

## **Family First Credit Union**

### **BSA Risk Assessment**

**April 2020**

Total Assets as of February 2020 = **\$107,279,200**

**Members: 13,295**

Loans: \$59,383,800 Deposits: \$91,827,400

**Main Office:**

3604 Atlanta Avenue  
Hapeville, GA 30354

**Branch:**

1560 Holcomb Bridge Rd.  
Roswell, GA 30076

**Branch:**

Fulton County School Administrative Center  
6201 Powers Ferry Road, Atlanta, Ga. 30339

**Inherent Risk** is notated with a low, medium, or high likelihood of BSA/AML (Bank Secrecy Act/Anti-Money Laundering) and MIP (Member Identification Program) exposure and **Residual Risk** is notated after mitigating factors are considered with the risk rating outlined below.

### **Inherent Risk**

**The amount of risk that exists in the absence of controls or other mitigating factors are not in place. The risk before controls.**

<b>1</b>	<b>Low</b>	Account holders conduct routine transactions with moderate frequency in low amounts or automated deposits. Provide services to field of membership.
<b>2</b>	<b>Medium</b>	Likelihood of high domestic activity and some international activity from services offered to the field of membership
<b>3</b>	<b>High</b>	Large number of high domestic and/or International activity from services offered to the field of membership

### **Residual Risk**

**The remaining level of risk following the development and implementation of the Credit Union's response**

<b>1</b>	<b>Low</b>	Mitigation tools in place are highly effective and able to monitor and track suspicious activity and almost eliminate the outcome of a BSA/AML/MIP violation
<b>2</b>	<b>Medium</b>	Mitigation tools in place to monitor and identify suspicious activity are partially effective and therefore minimize BSA/AML/MIP violations.
<b>3</b>	<b>High</b>	Mitigation tools in place for this known risk, but it is not entirely controllable

Area/Service	Inherent Risk	Regulatory Risk	Mitigation	Residual Risk
<b>Member Base</b>	2	Failure to comply with BSA/AML/OFAC Red Flags requirements	FFCU has a stable membership base. Field of membership is comprised of Fulton County Board of Education and Schools, Atlanta Public Schools, City of Johns Creek, Customary Advisory Employees, Sodexo employees, Safebuilt and CH2 contracted employees, private, charter and independent schools in Fulton County and family members. The field of membership also includes members from the former Atlanta Federal Credit Union and employees of 34 companies in surrounding counties. New members are run against OFAC at account opening, and full member database is scrubbed bi-monthly against the OFAC listings via Fiserv. The Credit Union receives a monthly report of member ratings. Suspicious activity is elevated to the VP of Compliance.	1
<b>Products and Services</b>				
<b>Official Checks</b>	1	Failure to maintain proper records	Sold to members only. Cash transaction reports are reviewed daily for suspicious activity of cash purchases of more than \$3,000. Official checks are monitored for unusual activity every month.	1
<b>Gift Cards, Reloadable Cards</b>	3	Failure to maintain proper records	Reloadable cards are issued to FFCU membership only. Cash transaction reports are reviewed daily for purchases with cash for Visa gift / Reloadable card sales that meet the large dollar threshold of \$3,000 - \$10,000.	2
<b>Wire Transfers</b>	3	Failure to maintain proper records to comply with the requirements of OFAC	Wire requests can be received in person for members only. Monitoring is performed for potential money laundering. Wires are performed through Catalyst Corporate. All wires are verified against OFAC.	1

