United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

August 6, 2026

The Honorable Michelle Bowman
Vice Chair of Supervision
Federal Reserve Board
20th Street and Constitution Ave NW
Washington, D.C. 20551

The Honorable Jonathan Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street SW
Washington, D.C. 20219

Dear Vice Chair Bowman and Comptroller Gould:

I write with concern regarding your decision to conditionally allow United Texas Bank to convert from a Texas state-chartered bank supervised by the Federal Reserve Board (Fed) and the Texas Department of Banking to a national bank supervised by the Office of the Comptroller of the Currency (OCC).[1] At the time of applying for a conversion, United Texas Bank was under a cease-and-desist order related to serious deficiencies of its anti-money laundering and terrorist financing controls.[2] Section 612 of the Dodd-Frank Act generally prohibits banks from switching their primary federal regulator while subject to an active enforcement action to prevent regulatory arbitrage or "charter shopping."[3] Exceptions are supposed to be granted in rare cases where there is a compelling reason.[4] The OCC's decision to approve the conversion – and the Fed's failure to object to it – absent a compelling reason directly contradicts the intent of the statute and threatens to reignite a race-to-the-bottom among banking regulators. I therefore urge

[1] PR Newswire, "United Texas Bank Achieves Historic Post-Dodd-Frank OCC Conversion, Redefining Global Correspondent Banking Across Traditional Finance and Digital Assets Through AI-Powered Settlement and Compliance," press release, May 28, 2026, https://www.prnewswire.com/news-releases/united-texas-bank-achieves-historic-post-dodd-frank-occ-conversion-redefining-global-correspondent-banking-across-traditional-finance-and-digital-assets-through-ai-powered-settlement-and-compliance-302784636.html.
[2] Board of Governors of the Federal Reserve System and Texas Department of Banking, "In the Matter of United Texas Bank, Dallas, Texas: Cease and Desist Order Issued Upon Consent Pursuant to the Federal Deposit Insurance Act, as Amended," August 29, 2024, https://www.federalreserve.gov/newsevents/pressreleases/files/enf20240904a2.pdf.
[3] Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, Section 612.
[4] Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Conference of State Bank Supervisors, "Interagency Statement on Section 612 of the Dodd-Frank Act Restrictions on Conversions of Troubled Banks," November 26, 2012, https://www.occ.gov/news-issuances/bulletins/2012/bulletin-2012-39a.pdf.

the OCC to immediately reverse its conditional approval and revoke United Texas Bank's national bank charter.

Before Dodd-Frank was signed into law, the financial regulatory system was fragmented, and institutions were incentivized to "shop for the most lenient regulator."[5] Financial companies could therefore exploit the system by changing charters or reorganizing under a different government supervisor that was perceived to be less competent, as several companies did during the buildup of the global financial crisis.[6] Section 612 of the Dodd-Frank Act was established to prevent this arbitrage. It states, "The Comptroller of the Currency may not approve the conversion of a State bank […] during any period in which [that bank] is subject to a cease and desist order (or other formal enforcement order) issued by […] , a State bank supervisor or the appropriate Federal banking agency."[7] Consistent with the law, the Fed, OCC, and Federal Deposit Insurance Corporation (FDIC) have stated that exceptions to this prohibition are,"[expected to] be rare, and generally would occur only when an insured depository institution has already substantially addressed the matters in the enforcement action or there are substantial changes in circumstances (e.g., new ownership, new management)."[8] Only a few exceptions have been approved since the Dodd-Frank Act was enacted.[9] Crucially, United Texas Bank's circumstances do not fit the criteria for such an exception.

United Texas Bank filed an application to the OCC to convert to a national bank charter on November 11, 2025.[10] At the time, the bank was subject to an August 2024 joint cease-and-desist order issued by the Federal Reserve Board and the Texas Department of Banking[11] – the exact scenario generally prohibited by Section 612 of Dodd-Frank. The enforcement action issued against United Texas Bank followed a May 2023 examination that identified significant deficiencies in the bank's risk management program and compliance with anti-money laundering laws and regulations.[12] Specifically, examiners found significant flaws in the bank's corporate governance and oversight by its board of directors and senior management. In addition,

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[5] National Commission on the Causes of the Financial and Economic Crisis in the United States, "THE FINANCIAL CRISIS INQUIRY REPORT," January 2021, p. 308, https://fcic-static.law.stanford.edu/cdn_media/fcic-reports/fcic_final_report_full.pdf.

