



September 15, 2025

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 OP-1866

Jennifer M. Jones
Deputy Executive Secretary, Federal Deposit Insurance Corporation
RIN 3064-ZA49

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

We are writing in response 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.

Bank Five Nine (BFN) is a 166-year-old community bank headquartered in Oconomowoc, WI with over \$2.5 billion in assets, primarily serving Milwaukee, Waukesha, Ozaukee, and Washington counties in Southeast Wisconsin. BFN is regulated by the FDIC.

We 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 action 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; thus, agency action is much needed.

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

- **Account Takeover** - a small business recently was the victim of an account takeover and lost over \$250,000.
- **Check Fraud** - Counterfeit check fraud in which BFN incurs unnecessary legal expenses to pursue reimbursement of funds from large financial institutions, who largely ignore claims when notified, as required by regulations.
- **Crypto Currency purchase** - Multiple customers have withdrawn cash from their accounts and purchased cryptocurrency at a stand-alone cryptocurrency machine.
- **Returned Check Fraud** - BFN customers continue to be victims of returned check scams. This occurs when a customer deposits a check, withdraws a large sum of cash shortly thereafter, and is instructed to send the cash to the scammer or use the funds to purchase gift cards. In the end, the check is returned and the customer is held liable for the funds.

External Collaboration

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. In the current regulatory environment, banks appear reluctant to share information which allows fraudsters to move money quickly before a return claim can be made.

Consumer, Business, and Industry Education

BFN is committed to the education of our customers by providing fraud education resources on our website as well as in-person education for our elderly customers and businesses. In addition, BFN supplies in-branch materials such as pamphlets and other forms of messaging to educate our customers. Also, BFN has consistent communication with its employees regarding observed fraud patterns.

Regulation and Supervision

As mentioned above, BFN has a difficult time with large financial institutions in relation to check fraud. Not only do large financial institutions delay and ignore counterfeit claims, or deny them when they are liable, they appear to not have sufficient CIP/KYC processes, allowing accounts to be opened by fraudsters. Similarly, community banks have had significant difficulty resolving interbank disputes regarding fraudulent checks.

Over the last year, BFN has had claims totaling over \$25,000 where large financial institutions have ignored our claims on fraudulent checks. Within the last six months, BFN had a claim that was over \$10,000 with a large financial institution; the bank did not respond and ultimately denied the claim altogether. BFN received reimbursement only after engaging its legal counsel. Collaboration is the key to stopping fraud and some financial institutions, generally ones over \$10 billion in assets, appear to not want to collaborate.

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 as 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.

Reserve Banks’ Operator Tools and Services

BFN is a member of several organizations (ABA, IAFC) that have fraud contact directories or fraud information sharing repositories, that are supposed to aid in preventing fraud. In addition to these services, BFN offers its business customers Positive Pay and other fraud detection services. The speed at which these frauds are usually perpetrated makes it difficult to stop them because the contacts in these directories usually aren’t readily available. Therefore, the money is usually gone before it can be stopped.

General Comments

Fraudsters are still relying on old scam tactics, check fraud for example, but continue to develop more sophisticated scams such as by using artificial intelligence and phone number spoofing. Fraud continues to rise through electronic channels like online and mobile banking and cryptocurrency fraud.

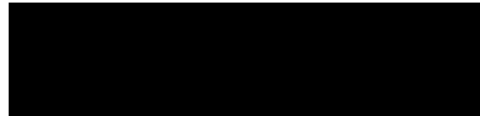
BFN estimates that the cost of fraud prevention and losses is over \$500,000 per year. This estimate includes cost for fraud software, legal consultation, employee fraud investigation time and actual losses to the consumer and BFN.

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,



Timothy J. Schneider
President and CEO



Jeff Langkamp
Chief Compliance Officer

