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**From:** Jenalee Stucky <[REDACTED]>  
**Sent:** Thursday, August 28, 2025 3:02 PM  
**To:** Comments  
**Cc:** Steve Worrell; Candace Wolke; Dennis Riggs  
**Subject:** [EXTERNAL MESSAGE] June 20, 2025-Request for Information On Potential Actions To Address Payments Fraud; Comment Request (RIN 3064-ZA49)

[REDACTED]

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 Chief Operations Officer of Vintage Bank Kansas (Bank) a \$266,000,000 community bank located in Butler, Sedgwick, Sumner, and Marion counties in Kansas. 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 Corporations (FDIC)'s request for information (RFI) on payments fraud.

Vintage Bank Kansas is the epitome of a Community Bank. We have twelve branches, 10 of them in communities with populations less than 13,000, and 8 of those less than 4500 in population, 6 of those are less than 1500 in population. We have grown through the acquisition of small community banks who have served their communities for over 100 years with no succession plan. These institutions are often the center of those communities. We have allowed the employees to remain a part of their community and help their small towns thrive. Our Culture Statement is "Through teamwork, we help people thrive through triumphs and challenges with friendly, reliable service." We mean this for our customers who borrow from us and deposit with us. We serve them through their challenges and celebrate their triumphs. And we mean this for our employees who want to remain employed in their home towns as they face life's challenges and as we celebrate their triumphs.

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:

- Aside from the actual dollar losses the bank is forced to take, there is the time and money spent on personnel to counsel customers regarding the fraud that has occurred, and to dispute and track the fraud with other entities.
- Dollars and man hours invested in software to try and minimize and mitigate the fraud both in real time while it is occurring and, in the background, when it is silently taking funds from a customer's account.
- Customer/staff frustration and almost an acquiescence that being a victim of fraud is now a way of life.

#### 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.
- A centralized database of common online merchants/owners information that has seen a large amount of fraud related to it that banks could access and then block those merchants. For example, we will have several customers who have fraud on their accounts and when researching their activity, they often have a common, usually online, merchant or vendor. We can review further and then block that vendor to reduce further fraud. If there were a data base that could be accessed or distributed, we could catch the bad actors prior to taking the losses and having the fraud occur.

#### 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.
- We speak at senior center luncheons and school assemblies and often develop our own curriculum and presentation materials for these. Up to date information that we could modify to easily use for educational purposes.

#### 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. For example, a local school district had a fraudulently negotiated check clear their account, we disputed the item because the endorsement did not match the payee, the payee was a business and the bank that negotiated the check cashed the check to an individual. That individual endorsed the check. In our demand letter, we cited “unauthorized endorsement”. After numerous communications of various types and fulfilling various requests from the Bank of First Deposit, such as an affidavit from both the payee and the maker, and even threatening legal action, we finally received payment from the large bank after approximately 110 days. We have had various similar “fights” with large institutions to receive payment on improperly negotiated items.
- 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. From a regulatory standpoint, additional reasons for implementing holds might be warranted, such as “recent suspicious activity”, or even consider that 30 days for a “new account hold” is too short. Often bad actors know this and open an account and then wait to perform fraudulent activity. We have had customers who request that we place a hold on a check and we must decline the item because we are not allowed from a regulatory standpoint to place a hold. So, being able to place a hold with the customers signed permission would also be a valuable tool.

#### 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.

We have implemented multiple tools provided by 3<sup>rd</sup> party vendors of our core processor to mitigate fraud. We have increased staff that manages fraud. We have increased staff that has to “fight” with large banks to receive payment that is rightfully ours based on their negligence, and we continue to educate our staff on assisting customers with fraud. Fraud in some instances has overtaken loan loss as the

number one area of loss for a bank. Anything that can be done to assist banks in these situations is greatly appreciated.

Thank you for your attention to this matter.

Sincerely,

Jenalee Stucky  
Executive Vice President  
Chief Operating Officer

Vintage Bank Kansas  
Phone [REDACTED]  
Fax [REDACTED]

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