27/pdf/2019-25695.pdf>. *Federal Register*, Vol. 84, No. 229, 11/27/2019, 65280-65281.

CFPB Issues Correction to Truth in Lending Annual Threshold Adjustments.

CFPB published a final rule in the *Federal Register* on **08/01/2019** amending the regulation text and official interpretations for Regulation Z, which implements the Truth in Lending Act (TILA), to include annual calculations for dollar amounts for several provisions in Regulation Z. This document corrects an error in one of the amendments to the official interpretation for Regulation Z. The correction is effective **01/01/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-29/pdf/2019-25812.pdf>. *Federal Register*, Vol. 84, No. 230, 11/29/2019, 65646-65647.

CFPB Proposes Amendments to Remittance Transfers.

CFPB is proposing changes to the remittance rule in Regulation E to mitigate the effects of the expiration of a statutory exception that allows insured institutions to disclose estimates instead of exact amounts to consumers. That exception expires on **07/21/2020**. In addition, CFPB is proposing to increase a safe harbor threshold in the Rule related to whether a person makes remittance transfers in the normal course of its business, which would have the effect of reducing compliance costs for entities that make a limited number of remittance transfers annually. Comments are due **01/21/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-06/pdf/2019-25944.pdf>. *Federal Register*, Vol. 84, No. 235, 12/06/2019, 67132-67167.

CFPB Requests Comment on Information Collection.

- CFPB announced it seeks comment on the information collection titled Application Forms for Financial Empowerment Training Programs. CFPB also gave notice that it sent the collection to OMB for review. Comments are due **01/14/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-15/pdf/2019-24799.pdf>. *Federal Register*, Vol. 84, No. 221, 11/15/2019, 62514-62515.



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- CFPB announced it seeks comment on the information collection titled Application for the Bureau's Advisory Committees. CFPB also gave notice that it sent the collection to OMB for review. Comments are due **01/02/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-02/pdf/2019-25994.pdf>. *Federal Register*, Vol. 84, No. 231, 12/02/2019, 65972-65973.
- CFPB announced it seeks comment on the information collection titled Generic Information Collection Plan for Surveys Using the Consumer Credit Panel. CFPB also gave notice that it sent the collection to OMB for review. Comments are due **01/02/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-02/pdf/2019-26021.pdf>. *Federal Register*, Vol. 84, No. 231, 12/02/2019, 65973.

CFPB Requests Comment on Regulation X and Regulation Z.

CFPB is conducting an assessment of the Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth In Lending Act (Regulation Z) Rule and certain amendments in accordance with section 1022(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). CFPB is requesting public comment on its plans for assessing this rule as well as certain recommendations and information that may be useful in conducting the planned assessment. Comments are due **01/21/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-22/pdf/2019-25260.pdf>. *Federal Register*, Vol. 84, No. 226, 11/22/2019, 64436-64441.

FRB Proposes Supervision and Regulation Assessments of Fees for Bank Holding Companies and Savings and Loan Holding Companies.

The Board of Governors of the Federal Reserve System (FRB) issued a proposal to amend FRB's assessment rule (Regulation TT), pursuant to Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), to address amendments made by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). The proposed amendments to Regulation TT raise the minimum threshold for being considered an assessed company from \$50 billion to \$100 billion in total consolidated assets for bank holding companies and savings and loan holding companies and adjust the amount charged to assessed companies with total consolidated assets between \$100 billion and \$250 billion to reflect changes in supervisory and regulatory responsibilities resulting from EGRRCPA. Comments are due **01/09/2019**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-12/pdf/2019-24491.pdf>. *Federal Register*, Vol. 84, No. 218, 11/12/2019, 60944-60949.

FRB Issues Correction to Proposed Supervision and Regulation Assessments of Fees for Bank Holding Companies and Savings and Loan Holding Companies.

FRB issued a notice in the *Federal Register* on **11/12/2019** regarding proposed changes to Regulation TT. The original notice included an expired comment period end date, this notice corrects that error. The correct comment due date for the proposal is **01/09/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-19/pdf/2019-24959.pdf>. *Federal Register*, Vol. 84, No. 223, 11/19/2019, 63820.

FDIC Finalizes Amendments to Assessments.

- The Federal Deposit Insurance Corporation (FDIC) is amending the deposit insurance assessment regulations that govern the use of small bank assessment credits (small bank credits) and one-time assessment credits (OTACs) by certain insured depository institutions (IDIs). Under this final rule, now that the FDIC is applying small bank credits to quarterly deposit insurance assessments, such credits will continue to be applied as long as the Deposit Insurance Fund (DIF) reserve ratio is at least 1.35 percent (instead of, as originally provided, 1.38 percent). In addition, after small bank credits have been applied for four quarterly assessment periods, and as long as the reserve ratio is at least 1.35 percent, the FDIC will remit the full nominal value of any remaining small bank credits in lump-sum payments to each IDI holding such credits in the next assessment period in which the reserve ratio is at least **1.35 percent**, and will simultaneously remit the full nominal value of any remaining OTACs in lumpsum payments to each IDI holding such credits. The final rule is effective **11/27/2019** and applicable **07/01/2019**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-27/pdf/2019-25566.pdf>. *Federal Register*, Vol. 84, No. 229, 11/27/2019, 65269-65276.



