

## **IX. Noncompliance Categories, Penalties, Reinstatement**

### **A. Types of Noncompliance**

1. Type I noncompliance is the most serious of categories of noncompliance as SSA deems them to significantly place SSN Verifications or Written Consents at risk or have resulted in unauthorized disclosure of SSN Verifications or Written Consents and are systemic in nature. Type I noncompliance may consist of one or more of the following:
  - A. Multiple failures to comply with this user agreement requirements determined by SSA to be detrimental to the protection of SSN Verifications or Written Consents;
  - B. Multiple instances of Type II noncompliance examples;
  - C. Fraudulent use of the eCBSV service system's access privileges;
  - D. Other issues determined by SSA to place a significant quantity of SSN Verifications or Written Consents at risk; and/or
  - E. A violation of securely storing Written Consents.
2. Type II noncompliance consists of one or more of the following:
  - A. SSN Verification request submitted to SSA but not authorized by an SSN holder including missing, unsigned, or fraudulently-submitted Written Consents;
  - B. Permitted Entity submitted an SSN Verification request to SSA based on an outdated Written Consent;
  - C. A violation of the retention requirements, including missing Supporting Documentation, in this user agreement; and/or
  - D. Permitted Entity submitted an SSN Verification request to SSA based on a Written Consent related to a purpose outside of the Banking Bill.
3. Type III noncompliance consists of failures that are minor in nature because they would not result in either unauthorized disclosure of SSN Verifications or Written Consents or unauthorized SSN Verification requests being submitted to SSA.

Type III noncompliance may consist of one or more of the following:

- A. Illegible Written Consents;
- B. Permitted Entity submitted an SSN Verification request to SSA based on a Written Consent that did not contain the Permitted Entity's or Financial Institution's address; and/or
- C. Permitted Entity untimely submitted a required audit report to SSA.

### **B. Penalties For Each Type of Noncompliance**

**The penalty schedule for each type of noncompliance is as follows:**

1. Type I – Suspension of Permitted Entity privileges for **90 days**.
2. Type II – Suspension of Permitted Entity privileges for **60 days**.
3. Type III – Suspension of Permitted Entity privileges for **30 days**.

SSA will impose penalties on the Permitted Entity in accordance with this user agreement. If the Permitted Entity services any Financial Institutions, SSA will hold the Permitted Entity accountable for all instances of noncompliance of each of its Financial Institutions. **MULTIPLE PENALTIES IMPOSED MAY LEAD TO TERMINATION OF THIS USER AGREEMENT AT THE SOLE DISCRETION OF SSA.**

**C. Reinstatement of eCBSV Services after a Suspension**

After serving its suspension, the Permitted Entity may apply for reinstatement of eCBSV services. To apply, the Permitted Entity must provide SSA with a corrective action plan that outlines how it rectified any areas of noncompliance. Upon receipt of the corrective action plan, SSA will make a determination of reinstatement and notify the Permitted Entity within ten (10) business days of its decision.