

Compliance Check Up

February 1, 2025



Friends,

The new administration is in place, and President Trump has begun moving pieces around the D.C. chess board, with the help of the Senate. Scott Bissent was confirmed as the new Secretary of the Treasury, and an interim head of the FDIC is in place. Interestingly, no moves have been made regarding the leadership of the CFPB.

The fate of the Beneficial Ownership Information (BOI) registry remains in limbo, as the Supreme Court lifted one injunction against FinCEN, but left another in place, meaning that your customers are not YET required to file their information with FinCEN. Stay tuned.

Again, while the prudential regulators have remained pretty quiet this past month, the CFPB was churning out reports, studies, rules, and more all month long. You'll see several entries below regarding that flurry of activity, and they are way too numerous to list here.

Tim Scott (R-SC) is now the Chair of the Senate Banking Committee, and has outlined his priorities for this Congress. Likewise, the new

Acting Chair of the FDIC, Travis Hill, has laid out several priorities for the future.

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Sincerely,

The UBB Compliance Services Team
614-400-2699

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LENDING

January 7 – The CFPB [announced](#) that it has finalized a rule that will remove medical bills from credit reports. This will likely be subject to Congressional review. If it survives, the rule will be effective 60 days after it is published in the Federal Register.

January 13 – The CFPB [issued](#) a report that indicates that several properties may be underinsured for flood risks. The basis of the report is somewhat suspect, but you can read it for yourself and draw your own conclusions.

January 13 – The CFPB [released](#) a study regarding Buy Now, Pay Later (BNPL) loans.

DEPOSITS

January 10 – The CFPB is [seeking](#) public input on strengthening privacy protections and preventing harmful surveillance in digital payments. They are also seeking comment on a proposed interpretive rule outlining how the EFTA applies to new types of digital payment mechanisms.

January 14 – The CFPB [sued](#) Capital One, NA for allegedly cheating consumers out of more than \$2 billion in interest on savings accounts.

AML/CFT & FRAUD

January 17 – FinCEN [announced](#) inflation adjustments to BSA Civil Monetary Penalties (CMPs).

January 23 – The Supreme Court ordered a stay of injunction in the Texas Top Cop vs Garland case that would take the brakes off the Beneficial Ownership registry, but FinCEN was quick to [point out](#) that another injunction remains in place in the Smith vs US Department of Treasury case, so mandatory registration remains in limbo.

January 24 – OFAC issued a [revocation](#) of sanctions related to activity in the West Bank based on a Trump executive order.

January 29 – FinCEN rescinded an alert on Israeli Extremist Settler Violence in the West Bank, as a result of an [Executive Order](#) cancelling several Biden-era actions.

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MISCELLANEOUS

January 2 – The OCC [released](#) 16 CRA performance evaluations, all of which were either Satisfactory or Outstanding.

January 3 – The FDIC [released](#) 72 CRA performance evaluations, which included five Outstanding ratings and one Needs Improvement.

January 6 – The CFPB [announced](#) a suit against Vanderbilt Mortgage & Finance for pushing borrowers into manufactured home purchase loans that they could not afford.

January 7 – The CFPB [announced](#) a suit against Experian for unlawfully failing to properly investigate consumer disputes.

January 8 – The CFPB [announced](#) that Financial Data Exchange, Inc. (FDX) has been selected as a standard-setting body under the Bureau's Personal Financial Data Rights rule at section 1033 of the Dodd-Frank Act.

January 13 – The CFPB [proposed](#) a rule that would stop

financial companies from inserting clauses into contracts that limit fundamental freedoms, including waivers of substantive legal rights and fine print that suppresses speech.

January 15 – Senator Tim Scott, Chair of the Senate Banking Committee [released](#) his list of committee priorities for the new Congress. We encourage everyone to read this release.

January 15 – The CFPB issued a [report](#) that encourages states to strengthen their consumer protection laws, including the prohibition of “junk fees.”

January 15 – The CFPB [rescinded](#) an advisory opinion issued during the first Trump Administration regarding earned wage access products and their applicability to Regulation Z. According to some legal experts, this new opinion is contrary to the definition of credit found in the Truth in Lending Act.

January 16 – The Federal Trade Commission (FTC) [finalized](#) changes to the Children’s Online Privacy Protection Act (COPPA) rules, setting new requirements around the collection, use and disclosures of children’s personal information, and gives parents new tools and protections to help in the control of data provided to third parties.

January 20 – President Trump signed an [executive order](#) freezing all federal regulations until a Trump-appointed department or agency head reviews and approves the rule.