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- FDIC is amending its deposit insurance assessment regulations to apply the community bank leverage ratio (CBLR) framework to the deposit insurance assessment system (CBLR Assessments final rule). The FDIC, the Board of Governors of the Federal Reserve System (FRB) and the Office of the Comptroller of the Currency (OCC) (collectively, the Federal banking agencies) are considering, and are expected to adopt, a final rule that provides for a simple measure of capital adequacy for certain community banking organizations (CBLR final rule). The CBLR Assessments final rule: prices all insured depository institutions (IDIs) that elect to use the CBLR framework as small institutions; makes technical amendments to the FDIC's assessment regulations to ensure that the assessment regulations continue to reference the prompt corrective action (PCA) regulations for the definitions of capital categories used in the deposit insurance assessment system; and clarifies that an IDI that elects to use the CBLR framework and also meets the definition of a custodial bank will have no change to its custodial bank deduction or reporting items required to calculate the deduction. The final rule does not make any changes to the FDIC's assessment methodology for small or large institutions. The final rule is effective **01/01/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-06/pdf/2019-25897.pdf>. *Federal Register*, Vol. 84, No. 235, 12/06/2019, 66833-66838.

FDIC Finalizes Removal of Transferred OTS Regulation Regarding Deposits.

FDIC is adopting a final rule to rescind and remove a subpart from the Code of Federal Regulations entitled "Deposits," applicable to State savings associations, because the subpart is duplicative of other rules and statutes and is unnecessary to the regulation of State savings associations. FDIC did not receive any comments on the Notice of Proposed Rulemaking (NPR) and is finalizing the rule as proposed. The final rule is effective **12/27/2019**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-27/pdf/2019-25697.pdf>. *Federal Register*, Vol. 84, No. 229, 11/27/2019, 65276-25280.

FDIC Issues Correction to Rule on Company-Run Stress Testing Requirements.

FDIC is correcting a final rule that appeared in the *Federal Register* on 10/24/2019, regarding Company-Run Stress Testing Requirements for FDIC-Supervised State Nonmember Banks and State Savings Associations. This correction replaces three additional references to "subpart" with "part," in order to standardize the language in FDIC regulations. The correction is effective **11/25/2019**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-26/pdf/2019-25691.pdf>. *Federal Register*, Vol. 84, No. 228, 11/26/2019, 64984-64985.

FDIC Issues Correction to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds.

FDIC is correcting a final rule that appeared in the *Federal Register* on Thursday, **11/14/2019**, regarding Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds. These corrections are necessary to standardize the language in the FDIC regulations with the other agencies' regulations. The correction is effective **01/01/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-03/pdf/2019-26066.pdf>. *Federal Register*, Vol. 84, No. 232, 12/03/2019, 66063.

FDIC Proposes Brokered Deposit Regulations.

FDIC issued a notice of proposed rulemaking to brokered deposit restrictions that apply to less than well capitalized institutions. The proposed rule would address concerns raised by WBA, other industry and trade groups, and banking organizations desiring clarification of the definition of "deposit broker." The proposed rule would create a new framework for analyzing that definition, as well as other related provisions. Comments on the proposal will be due 60 days after publication in the *Federal Register*. The proposal may be viewed at: <https://www.fdic.gov/news/board/2019/2019-12-12-notice-dis-b-fr.pdf>.

FDIC Proposes Regulations on Federal Interest Rate Authority.

FDIC is seeking comment on proposed regulations clarifying the law that governs the interest rates State-chartered banks and insured branches of foreign banks (collectively, State banks) may charge. The proposed regulations would provide that State banks are authorized to charge interest at the rate permitted by the State in which the State bank is located, or one percent in excess of the ninety-day commercial paper rate, whichever is greater. The proposed regulations also would provide that whether interest on a loan is permissible under section 27 of the Federal Deposit Insurance Act would be determined at the time the loan is made, and interest on a loan permissible under section 27 would not be affected by subsequent events, such as a change in State law, a change in the relevant



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commercial paper rate, or the sale, assignment, or other transfer of the loan. Comments are due **02/04/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-06/pdf/2019-25689.pdf>. *Federal Register*, Vol. 84, No. 235, 12/06/2019, 66845-66853.

FDIC Requests Comment on Framework for Analyzing the Effects of FDIC Regulatory Actions.

FDIC is seeking comment on approaches it is considering to analyze the effects of its regulatory actions. FDIC views analysis of the effects of regulatory actions and alternatives as an important part of a credible and transparent rulemaking process. The comments received will help FDIC to strengthen its analysis of regulatory actions. Comments are due **01/28/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-29/pdf/2019-25928.pdf>. *Federal Register*, Vol. 84, No. 230, 11/30/2019, 65808-65814.