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<b>Share Accounts, Youth Savings Accounts Club Accounts: Christmas, Vacation, 10 Month account</b>	1	Failure to comply with BSA/ML/OFAC /Red Flags requirements	Employees are trained annually regarding CIP requirements. OFAC is verified on all account holders, signers, PODs, and beneficiaries. These accounts are for savings only and will have minimal electronic and manual transactions	1
<b>Money Market Accounts</b>	1	Failure to comply with requirements of the BSA/AML/OFAC/ Red Flags requirements	OFAC is verified on all account holders, signers, PODs, and beneficiaries. Account holders have limited check writing ability with this account.	1
<b>Time Deposits: Share Certificates IRAs</b>	1	Failure to comply with BSA/AML/OFAC Red Flags requirements.	Employees are trained annually regarding CIP requirements. CIP procedures are followed when opening new accounts. CU verifies the member's identity by verifying SSN, using Deluxe Corp, IDV, obtaining a Gov't issued ID, and screening the member against OFAC Accounts are not opened over the phone or fax. OFAC is verified on all account holders and/or signers.	1
<b>Safe Deposit Boxes</b>	1	Failure to comply with requirements of the USA Patriot Act, and OFAC	Safe deposit boxes are available for members only. Members are required to have a share account. MIP procedures are followed when opening a safe deposit box.	1
<b>Exempt Member(s)</b>	1	Failure to properly maintain records, potential to exempt ineligible business	FFCU has no exempt accounts currently.	1

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<b>Electronic Signatures</b>	1	Failure to comply with the requirements of BSA, Electronic Signatures in Global and National Commerce Act (E-Sign), and the Uniform Electronic Transactions Act (UETA)	Members will be provided disclosures for electronic records and signatures. Members must agree to continue the signing process. Employees are trained to send documents to the email address provided by the member only when signing remotely. Signatures are verified before funds are disbursed.	1
<b>Loan Services</b>				
<b>Consumer Loans:</b> Auto loans, Share Certificate Secured, RV, Boat Computer, Tractor	2	Failure to comply with requirements of the USA Patriot Act, and OFAC	Loan products are available to members only and potential members. Members can apply online but must come to the branch to sign documents. All parties are scanned against OFAC.	1
<b>Loans: Unsecured</b> Signature, Holiday Vacation, We Care Loan, Credit Cards, Affinity Program for Credit Cards	2	Failure to comply with requirements of the USA Patriot Act, and OFAC	Loan products are available to members only and potential members. Members can apply online but must come to the branch to sign documents. OFAC is verified on all account holders, co-signers and guarantors.  The new affinity program "Swipe Your Pride" offers credit cards to members of the credit union that display the school letter and colors they support within the field of membership. Members can apply online and will adhere to current CIP procedures for identification. The projected card growth over the next two years predicts the credit card portfolio can increase by 1250 cards. As of 01/2020, there are 1400 credit cards outstanding. Staff demands will adjust as credit card portfolio increases.	1
<b>Participation Loans (CUBS)</b>	2	Failure to comply with requirements of the USA Patriot Act and OFAC	FFCU has seven participation loans, a total of 20.5% of the Credit Union's net worth as of March 2019. No exceptions or issues with the participation loans.	1

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<b>Mortgage Loans:</b> 1 <sup>st</sup> Mortgage, 2 <sup>nd</sup> Mortgage, HELOC, Unimproved Land	1	Failure to comply with requirements of the USA Patriot Act and OFAC	Loan products are available to members only and potential members. Members can apply online but must come to the branch to sign documents. OFAC is verified on all account holders, co-signers and guarantors	1
<b>Internal Mortgage Program</b>	1	Failure to comply with requirements of the USA Patriot Act and OFAC	Mortgage products are available to members only and potential members. Members can apply online but must come to the branch to sign documents. OFAC is verified on all account holders, co-signers and guarantors	1
<b>Other Products and Services</b>				
<b>ATM</b>	1	Failure to comply with requirements of the USA Patriot Act and OFAC	The Credit Union has 6 ATMs. The ATMs located at the FCBOE and APS admin building accepts deposits. The withdrawal limit is \$500.00 per day. ATM reports are monitored by the accounting specialist and Brinks.	1
<b>Express Line Teller</b>	1	Failure to comply with requirements of the USA Patriot Act and OFAC	The audio response system allows for account access through the member's PIN. After three attempts, the member no longer has access, and approval/reset must be completed by a staff person.	1
<b>E-Commerce:</b> Home Banking: Online Banking, Bill Pay Mobile Banking, Remote Deposit Capture	2	Failure to comply with requirements of CIP and OFAC, inadequate AML procedures	Internet banking is restricted to transactions within the member's account or with the designated account(s) within the Credit Union where the member is a signer. This restriction includes Bill Pay, which is managed by the member via a secure site. FFCU also offers mobile banking. Mobile banking is verified by the member putting in their user name and password. Dual authentication is required. Member is in control of password.	1

