

SHERROD BROWN, OHIO, CHAIRMAN

JACK REED, RHODE ISLAND  
ROBERT MENENDEZ, NEW JERSEY  
JON TESTER, MONTANA  
MARK WARNER, VIRGINIA  
ELIZABETH WARREN, MASSACHUSETTS  
CHRIS VAN HOLLEN, MARYLAND  
CATHERINE CORTEZ MASTO, NEVADA  
TINA SMITH, MINNESOTA  
KYRSTEN SINEMA, ARIZONA  
JON OSSOFF, GEORGIA  
RAPHAEL G. WARNOCK, GEORGIA

PATRICK J. TOOMEY, PENNSYLVANIA  
RICHARD C. SHELBY, ALABAMA  
MIKE CRAPO, IDAHO  
TIM SCOTT, SOUTH CAROLINA  
MIKE ROUNDS, SOUTH DAKOTA  
THOM TILLIS, NORTH CAROLINA  
JOHN KENNEDY, LOUISIANA  
BILL HAGERTY, TENNESSEE  
CYNTHIA M. LUMMIS, WYOMING  
JERRY MORAN, KANSAS  
KEVIN CRAMER, NORTH DAKOTA  
STEVE DAINES, MONTANA

LAURA SWANSON, STAFF DIRECTOR  
BRAD GRANTZ, REPUBLICAN STAFF DIRECTOR

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

August 9, 2022

The Honorable Jerome H. Powell  
Chair  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue N.W.  
Washington, D.C. 20551

Dear Chair Powell:

We write to express deep concern over the lack of transparency and accountability at the Board of Governors of the Federal Reserve System (the “Fed”). It has come to our attention from a press report that the Fed is in possession of documents, which U.S. Senate Banking Committee (the “Committee”) Republican members requested six months ago, that relate to Sarah Bloom Raskin and efforts by Reserve Trust to obtain a Fed master account. These documents were directly relevant to our constitutional responsibility to evaluate Ms. Raskin’s nomination to serve as Fed Vice Chair for Supervision. They also are directly relevant to ongoing congressional oversight of the Fed’s approach to master account applications. The Fed’s failure to turn over these documents to the Committee, or even notify senators that they exist, has impeded the Senate’s ability to perform two of its core functions.

On February 11, 2022, Ranking Member Toomey requested from the Fed documents relating to Ms. Raskin and Reserve Trust, including all Fed correspondence relating to Reserve Trust.<sup>1</sup> At the time, similar requests were made to the Federal Reserve Bank of Kansas City (“Kansas City Fed”) upon discovery that the Kansas City Fed had reversed its initial decision to deny Reserve Trust a master account after Ms. Raskin, a Reserve Trust board member and former Fed Governor, personally lobbied the Kansas City Fed’s president on behalf of Reserve Trust. As a result, Reserve Trust became the first—and it appears only—non-bank fintech to have obtained this coveted type of account.<sup>2</sup> However, the Fed and the Kansas City Fed, like Ms. Raskin herself, repeatedly stonewalled reasonable requests from Committee Republicans for information about this unusual matter. Consequently, we were left with many important, unanswered questions about Ms. Raskin’s “revolving door” lobbying for Reserve Trust. That situation led us to demand answers, which we still have never received, before voting on her nomination.

---

<sup>1</sup> See Letter from Senator Toomey to Chair Powell (Feb. 11, 2022), [https://www.banking.senate.gov/imo/media/doc/toomey\\_letter\\_to\\_fed\\_on\\_reserve\\_trust.pdf](https://www.banking.senate.gov/imo/media/doc/toomey_letter_to_fed_on_reserve_trust.pdf).

<sup>2</sup> See, e.g., Reserve Trust, <https://web.archive.org/web/20220224003846/https://www.reservetrust.com/company/careers> (stating that “Reserve Trust is the first fintech trust company with direct Federal Reserve access” and emphasizing the “unprecedented access” to the U.S. payment system).

