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## Post Data Breach Best Practices

By: Kroll Identity Theft

### Separating ID Theft Myths from Reality.

According to the Identity Theft Resource Center (ITRC), there were 1,093 reported data breaches in the U.S. in 2016, exposing more than 36.6 million records. As of September 12, 2017, the ITRC reported that data breaches were on pace to surpass the previous year's total, with the number of records exposed to date already nearly four and a half times more than all of last year.

Hackers are smart and they can move quickly. They also exploit employees' willingness to trust that an email from an executive or third-party vendor is legitimate, unlocking a treasure trove of valuable information and putting customers at risk of fraud and identity theft.

### Proactive steps to help protect your information and recognize when you may be at risk:

- **Limit your information sharing.** If someone asks for your Social Security number, ask them why they need it, how they secure records, and what happens if you don't provide it. Don't include your full name, birth date, email address and mobile phone number on public social media profiles.
- **When in doubt, don't click.** Think twice before clicking on any links. Hackers have gotten very good at making phishing attempts look legitimate, even mimicking people you know.

### Bill Rosacker *A Note from the President*



With 2018 right around the corner, we prepare to say good bye to another successful year at United Bankers' Bank, and look forward to the opportunities and challenges of a new year.

The feature cover story in this edition of the Independent is from one of our valued partners, Kroll, the leading provider of risk solutions. This timely article provides some helpful steps that you and your bank customers can take to be vigilant and recognize if you're at risk for identity theft.

Our UBB Compliance Services team addresses the information you need to know about the upcoming compliance changes, referred to as the "Fifth Pillar of BSA Compliance," taking effect May 11, 2018. This article will provide you with an idea of where you should currently be in the implementation process as well as what to expect as the deadline approaches.

In our human resources management article, Bob Greening, VP of USource explains the importance of a reliable compensation survey, especially when faced with employees inquiring about their current rate of pay. As you look at your budgets for 2018 and if you're considering either creating a new position or developing an employee retention plan at your bank, this is a good time to remember that UBB offers Real-Time Compensation Reports for all of our USource members.

Our team in the UBB Card Services department is working hard at keeping current with all of the newest payments technology impacting the industry. Jill Robiller, UBB's Bank Cards and Payments Manager, explains how their new vendor partnership will provide UBB's agent bank's business merchant customers with the latest technology, excellent customer service and compliance management. Keeping with the UBB Card Services team, flip over to page 4 and learn more about Eric Elftmann, UBB's Credit Card Representative, in our Employee Spotlight section.

In our "Keeping the Community in Community Banking" feature, we highlight Richwood Bank in Richwood, Ohio. This innovative bank along with its community minded staff exemplifies what it means to be a community bank. From operating a bank run coffee shop to providing marketing services and assistance to their small business customers, this bank has found unique ways to give back to the communities it serves.

As the holiday season approaches, UBB has a lot to be thankful for. We are extremely thankful for all of our shareholders who have invested their trust in UBB to help us build the nation's first bankers' bank into the correspondent leader that it is today. We are also thankful for all of our customers, who have allowed us the opportunity to earn their business and provide them with the resources they need to be successful and serve the needs of their communities. Lastly we are very thankful for each and every one of our UBB team members. Their hard work, commitment and unwavering belief in community banking, allows us to continually innovate our products and customer service to meet the ever changing needs and challenges our community bank partners face.

In closing, we would like to wish you and yours a happy holiday season and as always, United Bankers' Bank is **First for Your Success.**

- **Check your online banking and credit accounts regularly to detect fraudulent charges or suspicious activity.**
- **Don't ignore snail mail.** Credit cards that you didn't apply for, collection notices for accounts you don't have, insurance Explanation of Benefits (EOB) statements for services you/your dependents didn't have are all identity theft flags.
- **Check your credit reports.** Ongoing credit monitoring will help alert you when something new is reported to the credit bureau file that it is monitoring. Also, review your credit reports at least annually. Visit [annualcreditreport.com](http://annualcreditreport.com) or call the Annual Credit Report Request Service at 877-322-8228 to get credit reports from all three reporting bureaus at no cost.
- **Review your Social Security Earnings and Benefits Statement.** A difference in what is recorded as your annual income and what you actually earned could be a sign of employment-related identity theft. To order a statement, call (800) 772-1213 or go to [ssa.gov](http://ssa.gov).

