From:	Becky Kindle
To:	Comments
Subject:	[EXTERNAL MESSAGE] June 20, 2025-Request for Information On Potential Actions To Address Payments Fraud; Comment Request (RIN 3064-ZA49)
Date:	Wednesday, September 17, 2025 12:21:02 PM
Attachments:	image001.png

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Jonathan Gould

Comptroller of the Currency, Office of the Comptroller of the Currency

Docket ID OCC-2025-0009

Benjamin W. McDonough

Deputy Secretary, Board of Governors of the Federal Reserve System

Docket No. OP-1866

Jennifer M. Jones

Deputy Executive Secretary, Federal Deposit Insurance Corporation

RIN 3064-ZA49

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

I am the EVP/Chief Operations Officer of Bank of Eastern Oregon, an 891,000,000-community bank located in Heppner, OR, a small town in Eastern Oregon. 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.

We are a primarily Ag focused Community bank, headquartered in Eastern Oregon. Bank of Eastern Oregon was founded in 1945 with a commitment to provide banking services to rural communities. The Bank partners with local government and schools, non-profits, and other groups to make our small towns and cities better places to live. We know that investing in our communities contributes to the growth and longevity of our rural markets. These investments are important to the long-term growth of the Bank itself. In addition to financial support for worthy events, the Bank provides hundreds of paid volunteer hours each year. Hours staff members use to volunteer for the causes they support. Whether serving on local

boards or lending a helping hand, you will often find a willing smile and commitment from your local bankers.

Bank of Eastern Oregon sponsors a variety of youth programs. The Spirit Card program generates income for local high school student bodies. Financial literacy programs educate high school, middle and elementary school students. The Bank is an annual sponsor of county fairs, rodeos, and 4-H and FFA youth livestock sales. Bank of Eastern Oregon was founded with a mission to support local businesses and the people who keep our communities growing. We remain dedicated to reaching out to those in our communities who need a helping hand, and we will continue to do so.

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:

- Due to our rural footprint and aging communities, we have been hit very hard with Fraud focused heavily on Elders. We have had several involved in romance scams, where our customer has lost a spouse, and they spend time getting to know them and are claiming to be their friend/significant other. This scam typically involves them sending funds (sometimes funds from a check that is sent to them) that they have a reason they are unable to process the check, and asking for cash, wire or gift cards to be sent to them. Often they have an excuse/reason that they need the money right away and are very convincing.
- We see several computer tech scams, where the customer thinks they are talking to Microsoft or another tech provider, but they are really talking to the scammer, in these cases they've allowed the fraudster access to their computer, they often are asked to log into online banking and the fraudster will move funds from their savings to their checking and say that they have accidentally deposited funds into their account and they need them to send the funds back right away so that the tech does not get in trouble. Many times, customers catch on to this, and realize the funds transferred are their own but not every time.
- Mailbox or lockbox fraud-We have had some consumer and business customers that have had their checks altered
- Large equipment purchase Fraud-we have had a handful of customers mostly business customers that have fell victim to fraud for purchase of heavy equipment online, they are set to meet the seller, or the item is set to deliver on a specific day, but no delivery occurs, and immediately following the seller is no longer accessible (and in most cases the site is taken down).
- Business Email Compromise (BEC)-This affects our business customers, often email is compromised at a company they work with, we've continued to push with

any of our Cash Management customers how important internal dual control is so that there is always an additional verification prior to funds being sent out in order to hopefully avoid this fraud. We require out of band authentication on our end for a customer to send out a file.

- We often must work bank to bank with attempting to recover funds on a fraud check, wire, or ACH, unfortunately many of the fraud items are on the larger banks, and they are very difficult to find someone to assist or communicate with in order to try and have a speedy resolution. We have had some instances with wire fraud where the larger banks claim process says it must take 30 days to process. However, if we get someone on the phone we explain the situation, they indicate there may be funds left to send back and then we do not hear from anyone until it goes through the 30-day claim process and at that point the funds are often gone. If their process would be to freeze the account upon fraud notification, then possibly recovery on fraud funds would improve and maybe that would help deter fraudsters.

