



# FINANCIAL INSTITUTIONS TODAY

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

October 2020

## Inside this issue:

Ransomware Self-Assessment Tool	2
FinCEN Unemployment Insurance Fraud	2
FinCEN Supplemental Advisory on Human Trafficking	2
NCUA Grants	3
Speaking Engagements	3
Action on Applications	4

## Craft Bank Opens

Craft Bank opened on October 15, 2020 in Atlanta. The management team is led by President and CEO J. Ross Mynatt, Chief Credit Officer Mike Cullinan, Chief Lending Officer Greg Griggs, Chief Financial Officer Kitty Kendrick, Chief Experience Officer Beth Martin, and Chairman of the Board Marc Greene. Craft Bank is located at 1575 Northside Drive, Atlanta, Georgia 30318. Craft Bank's business model combines a focus on personal service backed by a robust technology platform specifically designed to meet the needs of the small to mid-sized business community, their principals, and employees in the Atlanta community. Craft Bank is the first new bank opened in Georgia during 2020 and the first bank to open "Inside the Perimeter" in the last 13 years.

## Credit Union Change in Legal Lending Limits

House Bill 781, which will become effective on January 1, 2021, amends the secured and unsecured legal lending limit for credit unions O.C.G.A. § 7-1-658. House Bill 781 can be viewed in its entirety at: <http://www.legis.ga.gov/Legislation/20192020/195221.pdf>. Notably, for many credit unions, the new calculation will meaningfully increase the secured and unsecured legal lending limits. In addition, proposed rules will be issued by the Department in December that will further define the contours of the legal lending limit.

The Department's expectation is that the Board of Directors of each institution will thoughtfully consider the potential impact from the lending limit calculation change and implement appropriate risk management controls. Moreover, credit unions should take an incremental, measured approach that is consistent with safety and soundness objectives when adopting any higher exposure limits.

Larger credit unions generally have higher legal lending limits available as a function of their size. Boards of Directors for larger financial institutions in Georgia have historically established dollar thresholds or "house limits" in their Board-approved loan policies to control growth and limit credit exposure as a part of risk management oversight. Other backstops to control growth include overall limits for asset growth, limits for the loan mix (loan types as a percentage of total loans), limits for loan types as a percentage of capital, and minimum capital ratios. A combination of these policy enhancements may assist Boards of Directors of smaller community credit unions to communicate their risk appetites to management teams and promote a safe and sound business environment.

## LIBOR Survey

The Federal Financial Institutions Examination Council (FFIEC) issued a statement to highlight the financial, legal, operational, and consumer protection risks that will result from the expected discontinuation of the London Interbank Offered Rate (LIBOR) and to encourage supervised institutions to continue efforts to prepare for this change and address its associated risks. As a result of the imminent discontinuation of LIBOR, the Department will be conducting a survey of financial institutions to ascertain LIBOR exposure.

Each financial institution will receive an email with a survey related to LIBOR exposure. The Department requests that you complete the survey and email the survey response to Supervisory Manager Kevin Vaughn at [kvaughn@dbf.state.ga.us](mailto:kvaughn@dbf.state.ga.us).

## Ransomware Self-Assessment Tool

October was National Cybersecurity Awareness Month, but ransomware is a year-round threat. Ransomware is a particularly serious issue and costly. The [Ransomware Self-Assessment Tool \(R-SAT\)](#) was developed to assist financial institutions mitigate this risk. The R-SAT was developed by a national task force of community bank CEOs in partnership with state bank regulators and the US Secret Service. It was specifically developed to address the unique needs of community financial institutions. The R-SAT is a brief questionnaire designed to help financial institutions reduce the risks of ransomware by identifying and communicating key measures to protect financial institutions.

While financial institutions have implemented good cybersecurity practices, the rapid advancements in ransomware and its potentially devastating consequences require that every financial institution review and update its controls. Ransomware can result in a sudden and unplanned suspension of critical core banking services, and payment of a ransom does not guarantee records can be restored in a timely fashion or even restored at all.

There is no single measure to prevent ransomware attacks. It requires strong adherence to fundamental cybersecurity controls. Strong backup practices and the use of Multi-Factor Authentication (MFA) are critically important. An institution can fail at measures to prevent ransomware, but if it has true off-line, immutable and restorable backups, it can usually restore customer services and minimize the risk of failure. Compromising administrative access credentials (username and password) is a crucial step for criminals to deploy ransomware. Therefore, MFA should be used by all employees for administrative access. Additionally, financial institution information stored in a cloud environment (outside of the financial institution's firewall) should only be accessed with MFA.

The R-SAT is a helpful and important resource and the Department encourages active use of the tool as ransomware threats continue to escalate and expand. By utilizing the ransomware tool, a financial institution can assess its efforts to control and mitigate risks associated with the threat of ransomware and identify any gaps that require increased security.

If you have any questions regarding the R-SAT, please contact Supervisory Manager Kevin Vaughn at [kvaughn@dbf.state.ga.us](mailto:kvaughn@dbf.state.ga.us).