### Credit Freeze or Fraud Alert

Credit freezes become a popular recommendation in news stories after a major breach. The investigators at Kroll advise placing a 90-day fraud alert with the credit reporting agencies instead. They are free, renewable, and consumers only have to notify one of the three agencies to place the alert; each agency is then required to notify the others of the request.

With a fraud alert in place, creditors must verify your identity before extending new credit. That means you will be notified if someone is trying to obtain a credit card or apply for a loan using your personal information, denying the fraudulent attempt right away or giving you peace of mind for legitimate applications.

A freeze fully blocks access to your credit file so only the creditors and other businesses with whom you have a current relationship will have access to your reports (with certain exceptions). With a freeze in place, new creditors, lenders, landlords, insurance companies, cell phone, utility companies, and potential employers will be unable to evaluate your credit history. Without access to your credit history, any (legitimate as well as

fraudulent) application for credit or other services while the freeze is in place will likely be denied. In addition, you must place and cancel the freeze with all three credit reporting agencies individually and there can be a fee to place and lift the freeze (varying by state) unless you are a victim of identity theft. Also, credit bureaus have up to 5 days to place a freeze and 3 days to lift a credit freeze, making it difficult for you to get credit immediately.

### Common ID Theft Myths

**Myth: I have credit monitoring or only use cash (not credit) so I don't have to worry about identity theft.**

**Reality:** Credit report monitoring is a valuable tool that can help you detect potential credit-related identity theft early. But remember, in addition to fraudulent credit, a thief can use your Personally Identifiable Information (PII) for criminal acts, medical care, banking, employment, tax fraud and more. Also not establishing a credit account doesn't mean somebody else will not use your PII to fraudulently secure credit.

**Myth: It is safe to respond to an unsolicited phone call or email, or provide PII on an internet form as long as you recognize the name of the company.**

**Reality:** Because of tricks such as caller ID spoofing, "phishing," "smishing," and domain masking, it is not safe to assume that you are communicating with the entity that appears to have contacted you. Do not give sensitive information by phone, email or internet form unless **you initiated** the activity and are certain of the legitimacy of the entity. If you receive a suspicious phone call, text message, or email, contact the entity by using a phone number you obtain by your own means and ask about the legitimacy of the communication you received.

**Myth: If I become a victim of identity theft, I will have to pay the debts created by the thief.**

**Reality:** There are federal laws that protect victims of identity theft from being held financially responsible for debts created by an identity thief. However, the victim must address and dispute the fraudulent activity within 60 days after it has been detected. UBB's IDTheftSmart program provides members with access to Kroll's Private Investigators who know how to resolve and report these issues.

# Beneficial Ownership/CDD Clarifications & Next Steps

By Jeff Thompson, CRCM & Kassia Holt, CBAP, CCBIA

In the Spring 2017 edition of *The Independent*, we gave you a general overview of the upcoming changes commonly referred to as the Fifth Pillar of BSA Compliance, Beneficial Ownership. As the May 11, 2018 deadline approaches to implement these new changes, we decided to delve a little deeper into the definitions of the rule to give you an idea as to where your bank should currently be in the implementation process.

## Legal Entity Customers Defined

The first facet of the new rules is understanding which of your current and future customers will be impacted. The term “Legal Entity Customers” is used in the regulation to define “corporations, limited liability companies, or other entities that are created by filing a public document with the Secretary of State or a similar office, a general partnership, and any similar entity formed under the laws of a foreign jurisdiction that opens an account. It is important to note that legal entity customers do not include sole proprietorships, unincorporated associations, or natural persons opening accounts on their own behalf. FinCEN also has a legal entity definition that should be reviewed and incorporated into your policies, procedures and training as well. A collection of FAQs has also been published that provides further clarification and guidance into their definition, and will aid in the process of implementing the new rules. FinCEN’s FAQs can be found at <http://tinyurl.com/FinGenFAQ>.

