



September 18, 2025

Ann Misback
Secretary
Board of Governors of the Federal Reserve
System, 20th Street and Constitution
Avenue NW, Washington, DC 20551
publiccomments@frb.gov

RE: Request for Information on Potential Actions To Address Payments
Fraud (Docket No. OP-1866) (RIN 3064-ZA49)

Dear Ms. Misback,

On behalf of its member credit unions, the Cooperative Credit Union Association, Inc. ("Association") appreciates the opportunity to comment on the Request for Information on Potential Actions to Address Payments Fraud jointly issued by the Federal Reserve Board ("Board"), the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The Association is the state trade association representing approximately 170 state and federally chartered credit unions located in the states of Delaware, Massachusetts, New Hampshire, and Rhode Island, which further serve over 4.4 million consumer members. The Association developed these comments in consultation with our members.

The Association supports the Board's efforts to address payments fraud, which the Board defines as "the use of illegal means, including intentional deception, misrepresentation, or manipulation, to make or receive payments for personal gain." The Board's definition encompasses a wide variety of fraudulent activities, ranging from alterations of physical checks to online confidence scams.

Check fraud is a significant concern for our members. We urge the Board to modernize Regulation CC to address the growing volume of fraudulent remote deposits, especially via mobile channels. Many checks are also stolen in the mail each year and then "washed" and fraudulently deposited by criminals. In particular, the Board should clarify when credit unions have "reasonable cause to doubt collectability" of potentially fraudulent items for purposes of placing a hold under Regulation CC. 12 C.F.R. § 229.13.

Many other types of payments fraud today, however, involve situations where a consumer or business is hacked or is induced by a criminal—increasingly with the assistance of Artificial Intelligence (AI)—into sending payments based on a false pretense. In a "pig butchering" scam, for example, the fraud target is tricked into purchasing worthless cryptocurrency under the belief it is a valuable investment. In a

business email compromise, the fraudster hacks the email of a business and uses it to send seemingly legitimate payment instructions.

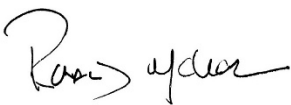
Our credit unions have in many cases stopped these types of frauds—such as by contacting a credit union member attempting to send a large wire transfer to alert them of potential fraud—even though credit unions are not well positioned to identify confidence-based scams. These also typically fall outside of the scope of credit unions' compliance responsibilities under the Uniform Commercial Code and the Electronic Funds Transfer Act (Regulation E), as the U.S. Court of Appeals for the Fourth Circuit recognized earlier this year in *Studco Building Systems v. 1st Advantage Federal Credit Union*.¹

Educating credit union members how to spot emerging fraud trends is critical because they are the individuals who are best positioned to realize it's a scam. Our credit unions routinely provide this type of financial education to their members through in-person seminars and online resources. Fraud is constantly evolving, however, and credit unions need access to the best fraud intelligence to stay one step ahead of the fraudsters.

Credit unions benefit from timely fraud alerts and coordinated efforts to facilitate fraud identification, as well as from prompt responses and fund recovery times on the part of correspondent institutions and clearinghouses. Fraud alerts issued by the U.S. Treasury Department and other government agencies are particularly beneficial with respect to raising awareness of fraud trends. Making information from government fraud incident databases more accessible to all credit unions could help increase knowledge of emerging fraud.

Thank you for the opportunity to comment on Board's Request for Information to Address Payments Fraud. If you have any questions or desire further information, please do not hesitate to contact the Association at (508) 481-6755 or govaff-reg@ccua.org.

Sincerely,



Ronald McLean
President/CEO
Cooperative Credit Union Association, Inc.
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¹ See *Studco Building Systems v. 1st Advantage Federal Credit Union*, No. 23-1148, Opinion Amended Apr. 2, 2025 (4th Cir. 2025), available at <https://www.ca4.uscourts.gov/opinions/231148.P.pdf>.