## Financial Crimes Enforcement Network Unemployment Insurance Fraud Observed During the COVID-19 Pandemic

The Financial Crimes Enforcement Network (FinCEN) issued an advisory to alert financial institutions to unemployment insurance (UI) fraud observed during the COVID-19 pandemic. Many illicit actors are engaged in fraudulent schemes that exploit vulnerabilities created by the pandemic. The advisory contains descriptions of COVID-19 related UI fraud, associated financial red flag indicators, and information on reporting suspicious activity. FinCEN has updated previous SAR filing instructions for unemployment insurance fraud. A link to the advisory can be accessed [here](#).

## FinCEN Supplemental Advisory on Identifying and Reporting Human Trafficking and Related Activity

Financial institutions should provide all pertinent available information in the SAR form and narrative. A potential victim of human trafficking should not be reported as the subject of a SAR. Rather, all available information on the victim should be included in the narrative portion of the SAR. FinCEN requests financial institutions reference the advisory in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the following key term: "HUMAN TRAFFICKING FIN-2020-A008" and selecting SAR Field 38(h) (human trafficking). A link to the supplemental advisory can be accessed [here](#).

## NCUA Grants

NCUA urgent need grants remain available for eligible federally insured, low-income-designated credit unions. Credit unions can receive up to \$7,500 for emergency and natural disaster relief. Low-income credit unions that wish to apply for urgent need grants should review [the NCUA's grant guidelines](#) and apply through [the agency's CyberGrants portal](#).

The NCUA's [Office of Credit Union Resources and Expansion](#) administers [grant funding](#) provided by the CDRLF, which offers grants and loans to credit unions serving low-income communities.

## Speaking Engagements

Commissioner Kevin Hagler will be participating on a regulatory panel at the Georgia Bankers Association's Credit Conference on December 10, 2020. A link to the conference can be accessed [here](#).

Deputy Commissioner for Supervision Melissa Sneed will be participating on a regulatory panel for GBA's Financial Risk Management Conference on November 5, 2020. A link to the conference can be accessed [here](#).

Deputy Commissioner for Supervision Melissa Sneed will be speaking at the Community Bankers Association's BSA Update: Cannabis, regarding Cannabis Banking in Georgia on November 6, 2020. A link to the event can be accessed [here](#).

Deputy Commissioner for Supervision Melissa Sneed will be participating on a panel highlighting At-Risk Adult and Elder Financial Exploitation for a webinar organized by the FDIC titled "Protecting Consumer Bank Accounts from Scams" on November 17, 2020. A link to the webinar can be accessed [here](#).

## ACTION ON APPLICATIONS FOR THE MONTH

The following is a summary of official action taken by the Department on certain 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 October 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	10-15-2020
Classic City Bank Athens, GA	07-30-2020	

### APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
Synovus Bank Columbus, GA	2211 Marietta Boulevard Atlanta, Georgia 30318 Fulton County	10-06-2020	
United Community Bank Blairsville, GA	4018 Forest Drive Columbia, South Carolina 29204 Richland County	10-01-2020	
United Community Bank Blairsville, GA	5436 Sunset Boulevard Lexington, South Carolina 29072 Lexington County	10-01-2020	
Atlanta Postal Credit Union Atlanta, GA	Parc Community Credit Union 72 Georgia Avenue Atlanta, Georgia 30312 Fulton County	10-27-2020	
The Peoples Bank of Georgia Talbotton, GA	101 South Center Street Suite 100 Thomaston, Georgia 30286 Upson County	10-05-2020	
Colony Bank Fitzgerald, GA	2900 Old Dawson Road Albany, Georgia 31721 Dougherty County	10-15-2020	
Atlanta Postal Credit Union Atlanta, GA	Parc Community Credit Union 5694 Ogeechee Road Savannah, Georgia 31405 Chatham County	10-26-2020	

### APPLICATIONS FOR RESERVATION OF NAME

<u>PROPOSED NAME</u>	<u>COUNTY</u>	<u>APPLICANT</u>
First City Port Bank	Decatur	Marvalynn Carroll Chief Financial Officer First Port City Bank 400 West Shotwell Street Bainbridge, Georgia 39818

## ACTION ON APPLICATIONS FOR THE MONTH

<u>FINANCIAL INSTITUTION</u>	<u>CHANGE LOCATION OF</u>	<u>APPROVAL DATE</u>	<u>BEGIN BUSINESS DATE</u>
LGE Credit Union Marietta, GA	From: 430 Commerce Park Drive Marietta, Georgia 30060 Cobb County  To: 590 Commerce Park Drive Marietta, Georgia 30060 Cobb County	10-22-2020	
South Georgia Banking Company Omega, GA	From: 603A N. Main Street Sylvester, Georgia 31791 Tift County  To: 620 E. Franklin, Suite A Sylvester, Georgia 31791 Tift County	10-23-2020	
Coosa Valley Credit Union Rome, GA	From: 2010 Redmond Circle Rome, Georgia 30165 Floyd County  To: 1307 Redmond Road Rome, Georgia 30165 Floyd County	10-06-2020	

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### Department of Banking and Finance

2990 Brandywine Road, Suite 200  
Atlanta, Georgia 30341-5565  
Phone: (770) 986-1633  
Fax: (770) 986-1654 or 1655

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, consumer installment loan companies, 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.