January 21 – The FDIC [announced](#) it has withdrawn from the Network of Central Banks and Supervisors for Greening the Financial System. The Treasury Department [issued](#) a similar withdrawal for all US Bank regulators on January 30.

January 23 – The CFPB [announced](#) a report regarding the level of consumer auto repossessions between December 2019 and

December 2022. The report indicates that repossessions and the amount borrowers still owe after the repossession are both on the rise.

January 23 – President Trump [issued](#) an executive order that prioritizes US leadership in the development of digital asset markets.

January 24 – The CFPB [released](#) a report that finds cash-out mortgage refinances tend to improve credit scores. It seems like a logical premise, as many cash-out refis are used to consolidate debt. (Editor's note: How much did we pay to research such an obvious question?)

January 27 – The Senate [confirmed](#) the nomination of Scott Bissent to be the Secretary of the Treasury on a vote of 68-29.

January 29 – The CFPB published a [report](#) indicating that US servicemembers pay higher costs than civilian borrowers. They generally make lower downpayments and opt for longer long terms. Interestingly, credit unions were not included in the data set for these conclusions, and every branch of the armed services has their own credit union.

January 30 – The CFPB [released](#) its annual list of credit reporting companies.

January 30 – The American Bankers Association (ABA) has developed a [webpage](#) that is tracking the various executive orders being issued by the White House that affect our industry.

ENFORCEMENT ACTIONS

January 14 – The OCC [issued](#) \$18.5 million in civil money penalties to three former executive of Wells Fargo, NA, for

activities related to the Bank's systemic and widespread sales practices misconduct.

January 16 – The CFPB [issued](#) an order against Block, Inc., the operator of Cash App for various violations of the Consumer Financial Protection Act, including ineffective customer service, and failure to take timely, appropriate, and effective measures to prevent, detect, limit and address fraud on the Cash App platform. Block will be required to pay up to \$120 million in customer redress, and \$55 million in CMPs.

January 16 – American Express [agreed](#) to pay a \$108.7 million CMP to resolve allegations it violated FIRREA by deceptively marketing credit card and wire transfer products by the Department of Justice.

January 17 – The CFPB entered into a [Consent Order](#) with Equifax for failure to conduct proper investigations of consumer disputes. The order stipulates that Equifax must correct its systems and pay civil money penalties of \$15 million.

January 17 – The CFPB [announced](#) an administrative suit against Draper & Kramer Mortgage Corporation for alleged redlining in the Chicago and Boston areas. If upheld by the court, the firm will be banned from mortgage lending for five years and pay a fine of \$1.5 million.

January 17 – The CFPB [ordered](#) the American Honda Finance Corporation to pay \$12.8 million for allegedly reporting inaccurate information during the COVID-19 pandemic.

January 17 – The FDIC [sued](#) 17 former executives and directors of Silicon Valley Bank for “egregious mismanagement of interest rate and liquidity risks by the bank's former officers and directors.”

January 31 – The FDIC [issued](#) a list of 18 recent enforcement actions for a variety of infractions.

January 30 – The CFPB [ordered](#) Wise US, Inc., a remittance transfer company, to pay \$450,000 in consumer redress and an additional \$2.025 million CMP for inaccurate advertisement of ATM fees and charges.

HOTLINE Q&A OF THE MONTH

Q: We have identified an issue where teller-processed account closures with cash withdrawals exceeding \$10,000 are not being captured in our software monitoring system or appearing on our Cash Summary Report. As a result, CTRs have not been filed for these transactions for a couple years. What are the Bank's requirements for backfiling CTRs and what are potential fines for late filing?

A: According to the [FFIEC BSA Examination Manual](#), *if the bank becomes aware, either through self-identification or through an examination, that it has failed to file CTRs on reportable transactions, or filed CTRs with errors, the bank must begin complying with CTR requirements. The bank may contact FinCEN's Resource Center to request a determination on whether to backfile unreported transactions or amend CTRs filed with errors.*

Failing to file CTRs due to negligence can result in civil money penalties up to \$500 per violation, depending on the circumstances. Factors considered could be the severity of violation, the Bank's compliance history, etc. If a pattern of negligent behavior is uncovered, the fines may be significantly higher. Instances of willful blindness, however, are far more serious and likely to lead to even steeper fines, which is not the

case with your situation. On the bright side, you've proactively self-identified the issue and are already working on resolving it. Be sure to document all actions taken to address the matter in case it's reviewed by your examiner.

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