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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

LAURA SWANSON, STAFF DIRECTOR
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February 1, 2022

Esther L. George
President and Chief Executive Officer
Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, MO 64198

Dear President George:

I write today to reiterate an existing request for information and express deep concern over the lack of transparency and disregard for a critical congressional oversight request at the Federal Reserve Bank of Kansas City (“KC Fed”). As you know, on January 26, 2022 my Senate Banking Committee staff requested certain records pertaining to the KC Fed’s approval of an application from The Reserve Trust Company (“Reserve Trust”) for a Federal Reserve (the “Fed”) master account. In a phone call on January 31, 2022, KC Fed staff communicated to my staff that the KC Fed does not intend to provide any records or information in response to this request.

In May 2017, only four months after stepping down as Treasury Deputy Secretary, Sarah Bloom Raskin became a director of Reserve Trust, a small Colorado-chartered trust company formed in 2016 that engages in payment processing and custody services for B2B payment companies. In 2018, Reserve Trust became the first state-chartered trust company to obtain a Fed master account. Reserve Trust appears to be the only nonbank fintech company with a Fed master account despite other 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.

Given that the Fed is actively reviewing how to increase the transparency and consistency of its approach to master account applications¹ and that Ms. Raskin’s nomination for Vice Chair of Supervision of the Fed is pending before the Banking Committee, the public and their elected representatives are entitled to know what role Ms. Raskin may have played as a Reserve Trust director in persuading the Fed to grant Reserve Trust’s application for a Fed master account.

Please provide the following information by no later than February 8, 2022 at 12:00pm EST:

1. A list of all meetings and phone calls (and all attendees and associated calendar invites) between KC Fed officials or staff and (a) Sarah Bloom Raskin or (b) Reserve Trust employees, representatives, or directors between January 20, 2017 and December 31, 2018.

¹ See Board of Governors of the Federal Reserve System, Proposed Guidelines for Evaluating Account and Services Requests, 89 Fed. Reg. 25865 (May 11, 2021), <https://www.govinfo.gov/content/pkg/FR-2021-05-11/pdf/2021-09873.pdf>.

2. All correspondence, including but not limited to all emails and attachments and any text messages, between KC Fed officials or staff and Sarah Bloom Raskin between January 20, 2017 and December 31, 2018.
3. All correspondence, including but not limited to all emails and attachments and any text messages, between KC Fed officials or staff relating to Reserve Trust's Fed master account.
4. All correspondence, including but not limited to all emails and attachments and any text messages, between Fed officials or staff and KC Fed officials or staff relating to Reserve Trust's Fed master account.
5. A list of all meetings and phone calls (and all attendees and associated calendar invites) between KC Fed officials or staff and Promontory Financial Group ("Promontory") employees or representatives regarding Fed master accounts for nonbank entities.
6. All correspondence, including but not limited to all emails and attachments and any text messages, between KC Fed officials or staff and Promontory employees or representatives regarding Fed master accounts for nonbank entities.

KC Fed staff told my staff that they believed the records and information requested may contain confidential supervisory information. I have trouble understanding how that could be the case. It is inconceivable that the mere fact that a phone call or meeting took place between KC Fed staff and Ms. Raskin would be confidential supervisory information.

I urge you to stop this unacceptable stonewalling and provide the requested records and information immediately so that Senators, elected by the American people, have this critical information before they vote on Ms. Raskin's confirmation. Thank you for your attention to this matter.

Sincerely,



Pat Toomey
Ranking Member

cc: The Honorable Jerome Powell, Chair, Federal Reserve Board of Governors