

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: January 2014 **LETTER NO.:** 14-CU-03

TO: Federally Insured Credit Unions

SUBJ: Civil Money Penalties to be Assessed for Late Call Report
and Profile Submissions in 2014

ENCL: [Recent Trends in Late Filing](#)

Dear Board of Directors and Chief Executive Officer:

Late filings of quarterly Call Report and Profile data have become a serious problem. For the third-quarter 2013 reporting cycle (submissions for which were due October 22nd), more than 1,000 federally insured credit unions (FICUs) of all asset sizes filed their Call Reports after the deadline had passed.¹ (See enclosure).

A large percentage of late filers were chronically late, repeatedly filing after each quarterly deadline throughout the year. Such late filing impacts NCUA's ability to conduct effective off-site supervision and delays the release of quarterly industry data to the general public. It is also a drain on NCUA resources, as field examiners are required to follow-up with tardy FICUs.

As announced in an October 2013 Letter to Credit Unions (13-CU-11), Call Reports must be filed electronically starting this month. NCUA has also adjusted Call Report and Profile submission due dates to the fourth Friday of each month following the end of a quarter, thereby giving credit unions more time to file.

Finally, NCUA will begin to exercise its authority to impose civil money penalties against FICUs that do not meet the quarterly filing deadlines.²

¹ Charts breaking down recent trends in late call report filing by credit union asset size and number of days late appear on page 4 of this letter.

² This authority is granted under Section 202 of the Federal Credit Union Act (12 U.S.C. § 1782). NCUA will coordinate with state supervisory authorities to assess civil money penalties against federally insured state-chartered credit unions (FISCUs) and will take into account any late-filing fees assessed by the state.

NCUA is imposing penalties solely to deter late filing. **Any funds collected through civil money penalties will be remitted to the U.S. Treasury, not retained for NCUA use.** The Call Report filing deadlines for 2014 are:

Call Report Cycle	Submission Deadline
2013:Q4	January 24, 2014
2014:Q1	April 25, 2014
2014:Q2	July 25, 2014
2014:Q3	October 24, 2014

How will civil money penalties be assessed? What amount will be assessed?

NCUA will assess tardy FICUs an amount for each day a required report is late or contains inaccurate information. The amount of the penalty will vary based on the reason for the delay or inaccuracies. Section 202 of the Federal Credit Union Act sets specific dollar ranges for civil money penalties as follows:

1. Up to a **maximum of \$2,000 per day** may be assessed for each day a required report is “minimally” late or contains uncorrected false/misleading information if the late or false/misleading filing is unintentional and the credit union has reasonable procedures in place to avoid such errors.
2. Up to a **maximum of \$20,000 per day** may be assessed for each day a required report is late or contains false/misleading information if the late or false/misleading filing is not covered by the “unintentional” safe harbor outlined in number one above.
3. Up to a **maximum of \$1 million (or 1 percent of total assets, whichever is less) per day** may be assessed if a FICU knowingly or with reckless disregard for accuracy submits a false or misleading report and fails to correct it.

When determining the exact amount to be assessed against a FICU, NCUA will consider mitigating factors outlined in Section 206 of the Federal Credit Union Act.³ These include:

- The size of financial resources and good faith of the credit union
- The gravity of the violation
- The history of previous violations
- Other matters as justice may require regarding the circumstances of late or false/misleading submissions, such as natural disasters, incapacitation of key employees, etc.

³ 12 U.S.C. § 1786

When will NCUA begin to assess tardy FICUs civil money penalties?

A FICU's Board of Directors and CEO will receive a warning letter from NCUA if their credit union misses the January 24, 2014, deadline for fourth-quarter 2013 Call Report and Profile submissions. Civil money penalties will be imposed against late filers beginning with the first-quarter 2014 Call Report and Profile reporting cycle, submissions for which are due April 25, 2014. NCUA will also make public the names of FICUs assessed with civil money penalties.

What resources are available to assist credit unions?

NCUA's website contains a number of resources to help credit unions meet the filing deadline. Specifically, at <http://www.ncua.gov/DataApps/CUOnline/Pages/default.aspx>, you can access information on the following subjects:

- General System Frequently Asked Questions (FAQs)
- Instruction Guide
- Online Profile FAQs
- 5300 Call Report FAQs

Again, the intent of imposing civil money penalties is to ensure FICUs observe 2014 filing deadlines.

If you have any questions about the Call Report process, please contact the Office of Examination and Insurance at EIMail@NCUA.gov or 703-518-6360.

Sincerely,

/s/

Debbie Matz
Chairman