[6] American Banker, "Regulatory competition is hot again — and that's worrisome," Kevin Wack, January 6, 2019, https://www.americanbanker.com/news/regulatory-competition-is-hot-again-and-thats-worrisome.

[7] Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, Section 612.

[8] Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Conference of State Bank Supervisors, "Interagency Statement on Section 612 of the Dodd-Frank Act Restrictions on Conversions of Troubled Banks," November 26, 2012, https://www.occ.gov/news-issuances/bulletins/2012/bulletin-2012-39a.pdf.

[9] PR Newswire, "United Texas Bank Achieves Historic Post-Dodd-Frank OCC Conversion, Redefining Global Correspondent Banking Across Traditional Finance and Digital Assets Through AI-Powered Settlement and Compliance," press release, May 28, 2026, https://www.prnewswire.com/news-releases/united-texas-bank-achieves-historic-post-dodd-frank-occ-conversion-redefining-global-correspondent-banking-across-traditional-finance-and-digital-assets-through-ai-powered-settlement-and-compliance-302784636.html.

[10] Office of the Comptroller of the Currency, "Corporate Decision #1375," May 2026, https://www.occ.gov/topics/charters-and-licensing/interpretations-and-decisions/2026/cd1375.pdf.

[11] Board of Governors of the Federal Reserve System and Texas Department of Banking, "In the Matter of United Texas Bank, Dallas, Texas: Cease and Desist Order Issued Upon Consent Pursuant to the Federal Deposit Insurance Act, as Amended," August 29, 2024, https://www.federalreserve.gov/newsevents/pressreleases/files/enf20240904a2.pdf.

[12] *Id*.

examiners found that the bank violated its anti-money laundering compliance obligations under the Bank Secrecy Act with respect to its foreign correspondent banking and virtual-currency customers. In response, the cease-and-desist order required United Texas Bank to strengthen its board oversight and corporate governance; improve the tracking and reporting of compliance problems; overhaul its BSA/AML controls, risk assessments, customer due diligence, suspicious-activity monitoring and reporting, and Office of Foreign Assets Control (OFAC) compliance; remediate deficient customer files; improve compliance staffing, training, and independent testing; and submit quarterly progress reports to its supervisors.[13]

Despite this ongoing enforcement action, the OCC approved the bank's conversion application, without Federal Reserve objection,[14] on May 15, 2026.[15] The OCC's approval notice indicates that United Texas Bank's supervisory problems remained unresolved. But instead of requiring the bank to address its deficiencies and obtain termination of the existing cease-and-desist order before changing its charter, the OCC allowed the conversion to proceed on the condition that the bank enter into a new consent order with "substantively similar" remedial provisions.[16] On July 16, 2026, the OCC announced a cease and desist order against United Texas, which appears to drop the original order's standalone corporate governance requirements, including provisions that addressed board member composition and qualifications.[17] By failing to ensure the bank's core problems were addressed prior to approval, the OCC and Fed appear to be undermining Section 612 of the Dodd-Frank Act and potentially exposing the U.S. financial system to money laundering and terrorist financing risks. As the sole dissenter from the Federal Reserve's decision not to object, Governor Michael Barr highlighted that United Texas Bank's national bank charter approval raises serious concerns about its unresolved anti-money-laundering and terrorist-financing deficiencies.[18] Altogether, these issues pose serious risks to the financial system.

This approval is especially concerning given United Texas Bank's business model of serving stablecoin issuers and digital asset banks, custodians, and companies.[19] Digital assets are known to present BSA/AML risks because of their pseudonymous nature and ability to move in large volumes quickly across borders.[20] These problems are further compounded by United Texas Bank's own business practices. Their use of ATOMIC, a proprietary real-time settlement