## Peeling Back the Onion

Determining how to document beneficial ownership when a legal entity customer is owned by another legal entity customer is the second facet of this change. While the new rules do not specifically require the institution to identify beneficial owners for any company other than the one that is opening the account, they do require banks to provide a risk-based foundation for

these new requirements. Many experts, UBB Compliance Services included, have taken that to mean that you should “peel back the onion” and find out who is truly operating the particular company in question. This process will require your bank to be flexible and patient, as no two commercial customers are alike.

## Codified CDD Rules

The final facet is strengthening the current Customer Due Diligence (CDD) requirements. Today, the rules indicate that banks “should” understand the nature and purpose of customer relationships and “should” conduct ongoing monitoring for suspicious activity reporting and customer information updates. When the new rule takes effect in May, these actions will be a **must**. Each bank will need to review its current CDD processes and determine where they require strengthening.

## Next Steps

Your next steps will include:

- Updating all written policies, procedures and risk assessments,
- Creating new account applications and risk matrices to gather the information needed to gain a baseline knowledge,
- Creating the necessary forms to document and verify beneficial ownership,
- Training appropriate personnel on what is changing and how to comply with the new rules.

You will also need to contact any required 3rd party vendors as soon as possible to determine how they will be assisting in this endeavor. If your implementation schedule is on track, by the end of the first quarter of 2018 your bank should be ready to take these new rules live, giving you time to work out any weaknesses in the revised processes. Please reach out to UBB Compliance Services should you have any questions or difficulties during this important implementation process.



For more information contact: 800.314.7782 or  
Jeff.Thompson@ubb.com or Kassia.Holt@ubb.com.

**United Bankers' Bank**  
**Call Report (unaudited)**  
**9/30/2017**

**Balance Sheet (000's)**

**Assets:**

Cash and Due from Banks	\$ 62,019
Investments	\$ 141,166
Fed Funds Sold & Securities Purchased Under Agreement to Resell	\$ 61,869
Loans	
Outstanding	\$ 592,181
Loss Reserve	\$ (6,615)
Other Assets	\$ 33,761
<b>TOTAL ASSETS</b>	<b>\$ 884,381</b>

**Liabilities and Capital:**

Deposits	\$ 671,750
Fed Funds Purchased	\$ 46,653
Other Liabilities	\$ 70,139
Equity Capital	\$ 95,839
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	<b>\$884,381</b>

**INCOME STATEMENT (YTD)**

Interest Income	\$ 20,777
Interest Expense	\$ 3,041
Net Interest Income	\$ 17,736
Loss Provision	\$ 103
Net Interest Income (After Provision)	\$ 17,633
Other Income	\$ 11,804
Total Income	\$ 29,437
Operating Expenses	\$ 24,285
Securities Gains (Losses)	\$ 1
Net Income Before Taxes	\$ 5,153
Tax	\$ 1,850
<b>NET INCOME</b>	<b>\$ 3,303</b>



**Family Members:** Mom - Cindy, Grandma - Dorothy, Sister - Brittany

**Pets:** Mini Schnauzer named LucyBelle, she's my grandma's dog but I consider her my own.

**What do you listen to on your drive to work:** My iphone on shuffle. I have a lot of music so it's pretty random, but sometimes Taylor Swift.

**Interests:** Sports (mainly hockey, football, and basketball), traveling, drawing, gym.

**If I could live anywhere in the world, I would live:** Somewhere warm and on a beach, probably Mexico or one of the Carolinas.

**If I could have one super power (besides flying) it would be:** Teleportation so I can travel anywhere I want.

**Many people don't know that I:** Was on the tv show "Food Paradise" on the Travel Channel. The producers had me describe the environment at B-52's even though I had never been there before.

**If I was not working in banking I would:** Likely be an architect or engineer

**I started working at UBB in:** August 2015

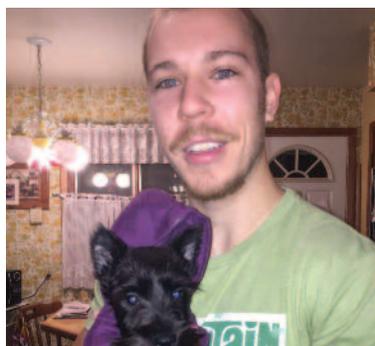
**My favorite part of working in banking is:** A tie between all the people that work here and the bank holidays.

