



July 17, 2024

The Honorable Michael J. Hsu
Acting Comptroller of the Currency
U.S. Department of the Treasury
Washington, D.C. 20219

Re: Check Fraud

Dear Acting Comptroller Hsu,

On behalf of ICBA and the nearly 50,000 community bank locations we represent, I write to thank you for your July 10, 2024, remarks recognizing the important work our Community Bank Check Fraud Task Force and Financial Sector Fraud Working Group are doing to bring organizations together to prevent, detect, and mitigate fraud and scams.

Community Banks are Fighting Check Fraud on the Front Lines

Community banks and their customers continue to be challenged by a rise in fraud and scams across payment types. Most significantly, check fraud has emerged over the last several years as a leading concern. Mail theft, increasingly sophisticated mechanisms for altering paper checks and check images, and coordination problems among financial institutions have led to mounting losses for community banks.

As relationship bankers, community banks know their customers in real and meaningful ways. These relationships help to prevent fraud on the front lines, promote access to fraud prevention services, and give customers a personal resource if they fall victim to scams.

Community bankers across the country have grown increasingly alarmed by the number of accounts opened at the largest banks that fraudsters are using as vehicles for depositing altered checks. Similarly, community bankers are struggling to efficiently and effectively recover funds from banks of first deposit when they submit breach of warranty claims.

I appreciate the attention you are giving to this important issue, and I am encouraged by the positive and productive engagement between ICBA and OCC staff. I strongly urge you to allocate appropriate resources to ensuring that bank examiners are holding large banks accountable for failures in account opening and monitoring processes, as well as for ineffectively resolving breach of warranty claims submitted by community banks.

ICBA's Collaborative Groups are Effective Industry Mechanisms for Fighting Fraud and Scams

As you acknowledged in your remarks, combatting fraud and scams is a shared responsibility. ICBA is proud to be working with community banks across the country, as well as with the broader industry, to help address fraud and scams, including check fraud:

- **Community Bank Check Fraud Task Force.** The task force brings together about fifty community banks and state associations, representing ICBA's full geographic breadth, to work collaboratively on addressing check fraud. The task force is hard at work developing a series of resources that will help community banks prevent, detect, and mitigate check fraud.

Alongside the task force, ICBA developed a comprehensive check fraud resource, partnered with a law enforcement agency, and continues to deliver education and training materials related to check fraud to members.

- **Financial Services Fraud Working Group.** The working group brings together regulators, law enforcement agencies, trade associations, and other government stakeholders to share information, identify best practices, and discuss emerging approaches to combatting fraud and scams, including check fraud. The working group has built a considerable record of success in building relationships among entities.

I am grateful for the OCC's strong participation in the working group.

Thank you, again, for emphasizing the impact of fraud and scams on financial institutions and consumers and for your attention to community bank concerns related to check fraud. We look forward to continuing to work with the OCC on these important issues.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO