



FINANCIAL INSTITUTIONS TODAY

News and topics of interest to financial institutions regulated by the Department of Banking and Finance

May 2020

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Commissioner Kevin Hagler Elected Chairman of the Conference of State Bank Supervisors



On May 18, 2020, the Conference of State Bank Supervisors (CSBS) elected Commissioner Kevin Hagler as the new chairman of the CSBS Board of Directors. CSBS also elected new officers for 2020-21 and announced new committee chair appointments during the organization's annual membership meeting, held virtually due to the COVID-19 pandemic. Commissioner Hagler's first comments as chairman addressed the anticipated direction of CSBS during this tenure, which has been significantly influenced by the pandemic. The Commissioner's comments can be viewed [here](#). A full list of newly-installed officers, at-large board members, and committee chairs can be accessed [here](#).

FDIC Issues Proposed Rule to Mitigate the Deposit Insurance Assessment Effect of Participation in the Paycheck Protection Program (PPP), the PPP Lending Facility, and the Money Market Mutual Fund Liquidity Facility

The Federal Deposit Insurance Corporation (FDIC) approved a notice of proposed rulemaking that would mitigate the deposit insurance assessment effects on banks participating in the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration (SBA) and the Paycheck Protection Program Lending Facility (PPPLF) and Money Market Mutual Fund Liquidity Facility (MMLF) established by the Board of Governors of the Federal Reserve System.

The PPP, PPPLF and MMLF were put in place to provide financing to small businesses, liquidity to small business lenders and the broader credit markets, and to help stabilize the financial system in a time of significant economic strain. At the same time, PPP loans are fully guaranteed by the SBA, and transactions made with the PPPLF and MMLF are conducted with the Federal Reserve on a non-recourse basis. The FDIC's action will ensure that banks will not be subject to significantly higher deposit insurance assessments for participating in these programs. A link to the proposed rule is listed below.

<https://www.fdic.gov/news/board/2020/2020-05-12-notational-fr.pdf>

Interagency Policy Statement on Allowances for Credit Losses and Interagency Guidance on Credit Risk Review Systems

Federal financial regulatory agencies have approved a policy statement on allowances for credit losses. The statement will promote consistency in the interpretation and application of the Financial Accounting Standards Board's credit losses accounting standard, which introduces the current expected credit losses (CECL) methodology.

The interagency policy statement describes the measurement of expected credit losses using the CECL methodology and updates concepts and practices detailed in existing supervisory guidance that remain applicable.

The Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency issued the interagency policy statement, which will be effective at the time of each institution's adoption of the credit losses accounting standard.

The agencies also finalized interagency guidance on credit review systems. The guidance presents principles for establishing a system of independent, ongoing credit risk review in accordance with safety and soundness standards. A link to the *Interagency Policy Statement on Allowances for Credit Losses* and *Interagency Guidance on Credit Review Systems* are listed below.

[Interagency Policy Statement on Allowances for Credit Losses](#)

[Interagency Guidance on Credit Review Systems](#)

Fraud Against Unemployment Insurance Programs

The United States Secret Service has received reporting of a well-organized Nigerian fraud ring exploiting the COVID-19 crisis to commit large-scale fraud against state unemployment insurance programs. The primary state targeted so far is Washington, while there is also evidence of attacks in North Carolina, Massachusetts, Rhode Island, Oklahoma, Wyoming and Florida. It is extremely likely every state is vulnerable to this scheme and will be targeted if they have not been already.

In the state of Washington, individuals residing out-of-state are receiving multiple ACH deposits from the State of Washington Unemployment Benefit Program, all in different individuals' names with no connection to the account holder. A substantial amount of the fraudulent benefits submitted have used PII from first responders, government personnel, and school employees. It is assumed the fraud ring behind this possess a substantial PII database to submit the volume of applications observed thus far.

This fraud network is believed to consist of hundreds, if not thousands, of mules with potential losses in the hundreds of millions of dollars. The financial institutions targeted have been at all levels including community banks, credit unions, and large national banks. The notice from the United States Secret Service can be accessed [here](#).

FinCEN Advisory on Medical Scams Related to COVID-19

Bank Secrecy Act data, as well as information from other federal agencies, foreign government partners, and public sources indicate possible illicit activities related to the COVID-19 pandemic related to: (1) fraudulent cures, tests, vaccines, and services; (2) non-delivery scams; and (3) price gouging and hoarding of medical-related items, such as face masks and hand sanitizer. FinCEN has published red flag indicators to help financial institutions identify COVID-19-related medical scams, and to assist financial institutions in detecting, preventing, and reporting suspicious transactions associated with the COVID-19 pandemic.

As no single red flag is necessarily indicative of illicit or suspicious activity, financial institutions should consider contextual information and the surrounding facts and circumstances, such as a customer's historical financial activity, whether the transactions are in line with prevailing business practices, and whether the customer exhibits multiple indicators, before determining if a transaction is suspicious or otherwise indicative of fraudulent COVID-19-related activities. A link to the FinCEN Advisory and potential red flags can be accessed [here](#).

