



United States House of Representatives
One Hundred Nineteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

February 20, 2025

The Honorable Travis Hill
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Dear Acting Chairman Hill:

We are writing to better understand the plan for the Federal Deposit Insurance Corporation's (FDIC) regulatory and supervisory work related to the digital asset activities of regulated financial institutions. We want to thank you for releasing documents related to the FDIC "pause letters."¹ This action shows your commitment to transparency and accountability at the Corporation, and we hope that we can work together to provide clarity regarding this issue.

On Thursday, February 6, 2025, the Subcommittee on Oversight & Investigations of the House Committee on Financial Services held a hearing entitled, "*Operation Choke Point 2.0: The Biden Administration's Efforts to Put Crypto in the Crosshairs.*"² At the hearing we discussed how the Biden Administration's prudential regulators targeted the digital asset ecosystem by pressuring banks to deny service to digital asset firms.³ We are concerned that if we do not make the necessary changes, future Administrations will continue to operate under the Choke Point playbook using the supervisory process to debank disfavored industries.

To that end, we write to request your consideration of the following recommendations. Please provide information regarding the FDIC's next steps and which actions the FDIC can take now without action by Congress.

1. **Written, Public Guidance:** Require all banking supervisory guidance to be written and publicly disclosed (with limited redactions), ending informal "verbal-only" directives.
2. **Concrete Rationale for Account Closures:** Respecting Bank Secrecy Act requirements, explore ways for financial institutions to provide a clear explanation to customers when closing their account to ensure accountability.

¹ History Associates Inc, No. 1:24-cv-1857-ACR (D.D.C.).

² *Operation Choke Point 2.0: The Biden Administration's Efforts to Put Crypto in the Crosshairs, Hearing Before the H. Comm. on Financial Serv.*, 119th Cong. (2025).

³ *Id.*

3. **Eliminate “Reputational Risk”:** Prohibit use of reputational risk as a supervisory factor and clarify and reform the use (including consideration of removing as a factor) of “management” from CAMELS assessment to prevent abuse or discrimination.
4. **Balancing Test for Regulations:** Subject all supervisory guidance to an external, periodic review that weighs regulatory benefits against impacts on law-abiding Americans’ banking access.
5. **Uniform Application:** Ensure all supervisory guidance and rules apply equally to all institutions, barring preferential or punitive case-by-case treatment.

While we understand that there is still a need for Congressional action to help clarify regulations surrounding digital assets, we hope that you will look at these recommendations and implement them appropriately. We also understand that some of these recommendations may require an act of Congress for you to utilize them. In that case, please let us know which recommendations you believe require an act of Congress to help better inform our legislative efforts. Thank you for your attention to this important matter.

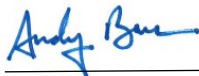
Sincerely,



Dan Meuser
Chairman
Subcommittee on Oversight and
Investigations



French Hill
Chairman



Andy Barr
Chairman
Subcommittee on Financial Institutions



Bryan Steil
Chairman
Subcommittee on Digital Assets,
Financial Technology, and Artificial
Intelligence