

**Responses to Questions for the Record from Ranking Member Toomey for Sarah Bloom Raskin, to be Vice Chairman for Supervision of the Board of Governors of the Federal Reserve System**

**February 3, 2022 Nomination Hearing  
before the Senate Committee on Banking, Housing, and Urban Affairs**

***Obama Administration Ethics Commitment***

**42. For seven years, you served in the Obama administration as a Federal Reserve governor and then as the Treasury Deputy Secretary, the second highest official at Treasury. According to the Obama administration, President Obama took “historic steps to close the ‘revolving door’ that carries special interest influence in and out of the government.”<sup>29</sup> One step he took was issuing an Executive Order 13490 that required every political appointee in every executive agency appointed on or after January 20, 2009 to sign an ethics pledge that was contractually binding on the appointee and “enforceable under law.”<sup>30</sup>**

**According to the Obama administration, the purpose of this commitment was to close “the revolving door that allows government officials to move to and from private sector jobs in ways that give that sector undue influence over government.”<sup>31</sup> You were appointed to your positions in the Obama administration after January 20, 2009.**

**As an appointee in the Obama administration, did you sign the ethics commitment required by Executive Order 13490?**

Yes.

***Reserve Trust***

**43. In May 2017, only four months after stepping down as the Obama administration’s Treasury Deputy Secretary, you became a member of the board of directors of the Reserve Trust Company (“Reserve Trust”), a small Colorado-chartered trust company founded in 2016 that engages in payment processing and custody services for B2B payment companies.<sup>32</sup> Reserve Trust’s website states: “In 2018, Reserve Trust became the first state chartered trust company to obtain a Federal Reserve master account, granting direct access to Federal Reserve clearing, payment, and settlement services. Today, Reserve Trust processes billions of dollars of high value payments for a select**

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<sup>29</sup> <https://obamawhitehouse.archives.gov/21stcenturygov/actions/revolving-door>.

<sup>30</sup> <https://obamawhitehouse.archives.gov/21stcenturygov/actions/revolving-door>;  
<https://obamawhitehouse.archives.gov/the-press-office/ethics-commitments-executive-branch-personnel>.

<sup>31</sup> <https://obamawhitehouse.archives.gov/21stcenturygov/actions/revolving-door>.

<sup>32</sup> <https://www.reservetrust.com/company/about>.

group of early access customers.”<sup>33</sup> Reserve Trust’s website also states: “Reserve Trust is the first fintech trust company with a Federal Reserve master account.”<sup>34</sup>

**In June 2017, the Kansas City Federal Reserve Bank (“Kansas City Fed”) denied Reserve Trust’s application for a Fed master account. But the next year, in 2018, the Kansas City Fed changed its mind and granted Reserve Trust a master account. Reserve Trust appears to be the only nonbank fintech company with a Federal Reserve (“Fed”) master account despite other banks and non-banks with non-traditional charters having applied for Fed master accounts. It remains puzzling how Reserve Trust obtained this account when other institutions have been denied access, leading one bank to file a lawsuit against the Federal Reserve Bank of New York over the issue. Yet, Reserve Trust’s application was quietly granted during the pendency of that litigation.**

**On a call with Senate Banking Committee (“Banking Committee”) staff on January 28, 2022, you said that when you were a Reserve Trust director there was a lot of discussion at Reserve Trust about getting a Fed master account, but that you do not know why Reserve Trust wanted a master account. This statement is puzzling given how much Reserve Trust and its investors tout the value of the company’s Fed master account and that you served on the company’s board when its master account application was denied but then later approved.**

**Reserve Trust’s website boasts about the company’s Fed master account in multiple places.<sup>35</sup> One of the company’s investors has emphasized that Reserve Trust is “[a]rmed with a master account at the Federal Reserve (and direct access to the rails).”<sup>36</sup> Another one of Reserve Trust’s investors—QED Investors—has asserted that Reserve Trust’s Fed master account gives it “unprecedented access to the US payment system.”<sup>37</sup> And Amias Gerety, a partner at QED Investors who served as a senior Treasury official with you in the Obama administration, has stated that “Reserve Trust has limitless potential and is focused on a becoming a transformative payments infrastructure company that *operates in a different category than most fintech companies because it connects to the U.S. payment system directly rather than through a partner bank.*”<sup>38</sup> (emphasis added)**

**On that same January 28, 2022 call, Republican Banking Committee staff asked you whether you communicated with the Kansas City Fed or the Fed about Reserve Trust. You avoided answering the question by responding that you knew Reserve Trust had interactions and discussions with the Kansas City Fed about getting a Fed master account. When Republican Banking Committee staff again asked you whether you communicated with the Kansas City Fed or the Fed about Reserve Trust you became**

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<sup>33</sup> <https://www.reservetrust.com/company/about>.

