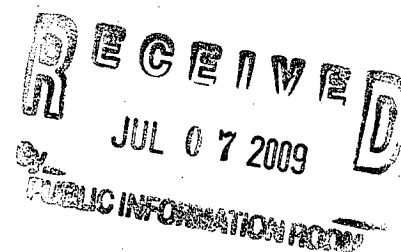


Satterfield, Kevin

From: James D. Brown [JBrown@myprogressbank.com]
Sent: Monday, June 22, 2009 12:10 PM
To: Regs.Comments
Subject: comments on red flags information collection
Attachments: OCC - Red Flags Comment - 06.22.09.docx

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June22, 2009

Communications Division
Office of the Comptroller of the Currency
250 E Street SW
Washington, DC 20219

RE: Comment Request: Information Collection "Identity Theft Red Flags and Address Discrepancies under the Fair and Accurate Credit Transactions Act of 2003 (FACT Act)."

To Whom It May Concern:

I appreciate the opportunity to comment on the above topic. Identity theft continues to be a global problem affecting millions of people each year as well as businesses such as financial institutions, credit card issuers and retail merchants. However, identity theft is not new. I began my banking career some thirty-two years ago and identity theft was evident then. What has developed over the years are various products and services that have characteristics that promote or enhance the possibility for identity theft, many of which the populous has accepted in their search for convenience

Comment:

1. Is the collection of information necessary for the proper performance of the functions of the agency, including whether the information has practical utility.

As mentioned above, identity theft is not new, some methods and the sources that might promote identity theft are. Identity theft causes problems not only for the individual(s), but also for the merchants and financial institutions. I have wondered why federal regulators thought that financial institutions needed a regulation to cause them to be aware of identity theft, a problem financial institutions have been facing and dealing with for years. Training of bank personnel that handle the day-to-day activities of customer service, new accounts, and items processing, have long been taught to look for certain characteristics that might indicate fraud and forgery of deposit accounts and items processed. It would seem that our efforts might be more productive in consumer education efforts or policing the various conduits that promote avenues for identity theft, such as the internet (who doesn't get at least one email spam a day asking for your personal information) than adding additional regulation to an industry (banking) that has been fighting identity theft for years. The guidelines provided in Appendix J is a laundry list of clues to note, all of which might apply at some time and in a particular situation. The list is nothing new. Another regulation mandating another written policy was (is) not needed.

2. The accuracy of the agency's estimate of the burden of the collection of information.

The burden of the collection of the information is really not the issue. Again, banks have been looking for "red flags" that might indicate fraud for years. The burden is trying to comply with the "grey" areas of the regulation and make sure the documentation meets the "individual" requirements of the examiner conducting the review. What the regulation has done is provide a product to be sold by many vendors to assist the institution in checking off the Appendix J checklist and record something for the auditor to see. The regulation has resulted in increased costs to institutions for software and for additional staff to handle the operational process. Is there a real measurement (a quantitative measurement) that supports that the enactment of the regulation has had a positive effect in reducing the number of identity theft cases?

3. Ways to enhance the quality, utility, and clarity of the information to be collected.

The definition of covered account is grey and broad. The second part of the definition would appear to make "any" account offered as a possible covered account. Can a business deposit account be the victim of identity theft? Of course, but the risk is less likely than a consumer account. I would propose that the requirements of the regulation be limited to consumer accounts.

Thank you for the opportunity to comment on the regulation.

Sincerely,

James D. Brown
Senior Vice President &
Chief Risk Officer