

CHECKS and BALANCES



Quarterly Newsletter
April 2024



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— RESPOND QUICKLY TO —
FRAUDULENT
DEBIT CARD PURCHASES

Learn More About
Debit Card Alerts!



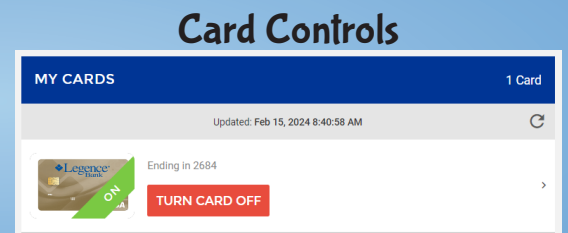
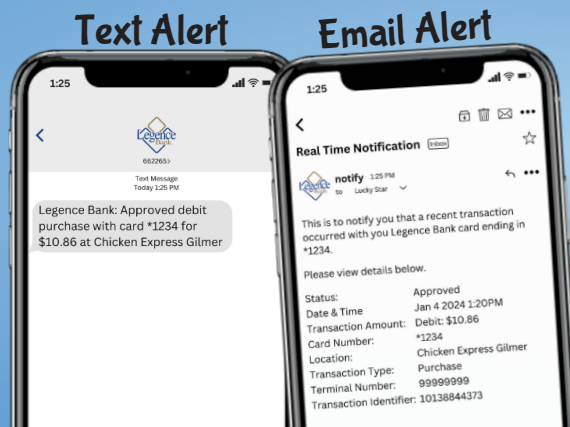
Your security is our
top **PRIORITY!**

This is **WHY** we are offering
alerts for your debit card
purchases. The service is
FREE and helps protect you
and your finances.

If suspicious activity is detected on your account, here is what will happen, and how you can take CONTROL:

- You will receive an alert via email or text message.
- If you don't recognize the transaction, lock your debit card using Card Controls in our online banking/mobile app platforms.
- Contact any team member at your local branch and we will help you review the recent transactions and suggest additional steps to keep your account secure.

Keep your finger on the pulse with Debit Card Alerts and Card Controls at Legence Bank.



Fighting Email Compromise and Impersonation Scams

by Trevor Witchey

AAP, NCP, Senior Director, Payments Education, EPCOR

Fraud attempts with ACH, wire and presumably FedNow®/RTP® payments often occur when a member of an organization falls for a scam impersonating an employee, HR official or vendor. Whether it be through a fraudulent email or some other means of digital communication, businesses like yours are losing funds every single day.

Fraudsters are constantly searching for their next victim, and while steps can be put in place to mitigate certain attacks such as adding tough layers of security to online platforms to prevent account takeover or keystroke logging malware, fraudsters have moved on to coercing the users of those online platforms to willingly give up their credentials or send fraudulent payments on their behalf.

Nacha is currently in the process of implementing new ACH Rules to help reduce credit-push type fraud seen on their network. And, while online attacks from fraudsters are not new, most financial institutions have implemented new systems, more detailed procedures and more interrogative callback processes while having the most commercially reasonable security protections on their online platforms. Although these security measures are certainly helpful, it's still very common for those who use email as their primary form of communication to fall for impersonation scams asking for login credentials or requesting the individual to send a fraudulent payment.

Yes/No	Questions to Ask Before Sending
	Has due diligence been performed on the Receiver/Beneficiary?
	Did you verify the identity of the Receiver/Beneficiary?
	Do you know the beneficial owner(s) or any relevant company official to verify the legitimacy of the Receiver/Beneficiary?
	Did you perform secondary communication with Receiver/Beneficiary to verify instructions?
	Did you verify with another employee of the commercial Receiver/Beneficiary?
	Was an invoice received legitimately and then verified with secondary communication?
	If recurring Receiver/Beneficiary, were they contacted as to why account information has changed?
	For recurring Receiver/Beneficiary, did you verify with known contact about changed info?
	Any contact with the Receiving or Beneficiary financial institution about newer account info?
	Is this payment within the normal scope of operations?
	Are you convinced this is a legitimate payment and won't take a loss for it?
	Is upper management aware of this account change?

It's Time to Try a Different Approach

Regardless of the kind of payments your organization sends, there is always a chance you could fall victim to fraud. Most ACH Originators send payroll credits or utility debits to the same individuals repeatedly, while most businesses send the same ACH or wire payments to the same vendors or suppliers. To make things efficient and reduce errors, many reuse templates on online platforms or have a fixed list that helps generate an ACH file reusing the same account information. Sound familiar? If so, this could become an issue if the account information suddenly changes.

If the payment you're sending is to a new account, a more elaborate set of procedures should be performed by your organization before forwarding that payment to your financial institution. The checklist below can assist your organization in confirming the legitimacy of the payment information before any funds are transmitted. If the majority of checkmarks are missing from a list like the above, then really question the risk of sending a payment to the new account. It's better to ask questions first than act hastily and regret the decision later.

The key to mitigating fraud is to think and perform more procedures regarding payment requests to brand new account information or new clientele. The more thorough you are, and the more serious you take verifying the legitimacy of account information, the better off your organization will be.

Your Beneficial Ownership Information Requirements

by Emily Nelson

AAP, APRP, NCP, Manager, Payments Education, EPCOR

With a new year comes new changes, and an important change came from the Financial Crimes Enforcement Network (FinCEN). FinCEN's purpose is to safeguard the financial system by identifying individuals involved in tax evasion, money laundering and even terrorist financing. FinCEN's most recent requirements largely impact small businesses by requiring them to file and report Beneficial Ownership Information (BOI). The final ruling which implements the BOI filing and reporting requirements was released in September 2022. However, FinCEN needed time to develop a filing and reporting platform, which is why small businesses are just now being asked to file and report BOI directly to FinCEN. Let's discuss the requirements for reporting, timelines in which you must file and possible repercussions if you do not file.

Who is Required to Report this Information

Reporting companies are divided into two categories, domestic and foreign:

- A domestic reporting company is defined as a corporation, limited liability company or any other entity created by filing a document with a secretary of state or any similar office in the United States.
- A foreign reporting company is defined as an entity, including corporations and limited liability companies, formed under the law of a foreign country that has registered to do business in the United States by the filing of a document with a secretary of state or any similar office.

To put this more plainly, an entity is a corporation or limited liability company registered to do business in the United States under state, local, tribal or federal law.

Information Required to be Reported

The reporting company, domestic or foreign, is required to identify itself and report specific information for each beneficial owner. The four pieces of information required include the beneficial owner's name, birthdate, address and unique identifying number and issuing jurisdiction from an acceptable identification document. Essentially, a U.S. driver's license would suffice for the identification document. Regarding who is considered a beneficial owner, one form of beneficial ownership is someone who exercises substantial control over the reporting company. Another form would be someone who owns or controls at least 25% of the reporting company's ownership interests. You'll be able to find examples of substantial control and other frequently asked questions in the link provided at the end of the article.

Where and When to Report Information

Reporting companies will need to visit boiefiling.fincen.gov to file their beneficial ownership information through FinCEN's portal. There are specific timeframes as to when a reporting company is created to when they need to file. For any reporting companies established before January 1, 2024, they will be required to file with FinCEN by January 1, 2025. However, for reporting companies established between January 1, 2024, and January 1, 2025, they will need to file within 90 days. This 90-day clock will begin when the company receives notice of its company creation or registration being effective, or after a secretary of state provides public notice of a company's creation or registration, whichever is earliest. For reporting companies established after January 1, 2025, there will be a 30-day timeframe to file. The 30-day clock also begins after a company receives notice of its creation or registration or after a secretary of state provides public notice of a company's creation or registration, whichever is earliest.

Potential Consequences

Like many areas of compliance, there are consequences for not filing or updating beneficial ownership information timely. Violations of beneficial ownership information reporting could result in civil penalties of up to \$500 for each day the violation continues, and any beneficial owner could also be subject to criminal penalties of up to two years imprisonment and a fine of up to \$10,000. It's important to note that both individuals and corporate entities can be held liable for willful violations.

Final Thoughts

After filing, you will simply want to periodically ensure that your entity's beneficial ownership information has not changed, and if it does you need to update the information within the timeframes found in FinCEN's frequently asked questions. If you have any questions, visit fincen.gov/boi.

Welcome New Team Members



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our team to serve **YOU!**