

NDBA Live

March 4, 2026

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The SCAM Act

Introduced February 4, 2026, the bipartisan [Safeguarding Consumers from Advertising Misconduct \(SCAM\) Act](#) seeks to combat fraudulent and deceptive commercial advertising on online platforms by imposing affirmative compliance obligations on platforms that run and profit from these advertisements. Before running ads, platforms would be required to verify the identity of advertisers. In addition, platforms would be required to maintain fraud detection and mitigation systems, including automated and manual review processes, as well as impersonation detection tools. The bill further mandates a clear user complaint mechanism, prompt investigation of reported ads, and timely removal of ads determined to be fraudulent.

House Introduces New Farm Bill

The [Farm, Food, and National Security Act of 2026](#) was introduced on February 13, 2026. Title V of the Act (Credit), in part:

- Updates Farm Service Agency (FSA) loan limits
 - Guaranteed Operating Loans – increase from \$1.75 million to \$3 million
 - Guaranteed Ownership Loans – increase from \$1.75 million to \$3.5 million
 - Direct Operating Loans – increase from \$400,000 to \$750,000
 - Direct Ownership Loans – increase from \$600,000 to \$850,000
 - Microloans – increase from \$50,000 to \$100,000
- Allows certain distressed loans guaranteed by the FSA to be refinanced into direct loans issued by the FSA

- Decreases the experience requirement for beginning farmers from 3 years to 2 years
- Provides that the FCA is the sole financial regulator of the Farm Credit System

FinCEN Launches Webpage for Whistleblower Tips on Fraud, Money Laundering, Sanctions Violations

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) has launched a [webpage](#) to confidentially receive whistleblower tips on fraud, money laundering and sanctions violations. According to the [FinCEN Whistleblower Bulletin](#), the agency is particularly interested in information about violations of the Bank Secrecy Act (BSA) or national security laws that underpin sanctions programs administered by the Office of Foreign Assets Control (OFAC) that may involve, enable, or arise out of a suspected fraud scheme.

FinCEN Issues Exemptive Relief From Certain CDD Requirements

Under FinCEN's 2016 Customer Due Diligence (CDD) rule, covered financial institutions were required to identify and verify a legal entity customer's beneficial owners each time that customer opened an account, regardless of how little time passed between account openings or whether the covered financial institution had knowledge of facts that would reasonably call into question the reliability of beneficial ownership information last obtained about the customer.

On February 13, 2026, FinCEN [issued](#) an [order](#) granting exemptive relief to covered financial institutions. Rather than having to identify and verify a legal entity customer's beneficial owners each time that customer opens an account, covered financial institutions may instead limit their identification and verification of the identities of beneficial owners under 31 C.F.R. § 1010.230(b) to the following circumstances:

- When a legal entity customer first opens an account with a covered financial institution;
- Any time thereafter when the covered financial institution has knowledge of facts that would reasonably call into question the reliability of beneficial ownership information previously obtained about the legal entity customer; and
- As needed based on a covered financial institution's risk-based procedures for conducting ongoing customer due diligence.

Covered financial institutions must continue to comply with all other applicable anti-money laundering/countering the financing of terrorism (AML/CFT) requirements under the Bank Secrecy Act (BSA) and its implementing regulations.

FDIC Extends Comment Period on Proposal to Establish GENIUS Act Application Procedures

On February 6, the Federal Deposit Insurance Corporation (FDIC) announced a 90-day extension of the comment period for its notice of proposed rulemaking that would implement the application procedures under the GENIUS Act for FDIC-supervised state and nonmember banks and state



savings associations seeking to issue payment stablecoins through a subsidiary. The comment deadline has been extended from February 17, 2026, to May 18, 2026. [[Link](#)]

Upcoming Events

NDBA has many exciting and informational events planned. Below are some special dates to mark on your calendars!

- **Dakota School of Lending Principles** | April 7-10, 2026 | Ramkota Hotel, Pierre, SD
- **Opening New Accounts Seminars** | April 22 & 23, 2026
- **Tri-State Trust Conference** | April 27-29, 2026 | Holiday Inn, Fargo
- **FDIC Directors College** | May 19, 2026 | Radisson Hotel, Bismarck
- **Dakota School of Banking** | May 31 – June 5, 2026 | University of Jamestown, Jamestown, ND
- **NDBA/SDBA Annual Convention** | June 15-17, 2026 | Bismarck, ND
- **National School for Beginning Ag Lenders** | June 22-25, 2026 | Spearfish SD
- **NDBA Ag Credit Conference** | October 1-2, 2026 | Hilton Garden Inn, Fargo

BREACH OF WARRANTY CLAIMS: COMMON ISSUES

This paper addresses three common tripping points banks encounter in breach of warranty claims:

- Misclassifying an item as altered rather than counterfeit (or vice versa).
- Confusing the 30-day claim presentation with the 3-year statute of limitations for litigation.
- Failing to re-credit a customer because of an unsuccessful claim against another bank.

Altered vs. Counterfeit Checks

One of the most common problems I see is the failure to properly distinguish between counterfeit and altered items. This distinction is critical (and a common source of dispute) because it determines which bank in the collection chain ultimately bears liability.

Altered: An altered check is the original check that has been modified. The depository bank is generally liable for breach of warranty when there has been an alteration.

Counterfeit: A counterfeit check is not a modification of an original check; it is a copy or a new, different check. Changes appearing on a copy are not “alterations.” The depository bank is liable for breach of warranty when there is a forgery only if it had knowledge of the forgery.

30-Day Claim Presentation vs. 3-Year Statute of Limitations

Confusion often arises regarding how long banks have to pursue a warranty claim.

30-Day Claim Presentation: You should present your breach of warranty claim to the other bank within 30 days of discovering the fraud. This is notice of your claim, not a lawsuit. Failure to give notice within 30 days does not completely preclude recovery. However, the other bank is discharged to the extent of any loss caused by the delay in giving notice of the claim. In other words, delay can reduce what you recover.

3-Year Statute of Limitations: If you elect to litigate (for example, the other bank denies or ignores your breach of warranty claim), you must commence an action against the other bank within 3 years. This deadline is absolute. After 3 years, the claim is completely time-barred.

Collection on a Breach of Warranty Claim vs. Responsibility to Customer

The final question I get most often is: What happens if the other bank denies our claim – do we still have to re-credit our customer’s account? Generally, yes.

A bank may charge a customer’s account only for an item which is “properly payable.” A fraudulent or unauthorized check is not properly payable, so when a bank charges a customer’s account for a fraudulent check, the customer has a claim based on that improper payment.

While you may seek recovery from other banks via the UCC warranties, that interbank claim is separate from your obligation to your customer. Your duty to re-credit exists independently of your ability to recover from another bank in the collection chain.

There are exceptions where you may not be liable to your customer in the first place (e.g., customer fails to report in a timely fashion under your deposit account agreement), but absent such defenses, you will bear the initial loss and must seek recovery through the collection chain.