



## Happy New Year!

As is always a good practice to do at the beginning of the new year, it's important to stop for a moment and take stock in all we've completed in the prior year, while keeping an eye on what new goals we need to accomplish going forward.

Our Online Compliance Consulting practice has always considered planning and strategizing as key components in successfully tackling the myriad of responsibilities that those in the compliance industry face. With that in mind, have you considered whether your **Compliance Management System (CMS)** is ready for 2020? Now is the perfect time to ensure it provides the infrastructure needed to operate effectively.

### **2020 CMS and Compliance Program Checklists Available**

To assist in this important process, SC+S has once again provided two bundles of checklists to guide you.

Our **CMS checklists** provide high-level considerations that will help you focus your attention on CMS-related issues, such as oversight, internal controls, monitoring, training and regulatory resources. Our **2020 Compliance Program Checklists** provide more specific and detailed steps you can take in strengthening your program. This valuable resource incorporates checklists for the new year, including a list of compliance calendar items that should already be on your 2020 calendar, as well as policy reviews, compliance reviews (internal and external), and compliance training.

Our clients can find these resources in the Online Compliance Dashboard's **Knowledge Base**, within the SC+S Tools, Checklists and Guides folder.

## Taxpayer First Act

As the IRS reported, on July 1, 2019, the **Taxpayer First Act of 2019** was signed into law. While the legislation is noted to reform the IRS, it is also aimed to expand and strengthen taxpayer rights.

While taxpayer rights is not a compliance issue, Sheshunoff has received questions about a specific provision, in section 2202, "**Limit Redislosures and Uses of Consent-Based Disclosures of Tax Return Information.**" An excerpt includes the following:

*"Persons designated by the taxpayer under this subsection to receive return information shall not use the information for any purpose other than the express purpose for which*

## Online Compliance Consulting Update!

The Online Compliance Consulting Dashboard has been enhanced!

- New Compliance Alert – Reg. C 2020 Threshold & Resources
- Updated Compliance Alerts – SCRA & Reg. Z 2020 Thresholds
- Updated Compliance Calendar
- Updated Knowledge Base – 4Q Be Prepared! Slide deck, 2020 Compliance Program Checklists, 2020 CMS Checklists, New Advertising FAQs, New FCRA FAQs
- Updated Compliance Webinars Library – 4Q Be Prepared! Recording
- November 2019 News

To access this information and all other compliance features, go to:

<http://compliance.smslp.com/>

*consent was granted and shall not disclose return information to any other person without the express permission of, or request by, the taxpayer.”*

The provisions of the new law, effective **December 28, 2019**, places constraints on the redisclosure of such information. We recommend that you discuss this with legal counsel to determine applicability and to craft a consent document, as needed.

Related to this topic, we observed that **Freddie Mac** has issued a set of **FAQs** related to **Borrower Consent Under the Taxpayers First Act**. Interested parties may find that information [here](#).

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## FinCEN...In The News

Recently, the Financial Crimes Enforcement Network (FinCEN) distributed three issuances that BSA stakeholders should review. These items address topics of interest related to suspicious activity and currency transaction reporting.

The suspicious activity-related issuances we are referring to are focused on providing services to hemp-related businesses and updated analysis related to the financial exploitation of the elderly, which are two topics that have received significant coverage and interest. BSA officers and staff should review this information, as follows:

◆ December 3, 2019 – FinCEN, along with the Federal Reserve, FDIC, OCC, and Conference of State Bank Supervisors, clarified requirements for providing financial services to **hemp-related businesses**. As the statement emphasizes:

*“Banks are no longer required to file suspicious activity reports for customer 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.”*

As this continues to be an emerging issue, we recommend appropriate staff remain acquainted with the proceedings behind this topic. Interested persons may find the Agencies’ issuance [here](#)

◆ December 4, 2019 – FinCEN’s issuance related to BSA reports of **elder financial exploitation** included an updated strategic analysis. Unfortunately, the report indicates that the elderly are facing increased threats, which FINCEN stated includes domestic and foreign actors. The report highlights that:

*“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.”*

FinCEN’s analysis revealed SARs that indicate elders are often victims of scams that involve sending money overseas. Other major scam observations were noted that involve high level categories of romance, emergency / person-in-need, and prize / lottery scenarios. Another observation was referenced that with regard to theft from an account, it is typically noted that family members and non-family caregivers are implicated.

