

Family First Credit Union
Office of Foreign Assets Control (OFAC) Risk Assessment
March 2019
Total Assets as of February 2019 = **\$108,249,582**

Board Approval Date: 07/16/2019

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, moderate, high likelihood of potential risks in areas where the Credit Union may, directly or indirectly, engage with OFAC-prohibited persons or regions. Potential risks include those risks posed by members, products, services, vendors, transactions, and geographic locations.

| | | |
|---|-----------------|--|
| 1 | Low | Policies, practices, and procedures in place to eliminate the possibility of an OFAC violation |
| 2 | Moderate | Policies, and practices, and procedures need improvement to prevent OFAC violations |
| 3 | High | Policies, and practices, and procedures need developing to prevent OFAC violations |

Residual Risk is notated with a low, moderate, or high based on the remaining risk after mitigating controls are in place.

| | | |
|---|-----------------|---|
| 1 | Low | Mitigation tools in place are highly effective and able to monitor and track suspicious activity and almost eliminate the outcome of an OFAC violation. |
| 2 | Moderate | Mitigation tools in place to monitor and identify suspicious activity are effective to minimize or eliminate the outcome of an OFAC violation. |
| 3 | High | Mitigation tools in place for this known risk, but it is not entirely controllable |

| Area/Service | Inherent Risk | Regulatory Risk | Mitigation | Residual Risk |
|---|---------------|---|--|---------------|
| Member Base | 2 | Failure to comply with BSA/AML/OFAC Red Flag requirements | FFCU has a stable membership base. Field of membership is comprised of Fulton County Board of Educations 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 their 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 scrubbed against OFAC at account opening, and full member database is scrubbed bi-weekly against OFAC. The Credit Union receives a monthly report of member ratings. Suspicious activity is elevated to the VP of Compliance. | 2 |
| High-Risk Members | 1 | Failure to comply with BSA/AML/OFAC Red Flag requirements | The member base is stable. The credit union does not have high-risk members. | 1 |
| Foreign Correspondent Accounts | 1 | Failure to comply with BSA/AML/OFAC Red Flag requirements | The credit union does not have any foreign correspondent accounts. Does not engage in pouch activities, offer special-use accts, payable through accounts, or provide U.S. dollar drafts. | 1 |
| Products and Services | | | | |
| Share Accounts Share Draft Accounts Certificates, IRAs Money Market Accounts | 2 | Failure to comply with BSA/AML/OFAC Red Flag requirements | Potential members are screened for OFAC before opening accounts as part of the account opening procedures. Members are screened every two weeks or when a list is updated by BSA/OFAC Officer through Fiserv. Compliance to the bi-weekly FinCEN report. Membership is searched, and results are recorded. There have been zero matches to any OFAC lists with any person within the Credit Union membership. | 1 |
| Loans | | | | |
| Consumer, Secured, Unsecured, Participations, Mortgages, Home Equity, Land | 2 | Failure to comply with BSA/AML/OFAC Red Flag requirements | OFAC screening against all co-signers and guarantors who are not members. | 1 |

| Area/Service | Inherent Risk | Regulatory Risk | Mitigation | Residual Risk |
|---------------------|---------------|--|---|---------------|
| Safe Deposit Boxes | 1 | Failure to comply with BSA/AML/ OFAC Red Flag requirements | 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 |
| ATM | 2 | Failure to comply with BSA/AML/ OFAC Red Flag requirements | 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 |
| VISA/Debit Cards | 3 | Failure to comply with BSA/AML/ OFAC Red Flag requirements | Neural Network, Falcon Fraud Manager, provides 24/7 monitoring and is used to detect potential fraud situations. 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. | 2 |
| Express Line Teller | 1 | Failure to comply with BSA/AML/ OFAC Red Flag requirements | 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 |
| ACH | 2 | Failure to comply with BSA/AML/ OFAC Red Flag requirements | 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. | 2 |
| Funds Transfers | 2 | Failure to comply with BSA/AML/ OFAC Red Flag requirements | Wire transfers are conducted for members when there is a real estate closing only. OFAC check is performed on all parties before sending out or allowing the member to receive the funds. | 2 |
| Electronic Banking | | | | |

| Area/Service | Inherent Risk | Regulatory Risk | Mitigation | Residual Risk |
|--|---------------|---|--|---------------|
| Home Banking, Online Banking, Bill Pay, Mobile Banking, Remote Capture Deposit | 2 | Failure to comply with BSA/AML/ OFAC Red Flag requirements | The Credit Union offers a limited number of e-banking and mobile banking services including account access, fund transfers (between accounts owned by the members) bill pay and remote deposit capture. | 1 |
| ACH and International Transactions | 2 | Failure to comply with BSA/AML/ OFAC Red Flag requirements | Only members are allowed to receive and originate ACH transactions. The Credit Unions do not originate IATs. | 1 |
| OFAC Actions | 1 | Failure to maintain proper records, failure to comply with the OFAC | Credit Union has no prior OFAC actions. | 1 |
| Geographic Locations | | | | |
| HIFCA or HIDTA | 3 | | The credit union does not have any branches in a HIFCA. The main office and both branches are in Fulton County, a HIDTA. Transactions are monitored for suspicious activity and large cash transactions. | 2 |
| Combined Inherent Risk Rating | 1.46 | | Combined Residual Risk | 1.33 |

Rating Scale

Low = 1.99 or less

Medium = 2.90 or less

High = 3.0 and above