FDIC Requests Comment on Information Collection.

FDIC announced it seeks comment on the information collection titled Joint Standards for Assessing Diversity Policies and Practices. FDIC also gave notice that it sent the collection to OMB for review. Comments are due **01/03/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-04/pdf/2019-26170.pdf>. *Federal Register*, Vol. 84, No. 233, 12/04/2019, 66404-66405.

FDIC Establishes Advisory Committee of State Regulators.

FDIC is establishing the FDIC Advisory Committee of State Regulators (ACSR). The ASCR will provide advice and recommendations to the FDIC on a broad range of policy issues regarding the regulation of state-chartered financial institutions throughout the United States, including its territories. The ASCR will provide a forum where state regulators and the FDIC can discuss a variety of current and emerging issues that have potential implications regarding the regulation and supervision of state-chartered financial institutions. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-02/pdf/2019-26013.pdf>. *Federal Register*, Vol. 84, No. 231, 12/02/2019, 65979-65980.

FDIC Issues Terminations of Receivership.

FDIC as Receiver was charged with the duty of winding up the affairs of former depository institutions and liquidating all related assets. The Receiver has fulfilled its obligations and made all dividend distributions required by law. The Receiver has further irrevocably authorized and appointed FDIC-Corporate as its attorney-in-fact to execute and file any and all documents that may be required to be executed by the Receiver which FDIC-Corporate, in its sole discretion, deems necessary, including but not limited to releases, discharges, satisfactions, endorsements, assignments, and deeds. Effective on the termination dates listed in the final column of the chart in the notice, the Receiverships have been terminated, the Receiver has been discharged, and the Receiverships have ceased to exist as legal entities. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-09/pdf/2019-26417.pdf>. *Federal Register*, Vol. 84, No. 236, 12/09/2019, 67270.

HUD Requests Comment on Information Collections.

The Department of Housing and Urban Development (HUD) announced it seeks comment on the information collection titled FHA TOTAL Mortgage Scorecard. HUD also gave notice that it sent the collection to OMB for review. Comments are due **01/27/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-27/pdf/2019-25694.pdf>. *Federal Register*, Vol. 84, No. 229, 11/27/2019, 65403-65404.

FEMA Issues Final Flood Hazard Determinations.

The Federal Emergency Management Agency (FEMA) has issued a final notice which identifies communities in the states of Iowa, Nebraska, and Ohio, where flood hazard determinations, which may include additions or modifications of Base Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, or regulatory floodways on the Flood Insurance Rate Maps (FIRMs) and where applicable, in the supporting Flood Insurance Study (FIS) reports have been made final. The FIRM and FIS report are the basis of the floodplain management measures that a community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in FEMA's National Flood Insurance Program (NFIP).



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The final notice is effective **04/17/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-05/pdf/2019-26247.pdf>. *Federal Register*, Vol. 84, No. 234, 12/05/2019, 66686-66687.

FEMA Issues Final Notices of Changes in Flood Hazard Determinations.

- FEMA issued new or modified Base (1% annual-chance) Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, and/or regulatory floodways (hereinafter referred to as flood hazard determinations) as shown on the indicated Letter of Map Revision (LOMR) for communities in the states of **Illinois, Indiana, Michigan, Minnesota, Nebraska, Ohio, and Wisconsin**. Each LOMR revises the Flood Insurance Rate Maps (FIRMs), and in some cases the Flood Insurance Study (FIS) reports, currently in effect for the listed communities. The flood hazard determinations modified by each LOMR will be used to calculate flood insurance premium rates for new buildings and their contents. The effective date for each LOMR is indicated in the table in the final notice. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-05/pdf/2019-26248.pdf>. *Federal Register*, Vol. 84, No. 234, 12/05/2019, 66688-66691.
- FEMA issued new or modified Base (1% annual-chance) Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, and/or regulatory floodways (hereinafter referred to as flood hazard determinations) as shown on the indicated Letter of Map Revision (LOMR) for communities in the states of **Arizona, Illinois, Michigan, Minnesota, and Wisconsin**. Each LOMR revises the Flood Insurance Rate Maps (FIRMs), and in some cases the Flood Insurance Study (FIS) reports, currently in effect for the listed communities. The flood hazard determinations modified by each LOMR will be used to calculate flood insurance premium rates for new buildings and their contents. The effective date for each LOMR is indicated in the table in the final notice. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-09/pdf/2019-26421.pdf>. *Federal Register*, Vol. 84, No. 236, 12/09/2019, 67289-67292.

FEMA Issues Proposed Flood Hazard Determinations.

FEMA has requested comments on proposed flood hazard determinations, which may include additions or modifications of any Base Flood Elevation (BFE), base flood depth, Special Flood Hazard Area (SFHA) boundary or zone designation, or regulatory floodway on the Flood Insurance Rate Maps (FIRMs), and where applicable, in the supporting Flood Insurance Study (FIS) reports for communities in the states of **Iowa, and Michigan**. The FIRM and FIS report are the basis of the floodplain management measures that the community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in the National Flood Insurance Program (NFIP). Comments are due 03/09/2020. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-09/pdf/2019-26422.pdf>. *Federal Register*, Vol. 84, No. 236, 12/09/2019, 67284-67286.

