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## United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

LAURA SWANSON, STAFF DIRECTOR  
BRAD GRANTZ, REPUBLICAN STAFF DIRECTOR

February 11, 2022

Dave Wright  
Chief Executive Officer  
The Reserve Trust Company  
5600 S. Quebec Street, Suite 205D  
Greenwood Village, CO 80111

Dear Mr. Wright:

I am writing to request information about The Reserve Trust Company's ("Reserve Trust") former director Sarah Bloom Raskin and the company's successful application for a Federal Reserve ("Fed") master account. As you know, on January 26, 2022 my Senate Banking Committee staff requested that Reserve Trust preserve information pertaining to the involvement of Ms. Raskin—who has been nominated to serve as Fed Vice Chair for Supervision—in Reserve Trust's master account application.

In May 2017, only four months after stepping down as Treasury Deputy Secretary, Ms. Raskin joined Reserve Trust's board of directors, which she served on until August 2019. According to Reserve Trust's website, in 2018, the year after Ms. Raskin joined its board, "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."<sup>1</sup> This came after the Kansas City Fed had originally denied Reserve Trust's application for a Fed master account in June 2017. After the Kansas City Fed issued this denial, Ms. Raskin, a former Fed Governor, called the Kansas City Fed President Esther George on behalf of Reserve Trust. Ms. Raskin and Ms. George had served on the Fed's Federal Open Market Committee together. In the wake of Ms. Raskin's call, the Kansas City Fed changed its mind and granted Reserve Trust a master account in 2018. In 2020, Ms. Raskin received nearly \$1.5 million by selling her shares of Reserve Trust.

Reserve Trust appears to be the only non-bank 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 granted during the pendency of that litigation.

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<sup>1</sup> Reserve Trust website (last accessed Feb.11, 2022), <https://www.reservetrust.com/company/about>. Reserve Trust's website also states: "Reserve Trust is the first fintech trust company with a Federal Reserve master account." Reserve Trust website (last accessed Feb.11, 2022), <https://www.reservetrust.com/>. And Reserve Trust's Twitter account states: Reserve Trust is "[t]he first fintech with a Federal Reserve master account." Reserve Trust Twitter account (last accessed Feb. 11, 2022), <https://twitter.com/ReserveTrustCo>.

Given that the Fed is actively reviewing how to increase the transparency and consistency of its approach to master account applications<sup>2</sup> and that Ms. Raskin’s nomination for Fed Vice Chair for Supervision is pending before the Senate Banking Committee, the public and their elected representatives are entitled to know what role she may have played as a Reserve Trust director in persuading the Fed to grant Reserve Trust a Fed master account. The Senate Banking Committee may vote on Ms. Raskin’s nomination as soon as February 15, 2022. Therefore, it is critical that we quickly receive the requested information to allow us to fully evaluate her nomination to serve as a senior leader in the federal government.

Please provide the following information by no later than February 16, 2022 at 12:00 pm EST:

**Fed Master Account and Kansas City Fed**

1. Are you aware of Ms. Raskin communicating with the Kansas City Fed regarding Reserve Trust?
2. If yes, other than with Kansas City Fed President Esther George, with whom did Ms. Raskin communicate?
3. How many times did she communicate with Ms. George or others at the Kansas City Fed?
4. When did these communications occur?
5. The Kansas City Fed has claimed that Reserve Trust changed its business model after it was denied a Fed master account in 2017. How did Reserve Trust’s business model change after it was denied a Fed master account? Please describe those changes in detail.
6. Reserve Trust explicitly states on its web site that it is a “*non-depository*, Colorado-chartered trust company.” Does Reserve Trust accept deposits?
7. The Kansas City Fed has claimed that the decision to grant a Fed master account was made in part after the Colorado Division of Banking “reinterpreted the state’s law in a manner that meant [Reserve Trust] met the definition of a depository institution” despite Reserve Trust explicitly stating that it is a “*non-depository*, Colorado-chartered trust company.” Please describe for the Senate Banking Committee what changed in your view with the Colorado Division of Banking’s interpretation that permitted Reserve Trust to meet the definition of a depository institution. Provide all internal memoranda, documents, and correspondence, including but not limited to all emails and attachments and any text messages, between Reserve Trust employees, representatives, directors or staff and the Colorado Division of Banking, relating to the change in interpretation.

