



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

RE: Payments Fraud

Date: 9/9/2025

To all whom it may concern;

I am the President of TNBANK (Bank), we are small noncomplex community bank of 298 million dollars in assets. We are located in Oak Ridge, TN.

I am extremely concerned about the rise in payments fraud that is occurring to our customers, friends, and neighbors in our community. This letter is in response to the Office of the Comptroller of the Currency (OCC)'s, Board of Governors of the Federal Reserve System (FRS)'s, and Federal Deposit Insurance Corporation (FDIC)'s request for information (RFI) on payments fraud.

As you are all aware, community banks are the backbone of local economies. We are deeply rooted in our town and the counties that we serve. Our bank offers flexible decisions that are made locally which directly correlate with the unique needs, challenges, and opportunities of our community.

We provide credit to small businesses, churches, and families, the very people who drive local growth and sustain our communities. Every dollar invested in a community bank has the potential to be reinvested directly into schools, local businesses, infrastructure, and neighborhoods. This cycle of reinvestment is what keeps our local economies vibrant.

It is important to understand that community banks foster trust, stability, and resilience. That is why the issue of fraud—and the reforms now under consideration—are so critical.

I commend the OCC, the FRS, and the FDIC for using the RFI process to explore opportunities to reduce fraud and strengthen protections for consumers and businesses.

However, I must emphasize the urgency of this issue. Fraud is not an occasional disruption, it is a weekly, and sometimes even daily reality for institutions like ours. Just today, a senior citizen living on a very limited fixed income came into my office. She had experienced check washing, and her funds were fraudulently cashed at a large national bank in Pennsylvania. Despite the fraud occurring more than two months ago, she continues to struggle with the impact.

She faces the daily burden of medical bills, living expenses, and the cost of essential prescriptions. Yet the large bank that cashed her check will only accept mailed reimbursement requests from other banks. When our staff tried to contact their customer service lines, we discovered they were automated and only accessible to their own customers—literally, we could not get through. We attempted their website and chat function in hopes of receiving their fraud or operations department phone number, only to be told the chat system was not designed for that purpose. At this point, we have no way of knowing whether our request for reimbursement has even been received, and no way to comfort our customer with updates on progress or clarity on when her loss will be reimbursed. Obviously, this is a flawed system of communication between two banks that should be cooperating in the best interest of the victim.

This raises bigger questions: How was this check cashed in the first place? Were Know Your Customer (KYC), Customer Identification Program (CIP), or Customer Due Diligence (CDD) requirements performed? Was there no hold placed on an out-of-state check? And, importantly, would changes to Regulation CC—even as currently designed—help prevent this situation?

What community banks need are tailored regulations, expectations, and tiered compliance requirements that could be integrated to reflect our smaller, non-structure. There are opportunities to enhance the guidance around proper controls, technology, reporting, and response times for the victims. However, methodical methods of these enhancements must avoid imposing new and inconsistent regulatory burdens on small community banks.

Check fraud is now a national issue. I cannot speak for others, but our community bank is concerned, and we believe that large financial institutions are not exercising sufficient CIP/KYC regulations when opening accounts, leaving the banking system defenseless to corruption by payments fraud criminals. We have personally experienced significant difficulty resolving interbank disputes with larger financial institutions (Banks).



Another example is one of our small business customers had a \$40,000 check fraudulently taken and cashed out by a National Bank. We followed up for 120 days—making calls, sending emails, and even trying to escalate the matter through their other departments—with no meaningful response. Our Bank and the Customer were held hostage in this situation.

Ultimately, our bank had to pay and retain legal counsel to protect our small business customer. The business owner waited six months to be reimbursed, losing interest income and capital for his business, and our bank absorbed attorney fees and took the reputational risk.

Here is the reality: it was not the large bank that the customer turned to with antagonism and frustration—it was us, their local community bank, the institution that knows them by name and had earned their trust. The large bank that cashed the fraudulent check was faceless; they made them wait with no disregard for their livelihood or how it affected their life or business.

After living through this situation and many like it, I realized in conjunction with regulation changes listed above, that meaningful changes to Regulation CC could help community banks prevent and mitigate fraud. See a few suggestions below:

- Return deadlines related to fraud should be extended when there is reasonable cause to doubt collectability.
- Hold times should not be shortened; they are essential tools for banks to detect and prevent fraud.
- Banks should have flexibility to extend hold times under appropriate situations.

I know I may sound intense, but my passion comes from seeing firsthand how payments fraud is devastating the customers I work with, live next to and the communities I serve. The sense of hopelessness and frustration is truly hard to describe. This issue is very real and close to home for me.

I sincerely appreciate the OCC, the Federal Reserve, and the FDIC for allowing me to share these deeply personal challenges that community banks face. Protecting our customers



[REDACTED]

and our communities from the growing threat of payments fraud is not only a regulatory concern, but also a moral obligation. Community banks like ours stand ready to be part of the solution, but we need the regulatory framework and cooperation from larger institutions to make meaningful progress.

Sincerely,

[REDACTED]

Leslie England
TNBANK

[REDACTED]