Amazingly, a recent news report revealed that the Fed does indeed have documents about Ms. Raskin relating to Reserve Trust’s efforts to obtain a master account.<sup>3</sup> According to Bloomberg, a non-profit government oversight group—the American Accountability Foundation (“AAF”)—submitted a Freedom of Information Act (“FOIA”) request to obtain such documents and the Fed, on July 29, 2022, confirmed that it does in fact possess such documents. The Fed, however, told AAF that it would not release the documents because they “consist of predecisional and deliberative information regarding Reserve Trust’s efforts to acquire a master account.” While AAF has at least received an answer from the Fed, to this day, the Fed has not only failed to provide a single document to the Committee, but it has refused to even notify senators that such documents exist. The fact that the Fed has been more responsive to an outside non-profit group than it has to members of the Senate committee that directly oversees it is outrageous.

Even though Ms. Raskin’s nomination is behind us, the issue of the Fed’s approach to master account applications is still a live and important congressional oversight issue. In fact, during the past two years, the Fed has twice solicited public comments about master account eligibility because there are significant policy questions around what entities should be able to obtain this highly valuable public good.<sup>4</sup> Ultimately, those significant policy questions are important to Congress. It is Congress that created the Fed, and thus, it is Congress that oversees the Fed’s ability to award master accounts. The Senate has a responsibility to taxpayers to review and ensure that regulators award public goods fairly, transparently, consistently, and without favoritism. In a case like Reserve Trust’s, which involves both curiously timed reversals—including the Kansas City Fed’s recent revocation of the company’s master account—and legitimate concerns of favoritism, federal regulators should not withhold from public scrutiny information directly relevant to such congressional oversight and the Fed’s authorizing committee. And yet, requests for information of the Fed and Kansas City Fed about Ms. Raskin’s involvement in Reserve Trust’s efforts to obtain a master account have been repeatedly and consistently stonewalled.

Unfortunately, obstructionism has become too common a response from the Fed and regional Fed banks—which, after all, are creatures of Congress—to congressional oversight inquiries from members in both parties. In this case, the harm of that obstructionism was magnified because it also impeded the Senate’s constitutional responsibility to evaluate a presidential nomination. In light of this persistent refusal to comply with reasonable requests for information, we have no choice but to pursue legislation that will compel these public institutions to be more transparent and accountable to Congress.

Sincerely,



Pat Toomey  
U.S. Senator



Richard Shelby  
U.S. Senator

---

<sup>3</sup> Steven T. Dennis, *Toomey Chides Fed for Withholding Documents in Raskin Fight*, Aug. 4, 2022, <https://www.bloomberg.com/news/articles/2022-08-04/toomey-blasts-fed-for-withholding-documents-in-raskin-fight>.

<sup>4</sup> Guidelines for Evaluating Account and Services Requests, 87 Fed. Reg. 12957 (Mar. 8, 2022); Proposed Guidelines for Evaluating Account and Services Requests, 86 Fed. Reg. 25865 (May 11, 2021).



Mike Crapo  
U.S. Senator



Tim Scott  
U.S. Senator



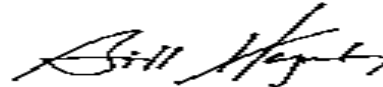
M. Michael Rounds  
U.S. Senator



Thom Tillis  
U.S. Senator



John Kennedy  
U.S. Senator



Bill Hagerty  
U.S. Senator



Cynthia Lummis  
U.S. Senator



Kevin Cramer  
U.S. Senator



Steve Daines  
U.S. Senator

cc: The Honorable Sherrod Brown, Chairman, Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Lael Brainard, Vice Chair, Federal Reserve Board of Governors

The Honorable Michael Barr, Vice Chair for Supervision, Federal Reserve Board of Governors

The Honorable Michelle Bowman, Governor, Federal Reserve Board of Governors

The Honorable Lisa Cook, Governor, Federal Reserve Board of Governors

The Honorable Philip Jefferson, Governor, Federal Reserve Board of Governors

The Honorable Christopher Waller, Governor, Federal Reserve Board of Governors