

Settlement Agreement between the Central Bank of Ireland and a person concerned in the management of Irish Taxi Owners' Co-Op Credit Union Limited

Central Bank enters into Settlement Agreement with an individual in respect of their participation in breaches by Irish Taxi Owners' Co-Op Credit Union Limited ("the Firm")

On 14 October 2015, the Central Bank of Ireland ("the Central Bank") reprimanded an individual in respect of their participation in breaches by the Firm of its obligations under the Credit Union Act 1997 (as amended) ("the 1997 Act").

A separate settlement agreement, relating to these matters, has also been entered into with the Firm today.

The enforcement action relates to the individual's participation in the Firm's failure to comply with its prudential regulatory returns requirements. The individual is responsible for preparing and submitting the Prudential Returns on behalf of the Firm.

In particular it was found that the individual participated in the Firm's failure to:

> **(1) submit its Prudential Returns within the required timelines in respect of 5 quarters ending 30 September 2013 to 30 September 2014 inclusive; and**
>
> **(2) ensure the accuracy of the information contained in certain of the Prudential Returns once submitted to the Central Bank.**

The information reported in Prudential Returns is key to the Central Bank exercising its supervisory functions as it informs the Central Bank in its assessment of the financial position and regulatory compliance of credit unions. It provides essential regulatory information on the assets and liabilities including the key risk indicators such as reserves and liquidity positions.

The Central Bank's Director of Enforcement, Derville Rowland said:

"The Central Bank's mission is to safeguard stability and protect consumers, including members of credit unions. Through its enforcement function it seeks to deter breaches and promote a strong compliance culture within all firms. The Central Bank will utilise its enforcement powers where the seriousness of non-compliance with regulatory requirements merits it, irrespective of a regulated entity's scale or complexity. Specific resources have been allocated for enforcement actions against firms categorised as low impact within the Central Bank's PRISM supervisory framework where breaches are discovered.

It is important for all credit unions to comply with regulatory reporting requirements as it is one of the Central Bank's key supervisory tools. The provision of accurate and timely information is essential in focusing our supervisory action in how we regulate and supervise credit unions, to enable the Central Bank to fulfil its mandate in protecting members' funds and safeguarding the financial stability of the sector.

The Central Bank expects persons concerned in the management of regulated entities to act to the required standards. A person who is responsible for preparing and submitting regulatory returns must ensure that they comply with their regulatory obligations."

Background:

The case with respect to the individual was taken following an investigation into failures by the Firm to comply with its regulatory requirements.

The investigation focused on the Firm's failure to submit its Prudential Returns within the timelines set out in a notice served on it pursuant to section 91(2) of the 1997 Act (the "Notice") and its failure to ensure the accuracy of the information contained in the

Prudential Returns. The individual was responsible for preparing the Prudential Returns and admitted that they participated in the prescribed contraventions. The Central Bank entered into a settlement agreement with the individual in respect of these two prescribed contraventions on 14 October 2015.

(1) Failure to Submit Prudential Returns on Time

The Notice was served on the Firm on 25 April 2012 under section 91(2) of the 1997 Act, requiring it to submit Prudential Returns electronically to the Central Bank using the Online Reporting System, within 21 calendar days of the end of each reporting date set out in the Notice. Notwithstanding the service of this Notice, the Firm failed to submit its Prudential Returns in respect of the 5 quarters ending 30 September 2013 to 30 September 2014 (inclusive) within the timelines set out in the Notice. All of these Returns were submitted substantially late, ranging from 28 days late up to 252 days late.

This breach is underpinned by a failure to comply with section 91(2) of the 1997 Act which requires a credit union to provide the Central Bank with periodic financial statements if required to do so by a notice in writing served on it by the Central Bank**.**

(2) Failure to Ensure the Accuracy of Prudential Returns

In addition to the Firm's failure to submit its Prudential Returns on time, certain of the Returns submitted contained inaccuracies. Incorrect account numbers were reported in two sets of Returns as well as certain loans being reported in the incorrect category. When inaccurate information is reported in these Returns, the Central Bank cannot accurately and reliably determine if the credit union is meeting its regulatory obligations.

This breach is underpinned by a contravention of section 76F(1)(b)(ii) of the 1997 Act which requires a credit union to ensure records are kept in a timely, accurate and consistent way so that any information furnished to the Central Bank on behalf of the credit union is sufficiently accurate for the purpose for which it is furnished. As certain of the Firm's Prudential Returns contained inaccuracies, it contravened section 76F(1)(b)(ii) of the 1997 Act.

The Firm agreed to implement systems and controls to remediate these breaches and confirmed on 29 July 2015 that this work had been completed.

Penalty Decision factors

In deciding to impose a reprimand on the individual the Central Bank considered the following factors in relation to the individual's role:

1. The seriousness of the breach and the repeated nature of the Firm's failure to submit its Prudential Returns on time; and

2. The fact that the Firm has since implemented systems and control procedures in relation to its Prudential Returns.

The Central Bank confirms that its investigation into the individual in respect of this matter is now closed.

-End-

Notes to Editors

1. Prior to 1 August 2013 the Administrative Sanctions Procedure only applied to credit unions in respect of their statutory obligations under anti-money laundering and payment services legislation.

2. Section 33AO(2) of the Central Bank Act 1942 provides that whenever the Central Bank suspects on reasonable grounds that a person concerned in the management of a regulated financial service provider is participating or has participated in the commission of a prescribed contravention by the financial service provider, it may hold an inquiry, to determine whether or not the person is participating or has participated in the contravention.

3. Since 2012, the Central Bank has published enforcement priorities on its website. These highlight pre-defined themes which are the areas of greatest concern to the

Central Bank in a particular year. In 2014, timeliness and accuracy of information was one of the enforcement priority areas identified specifically for credit unions. In 2015, the provision of timely, complete and accurate information to the Central Bank was also identified as one of the cross-sectoral enforcement priority areas.

4. Section 91(2) of the Credit Union Act 1997 provides that: "*If required to do so by a notice in writing served on it by the Bank, a credit union shall furnish to the Bank a financial statement or periodic financial statements in such form and containing such information as may be specified in the notice and as may reasonably be required by the Bank in the exercise of the powers of the Bank under this Act.*"

5. Section 76F(1)(b)(ii) of the Credit Union Act 1997 provides that: "*Without prejudice to sections 108 and 109, a credit union shall ensure that those records are made in a timely, accurate and consistent manner so that any information furnished or caused to be furnished by or on behalf of the credit union to the Bank is sufficiently accurate for the purposes for which it was so furnished and is available as and when required by the Bank*".