<sup>34</sup> <https://www.reservetrust.com/>.

<sup>35</sup> <https://www.reservetrust.com/>; <https://www.reservetrust.com/company/about>.

<sup>36</sup> <https://mattlevinson.medium.com/investing-in-reserve-trust-13c4652265f1>.

<sup>37</sup> <https://www.qedinvestors.com/companies/reserve-trust>.

<sup>38</sup> <https://www.qedinvestors.com/companies/reserve-trust>.

**defensive noting that Reserve Trust was a regulated financial institution and that your answer could involve confidential supervisory information. (It is inconceivable that the mere fact that you communicated with the Kansas City Fed or the Fed would be confidential supervisory information.) You ultimately told Banking Committee staff that you did not remember whether you communicated with the Kansas City Fed or the Fed about Reserve Trust.**

**At the February 3, 2022 Banking Committee hearing, Senator Cynthia Lummis (R-WY) similarly asked you whether you communicated with the Federal Reserve about Reserve Trust’s master account application. In fact, she asked you this question three different times. You never answered her question. Like Senator Lummis, I have learned that you did, in fact, call the Kansas City Fed in August 2017, which was after Reserve Trust’s master account application had been denied in June 2017. We only discovered your call to the Kansas City Fed on the evening of February 2, 2022, which was the night before your nomination hearing.**

- a. Please describe in detail the actions you took to help Reserve Trust obtain a Fed master account.**

At the time I served on its board of directors, Reserve Trust was a state-chartered trust company, organized pursuant to the laws of the State of Colorado. To the best of my knowledge, Reserve Trust received a master account on its merits, after complying with all applicable rules and regulations, including governing Colorado banking statutes. I do not recall any communications I made to help Reserve Trust obtain a master account. Had I done so, I would have abided by all applicable ethics rules in such communications.

I understand that the Federal Reserve Bank of Kansas City issued a statement on February 7, 2022, addressing this matter. That statement noted that “[i]t is routine for the Federal Reserve Bank of Kansas City to communicate on an ongoing basis with a requesting organization, its management (including directors), public officials and any relevant federal or state regulatory counterparts . . . for the purpose of evaluating eligibility for access to Federal Reserve services, including an analysis of the risk posed to the payment and banking system.”

- b. Yes or no: After Reserve Trust’s master account application was denied in June 2017, did you communicate (by phone, email, text, meeting, or otherwise) with anyone at the Kansas City Fed? If your answer is “yes”:**
- i. What are the names and titles of the people you communicated with at the Kansas City Fed?**
  - ii. When did you communicate with them?**
  - iii. What did you discuss in these communications?**
  - iv. Please specifically identify the mode of each communication (in-person or virtual meeting, phone call, email, text, or otherwise).**

- v. **If you communicated by written correspondence, including email or text, please provide a copy of that correspondence.**
- vi. **Who did you tell about your communications? What are their names and titles?**

At the time I served on its board of directors, Reserve Trust was a state-chartered trust company, organized pursuant to the laws of the State of Colorado. To the best of my knowledge, Reserve Trust received a master account on its merits, after complying with all applicable rules and regulations, including governing Colorado banking statutes. I do not recall any communications I made to help Reserve Trust obtain a master account. Had I done so, I would have abided by all applicable ethics rules in such communications.

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- c. **Yes or no: At any time during your service as a director of Reserve Trust, which you have indicated was from May 2017 through August 2019, did you communicate (by phone, email, text, meeting, or otherwise) with anyone at the Kansas City Fed? If your answer is “yes”:**
  - i. **What are the names and titles of the people you communicated with at the Kansas City Fed?**
  - ii. **When did you communicate with them?**
  - iii. **How many times did you communicate with them?**
  - iv. **What did you discuss in these communications?**
  - v. **Please specifically identify the mode of each communication (in-person or virtual meeting, phone call, email, text, or otherwise).**
  - vi. **If you communicated by written correspondence, including email or text, please provide a copy of that correspondence.**
  - vii. **Who did you tell about your communications? What are their names and titles?**

At the time I served on its board of directors, Reserve Trust was a state-chartered trust company, organized pursuant to the laws of the State of Colorado. To the best of my knowledge, Reserve

Trust received a master account on its merits, after complying with all applicable rules and regulations, including governing Colorado banking statutes. I do not recall any communications I made to help Reserve Trust obtain a master account. Had I done so, I would have abided by all applicable ethics rules in such communications.