Treasury Finalizes IMARA Calculation Under the Terrorism Risk Insurance Program.

The Department of the Treasury (Treasury) issued a final rule to implement technical changes to program regulations that address the calculation and notification to the public of the Terrorism Risk Insurance Program's insurance marketplace aggregate retention amount (IMARA) under the Terrorism Risk Insurance Act, as amended. The rule is effective 12/16/2019. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-15/pdf/2019-24801.pdf>. *Federal Register*, Vol. 84, No. 221, 11/15/2019, 62450-62452.

Treasury Finalizes Estate and Gift Taxes Regulations.

Treasury finalized regulations addressing the effect of recent legislative changes to the basic exclusion amount allowable in computing Federal gift and estate taxes. The final regulations will affect donors of gifts made after 2017 and the estates of decedents dying after 2025. The final regulations are effective **11/26/2019**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-26/pdf/2019-25601.pdf>. *Federal Register*, Vol. 84, No. 228, 11/26/2019, 64995-65000.

Treasury Requests Comment on Information Collections.

- Treasury announced it seeks comment on the information collection titled Agreement and Request for Disposition of a Decedent's Treasury Securities. Treasury also gave notice that it sent the collection to OMB for review. Comments are due **01/28/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-29/pdf/2019-25895.pdf>. *Federal Register*, Vol. 84, No. 230, 11/29/2019, 65897.



Regulatory Spotlight

- Treasury announced it seeks comment on the information collection titled Special Bond of Indemnity By Purchaser of United States Savings Bonds/Notes Involved in a Chain Letter Scheme. Treasury also gave notice that it sent the collection to OMB for review. Comments are due **01/28/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-29/pdf/2019-25894.pdf>. *Federal Register*, Vol. 84, No. 230, 11/29/2019, 65896-65897.
- Treasury announced it seeks comment on the information collection titled Returns Regarding Payments of Interest. Treasury also gave notice that it sent the collection to OMB for review. Comments are due **01/28/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-29/pdf/2019-25881.pdf>. *Federal Register*, Vol. 84, No. 230, 11/29/2019, 65898-65899.
- Treasury announced it seeks comment on the information collection titled Offering of U.S. Mortgage Guaranty Insurance Company Tax and Loss Bonds. Treasury also gave notice that it sent the collection to OMB for review. Comments are due **01/31/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-02/pdf/2019-25998.pdf>. *Federal Register*, Vol. 84, No. 231, 12/02/2019, 66053.

SBA Finalizes Regulations on Women's Business Center Program.

The Small Business Administration (SBA) is codifying regulations for the Women's Business Center (WBC) Program as directed in section 29 of the Small Business Act (the Act). The final rule also codifies policy and procedural changes included in the WBC Program Announcement and Notice of Award (NOA). These changes include, but are not limited to, the following: Language on risk assessment, as required by the Uniform Grant Guidance; limitations on carryovers; a reduction in reporting requirements; and eligibility criteria for selection as a WBC. Implementing these regulations will result in greater standardization and transparency in the delivery of the WBC Program. The final rule is effective **01/24/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-25/pdf/2019-24239.pdf>. *Federal Register*, Vol. 84, No. 227, 11/25/2019, 64707-64723.

SBA Finalizes Streamlining and Modernizing Certified Development Company Program.

SBA finalized a rule streamlining the operational and organizational requirements for Certified Development Companies (CDCs) in order to improve efficiencies and reduce costs without unduly increasing risk in the 504 Loan Program. The changes include streamlining the requirements that apply to the corporate governance of CDCs, and updating the requirements that apply to professional services contracts entered into by CDCs, the requirements related to the audit and review of a CDC's financial statements, and the requirements related to the balance that a Premier Certified Lender Program (PCLP) CDC must maintain in its Loan Loss Reserve Fund. The final rule is effective **01/03/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-04/pdf/2019-26042.pdf>. *Federal Register*, Vol. 84, No. 233, 12/04/2019, 66287-66296.

SBA Issues Small Business Size Standards.

SBA is modifying its method for calculating average annual receipts used to prescribe size standards for small businesses. Specifically, in accordance with the Small Business Runway Extension Act of 2018, SBA is changing its regulations on the calculation of average annual receipts for all of SBA's receipts-based size standards, and for other agencies' proposed receipts-based size standards, from a 3-year averaging period to a 5-year averaging period, outside of the SBA Business Loan and Disaster Loan Programs. SBA intends to seek comment on the Business Loan and Disaster Loan Programs in a proposed rule through a separate rulemaking. For all other programs, SBA adopts a transition period through **01/06/2022**, during which firms may choose between using a 3-year averaging period and a 5-year averaging period. The rule is effective **01/06/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-05/pdf/2019-26041.pdf>. *Federal Register*, Vol. 84, No. 234, 12/05/2019, 66561-66579.

