



IBC

International Bancshares
Corporation

February 8, 2019

Via email: <https://ftcpublic.commentworks.com/ftc/identitytheftrulesreview/>

Federal Trade Commission
Office of the Secretary
600 Pennsylvania Avenue NW
Suite CC-5610 (Annex B)
Washington, DC 20580

Re: Identity Theft Rules, 16 CFR part 681, Project No. 188402

Ladies and Gentlemen:

The following comments are submitted on behalf of International Bancshares Corporation ("IBC"), a publicly-traded multi-bank financial holding company headquartered in Laredo, Texas. IBC owns five state nonmember banks serving Texas and Oklahoma. With approximately \$12 billion in total consolidated assets, IBC is one of the largest independent commercial bank holding companies headquartered in Texas.

On December 11, 2018, the Federal Trade Commission requested public comments in its existing Identity Theft Rules, 16 C.F.R. part 681 (the "Rules"). IBC appreciates the opportunity to comment on the Rules.

I. The Rules are appropriately balanced and do not need to be more specific.

IBC would first note that the Rules may not be necessary for properly-managed banks and other financial institutions. While identity theft can of course have very serious negative consequences for consumers, it should be noted that identity theft also creates serious risks for financial institutions and other creditors. This common risk aligns the interests of consumers and financial institutions in preventing identity theft. In addition, other laws, including federal Bank Secrecy Act/Anti-Money Laundering laws, also require banks to have policies and procedures that result in the detection and prevention of identity theft. For these reasons, properly managed banks and other financial institutions would have policies and procedures to detect, prevent, and mitigate identity theft regardless of whether or not the Rules exist.

That being said, IBC believes the Rules as written are appropriately balanced. The Rules are not overly prescriptive. They require a bank's Identity Theft Prevention Program (a "Program") to be "appropriate to the size and complexity of the financial institution ... and the nature and scope of its activities." 16 C.F.R. § 681.1(d). The Rules do require certain fundamental elements for any Program, but these basic elements would be present in any properly conceived identity theft program. The non-mandatory Guidelines likewise encourage a balanced approach that looks at the actual risks and nature of the financial institution in question rather than imposing a "one-size, fits all" model.

Allowing such Programs to be appropriately tailored by the banks in question is commendable because this ensures that these Programs are both effective and efficient. IBC believes it is imperative that regulations continue to be tailored to the size and complexity of the institution's business model. We encourage the FTC to continue to apply these principles.

Ms. Ann E. Misback, Board of Governors of the Federal Reserve System
Comment Intake, Bureau of Consumer Financial Protection
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- II. Any modifications to the Rules should not reduce the discretion of banks to tailor their Identity Theft Prevention Program to their own particular risk profiles and business models.

IBC is unaware of any evidence showing that the current Rules are insufficient. IBC believes that any changes in the Rules to make the Rules more prescriptive and onerous would not result in overall benefits to consumers. As noted above, the interests of banks and consumers in detecting, preventing, and mitigating identity theft are aligned, and banks would follow the existing reasonably flexible requirements of the Rules even if the Rules did not exist. This weighs against re-writing the Rules to be more specific and burdensome. The Rules should continue to permit financial institutions to implement a reasonable and appropriately tailored approach to identity theft. Any move towards more of a "one-size, fits all" standard would be undesirable because this would increase costs for financial institutions and their customers without any resulting material benefits.

Thank you for your consideration.

Respectfully,


Dennis E. Nixon
President
International Bancshares Corporation