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- d. Yes or no: At any time during your service as a director of Reserve Trust, which you have indicated was from May 2017 through August 2019, did you communicate (by phone, email, text, meeting, or otherwise) with anyone at the Fed in Washington, DC? If your answer is “yes”:**
- i. What are the names and titles of the people you communicated with at the Fed?**
  - ii. When did you communicate with them?**
  - iii. What did you discuss in these communications?**
  - iv. Who did you tell about your communications? What are their names and titles?**
  - v. Please specifically identify the mode of each communication (in-person or virtual meeting, phone call, email, text, or otherwise).**
  - vi. If you communicated by written correspondence, including email or text, please provide a copy of that correspondence.**

At the time I served on its board of directors, Reserve Trust was a state-chartered trust company, organized pursuant to the laws of the State of Colorado. To the best of my knowledge, Reserve Trust received a master account on its merits, after complying with all applicable rules and regulations, including governing Colorado banking statutes. I do not recall any communications I made to help Reserve Trust obtain a master account. Had I done so, I would have abided by all applicable ethics rules in such communications.

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- e. **Yes or no: Did any other Reserve Trust directors, including Gail Ball, the former Head of the Payment Studies Group at the Richmond Federal Reserve Bank, whom you told Banking Committee staff served on Reserve Trust’s board with you,<sup>39</sup> communicate with anyone at the Kansas City Fed regarding Reserve Trust’s master account application? If your answer is “yes”:**
- i. **What are the names of the Reserve Trust directors who had these communications?**
  - ii. **What are the names and titles of the people at the Kansas City Fed that these Reserve Trust directors communicated with?**

At the time I served on its board of directors, Reserve Trust was a state-chartered trust company, organized pursuant to the laws of the State of Colorado. To the best of my knowledge, Reserve Trust received a master account on its merits, after complying with all applicable rules and regulations, including governing Colorado banking statutes. I do not recall any communications I made to help Reserve Trust obtain a master account. Had I done so, I would have abided by all applicable ethics rules in such communications.

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- f. **Did any other Reserve Trust directors, including Gail Ball, the former Head of the Payment Studies Group at the Richmond Federal Reserve Bank, whom you told Banking Committee staff served on Reserve Trust’s board with you,<sup>40</sup> communicate with anyone at the Fed in Washington, DC regarding Reserve Trust’s master account application? If your answer is “yes”:**
- i. **What are the names of the Reserve Trust directors who had these communications?**
  - ii. **What are the names and titles of the people at the Fed in Washington, DC that these Reserve Trust directors communicated with?**

I am not aware of any communications that Reserve Trust directors had with the Board of Governors regarding a master Fed account.

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<sup>39</sup> <https://www.businesswire.com/news/home/20150331006859/en/Gail-Ball-Financial-Industry-Operations-Leader-joins-The-Bancorp>.

<sup>40</sup> <https://www.businesswire.com/news/home/20150331006859/en/Gail-Ball-Financial-Industry-Operations-Leader-joins-The-Bancorp>.

**44. How did you learn of the opportunity to join Reserve Trust’s board of directors?**

I received a number of offers to join corporate boards after I left the Treasury Department. I do not recall where this specific opportunity came from.

**45. What are the names of the people who approached you about joining Reserve Trust’s board of directors?**

I received a number of offers to join corporate boards after I left the Treasury Department. I do not recall where this specific opportunity came from.

**46. Was there any written document or agreement that outlined the terms and conditions of your service as Reserve Trust director? If the answer is “yes,” please provide a copy of that document or agreement.**

I do not recall such a document or agreement.

**47. During your service as a Reserve Trust director, how often did the Reserve Trust board of directors meet?**

To the best of my recollection, Reserve Trust director meetings were generally held quarterly.

**48. During your service as a Reserve Trust director, how many Reserve Trust board meetings did you attend? Please provide dates for all meetings.**

I endeavored to attend scheduled Reserve Trust board meetings. My calendar does not go back to these years so I cannot provide dates.