With this type of fraudulent activity on the rise and impacting some of the more vulnerable in our communities, we recommend staff be reminded about this

## Calendar Reminders

- **1/1** – Various Annual Compliance Threshold Adjustments Take Effect – Regs. C, M & Z
- **1/1** – New HMDA / Reg. C Rules Effective
- **1/1** – Real Estate Appraisal Regulation Amendments Effective
- **1/30** – Quarterly HMDA LAR Update Deadline

issue and provided with this updated information. **Interested** persons may find FinCEN's analysis [here](#).

The currency transaction report-related issuance we are referring to relates to an extension of the CTR instructions amendment, which we reported on in October. BSA officers and staff should review this information, as follows:

◆ January 17, 2020 - FinCEN published a notice through the BSA E-Filing System that the mandatory effective date for complying with the updated guidance from October 1, 2019, was extended from February 1, 2020, to **September 1, 2020**. The aforementioned updated guidance included **revised instructions on how to file a CTR** when an individual subject has multiple Part I Item 2 (Person involved in transaction(s)) roles.

Previously, FinCEN instructed CTR filers to complete a single Part I section for an individual with multiple roles in the reported transactions. With the updated instructions, when an individual subject has multiple roles CTR filers will be required to complete a separate Part I section for each role. Further details concerning the updated instructions can be found [here](#).

Although the update does not involve any modifications to the CTR form itself; we anticipate software vendors may update their CTR preparation and reporting features to allow users to minimize the need for redundant data entry. BSA and other applicable staff should reach out to their vendors to determine their plans for updating CTR software and refresh CTR-related procedures based upon those planned changes.

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## National Flood Insurance

As we have reported on previously, the statutory authority of the **National Flood Insurance Program** (NFIP) will expire from time to time and must be renewed by Congress. This is important to compliance stakeholders as different regulatory guidance from supervisory agencies will need to be followed during times in which the NFIP will lapse.

### NFIP Update

On December 20, 2019, the President signed legislation passed by Congress to extend the **NFIP's authorization to September 30, 2020**. Congress must now reauthorize the NFIP by no later than 11:59 pm on September 30, 2020, to avoid a lapse. Institutions are reminded, if needed, to consult their supervisory agency's guidance for assistance when a lapse in the NFIP occurs. Lenders have a continuing duty to comply with certain parts of the flood insurance regulations during a lapse.

FEMA's webpage about the reauthorization of the NFIP can be found [here](#).

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## Convenient and Affordable Compliance Assistance

Do you need help preparing for the upcoming regulatory requirements? SC+S can help with our Online Compliance Consulting services, which combines the ease of online tools with the guidance of a compliance expert.

You will have access to an online compliance expert who will:

- Answer all of your compliance questions;
- Review your new policies and disclosures for compliance; and
- Train your Board of Directors on upcoming regulatory requirements.



Mark your calendar for our next **Be Prepared!** Compliance Update webinar. It is scheduled for **March 18, 2020**.

When available, details may be found on BankersWeb, [here](#).

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## Contact Us

**Sheshunoff Consulting + Solutions**  
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You will also receive access to our online tools, including:

- Our Compliance Calendar;
- Our Dashboard Feature and Progress List, that enables you to determine what steps you will need to take to comply with the requirements and track your progress as you implement them;
- Our exclusive Knowledge Base of compliance Q&As; and
- FREE access to our quarterly Be Prepared! webinar series.

**For more information or a free demo, contact Rhonda Coggins at 512-703-1509.**

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