Georgia Hemp Job Aid

The Department of Banking and Finance has issued guidance for financial institutions on industrial hemp that was legalized at the federal level by the 2018 Farm Bill. The 2018 Farm Bill gave the US Department of Agriculture (USDA) the authority to regulate hemp production and the ability to delegate such authority to individual states so long as those states have a regulatory plan approved by USDA. The Georgia Hemp Farming Act, which was signed into law on May 10, 2019, provides that the Georgia Department of Agriculture (GDA) regulates the production and processing of hemp within the State. O.C.G.A. § 2-23-1 *et seq.* A link to the guidance on the Department's website can be accessed [here](#).

ACTION ON APPLICATIONS FOR THE MONTH

The following is a summary of official action taken by the Department on applications by Georgia state-chartered financial institutions under Title 7, Chapter 1 of the O.C.G.A. and petitions for certificate of incorporation of financial institutions and other matters of interest during the month of May 2020:

APPLICATIONS FOR DE NOVO INSTITUTIONS

<u>FINANCIAL INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>BEGIN BUSINESS DATE</u>
Craft Bank Atlanta, GA	05-18-2020	
Classic City Bank Athens, GA	Pending	

APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL DATE</u>	<u>BEGIN BUSINESS DATE</u>
Delta Community Credit Union Atlanta, GA	2900 Chapel Hill Road Douglasville, GA 30135 Douglas County	05-06-2020	
Planters First Bank Cordele, GA	369 South Houston Lake Road Warner Robins, GA 31088 Houston County	05-26-2020	
Citizens Bank & Trust Company Eastman, GA	2100 Pooler Parkway Pooler, GA 31322 Chatham County	05-18-2020	
PeoplesSouth Bank Colquitt, GA	The intersection of Panama City Beach Parkway and North Glade Trail Panama City Beach, FL 32407 Bay County	03-03-2020	

APPLICATIONS FOR CREDIT UNION CONVERSION

<u>FINANCIAL INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Marshland Community Federal Credit Union Brunswick, GA 31520	05-28-2020	
United 1st Federal Credit Union Kingsland, GA	Pending	
Interstate Unlimited Federal Credit Union Jesup, GA	Pending	

APPLICATIONS FOR RESERVATION OF NAME

<u>PROPOSED NAME</u>	<u>COUNTY</u>	<u>APPLICANT</u>
Interstate Credit Union	Wayne	Ms. Stacie Branch President/CEO 705 West Cherry Street Jesup, GA 31545

ACTION ON APPLICATIONS FOR THE MONTH CONTINUED**APPLICATIONS TO FORM A BANK HOLDING COMPANY****FINANCIAL INSTITUTION**ST HLDGS, Inc.
Wilmington, DE**APPROVAL
DATE**

Pending

**EFFECTIVE
DATE****FINANCIAL INSTITUTION MERGERS****FINANCIAL INSTITUTION
(SURVIVOR)**United Community Bank
Blairsville, GA**MERGED INSTITUTION**Seaside National Bank & Trust
Orlando, FL**APPROVAL
DATE**

Pending

**EFFECTIVE
DATE**HALLCO Community Credit Union
Gainesville, GAHabersham Federal Credit Union
Clarkesville, GA

01-23-2020

05-01-2020

Georgia's Own Credit Union
Atlanta, GAThree Rivers Credit Union
Bainbridge, GA

10-23-2019

APPLICATIONS TO ACQUIRE A FINANCIAL INSTITUTION**HOLDING COMPANY**ST HLDGS, INC.
Wilmington, DE**TO ACQUIRE**

Rochelle State Bank

**APPROVAL
DATE**

Pending

**EFFECTIVE
DATE****APPLICATIONS TO CHANGE LOCATION****FINANCIAL INSTITUTION**Ameris Bank
Atlanta, GA**CHANGE LOCATION OF**From: 1708 Old Trolley Road,
Suite C
Summerville SC, 29485
Dorchester County**APPROVAL
DATE**

05-06-2020

**BEGIN BUSINESS
DATE**To: 140 North Main Street
Summerville, SC
Dorchester County

The Department is the state agency that regulates and examines Georgia state-chartered banks, state-chartered credit unions, state-chartered trust companies, international banking organizations, and bank holding companies that own Georgia state-chartered financial institutions. The Department also has responsibility for the supervision, regulation, and examination of Merchant Acquirer Limited Purpose Banks chartered in Georgia.

In addition, the Department has regulatory and/or licensing authority over mortgage brokers, lenders and processors, mortgage loan originators, check cashers, sellers-issuers of payment instruments, and money transmitters.

Our Mission is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.

Our Vision is to be a willing and able partner with our regulated entities in order to support vibrant economic growth and prosperity in Georgia.

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