FCIC Issues Rice Crop Insurance Provisions.

The Federal Crop Insurance Corporation (FCIC) finalized amendments to the Common Crop Insurance Regulations, Rice Crop Insurance Provisions (Crop Provisions). The intended effect of this action is to allow for new irrigation methods and change the cancellation and termination dates in certain states to align with other row crops to implement the changes contained in the Agriculture Improvement Act of 2018 (commonly referred to as the 2018 Farm Bill). The changes will be effective for the 2020 and succeeding crop years. The final rule is effective **11/30/2019**. Comments are due **01/21/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-22/pdf/2019-25386.pdf>. *Federal Register*, Vol. 84, No. 226, 11/22/2019, 64411-64413.



Regulatory Spotlight

FCIC Issues Coarse Grains Crop Insurance Provisions.

FCIC amends the Common Crop Insurance Regulations, Coarse Grains Crop Insurance Provisions (Crop Provisions). The intended effect of this action is to allow separate enterprise and optional units by the cropping practices Following Another Crop (FAC) and Not Following Another Crop (NFAC). The changes will be effective for the 2020 and succeeding crop years. The final rule is effective **11/30/2019**. Comments are due **01/27/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-27/pdf/2019-25862.pdf>. *Federal Register*, Vol. 84, No. 229, 11/27/2019, 65259-65262.

FCIC Issues Sugar Beet Crop Insurance Regulations.

FCIC finalizes the Common Crop Insurance Regulations, Sugar Beet Crop Insurance Provisions (Crop Provisions) and makes amendments to the final rule, with request for comment, published in the *Federal Register* on **09/10/2018**, that updated existing policy provisions and definitions to better reflect current agricultural practices. This final rule is amended based on comments received and other issues identified since implementation of the previous final rule. The changes will be effective for the 2020 and succeeding crop years in states with a November 30 contract change date and for the 2021 and succeeding crop years in all other states. The final rule is effective **11/30/2019**. Comments are due **01/28/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-29/pdf/2019-25844.pdf>. *Federal Register*, Vol. 84, No. 230, 11/29/2019, 65627-65639.

FCIC Issues Correction to Common Crop Insurance Policy Basic Provisions.

FCIC is correcting a final rule that was published in the *Federal Register* on **07/28/2019**, which revised the Catastrophic Risk Protection Endorsement, the Area Risk Protection Insurance Basic Provisions, and the Common Crop Insurance Policy (CCIP) Basic Provisions. The correction is being published to correct an incorrect reference in section 3(g)(3) of the Common Crop Insurance Policy Basic Provisions. The correction is effective **11/22/2019**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-22/pdf/2019-25387.pdf>. *Federal Register*, Vol. 84, No. 226, 11/22/2019, 64413-64414.

RBC Issues Notice of Solicitation of Applications for Inviting Applications for the Rural Economic Development Loan and Grant Programs.

The Rural Business-Cooperative Service (RBC) announced that the maximum loan amount awarded for applications competing in the Second, Third, and Fourth Quarter funding cycles of fiscal year (FY) 2020 will be \$1 million. The notice contains key dates for FY 2020 complete loan applications to be received. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-13/pdf/2019-24597.pdf>. *Federal Register*, Vol. 84, No. 219, 11/13/2019, 61594-61595.

RHS Proposes Amendments to Single Family Housing Direct Loan and Grant Programs.

The Rural Housing Service (RHS) is proposing to amend its regulations to update and improve the direct Single-Family Housing (SFH) loans and grants programs. The proposed changes would increase program flexibility, allow more borrowers to access affordable loans, better align the programs with best practices, and enable the programs to be more responsive to economic conditions and trends. Comments are due **01/24/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-25/pdf/2019-25128.pdf>. *Federal Register*, Vol. 84, No. 227, 11/25/2019, 64788-64795.

CCC Issues Interim Rule on Conservation Reserve Program.

The Commodity Credit Corporation (CCC) is revising its Conservation Reserve Program (CRP) regulations to specify the terms and conditions of CRP and to implement amendments made by the Agriculture Improvement Act of 2018 (2018 Farm Bill). The 2018 Farm Bill authorizes CRP through fiscal year 2023. The rule makes required changes to the eligibility criteria for enrollment in CRP, the benefits available to participants, and the land use and compliance provisions of CRP. In addition, the rule will implement two new pilot programs, the Clean Lakes, Estuaries, and Rivers 30 (CLEAR 30) Pilot Program and the Soil Health and Income Protection Pilot (SHIPP) Program, as required by the 2018 Farm Bill. The rule is effective 12/06/2019. Comments are due **02/04/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-06/pdf/2019-26268.pdf>. *Federal Register*, Vol. 84, No. 235, 12/06/2019, 66813-66833.



Regulatory Spotlight

FASB Requests Comment on Annual Report for FY 2019 and Three-Year Plan.