**49. During your service as a Reserve Trust director:**

- a. Typically, how many hours per week, month, and year did you spend doing Reserve Trust-related work?**

To the best of my recollection, the duration of each board meeting was between 3 and 5 hours.

**50. On a January 28, 2022 call, you indicated to Banking Committee staff that you were not compensated by Reserve Trust for serving on the board of directors, but that instead you received shares in Reserve Trust when you joined the company’s board. You stated that you received shares, not stock options.**

- a. When did you receive your shares in Reserve Trust and how many shares did you receive? Please identify the month(s) and year(s) you received shares and the amount(s) you received.**

To the best of my recollection, I received shares in Reserve Trust upon joining the Board of Directors. I do not recall the exact date or the number of shares received.

- b. Did you pay for the Reserve Trust shares that you received? If the answer is “yes,” how much did you pay per share?**

I did not pay for the Reserve Trust shares received because they had no market value.

- c. What was the par value of your Reserve Trust shares when you received them?**

I do not recall the par value of the Reserve Trust shares when I received them.

- d. Was there an estimated value of your Reserve Trust shares when you received them, and, if so, what was that amount?**

There was no market value of the Reserve Trust shares.

- e. During your service as a Reserve Trust director, were any valuations of Reserve Trust as a company conducted? If the answer is “yes,” did the valuations of Reserve Trust increase after Reserve Trust obtained its Fed master account in 2018?**

I am not aware of any valuations that were conducted of Reserve Trust during my service as a Reserve Trust director.

- f. Did you receive any income or other compensation from Reserve Trust other than shares of the company? If the answer is “yes,” please list the amount and type of income or other compensation that you received by year.**

No.

**51. According to a House periodic transaction report (PTR) filed by your husband Congressman Jamie Raskin (D-MD) on August 13, 2021, you sold 195,936 Reserve Trust shares for \$7.50 per share in 2020, which amounts to almost \$1.5 million.<sup>41</sup>**

- a. This PTR lists two dates (December 18, 2020 and November 13, 2020). It is unclear from the PTR which date you sold your shares on. On what date did you sell your Reserve Trust shares?**

To the best of my recollection, the purchase of the shares occurred on or about December 18, 2020.

- b. You sold these shares to QED Investors. How was the \$7.50 per share sale price determined?**

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<sup>41</sup> [https://disclosures-clerk.house.gov/public\\_disc/ptr-pdfs/2021/20019320.pdf](https://disclosures-clerk.house.gov/public_disc/ptr-pdfs/2021/20019320.pdf).

I am not aware of the methodology used for the determination of the share price that was applicable to all the sellers of the shares.

- c. Was there any written document or agreement that outlined the terms and conditions governing the sale of your Reserve Trust shares? If the answer is “yes,” please provide a copy of that document or agreement.**

I am not aware of such a document.

***Promontory Financial Group***

**52. You have been on Promontory’s Advisory Board since 2018 and you are currently one of its vice chairs.<sup>42</sup> Earlier in your career, you worked as a Managing Director at Promontory from 2003 to 2007. Promontory has drawn scrutiny from Congress and journalists, including for transparency and conflicts of interest issues. Unlike other consultants engaged in lobbying, Promontory is not legally required to register and disclose its clients.**

- a. How often does Promontory’s Advisory Board meet?**

The frequency of meetings is usually quarterly.

- b. How many Promontory Advisory Board meetings have you attended?**

To the best of my recollection, I attended meetings on November 14, 2018, September 9, 2019, and May 20, 2020.

- c. Typically, how many hours per week, month, and year do you spend doing Promontory-related work?**

To the best of my recollection, the duration of each board meeting is between 3 and 5 hours.

**53. On a January 28, 2022 call, you told Banking Committee staff that you do not interact with Promontory clients in your role as a member of Promontory’s Advisory Board. Promontory’s website states: “Promontory and *our clients* benefit from the experience and guidance of an extraordinary advisory board.”<sup>43</sup>**

**Even though you have stated that you do not interact with Promontory clients in your capacity as Vice Chair of the firm’s Advisory Board, have you provided any information, advice, or counsel to anyone at Promontory related to their work on behalf of Promontory clients? If the answer is “yes,” please provide the names of the clients and the subject matters for which you provided information, advice, or counsel.**

No.

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<sup>42</sup> <https://www.promontory.com/our-expertise/expert/5d07d6d5d0139e0b8bfcc201>.

<sup>43</sup> <https://www.promontory.com/our-firm/senior-leadership> (emphasis added).