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<sup>2</sup> 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>.

8. Please provide a list of all emails, phone calls, and meetings (and all attendees and associated calendar invites) between Reserve Trust employees, representatives, directors, or staff and Ms. Raskin relating to the Fed master account and/or Reserve Trust's valuations.
9. Please provide copies of the minutes of all Reserve Trust board meetings that Ms. Raskin participated in where the topic of a Fed master account was discussed.
10. During Ms. Raskin's service as a Reserve Trust director, were any valuations of Reserve Trust as a company conducted? If so, did the valuations of Reserve Trust increase *after* Reserve Trust obtained its Fed master account in 2018? Please provide copies of all valuations.

### **Federal Reserve Board of Governors**

11. Are you aware of Ms. Raskin communicating with anyone at the Fed in Washington, DC regarding Reserve Trust?
12. If so, with whom did Ms. Raskin communicate?
13. When did these communications occur?
14. In addition to Ms. Raskin, who are the other Reserve Trust employees, representatives, directors, officials, and staff who communicated with the Kansas City Fed or Fed in Washington, DC regarding Reserve Trust's master account application?
15. Did Reserve Trust director Gail Ball, the former the former Head of the Payment Studies Group at the Federal Reserve Bank of Richmond, communicate with anyone at the Kansas City Fed or Fed in Washington, DC regarding Reserve Trust's master account application?

### **Service on the Board of Directors**

16. On what exact date did Ms. Raskin join Reserve Trust's board?
17. On what exact date did Ms. Raskin leave Reserve Trust's board?
18. Who recruited Ms. Raskin to join Reserve Trust's board?
19. Why was Ms. Raskin recruited to join Reserve Trust's board?
20. Were there any written documents or agreements that outlined the terms and conditions of Ms. Raskin's service as Reserve Trust director? If so, please provide a copies.
21. During Ms. Raskin's service as a Reserve Trust director, how often did the Reserve Trust board meet?
22. During Ms. Raskin's service as a Reserve Trust director, how many Reserve Trust board meetings did she attend? Please provide dates for all meetings.

**About Ms. Raskin's Compensation**

- 23. When did Ms. Raskin receive her shares in Reserve Trust and how many shares did she receive? Please identify the month(s) and year(s) Ms. Raskin received shares and the amount(s) she received.
- 24. Did Ms. Raskin pay for the Reserve Trust shares that she received? If so, how much did she pay per share?
- 25. What was the par value of Ms. Raskin's Reserve Trust shares when she received them?
- 26. Was there an estimated value of Ms. Raskin's Reserve Trust shares when she received them, and, if so, what was that amount?
- 27. Did Ms. Raskin receive any income or other compensation from Reserve Trust other than shares of the company? If so, please list the amount and type of income or other compensation that she received by year.
- 28. Ms. Raskin sold her Reserve Trust shares to QED Investors in 2020 for \$7.50 per share. How was this sale price determined?
- 29. Were there any written documents or agreements that outlined the terms and conditions governing the sale of Ms. Raskin's Reserve Trust shares? If so, please provide copies.

**State of Colorado Division of Banking**

- 30. What efforts did Reserve Trust employees, representatives, directors, officials, or staff make to obtain from the Colorado Division of Banking a reinterpretation of Colorado's law that would enable the Reserve Trust to supposedly meet the definition of a depository institution?

Thank you for your attention to this urgent matter.

Sincerely,



Pat Toomey  
Ranking Member

cc: The Honorable Sherrod Brown, Chairman, Committee on Banking, Housing, and Urban Affairs  
The Honorable Jerome Powell, Chair, Federal Reserve Board of Governors  
Esther L. George, President and CEO, Federal Reserve Bank of Kansas City