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

June 28, 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:

We have reviewed your June 16 letter responding to U.S. Senate Banking Committee Ranking Member Pat Toomey's request for information about the Kansas City Fed's recent revocation of the Reserve Trust Company's ("Reserve Trust") Federal Reserve master account. Your response is troubling.

The Kansas City Fed once again refuses to comply with a reasonable request for information about its unusual treatment of Reserve Trust's master account.<sup>1</sup> Your letter asserts that the Kansas City Fed "has acted appropriately and ethically in decisions related to [Reserve Trust] and other institutions that have sought a master account." But you have repeatedly rebuffed any attempt to subject your claim to public scrutiny, even though access to master accounts is a major public policy issue about which the Fed has twice solicited public comments in the past two years.<sup>2</sup> By continually stonewalling Congress, you have essentially asserted that the Kansas City Fed is not subject to any oversight by Congress or the public. As one former Obama administration official said, "If the Kansas City Fed is not accountable to Congress for regulatory decisions, then to whom are they accountable?"<sup>3</sup>

In addition, your letter wrongly asserts that the Kansas City Fed cannot provide the requested information about Reserve Trust's master account because it is "confidential supervisory information" ("CSI"). However, that is not true. In fact, you specifically told Ranking Member Toomey on a February 7, 2022 phone call that this information was not CSI because the Kansas City Fed is not a supervisor for Reserve Trust. Three of Ranking Member Toomey's staff members were also on that call and retained contemporaneous notes of it. The credibility of your assertion that the Kansas City Fed acted appropriately and ethically is diminished when your latest letter appears to mislead Congress and the public.

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<sup>1</sup> See Letter from Senator Toomey to President George (Feb. 1, 2022), [https://www.banking.senate.gov/imo/media/doc/toomey\\_letter\\_to\\_kansas\\_city\\_fed.pdf](https://www.banking.senate.gov/imo/media/doc/toomey_letter_to_kansas_city_fed.pdf); see also Letter from Senator Toomey to President George (Feb. 11, 2022), [https://www.banking.senate.gov/imo/media/doc/toomey\\_letter\\_to\\_kc\\_fed.pdf](https://www.banking.senate.gov/imo/media/doc/toomey_letter_to_kc_fed.pdf).

<sup>2</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).

<sup>3</sup> Kyle Campbell, *The broad implications of Pat Toomey's standoff with K.C. Fed's president*, American Banker (Jun. 19, 2022), <https://www.americanbanker.com/news/the-broad-implications-of-pat-toomeys-standoff-with-k-c-feds-president>.

Two well-known financial regulation scholars have already criticized your letter’s claim concerning CSI. One scholar stated that “it isn’t clear that information collected by a Reserve Bank as part of a master account application is ‘confidential supervisory information.’ The Reserve Bank isn’t acting in its supervisory authority.”<sup>4</sup> Another scholar stated that “This kind of blanket denial of information to a member of Congress on so bizarre an episode, on the basis of confidential supervisory information, is very troubling.”<sup>5</sup>

Unfortunately, this type of obstructionism has become too common a response from the Kansas City Fed, other regional Fed banks, and the Fed itself—which, after all, are creatures of Congress—to congressional oversight inquiries from members in both parties. It highlights the pressing need to reform the regional Fed banks to make them more transparent and accountable to Congress.

Sincerely,



Pat Toomey  
U.S. Senator



Tim Scott  
U.S. Senator



Thom Tillis  
U.S. Senator



Cynthia Lummis  
U.S. Senator

cc: The Honorable Sherrod Brown, Chairman, Committee on Banking, Housing, and Urban Affairs  
The Honorable Jerome Powell, Chair, Federal Reserve Board of Governors  
The Honorable Lael Brainard, Vice Chair, 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  
Edmond Johnson, Chair, Board of Directors, Federal Reserve Bank of Kansas City  
Patrick A. Dujakovich, Deputy Chair, Board of Directors, Federal Reserve Bank of Kansas City  
María Griego-Raby, Director, Board of Directors, Federal Reserve Bank of Kansas City  
Doug Stussi, Director, Board of Directors, Federal Reserve Bank of Kansas City  
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Gregory Hohl, Director, Board of Directors, Federal Reserve Bank of Kansas City  
Patricia J. Minard, Director, Board of Directors, Federal Reserve Bank of Kansas City  
Kyle Heckman, Director, Board of Directors, Federal Reserve Bank of Kansas City

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<sup>4</sup> Julie A. Hill (@ProfJulieHill), Twitter (Jun. 16, 2022 9:01 PM), <https://twitter.com/ProfJulieHill/status/1537601381145747462>. See also Kyle Campbell, *The broad implications of Pat Toomey’s standoff with K.C. Fed’s president*, American Banker (Jun. 19, 2022) (quoting Prof. Julie Hill stating that the Fed regional banks “have supervisory authority over bank holding companies and members of the Federal Reserve, not state-chartered trusts. So saying it’s confidential supervisory information is a bit of a head-scratcher for me.”), <https://www.americanbanker.com/news/the-broad-implications-of-pat-toomeys-standoff-with-k-c-feds-president>.

<sup>5</sup> Peter Conti-Brown (@PeterContiBrown), Twitter (Jun. 17, 2022, 3:15 AM), <https://twitter.com/PeterContiBrown/status/1537695466162462720>.