**The best advice I ever got was:** When things don't go right, go left.

**First For Your Success means:** Unwavering commitment in the way we support our bank customers by providing them with the necessary tools to succeed.



Eric with sister, Brittany and her fiancé, grandma, Dorothy, and mom, Cindy.



Eric with LucyBelle.



Eric on Food Paradise - July, 2014.





# Keeping the *Community* in Community Banking

**Richwood Bank • Richwood, Ohio**

Located in central Ohio about 46 miles north of the state's capital of Columbus, Richwood carries the motto "where the clock strikes hospitality." Residing in the heart of downtown and celebrating its 150th anniversary is Richwood Bank. Their innovative service and community dedication have earned them four consecutive years of recognition as a Columbus top workplace and honored as Extraordinary Bank of the Year in 2015. We visited with Chad Hoffman, President and CEO, to learn more about how Richwood Bank is keeping the Community in Community Banking.



*Richwood employees volunteering at People in Need Inc. Chad Hoffman, Pres. and CEO*

### What is your community most known for?

The Richwood Opera House and Town Hall is a historical landmark that was erected in 1890 to be the community center (housing the town council chambers), fire department and jail, among many other functions.

Richwood is also the home of the Ohio Quarter Horse Association (OQHA), the largest single breed horse show in the world. Every October, close to 650,000 fans bring in over \$225 million to the Columbus area.

### How is your bank involved in the community?

Our goal is To Inspire, Protect and Celebrate Anything that Helps Communities Thrive. Our branch locations span four counties and are situated next to booming main streets and rural sceneries. Our employees support more than 160 nonprofits and participate in nearly 100 events annually.

One of our unique approaches to giving back is through Richwood Coffee, our own in-house coffee shop. The vision behind it is to connect community and purpose while delivering value to our customers who get delicious drinks via donation with 100% going to our community partners. In less than two years, our pilot launch resulted in a 15% increase in traffic to our banking side, more than \$51,000 in donations, and over 32,000 cups of hot and cold drinks served!

We also sponsor a financial literacy program. Our education team travels to 10 area schools speaking to approximately 820 students and 19 teachers on financial topics from fraud and identity theft, to budgeting and building credit.

### Do you have any goals or programs in place to encourage bank employees to be active in the community?

Community involvement inundates the culture of our team, and they willingly sign up to help. In return, we compensate them with paid time off,

### Bank Name:

Richwood Bank

### Bank Charter Location:

Richwood, Ohio

### Bank Representative:

Chad Hoffman

### Asset Size:

\$510 million

### Number of Locations:

Six

### Number of Employees:

130

### Year Bank was Incorporated:

1867

### City Population:

2,316 in Richwood and another 67,547 in surrounding areas



reimbursing for 2,600 hours of volunteer time just in 2016.

### What makes community involvement important to you and your bank?

Richwood Bank's 150 years of success is built on dedication to our communities resulting in community involvement deeply rooted in our bank. When many banks fell prey to the U.S. economic crisis in 1873, we were the only bank left standing in Richwood. Investment in our communities is more than dollars. Our culture was established by investing in local farmers and tradesmen. Through each generation, we remained committed to our communities while keeping current with services and technology. We created a drive-thru in 1976, went live with online transactions in 1998, added a marketing department dedicated to helping local businesses in 2014 and opened Richwood Coffee in 2015. Our belief in community keeps us focused and surviving.

### What do you like best about your community?

Our community enjoys the best of both worlds. Our strong agricultural and rural community provides a source of stability and hometown values, while the growing commercial and industrial area provides a vibrant and exciting future.

We support each other in moments of disaster or victory. The local school districts are one of our best resources and the community comes together to support them whenever possible!

### What do you like best about being a community banker at Richwood Bank?

We have the opportunity to enhance the community bank model and become the trusted advisors for all who live here.

We look forward to becoming the focal point of all things financial and help our communities remain successful long into the future!

# Small Business Can Yield Big Business Returns

2017 is winding down, so it is time to start planning for 2018. This is no small feat considering all the changes that are happening in the payments world.