Area/Service	Inherent Risk	Regulatory Risk	Mitigation	Residual Risk
<b>VISA/Debit Cards Card Valet Instant Issue</b>	3	Failure to comply with Reg E. Could cause potential sanctions and monetary fines.	<p>Neural Network, Falcon Fraud Manager, provides 24/7 monitoring and is used to detect potential fraud situations. There is a scoring process on transactions, and member(s) are contacted if needed. Card restriction if the member cannot be reached. Fiserv Risk Office and their other risk products are utilized to minimize loss due to fraudulent debit card activity.</p> <p>Card Valet is an additional security layer that allows the member to turn their card on and off and set parameters to card use. This product reduces the risk of loss due to fraudulent debit card activity.</p> <p>Instant Issue gives the member instant access to their account when a card is lost, damaged, and for new checking accounts.</p>	2
<b>Card Free Cash</b>	1	Failure to comply with requirements of the USA Patriot Act and OFAC	Fiserv product that allows the member to access cash at ATM's without a debit card with an access code and PIN. Participating ARM's listed on popmoneylocator.com. Access code provided by credit union to members that have met the requirement of the USA Patriot Act and OFAC.	1
<b>ACH</b> (Automated Clearing House)	2	Failure to comply with Reg E. Could cause potential sanctions and monetary fines.	ACH is processed for members only. ACH is processed through Catalyst. The CU receives direct deposits, loan payments, and other payments. Activity is monitored daily for suspicious activity.	1
<b>IATs</b> (International ACH Transaction)	1	Failure to comply with Reg E. Could cause potential sanctions and monetary fines.	The Credit Union does not originate IATs.	1
<b>CTRs</b> (Currency Transaction Report)	1	Failure to maintain proper records and supporting documentation.	The Credit Union averages 2 CTRs per month. There is ongoing monitoring through Fiserv to determine the need for a CTR filing. Reports include Large Cash Transaction over 10K report, ATM, credit card and line of credit cash advances, loan payments, and aggregates branches within one day.	1

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<b>SARs</b> (Suspicious Activity Report)	1	Failure to maintain proper records and supporting documentation.	The Credit Union averages 2 SARs a month. Suspicious activity is reviewed immediately. Kiting Reports and staff reporting regarding counterfeit items, ID Theft, elder abuse, and insider abuse is also very effective for identifying suspicious transactions.	1
<b>High-Risk Members</b>	2	Potential inadequate BSA/AML/OFAC program	Individuals or entities with prior SAR filings or who use accounts outside of the expected account activity are considered high risk. Associate accounts are monitored by the Compliance Specialist monthly.	1
<b>Personnel Turnover</b>	2	Potential inadequate BSA/AML/OFAC program	FFCU has a total of 45 employees in 2019. 32 current employees, 7 are new hires, 4 resigned, and 2 terminations. All staff receive initial training and periodically as needed on all BSA/AML/OFAC policies and procedures. The employee turnover rate in 2019 is 28.0%.	1
<b>MSBs</b> (Money Service Businesses)	1	Potential money laundering.	FFCU does not have any Money Service Business accounts service.	1
<b>Foreign Correspondent Bank Accounts</b>	1	Potential money laundering.	FFCU does not have any Foreign Correspondent Bank Accounts.	1
<b>Geographic Locations:</b>				
<b>HIFCA</b> (High-Intensity Financial Crime Area)	1	Failure to comply with the Money Laundering & Financial Crimes Strategy Act of 1998	The Credit Union does not have any branches located in a HIFCA.	1

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<b>HIDTA</b> (High-Intensity Drug Trafficking Areas) <b>Counties:</b> Barrow, Bartow, Cherokee, Clayton, Cobb, Dekalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, and Henry	3	Potential inadequate anti-money laundering program	The Main Office and both branches are located in Fulton County, a HIDTA. Transactions are monitored for suspicious activity and large cash transactions.	2
<b>Combined Inherent Risk</b>	<b>1.53</b>		<b>Combined Residual Risk</b>	<b>1.10</b>

**Rating Scale**

**Low** = 1.99 or less

**Medium** = 2.99 or less

**High** = 3.0 and above