TEXAS FIRST BANK

September 18th, 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 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 President/CEO of Texas First Bank, a $2.3 billion community bank with a footprint throughout Southeast Texas. This letter is written 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.

The Texas First family takes immense pride in serving the needs of our customers throughout our 27 banking centers. While our size and operations have expanded during our 50+ years of operation, we remain true to our core, community-focused, mission. We currently represent over 50,000 customers throughout the Houston-Galveston-Beaumont Metropolitan Statistical Areas (MSA). The 350+ employees in our Employee Stock Ownership Program are the single-largest shareholder of the Bank, and care deeply about the prosperity and longevity of the institution they've helped build. I speak for all of them in this letter.

We applaud the federal regulatory bodies for seeking actions they can take to help consumers, businesses, <u>and</u> financial institutions mitigate payments fraud. This is one of the most significant issues we deal with, creating a significant distraction and daily source of frustration for everyone involved. The constant stories of fraudulent transactions wiping out consumer accounts or eliminating a month of a small business' income are truly heartbreaking. Texas First Bank, like every other community bank, continues to be challenged by an exponential rise in fraud and scams across all payment types. I can't say it any clearer - agency action is critical in addressing this immense issue.

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

- Check fraud - Altered and counterfeit check volumes continue to plague financial institutions. Many times we are forced to submit claims bank to bank. The larger banks either ignore our requests or take 6-9 months to respond. Responses typically are denials requiring more of our time and limited resources to get reimbursement.
- Spoofed impersonation of bank personnel - The Bank's phone number is either spoofed or customers are tricked into believing they are speaking with Bank personnel, leading to credential information given out. Once account access is gained funds are moved out either via Zelle, or via transfers to another customer account where more fraudulent transactions occur (either via ACH/POS/P2P).

Consumer, Business, and Industry Education

- Close customer relationships and in-person engagement are how community banks thrive. Increasing the amount of material available to utilize in branch would be especially valuable.

Regulation and Supervision

- Check fraud remains a significant issue. Community banks have experienced significant difficulty resolving interbank disputes created by fraudulent checks. Often claims are quickly denied as counterfeit and require action to compel these institutions to reevaluate our claims and issue reimbursement. Texas First previously submitted letters to the regulatory agencies regarding this specific matter.
- Changes to Regulation CC could help community banks prevent and mitigate check fraud. For example, the "case by case" exception could be extended, the "reasonable cause to doubt collectability" exception could be clarified, the return deadline related to fraud could be extended. However, hold times should not be shortened; they are an essential tool for banks to detect and prevent check fraud losses. Financial institutions should have the flexibility to extend hold times under appropriate circumstances.

Reserve Banks's Operator Tools and Services

- Community banks would benefit from tools and services readily available that would easily integrate with existing third-party services at reasonable price points.
- Examples of specific products or services that would benefit community banks would be fraud information sharing repository, ability to submit fraudulent check claims via Fedweb, a check image analysis and verification tool, confirmation of payee, an atypical payment monitoring service and a continuously updated fraud contact directory.

General Questions

- Check fraud and impersonating bank personnel have impacted the Bank. Stolen checks are copied and circulated to mules and pay on customers' accounts. The quick turnaround for checks limits the detection time for many community banks resulting in losses. Impersonating bank personnel tricks customers into giving credentials and access to their accounts, where the criminals perpetrate fraud either via depositing fraudulent checks, P2P transactions, or transferring to other accounts to then send funds out fraudulently.
- We've recently implemented new fraud detection software to try and mitigate fraud as it is presented via multi channels.

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,

[redacted]

Chris Doyle
President/Chief Executive Officer
Texas First Bank