



April 1, 2015

## Regulatory Compliance E-News

Your source for guidance on regulatory issues and updates that may impact your organization.

---

### Frequently Asked Compliance Question

#### Question

When completing a SAR for a business entity, is it acceptable to document the names and Tax Identification Numbers of the business owners and/or signers within the narrative, or is it necessary to document the business owner and/or signer information in Part I (Subject Information) of the SAR and identify the business owner as a subject?

#### Short Answer

If it is indicative that the business owner(s) or signer(s) is engaging in the suspicious activity, then it is necessary to identify the business owner as a subject in Part I (Subject Information) of the SAR. To document the identifying information for the business owner in the narrative when the owner or signer is engaging in the suspicious activity is not enough...[click here to view the more detailed answer](#).

If you have a question that you would like us to answer in an upcoming Regulatory Compliance E-News, contact [Stephen King, JD, AMLP](#), at 617-428-5448 or [sking@wolfandco.com](mailto:sking@wolfandco.com), or Brian Shea, CRCM, at 617-261-8133 or [bshea@wolfandco.com](mailto:bshea@wolfandco.com).

---

### Important Regulatory Dates

#### 2015

**April 7** - Massachusetts Bank Modernization Act takes effect

**July 1** - Rhode Island mortgage servicer licensing rules take effect

**July 18** - Certain Higher Priced Mortgage Appraisal Exemptions for existing manufactured homes expire

**August 1** - The Truth in Lending Act ("TILA") and Real Estate Settlement Procedures Act ("RESPA") Disclosure Integration rules become mandatory

**December 31** - Sunset of Servicemembers Civil Relief Act ("SCRA") foreclosure protections that were extended from ninety days to one year following a period of active duty

#### 2016

**January 1** - Flood Escrow rule changes take effect

---

### Upcoming Events & Webinars

#### 2015

##### Webinars

**April 2** - [Payroll, Benefits, Retirement and Insurance: Critical Information and Valuable Insights for Business Owners and HR Executives](#)

---

## Supreme Court Upholds Rule Requiring Overtime Pay for Loan Officers



On March 9, 2015, the Supreme Court upheld a Department of Labor (“DOL”) rule requiring companies to pay mortgage loan officers overtime.

In *Perez v. Mortgage Bankers Association*, the Supreme Court overturned a lower court ruling that the DOL could not change the exemption status of loan officers under the Fair Labor Standards Act without going through a formal rulemaking process.

In 2010 the DOL reversed its own ruling that mortgage loan officers were exempt employees. The Mortgage Bankers Association subsequently sued the DOL on the grounds that the government cannot “significantly revise” a “definitive interpretation” without first conducting an official rulemaking with notice and comment.

The Supreme Court ruling enforces the 2010 DOL ruling requiring financial institutions to reevaluate its contractual obligations to its own loan officers.

The Supreme Court decision can be found [here](#).

---

## CFPB Report Outlines Legal Violations Uncovered by Supervision



On March 11, 2015, the CFPB released the seventh edition of its Supervisory Highlights report showing the nature and volume of legal violations detected by examiners when they review bank and non-bank institutions.

Under the Dodd-Frank Act, the CFPB has the authority to supervise banks and credit unions with more than \$10 billion in assets as well as certain non-bank institutions such as mortgage companies, private student loan lenders and payday lenders.

The report reflects supervision that occurred between July and December of 2014. The findings highlighted were in regards to deceptive student loan collection practices, unfair and deceptive overdraft practices, mortgage origination violations, fair lending violations and mishandling of disputes by credit reporting agencies.

The cited violations resulted in \$19.4 million in remediation to over 92,000 consumers, in addition to the corrective action directives required by the Bureau’s examiners.

The Supervisory Highlights publication can be found [here](#).

---

## CFPB Finalizes Policy Giving Consumers Ability to Publicly Voice Complaints of Financial Companies



On March 19, 2015, the Consumer Financial Protection Bureau (“CFPB”) announced that it is finalizing a policy originally proposed in July of 2014 that would allow consumers to publicly share narratives about their complaints being submitted to the CFPB.

The narratives, which will require consumers’ express consent to be published publicly, will provide context to complaints and reveal trends while also helping to hold financial companies to a higher level of quality and customer service.

As requirements of the policy, the CFPB will ensure that personal information is removed from all narratives, that certain criteria are met to qualify the narrative for publication, and that consumers may choose to opt-out of having their narrative published at any time.

Companies that are the subject of a complaint will also be given the ability within 180 days, if they so choose, to select from a list of pre-structured response options to be published along with the narrative.

The CFPB will allow ninety days after the official publication of the policy in the Federal Register before narratives will become visible to the public in order to allow companies time to become aware of the new policy. Narratives will become public after the company responds to the complaint, or after it has had the complaint for at least fifteen days, whichever occurs first.

