

From: [Alice Frazier](#)
To: [Comments](#)
Subject: [EXTERNAL MESSAGE] June 20, 2025-Request for Information On Potential Actions To Address Payments Fraud; Comment Request (RIN 3064-ZA49)
Date: Tuesday, August 26, 2025 11:48:13 PM
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Ms. Jennifer M. Jones
Deputy Executive Secretary
Attention: Comments—RIN 3064-ZA49
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Ms. Jones, Mr. McDonough, and Mr. Gould:

I am the President & CEO of Bank of Charles Town (BCT), a \$920 million community bank headquartered in Charles Town, WV . I am writing to respond to the Office of the Comptroller of the Currency (OCC)'s, Board of Governors of the Federal Reserve System (Board)'s, and Federal Deposit Insurance Corporation (FDIC)'s request for information (RFI) on payments fraud.

BCT enjoys a 154 rich history of serving clients in Jefferson and Berkeley County, WV, Washington County, MD and Loudoun County, VA. We provide retail, commercial, mortgage and trust services to our clients. As a preferred lender for SBA, our team is able to help early stage businesses while the remaining commercial team assists more mature businesses through many cycles of growth. Our mortgage team has helped hundreds of families purchase their first home over the past three years. Our deposit base is diverse with over 50% provided by consumers that enjoy the use of debit cards, checks, online and mobile banking. Our business clients make full use of our treasury management services including wires, ACH (same day and two day), remote deposit and more. Offering a wide variety of payment options to our clients is critical to our success.

I applaud the agencies for issuing this RFI and seeking input on ways that the OCC, the Federal Reserve System (FRS), and the FDIC could take actions to help consumers, businesses, and financial institutions mitigate payments fraud. Community banks continue to be challenged by a rise in fraud and scams across payment types, so agency action is much needed.

Specifically, the Bank has been affected by payments fraud in the following ways:

- In the past four years, the level of check fraud has increased substantially. Unfortunately, we have taken losses each year and at times accumulating into the six figures.
 - A business client experienced stolen check fraud on two separate occasions causing the client to close and open accounts each time. In each case, checks were altered and deposited into accounts at the largest of banks. Collection efforts from the depositing bank was lengthy, difficult and exhaustive.
 - A client's email and phone were hacked giving the fraudster access to online banking. The fraudster proceeded to change passwords and request wire transfers into the six figures. While the bank has call back verification, the phone number was rerouted to the fraudster. The client noticed shortly thereafter however communication with the receiving bank (one of the largest) was futile until secret service was involved.
 - Debit card fraud claims are growing more than 20% a year. Recently, we had 5 business clients with debit cards have collectively over \$17,000 in charges from Seed.com in successive charges within one day. Conversely, we receive debit card fraud claims that are questionable but given the current rules, the bank must incur the loss.

Reserve Banks' Operator Tools and Services

- As previous Chair of the Bank Operations Committee of the Independent Community Bankers of America, I learned about various tools to help with fraud through the collaborative meetings with the Federal Reserve. What was clear from those meetings was the communication about these tools was scant and every banker in the room was unaware of most of the tools. A more robust communication from relationship officers and/or regional meetings key bank operations personnel to allow for more bank collaboration and

information gathering.

- ACH, Wires and FedNow pass through the Federal Reserve payments system at warp speed. Today we use the same system to contact the bank for returns, return wire requests, etc. The issue is that there is NO red flag opportunity requiring the other bank to take immediate action. These actions that need immediate action fall into a que of thousands requests within large banks and the money has long since left the receiving bank. The speed that money is moved today requires a fresh look at how we work together to stop the motion of the fraudulent money transactions.
- Community banks would benefit from tools and services that integrate with third-party services they already use and pricing that is appropriate for their size and complexity.
- There are a variety of specific products and services that could benefit community banks, including, for example, a fraud contact directory, a fraud information sharing repository, an interbank check fraud breach of warranty claim mechanism, a check image analysis and verification tool, an atypical payment monitoring service, and confirmation of payee service.

Regulation and Supervision

- Broadly speaking, payments fraud regulations and examiner expectations need to be appropriately tailored to community banks with tiered compliance requirements and deadlines. There are opportunities to enhance supervisory guidance around appropriate controls, suitable technology, reporting, and incident response, but it is important to avoid imposing new burdens on community banks.
- Check fraud, in particular, remains a significant issue. Community banks are very concerned that some large financial institutions are not exercising sufficient CIP/KYC processes and opening accounts that are being leveraged by fraudsters. As noted above in my examples, community banks have had significant difficulty resolving interbank disputes regarding fraudulent checks.
- Changes to Regulation CC could help community banks prevent and mitigate check fraud. For example, the return deadline related to fraud should be extended, the "reasonable cause to doubt collectability" exception should be clarified, and relevant definitions should be revised (e.g., "altered" and "alteration") for plain English.

- Hold times should not be shortened; they are an essential tool for banks to detect and prevent check fraud. Financial institutions should have flexibility to extend hold times under appropriate circumstances

Consumer, Business, and Industry Education

- Community banks thrive, in part, because of their close customer relationships, so face-to-face engagement is one of the most effective tools to reach community bank customers. In-branch material and messaging is especially valuable for community banks.
- Community banks serve elderly customers, as well as consumers and small businesses in rural and agricultural areas, so educational materials tailored to these groups would be valuable. Some community banks are in areas that do not have widespread, reliable Internet access, so web-based resources are not always accessible to customers.

Payments Fraud Data Collection and Information Sharing

- While centralized data reporting would be valuable for the ecosystem, agencies should avoid imposing additional data collection requirements on community banks. Appropriate safe harbors would improve banks' ability and willingness to share fraud data.
- Community banks would benefit from automated data collection, analysis, and reporting tools that are integrated with services they already use and do not come with additional costs.

General Questions

- Within the last two years, we have increased our spend of fraud detection/prevention software by 50%, added costly additional features to the debit card fraud detection, added positive pay functionality with requirements for all business clients and one full time equivalent employee all to contain our the losses due to fraud and protect our clients. We expect to continue to spend more in these areas going forward.

Thank you for the opportunity to provide comments on this RFI. The Bank looks forward to continuing to work with the OCC, FRS, and FDIC, and other stakeholders to protect our customers and communities from the growing threat of payments fraud.

Alice P Frazier | President & CEO

BCT-Bank of Charles Town, aka The Community's Bank

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