## Payments Sector is ever evolving – and fast

In the grand scheme of things, the technology we use today hasn't been around long. The first ATM in the US appeared in 1969 (Barclays Bank in Enfield, Middlesex was the first bank to install a cash machine on June 27, 1967)<sup>1</sup>. In 1979, Visa came out with the card swiper vs. the manual imprint machine. Japan was the first to test the new EMV chip card in late 1980's. PayPal launched online payment services in the 1990's. The Chip-and-Pin card spread though the UK in early 2000's and now, globally, there are contactless payments, Near Field Communications (NFC), virtual wallets and virtual currency. All this happened in a relatively short period of time, and it doesn't appear to be slowing down anytime soon.

E-commerce spending is starting to outpace face-to-face transactions. More businesses are looking online to make purchases because it is quicker, easier, and in some cases, less expensive.

Modern technology has enabled payments to become far more secure. These new payment trends allow for less overhead for merchants and a satisfying ease-of-use for consumers. In fact, research offered by the

Electronic Transactions Association (ETA) showed that 70% of all consumer spending is now done via electronic methods<sup>2</sup>.

## Strategy for the Future

Businesses want faster payments, and they want products and services that will help accommodate that by being easy to use, so the business can focus their attention on serving their customers. Recently, UBB engaged in a new partnership with Security Card Services (SCS) to provide the latest technology, a plethora of services unlike anything we've had before, and excellent customer service for UBB's agent bank's business merchant customers. In addition to the enhanced service, SCS also manages all liability and compliance, relieving banks of that added responsibility.

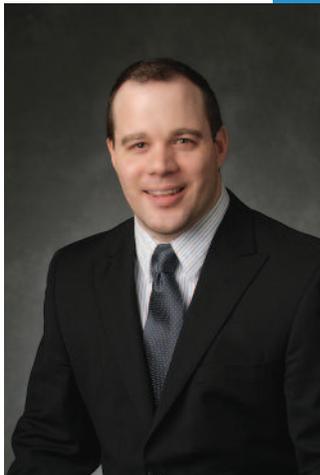
With our new partner, we can help you realize your untapped non-interest income through the Merchant Acquisition Program. It's a targeted approach to more effectively market to and capture those business customers who are processing at competitive institutions. This will ultimately help your bank build stronger relationships and assist them in growing their business.

For additional information or any questions, please contact one of our Merchant Card Services representatives.

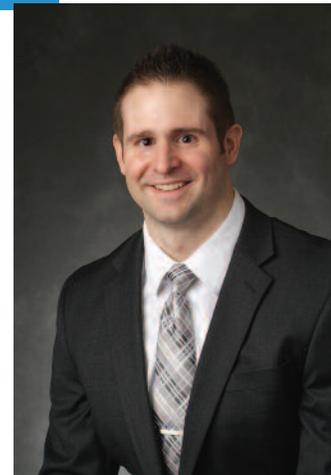
<sup>1</sup> <https://www.smithsonianmag.com/history/atm-dead-long-live-atm-180953838/> January 8, 2015 By Linda Rodriguez McRobbie  
<sup>2</sup> <http://tweakyourbiz.com/finance/2017/06/08/payment-trends-strategies-for-small-business-owners/> 08-06-2017 by monicaeatoncardone

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## Announcements



UBB is proud to congratulate two Vice Presidents in our Lending department, Steve Beuning (left) and Tony Girard (right), on their completion of the Graduate School of Banking - Madison, WI.





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.....  
 If you have questions about our products and services, please call us at 1-800-752-8140.  
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# When Was the Last Time You Updated Your CRA Map?

**UBB Compliance Services is pleased to announce the launch of its new CRA Mapping service.**

..... Know what your examiners already know. ....

Our cost effective mapping solution will provide your bank with a customized map for your CRA file, and will also map your loan and/or deposit portfolios in relation to your assessment area.



**Benefits of the CRA Mapping Service:**

- Cost Effective
- Useful information for Fair Lending Audits or Examinations
- Incorporates Demographic Data
  - High, Moderate and Low income areas identified
  - Other demographics available by census tract



For more information contact  
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