The CFPB noted that since it began accepting consumer complaints in July of 2011, it has handled 558,800 complaints – with the greatest frequency pertaining to mortgages and debt collection practices.

The CFPB’s press release can be found [here](#).

---

## CFPB Study Finds that Arbitration Agreements Limit Relief for Consumers



On March 10, 2015, the CFPB published a study showing that arbitration agreements in consumer product agreements significantly restrict the potential relief for consumers who have disputes with financial companies by limiting class actions.

Tens of millions of consumers are covered by “pre-dispute arbitration clauses” that effectively prevent them from resolving product-related disputes through the court system.

The Dodd-Frank Wall Street Reform and Consumer Protection Act mandated that the CFPB conduct this study on the use of such clauses in consumer financial markets. Pre-dispute arbitration clauses have already been prohibited by the Dodd-Frank Act in mortgage contracts.

The CFPB’s press release can be found [here](#).

---

## Federal Reserve Proposes New Legal Entity Identifier Requirements



On March 16, 2015, the Federal Reserve Board announced a proposal which would require that banking organizations include the Legal Entity Identifier (“LEI”) codes of their legal entities on certain regulatory reporting forms.

The LEI is a twenty-character alphanumeric code assigned to a legal entity of a financial institution. The intent of the identifier is to enable easier identification of a firm’s legal entities so as to allow for more effective evaluation of the exposures of those legal entities.

The proposal would require the inclusion of LEIs on certain reporting forms as of June 30, 2015. Comments on the proposal are requested within sixty days of the proposal’s Federal Register publication.

The Federal Reserve’s press release can be found [here](#).

---

## OCC Issues Revised Comptrollers Handbook on Deposit-Related Credit



On March 6, 2015, the Office of the Comptroller of the Currency (“OCC”) released the “Deposit-Related Credit” booklet, which is a component of the Comptroller’s Handbook.

The revised booklet references guidance and examination procedures used by OCC examiners to evaluate a bank’s deposit-related credit products and services. In particular, the booklet removes reference to overdraft programs being extensions of credit.

## CFPB Launches Public Inquiry on Credit Card Market

On March 17, 2015, the CFPB announced that it is seeking input from consumers, credit card issues, industry analysts and consumer advocates regarding the credit card market as well as the impact of protections enacted in the 2009 Credit Card Accountability, Responsibility and Disclosure (“CARD”) Act.



As part of the Act, the CFPB is required to conduct a review of the credit card market every two years. From this review, the CFPB hopes to ascertain how credit card agreements, pricing, marketing and underwriting practices have changed.

The CFPB also aims to determine the prevalence of unfair or deceptive acts or practices that still exist in the market. Additionally, the CFPB will be using public commentary to assist in analyzing debt collection practices. The public commentary and review will ultimately result in a public report to Congress.

The CFPB’s press release can be found [here](#).

---

## FinCEN Issues Advisory on FATF Identified Jurisdictions

On March 16, 2015, the Financial Action Task Force (“FATF”), via the Financial Crime Enforcement Network’s (“FinCEN”) Advisory 2015-A001, updated its list of jurisdictions identified as having deficient anti-money laundering and counter-terrorist financing standards.



Such changes may impact the obligations and risk-based approaches of U.S. financial institutions. Financial institutions should consider said changes when reviewing their enhanced due diligence policies and procedures.

The jurisdictions subject to the FATF countermeasures or enhanced due diligence are Iran, Democratic People’s Republic of Korea, Algeria, Ecuador and Myanmar.

This version replaces the “Deposit-Related Consumer Credit” booklet issued February 11, 2015.

The OCC's bulletin on this matter can be found [here](#).

---

## Contact



[Stephen King, JD, AMLP](#)  
Member of the Firm  
Director of the Regulatory Compliance Group  
617-428-5448  
[sking@wolfandco.com](mailto:sking@wolfandco.com)



Brian Shea, CRCM  
Regulatory Compliance Manager  
617-261-8133  
[bshea@wolfandco.com](mailto:bshea@wolfandco.com)

**PDFs of the Regulatory Compliance E-News from 2015 can be found [here](#).**

The FinCEN advisory can be found [here](#).

This information in this newsletter is based on our preliminary analysis of the regulatory language. It is communicated with the understanding that the Firm is not rendering legal services. If legal advice is required, the services of an attorney should be sought.

Wolf & Company, P.C. is a member of PKF North America, an association of legally independent firms.

**CONFIDENTIALITY NOTICE:** The material contained in or accompanying this electronic transmission contains confidential information which is the property of the sender and is legally privileged. The information is intended only for the individual or entity named above. If you are not the intended recipient, you are hereby notified that disclosing, copying, distributing or taking any action in reliance on the contents of this email is strictly prohibited. If you have received this information in error, please notify us immediately.

[www.wolfandco.com](http://www.wolfandco.com)