The Federal Accounting Standards Advisory Board (FASB) has issued its Annual Report for Fiscal Year 2019 and Three-Year Plan. The Annual Report for Fiscal Year 2019 and Three-Year Plan is available on the FASB website at <https://www.fasab.gov/our-annual-reports/>. Copies can be obtained by contacting FASB at (202)512-7350. Comments are due **01/17/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-26/pdf/2019-25662.pdf>. *Federal Register*, Vol. 84, No. 228, 11/26/2019, 65154.

NCUA Finalized Exceptions to Employment Restrictions.

The National Credit Union Administration (NCUA) is updating and revising its Interpretive Ruling and Policy Statement (IRPS) regarding statutory prohibitions imposed by Section 205(d) of the Federal Credit Union Act (FCU Act). Section 205(d) prohibits, except with the prior written consent of NCUA, any person who has been convicted of any criminal offense involving dishonesty or breach of trust, or who has entered into a pretrial diversion or similar program in connection with a prosecution for such offense, from participating in the affairs of an insured credit union. NCUA is rescinding current IRPS 08-1 and issuing a revised and updated IRPS to reduce regulatory burden. NCUA is amending and expanding the current de minimis exception to reduce the scope and number of offenses that will require an application to NCUA. Specifically, the final IRPS will not require an application for convictions involving insufficient funds checks of aggregate moderate value, small dollar simple theft, false identification, simple drug possession, and isolated minor offenses committed by covered persons as young adults. The final rule is effective **01/02/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-02/pdf/2019-25699.pdf>. *Federal Register*, Vol. 84, No. 231, 12/02/2019, 65907-65923.

NCUA Proposes Amendments to Real Estate Appraisals.

NCUA proposes to amend the agency's regulation requiring appraisals for certain real estate-related transactions. The proposed rule would increase the threshold level below which appraisals would not be required for residential real estate-related transactions from \$250,000 to \$400,000. Consistent with the requirement for other transactions that fall below applicable appraisal thresholds, federally insured credit unions (FICUs) would be required to obtain written estimates of market value of the real estate collateral that is consistent with safe and sound banking practices in lieu of an appraisal. For easier reference, the proposed rule would explicitly incorporate the existing statutory requirement that appraisals be subject to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). This proposal is consistent with the final rule, effective on **10/09/2019**, issued by the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) that increases the threshold level at or below which appraisals are not required for residential real estate transactions from \$250,000 to \$400,000. Comments are due **01/28/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-29/pdf/2019-25768.pdf>. *Federal Register*, Vol. 84, No. 230, 11/29/2019, 65707-65714.

NCUA Requests Comment on Information Collections.

- NCUA announced it seeks comment on the information collection titled Recordkeeping and Disclosure Requirements Associated with Regulations B, E, M, and CC. NCUA also gave notice that it sent the collection to OMB for review. Comments are due **01/13/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-14/pdf/2019-24723.pdf>. *Federal Register*, Vol. 84, No. 220, 11/14/2019, 61941-61942.
- NCUA announced it seeks comment on the information collection titled NCUA Profile. NCUA also gave notice that it sent the collection to OMB for review. Comments are due **01/14/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-15/pdf/2019-24760.pdf>. *Federal Register*, Vol. 84, No. 221, 11/15/2019, 62558.
- NCUA announced it seeks comment on the information collection titled Corporate Credit Union Monthly Call Report and Report of Officers. NCUA also gave notice that it sent the collection to OMB for review. Comments are due **01/02/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-03/pdf/2019-26114.pdf>. *Federal Register*, Vol. 84, No. 232, 12/03/2019, 66223.
- NCUA announced it seeks comment on the information collection titled Maximum Borrowing Authority, 12 CFR 741.2. NCUA also gave notice that it sent the collection to OMB for review. Comments are due **02/03/2020**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-12-05/pdf/2019-26238.pdf>. *Federal Register*, Vol. 84, No. 234, 12/05/2019, 66699.



Regulatory Spotlight

SSA Proposes Regulations on Designation of Representative Payees.

The Social Security Administration (SSA) issued a notice of proposed rulemaking to promulgate regulations specifying the information Social Security beneficiaries and applicants must provide to designate a representative payee in advance of the determination that the beneficiary needs a representative payee. Comments are due **12/26/2019**. The notice may be viewed at: <https://www.govinfo.gov/content/pkg/FR-2019-11-26/pdf/2019-25569.pdf>. *Federal Register*, Vol. 84, No. 228, 11/26/2019, 65040-65044. ■

Compliance Notes

▲ FRB, FDIC, OCC, FinCEN, and the Conference of State Bank Supervisors issued a statement clarifying the legal status of hemp growth and production and the relevant requirements under the Bank Secrecy Act (BSA) for banks providing services to hemp-related businesses. The statement emphasizes that banks are no longer required to file suspicious activity reports (SAR) for customers solely because they are engaged in the growth or cultivation of hemp in accordance with applicable laws and regulations. For hemp-related customers, banks are expected to follow standard SAR procedures, and file a SAR if indicia of suspicious activity warrants. The joint guidance may be viewed at: <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20191203a1.pdf>