External Collaboration

- The Bank supports collaborative stakeholder efforts to address payments fraud. Fraud and scams persist across state borders, so national stakeholder collaboration is necessary to effectively combat the problem. However, national efforts must recognize the resource constraints individual community banks face when deciding whether to participate.
- Local and regional collaboration across community banks, federal and state regulators, law enforcement, community organizations, and other stakeholders can be an effective way to build connections and share information at the community level.

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.

As a bank in rural aging areas, we try to do some form of Elder Abuse training in each of our communities, often through Senior meal site. In addition, we have bookmarks and flyers readily available to provide to customers as opportunities or concerns arise. We have Customer Appreciation week in October and use that as another opportunity to have flyers or handouts to provide to our customers as well as providing Cyber awareness information during this time as well. We do have a section on our website with information on Fraud and Elder Abuse and resources, but no matter what we have it is tough to get ahead of the fraudsters, they are always one step ahead it seems.

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 concerned that some large financial institutions are not exercising sufficient CIP/KYC processes and opening accounts that are being leveraged by fraudsters. Similarly, community banks have had significant difficulty resolving interbank disputes regarding fraudulent checks.[Insert examples of instances where your bank has had difficulties resolving check fraud claims with large financial institutions, including the time frames for responses.]
- Changes to Regulation CC could help community banks prevent and mitigate check fraud. For example, the return deadline related to fraud could be extended, the "reasonable cause to doubt collectability" exception could be clarified, and relevant definitions could be revised (e.g., "altered" and "alteration"). However, 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.

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.

Reserve Banks' Operator Tools and Services

- 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.

General Closing Comments

- Our largest types of fraud and most heartbreaking and impactful have been Elder Abuse (romance scam, long lost friend) where the fraudsters spend lots of time building the relationship and trust up with our customer and convince them often to send funds to help them maybe move there or they request them to pay fees/taxes, so they don't get into legal trouble. These usually have a check that is sent to customer to deposit, and then some form of request to send funds follows shortly after, we've seen a couple where they pull funds from an investment or retirement to send to the fraudsters. We can catch and help stop quite a bit of this, but the scammers are so good and coach our customers on what to tell our staff so sometimes it may get missed. The other types of fraud we have seen quite a bit of seems to affect our businesses more, one is the equipment purchase/wire scam, where customer finds equipment online, does their diligence on viewing the website, asking questions, etc. and then wires the funds, only to lose all communication with the fraudster, and once wire is sent the website is often taken down, customers rarely see the funds back on these scams. The other is the Business check fraud, we have seen several business customers checks get intercepted or into the wrong hands, possibly a mail box broken into or a lock box and then the checks are being processed with most of the information staying the same other than the payee so it flies under the radar until the vendor calls due to no payment or until the customer later reviews statements.
- We do regular trainings on frauds, types of scams we are seeing, ways to catch potential fraud, questions to ask customers, etc. Our staff completes AARP BankSafe training annually in addition to other trainings provided during manager

meetings and branch meetings. Our front-line has gotten very good at looking for some of the signs, history in the account is this normal, do they have the balance to support the check, and if a large check is presented and cash request to withdraw follows, they will often catch this and get their manager and our BSA department involved. For Business wire fraud, our wire department does a great job of reviewing any wires and bringing any of concern to BSA, we have a questionnaire we ask the customer at the time of wire as well to help try and discern if there is something concerning occurring. For the check fraud, we continue to try and get customers to sign up for Positive Pay, regularly review their account activity/statements and notify us immediately with any questions/concerns. Our positive pay name match is a new feature we've added that we hope will help to catch some of these fraudulent checks. Our BSA department works diligently in reviewing alerts, working with branch staff in asking questions, understanding transaction activity out of pattern, placing accounts on watch list where needed, and often joining the branch on a call to discuss fraud concerns with a customer. We send out Money Mule letters and provide Flyers that pertain to the type of scam/fraud the customer is involved in, to help try and educate and provide notice to our customers on what a money mule scam is, and to encourage them to stop communicating with the fraudsters, this has been a helpful process in many cases. We are always open to ideas and new ways of improving our process, as we are very passionate about trying to protect our customers whenever possible.

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.

Sincerely,

Becky Kindle
EVP/COO
Bank of Eastern Oregon
[redacted]

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