



Newsletter

No. 06-15



June 17, 2015



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CUD is the state agency that regulates and supervises credit unions chartered by the State of Texas. The Department is professionally accredited by the National Association of State Credit Union Supervisors (NASCUS) certifying that CUD maintains the highest standards and practices in state credit union supervision.

Our *Mission* is to safeguard the public interest, protect the interests of credit union members and promote public confidence in credit unions.

Credit Union Commission

The Commission is the policy making body for CUD. The Commission is a board of private citizens appointed by and responsible to the Governor of Texas.

Members:

Manuel Cavazos IV, Chair
Rob Kyker, Vice Chair
Gary D. Tuma
Gary L. Janacek
Sherri B. Merket
Allyson "Missy" Morrow
Kay Stewart
Vik Vad
A. John Yoggerst

Next Commission Meeting

Friday, June 19, 2015 beginning at 8:00 a.m. in the offices of CUD.

Risk Management Associated with Money Services Businesses

The Department has always taken the position that credit unions must apply the requirements of the Bank Secrecy Act based on their own assessment of risk for all member accounts. A credit union's risk assessment should take into account the products and services it offers the member as well as the member's individual circumstances. The safety and soundness of an institution can be threatened when a credit union lacks appropriate risk management systems and controls for the products or activities it provides or the members it serves. Moreover, the failure to implement and maintain such controls can provide money launderers, fraudsters, terrorists, and other criminals with access to the financial system.

Money services businesses present varying degrees of risk to a credit union. Not all money services businesses should be considered high risk; however the Department expects credit unions to assess the risks posed by each money services business member on a case-by-case basis and to implement appropriate controls to manage the relationship commensurate with the risks associated with each member.



Complaint Destination Confusion

The Texas Legislature has charged the Department with maintaining "a system to promptly and efficiently act on complaints" by consumers. The Department's procedure is effective and efficient, providing complainants with a response in an average of 14 days from the receipt of the complaint in the Department's main office.

Complaint Destination Confusion

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Unfortunately, the Department's response may be received by the complainant weeks – or even months – after they initially attempted to file a complaint. Complainants are often confused about which regulatory agency is responsible for handling their complaint, so they file with the wrong agency, delaying the response. Complaints against Texas state-chartered credit unions received by the Consumer Financial Protection Bureau (CFPB), National Credit Union Administration (NCUA), the Texas Attorney General's office, and the Texas Department of Banking are eventually referred to the Department, but there is often a long lag time between the initial complaint and receipt by the Department; furthermore, supporting documents the complainant provided with the original complaint are often missing when they are received by this office.

This often means that, by the time the Department receives the complaint and gives the credit union an opportunity to respond, the complainant is already angry about the delayed response time and feels like he or she has "gotten the runaround." Angry complainants in this situation appear to be less likely to be satisfied with their response (even when it is in their favor) and more likely to state that they are withdrawing their accounts from the credit union and taking their financial business elsewhere. It seems that avoiding member confusion as to filing complaints could result in more positive outcomes for the credit union-member relationship, regardless of the merits of the person's complaint.

Title 7, Texas Administrative Code, §91.121 directs credit unions to notify member of the procedure and contact information for filing complaints in their offices, on their websites, in their newsletters, and included with other privacy notices. According to the rule, this complaint notice should be "conspicuous" or at least "reasonably conspicuous" in its placement. The language of the notice encourages members to attempt to resolve issues directly with the credit union, then provides the Department contact information for disputes that are not resolved to the members' satisfaction. Properly providing this information to members not only ensures credit unions' compliance with the rule, but also helps reduce the response times to complaints and results in more satisfied members in the credit union movement.

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## ***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 included below. Completed applications received after the deadline for the month cannot be published until the following month.

| <u>Publication Date</u> | <u>Application Deadline</u> |
|-------------------------|-----------------------------|
| July, 2015              | Friday, July 10             |
| August, 2015            | Friday, August 14           |

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Applications Approved

Applications approved since May 20, 2015 include:

Credit Union

Changes or Groups Added

Field of Membership Change – Approved:

Texas Dow Employees Credit Union (Lake Jackson)

See Newsletter No. 03-15

Field of Membership Change – Withdrawn:

Community Resource Credit Union (#3) (Baytown)

See Newsletter No. 05-15

Charter Change – Approved:

Metro Medical Credit Union (Dallas)

50 Years to Perpetuity

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## ***Applications Received***

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There were no applications received.

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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