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[13] *Id.*
[14] Board of Governors of the Federal Reserve System "Federal Reserve Board announces it does not object to the conversion of United Texas Bank, of Dallas, Texas, from a bank supervised by the Federal Reserve to a national bank supervised by the Office of the Comptroller of the Currency," press release, May 15, 2026, "https://www.federalreserve.gov/newsevents/pressreleases/orders20260515b.htm.
[15] Office of the Comptroller of the Currency, "Corporate Decision #1375," May 2026, https://www.occ.gov/topics/charters-and-licensing/interpretations-and-decisions/2026/cd1375.pdf.
[16] *Id.*
[17] Office of the Comptroller of the Currency, "In the Matter of United Texas Bank, Dallas, Texas: AA-ENF-2026-29," July 16, 2026, https://www.occ.gov/static/enforcement-actions/eaAA-ENF-2026-29.pdf.
[18] Board of Governors of the Federal Reserve System, "Statement on Conversion of United Texas Bank by Governor Michael S. Barr," press release, May 15, 2026, https://www.federalreserve.gov/newsevents/pressreleases/barr-statement-20260515.htm.
[19] Bankers Digest, "United Texas Bank Taps Digital Future with Conversion to National Charter," June 10, 2026, https://bankersdigest.com/united-texas-bank-nurtures-a-digital-future-with-conversion-to-national-charter/.
[20] American Bar Association, "Cryptocurrency's Impact on BSA/AML and Sanctions Programs," Rachael Aspery, December 2, 2022, https://www.americanbar.org/groups/business_law/resources/business-law-today/2022-december/cryptocurrencys-impact-on-bsa-aml-and-sanctions-programs/.

network, and PRISM SENTINEL, an AI-enabled BSA/AML surveillance system, poses serious operational risks.[21] If unsecure, those systems could enable suspicious transactions to operate at scale almost instantaneously while increasing the likelihood of fraud. Granting United Texas Bank a national bank charter will likely allow it to expand these activities and deepen its connections to the banking and payments system. As the CEO and President of the bank Scott Beck noted, "[United Texas Bank is] the first [crypto firm] to move across to the national banking stage with full access to the Federal Reserve for wires and ACH."[22] Considering that crypto technologies make legal enforcement against money-laundering more difficult,[23] allowing a bank that is already facing BSA/AML compliance issues to grow this business model poses significant risk to the financial system.

Your decision to approve United Texas Bank's conversion weakens one of Dodd-Frank's basic protections against regulatory arbitrage. The approval opens the door for other banks to seek the same treatment. Granting United Texas Bank a national bank charter sets a dangerous precedent that gives other banks the green-light to convert their charters to the lowest common denominator regulator rather than fix the serious issues that may put the U.S. financial system at risk. Worse, the decision comes as the Fed, OCC, and FDIC have rolled back key regulations and weakened our financial system, and it highlights the deficiencies in the OCC's process for reviewing charter applications as it has already improperly granted a slew of national trust charters to seemingly ineligible cryptocurrency companies.[24]

The OCC should immediately revoke United Texas Bank's national bank charter. To help [me/us] understand your decision to approve United Texas Bank's conversion, please provide answers to the following questions by August 20, 2026:

1. What evidence did United Texas Bank provide in its conversion application to demonstrate progress toward satisfying its ongoing cease and desist order? Please provide any relevant documentation and analyses related to this determination.

2. Why did the OCC drop the corporate governance requirements from the original Board and Texas Department of Banking cease-and-desist order?

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[21] Street Insider, "United Texas Bank Achieves Historic Post-Dodd-Frank OCC Conversion, Redefining Global Correspondent Banking Across Traditional Finance and Digital Assets Through AI-Powered Settlement and Compliance," May 28, 2026, https://www.streetinsider.com/PRNewswire/United+Texas+Bank+Achieves+Historic+Post-Dodd-Frank+OCC+Conversion%2C+Redefining+Global+Correspondent+Banking+Across+Traditional+Finance+and+Digital+Assets+Through+AI-Powered+Settlement+and+Compliance/26563294.html.

[22] Coin Desk, "Wall Street gets new crypto rival after Texas bank completes regulatory pivot," Olivier Acuna, May 27, 2026, https://www.coindesk.com/policy/2026/05/27/wall-street-gets-new-crypto-rival-after-texas-bank-completes-regulatory-pivot.

[23] Journal of Criminal Justice, "Cops and crypto: Law enforcement knowledge, experience, and capacity in cryptocurrency crime," Chandler G. Robinson et al., January 24, 2026, https://www.sciencedirect.com/science/article/abs/pii/S0047235226000036.

[24] *See* Letter from Ranking Member Elizabeth Warren to Jonathan Gould, Comptroller, U.S. Comptroller of the Currency, May 18, 2026, https://www.banking.senate.gov/imo/media/doc/letter_to_occ_re_national_trust_bank_charters.pdf.

Sincerely,

Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs