



135 Stewart Drive, Franklin, VA 23851

Unlawful Internet Gambling Enforcement Act Policy

Introduction

The Department of the Treasury and the Federal Reserve Board issued a joint regulation to implement the Unlawful Internet Gambling Enforcement Act (UIGEA). The Act prohibits persons engaged in the business of betting or wagering from knowingly accepting payments from another person engaged in unlawful Internet Gambling.

Purpose

To prevent unlawful Internet Gambling businesses from utilizing the banking system. Bronco Federal Credit Union is required to establish and implement policies and procedures to identify and block, prevent or prohibit restricted transactions, or rely on and comply with policies and procedures established by the appropriate payment system. Lawful Internet gambling businesses will be required to provide extensive documentation at account opening.

Policy

A. Payment Systems

a. Automated Clearing House (ACH)

Bronco receives a large number of ACH credit transactions. While there is no data base of illegal Internet Gambling businesses, it is impossible to review each ACH for restricted transactions. If Bronco receives actual knowledge of a restricted transaction, it will refuse to complete the transaction. Additional documentation may be requested to ensure it is not a restricted transaction. If Bronco is unable to verify the validity of the transaction, it will be refused.

b. Card Systems

Bronco will rely on the policies and procedures developed by the card system operators to block prohibited transactions. Bronco will require documentation from our card network vendor that their policies and procedures comply with the UIGEA regulations.

c. Wire Transfers

If Bronco receives actual knowledge that a wire transaction involves a prohibited transaction, it will refuse to complete the transaction. Additional documentation may be requested to ensure it is not a restricted transaction. If Bronco is unable to verify the validity of the transaction, it will be refused.

d. Check Collection Systems

If Bronco receives actual knowledge that checks deposited to a commercial account are the result of illegal internet gambling the account will be closed.

If an identified transaction is refused, the Compliance & Auditing Coordinator will be notified, and a SAR will be filed. Bronco is provided a safe harbor when: it identifies and blocks the transaction when it is restricted; when Bronco believes the transactions is restricted; or the transaction is blocked in reliance on the policies and procedures of the payment system (e.g. VISA, NACHA, etc.).

B. Commercial Accounts Risk Based Due Diligence

Risk based due diligence of “commercial members” will be completed at account opening to determine the risk that member presents of engaging in restricted transactions. If Bronco cannot determine that the member presents a minimal risk of presenting restricted transactions, further documentation and analysis will be conducted. Potential members that present more than a minimal risk of presenting restricted transactions will not be allowed. This due diligence will be performed in conjunction with existing account opening processes that are already required with the Bank Secrecy Act. If Bronco receives actual knowledge that a commercial member is processing restricted transactions, the account will be closed and a SAR will be filed.

Notification to New Commercial Customers

The credit union will provide a one-time notification to new commercial customers within its new account agreement.

Approved by Board of Directors 8/28/17