▲ FDIC approved a 2020 Operating Budget of \$2.017 billion, down nearly \$43 million or 1.3 percent from 2019. FDIC's 2020 Operating Budget includes nearly \$1.9 billion for ongoing operations, \$75 million for receivership funding, and nearly \$43 million for the Office of the Inspector General (OIG). In addition, the Board also approved an authorized 2020 staffing level of 5,755 positions, a net reduction of 160 positions from 2019. The budget may be viewed at: <https://www.fdic.gov/news/board/2019/2019-12-12-notice-dis-c-mem.pdf>

▲ The U.S. District Court for the Western District of Texas has again continued its stays of the litigation of pending case *Community Financial Services Association of America, Ltd. et al v. Consumer Financial Protection Bureau et al* and of the August 19, 2019, compliance date of CFPB's Payday Lending Rule, and ordered that the parties file a Joint Status Report about proceedings related to the Rule and litigation no later than April 24, 2020.

▲ FDIC has updated its Consumer Compliance Examination Manual to add new section X-6.1 on Disclosure Requirements for Sweep Accounts, to include examination procedures for FDIC Part 360.8(e), which requires consumer disclosures for sweep account transactions to inform whether the swept funds are deposits. The manual may be viewed at: <https://www.fdic.gov/regulations/compliance/manual/index.html>

▲ OCC has issued its Semiannual Risk Perspective for Fall 2019. The report indicates that operational, credit, and interest rate risks are among the key themes for the federal banking system. The report also highlights cybersecurity and technology management as a special topic in emerging risks. The full report may be viewed at: <https://www.occ.gov/publications-and-resources/publications/semiannual-risk-perspective/files/pub-semiannual-risk-perspective-fall-2019.pdf>

▲ OFAC took action against Evil Corp, the Russia-based cybercriminal organization responsible for the development and distribution of the Dridex malware. Evil Corp has used the Dridex malware to infect computers and harvest login credentials from hundreds of banks and financial institutions in over 40 countries, causing more than \$100 million in theft. This malicious software has caused millions of dollars of damage to U.S. and international financial institutions and their customers. Concurrent with OFAC's action, the Department of Justice charged two of Evil Corp's members with criminal violations, and the Department of State announced a reward for information up to \$5 million leading to the capture or conviction of Evil Corp's leader. The announcement may be viewed at: <https://home.treasury.gov/news/press-releases/sm845>

▲ The U.S. Department of Justice joined with the U.S. Department of State and the United Kingdom's National Crime Agency in charging two Russian nationals with a vast and long-running cybercrime spree that stole from thousands of individuals and organizations in the United States and abroad. Along with several co-conspirators, Maksim V. Yakubets and Igor Turashev are charged with an effort that infected tens of thousands of computers with a malicious code called Bugat. Once installed, the computer code, also known as Dridex or Cridex, allowed the criminals to steal banking credentials and funnel money directly out of victims' accounts. The long-running scheme involved a number of different code variants, and later version also installed ransomware on victim computers. The criminals then demanded payment in cryptocurrency for returning vital data or restoring access to critical systems. The announcement may be viewed at: <https://www.fbi.gov/news/stories/charges-announced-in-malware-conspiracy-120519>



Compliance Notes

▲ FinCEN released a new strategic analysis of Bank Secrecy Act (BSA) reporting, indicating that elders face an increased threat to their financial security by both domestic and foreign actors. Elder financial exploitation Suspicious Activity Report (SAR) filings increased dramatically over the six-year study period, from about 2,000 filings per month in 2013 to reaching a peak of nearly 7,500 filings per month in August 2019. The yearly dollar amount of suspicious activity reported for elder financial exploitation also rose. The report may be viewed at: https://www.fincen.gov/sites/default/files/shared/FinCEN%20Financial%20Trend%20Analysis%20Elders_FINAL%20508.pdf

▲ CFPB, FRB, FDIC, OCC, and NCUA issued a joint statement on the use of alternative data in underwriting by banks, credit unions, and non-bank financial firms. The statement explains that a well-designed compliance management program provides for a thorough analysis of relevant consumer protection laws and regulations to ensure firms understand the opportunities, risks, and compliance requirements before using alternative data. Alternative data includes information not typically found in consumers' credit reports or customarily provided by consumers when applying for credit. Alternative data include cash flow data derived from consumers' bank account records. The agencies recognize that use of alternative data in a manner consistent with applicable consumer protection laws may improve the speed and accuracy of credit decisions and may help firms evaluate the creditworthiness of consumers who currently may not obtain credit in the mainstream credit system. The statement may be viewed at: https://files.consumerfinance.gov/f/documents/cfpb_interagency-statement_alternative-data.pdf

