

# Bulletin CU-05-1

TO: All Tennessee State-Chartered and Licensed Financial Institutions

SUBJECT: Response to Hurricane Katrina

DATE: September 12, 2005

In light of the unusual and tragic circumstances resulting from the impact of Hurricane Katrina, the Department of Financial Institutions provides the following guidance to Tennessee state-chartered and licensed financial institutions. Currently, Tennessee is receiving evacuees from the affected areas and the volume of evacuees could increase to a significant number. We are encouraging Tennessee state-chartered and licensed financial institutions to assist in helping these evacuees gain access to check cashing and other financial services. In this regard, financial institution regulators both state and federal, are encouraging all financial institutions to use reasonable and prudent actions when assisting displaced individuals.

When applying Customer Identification Program standards, the institution's policies and procedures may need to be amended to allow for acceptance of non-documentary forms of identification, which is permitted by Section 326 of the USA Patriot Act and 31 CFR 103.121.

Non-documentary sources of information may include:

- Comparing the customer against fraud and bad check data bases
- Comparing the supplied information with that of a trusted third party(credit report, check systems, etc.)
- Checking references with another financial institution
- Checking personal references from other community members

Recently, the Financial Crimes Enforcement Network (FinCEN) issued guidance regarding BSA and Hurricane Katrina which can be accessed from the link below. Federal financial institution regulators have been working closely with state bank and credit union regulators, the Conference of State Bank Supervisors, the National Association of State Credit Union Supervisors, and industry trade groups to assure that the impact of Hurricane Katrina on the financial services industry is minimal. Additional guidance on this topic is addressed in a September 2, 2005 Joint Press Release which can be found at the link below. The Federal Deposit Insurance Corporation and the National Credit Union Administration's web sites contain listings of banks and credit unions located in the affected area, including listings of bank and credit union offices that are open. The listings contain contact and other information for the financial institutions and can be accessed using the FDIC's Katrina and NCUA links below.

The Department reminds all state-chartered and licensed financial institutions of their legal obligation to remain within statutory fee limits. The Department will continue to firmly enforce state

laws. Moreover, the Department urges financial institutions to consider any waiver or reduction of fees consistent with principles of safety and soundness.

While state-chartered credit unions are encouraged to provide financial services for those individuals who have been affected by Hurricane Katrina, credit unions must remain mindful of their own particular field of membership limitations.

State-chartered financial institutions should also consider the possible effects of deposit influxes on capital and liquidity. The Department is available to assist institutions in any way possible. Feel free to contact any one of our divisions at 615-741-2236.

Joint Press Release: <http://www.fdic.gov/news/news/press/2005/pr8505.html>

FDIC's Katrina Web Site: <http://www.fdic.gov/news/katrina/index.html>

NCUA's Web Site: <http://www.ncua.gov>

FinCEN's Web Site: <http://www.fincen.gov/faqkatrinalead.pdf>

Kevin P. Lavender  
Commissioner