

2700. UNLAWFUL INTERNET GAMBLING POLICY

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Unlawful Internet Gambling Due Diligence

All business account agreements will contain a provision that restricted transactions (i.e., unlawful Internet transactions) are prohibited from being processed through the account or the member relationship. At the establishment of the account relationship with a business member, the Credit Union will determine whether the business member engages in unlawful Internet gambling.

The Credit Union may deem the following business members to present a minimal risk of engaging in an Internet gambling business:

- An entity directly supervised by a Federal functional regulator; or
- An agency, department or division of the Federal government or State government.

In the event that the Credit Union cannot determine the risk, it may obtain the following:

- Certification from the business member that it does not engage in an Internet gambling business;
- Evidence of legal authority to engage in the Internet gambling business, if the business member does engage in an Internet gambling business, such as:
 - a) A copy of the business member's license that expressly authorizes the business member to engage in the Internet gambling business issued by the appropriate State or Tribal authority or, if the business member does not have such a license, a "reasoned legal opinion"¹ that demonstrates that the business member's Internet gambling business does not involve restricted transactions; and
 - b) A written commitment by the business member to notify the participant of any changes in its legal authority to engage in its Internet gambling business; or
- A third-party certification that the business member's systems for engaging in the Internet gambling business are reasonably designed to ensure that the business member's Internet gambling business will remain with the licensed or otherwise lawful limits, including with respect to age and location verification.

¹ Defined by the U.S. Treasury and the Federal Reserve Board as "a written expression of professional judgment by a State-licensed attorney that addresses the facts of a particular client's business and the legality of the client's provision of its services to relevant customers in the relevant jurisdictions under applicable Federal and State law and, in the case of intra-tribal transactions, applicable tribal ordinances, tribal resolutions, and Tribal-State compacts. A written legal opinion will not be considered "reasoned" if it does nothing more than recite the facts and express a conclusion.

Safe Harbor

The Act provides protection from liability for identifying and blocking, preventing or prohibiting acceptance of products/services in connection with (otherwise refusing to honor) a transaction if:

1. It is a restricted transaction,
2. There is a reasonable belief that it is a restricted transaction, or
3. The credit union is a participant in a designated payment system and prevented the transaction in reliance on the policies and procedures of a designated payment system, in an effort to comply with the regulation.

Remedial Action

Abuses of financial resources by a business/commercial account holder that are potentially illegal or may serve to endanger the safety and soundness of the credit union and/or its members will be dealt with in an appropriate manner, up to and including account closure.

Should a determination be made that a potential or actual restricted transaction occurred due to the actions of a business/commercial account holder, the credit union will conduct an account review; should the review conclude that a transaction or transactions took place, the credit union may:

1. Accept the statement of the account holder, in good faith, taking no action in circumstances where that account holder unknowingly facilitated or processed the transaction;
2. Restrict or close the account should the account holder acknowledge performing or processing a restricted transaction;
3. Continue transaction processing in instances of actual knowledge of restricted transactions, or;
4. Initiate a FinCEN Suspicious Activity Report (SAR) filing with the BSA Compliance Officer.

Notification to Existing & New Commercial Members

The Credit Union will provide notification (one time) to new business customers within its new account agreement.

Unlawful Internet Gambling Notice

Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through this account or relationship. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful Internet gambling.

Historical Record of Policy Changes

Date Revised: June 2016

Date Ratified: June 2016

The policy was revised to include new sections regarding Safe Harbor, Remedial Action and notifications to members (page 2).

Revised: June 2016
Ratified: April 2019