▲ FDIC posted its Formal and Informal Enforcement Actions Manual to its website to provide greater transparency regarding the FDIC's enforcement program. The manual provides direction for professional staff related to the work necessary to pursue formal and informal enforcement actions. Developed by the Division of Risk Management Supervision and the Division of Depositor and Consumer Protection, the manual is intended to support the work of field office, regional office, and Washington office staff involved in processing and monitoring enforcement actions. The manual may be viewed at: <https://www.fdic.gov/regulations/examinations/enforcement-actions/index.html>

▲ FRB announced it has joined the U.S. Faster Payments Council (FPC) as a founding sponsor. The FPC and its members seek to facilitate faster payments in the United States, enabling Americans to securely pay anyone, anywhere, at any time with near-immediate funds availability. Its priorities include faster payments education and fraud mitigation. The announcement may be viewed at: <https://www.frbervices.org/news/press-releases/120519-us-faster-payments-council.html>

▲ FFIEC revised the "Business Continuity Management" booklet, one of a series of booklets that make up the FFIEC Information Technology Examination Handbook (IT Handbook). The revised "Business Continuity Management" booklet provides information for examiners to assess the adequacy of a bank's risk management related to the availability of critical financial products and services. The revised booklet replaces the "Business Continuity Planning" booklet issued in February 2015 and rescinds "FFIEC Information Technology Examination Handbook: Strengthening the Resilience of Outsourced Technology Services, New Appendix for Business Continuity Planning Booklet." The booklet may be viewed at: <https://ithandbook.ffiec.gov/it-booklets/business-continuity-management.aspx>

▲ FRB released its Supervision and Regulation Report, which summarizes banking conditions and the Federal Reserve's supervisory and regulatory activities, in conjunction with semiannual testimony before Congress by the Vice Chairman for Supervision. The report may be viewed at: <https://www.federalreserve.gov/publications/files/201911-supervision-and-regulation-report.pdf>

▲ OCC released its schedule of Community Reinvestment Act (CRA) evaluations to be conducted in the first quarter and second quarter 2020. The schedule may be viewed at: <https://www.occ.gov/static/cra/exam-schedule/craq120.pdf> ■



Conferences | Summits

Schools | Boot Camps

Seminars | Workshops

WBA Webinars

Other Events

JANUARY 2020

•Wisconsin Economic Forecast Luncheons

- 9 Madison – \$400/table of 8; \$75/individual
10 Eau Claire – \$350/table of 8; \$50/individual

•Community Bankers for Compliance (CBC) – Session I

- 28 Stevens Point – pricing options vary
29 Madison – pricing options vary

FEBRUARY 2020

•Bank Executives Conference

- 3-5 Wisconsin Dells – \$495/each first two bank attendees; \$450/each additional attendee

•Residential Mortgage Lending School

- 17-20 Madison – \$1,045/attendee

•Compliance Forum: Session 3

- 18 Stevens Point – pricing options vary
19 Wisconsin Dells – pricing options vary
20 Pewaukee – pricing options vary

•Commercial Lending School

- 24-28 Madison – \$1,395/attendee

MARCH 2020

•Credit Analysis Boot Camp

- 5-6 Madison – \$495/attendee
19-20 Green Bay – \$495/attendee

•Loan Compliance School

- 9-13 Madison – \$1,295/attendee

•Ag Problem Loans Workshop

- 10 Madison – \$225/attendee

•Real Estate Compliance School

- 11-13 Madison – \$795/attendee

•Advanced IRA Workshops

- 17 Wausau – \$245/attendee
18 Madison – \$245/attendee

•Call Report Workshop

- 24 Madison – \$245/attendee

•Security Officer Workshops

- 24 Neenah – \$175/attendee
25 Eau Claire – \$175/attendee
26 Wisconsin Dells – \$175/attendee

MARCH 2020 (continued)

•WBA/ABA Washington Summit

- 23-25 Washington, D.C. – Complimentary

APRIL 2020

•Human Resources Conference

- 7 Wisconsin Dells – \$225/attendee

•Health Savings Account (HSA) Workshop

- 8 Madison – \$245/attendee

•Branch Manager Boot Camp – Sessions 1 & 2

- 14-15 Madison – Pricing Options Vary

•Agricultural Bankers Conference

- 15-16 Wisconsin Dells – \$300/Ag Section member; \$350/attendee

•Power of Community Week

- 20-24 www.wisbank.com/BanksPowerWI

•Women in Banking Conference

- 21 Wisconsin Dells – \$245/each first two bank attendees; \$195/each additional attendee

•Trust Conference

- 23 Madison – \$220/Trust Section member; \$245/attendee

•National Teach Children to Save Day

•New Business Growth Workshop

- 28 Madison – TBD

•Community Bankers for Compliance (CBC) – Session II

- 28 Stevens Point – pricing options vary
29 Madison – pricing options vary

4/28-5/1 •WBA/ICBA Capital Summit

- Washington, D.C. – Complimentary

•Cash Management Workshop

- 29 Madison – \$245/attendee

•Enterprise Risk Management Workshop

- 30 Madison – \$245/attendee

•Principles of Banking Course

- TBD Locations TBD – \$550/attendee