



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

March 27, 2023

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen,

In November 2021, the Federal Deposit Insurance Corporation, the Federal Reserve Board, and the Office of the Comptroller of the Currency engaged in a series of interagency “policy sprints” focused on digital assets.¹ The goal of the policy sprints was to provide greater clarity on the treatment of certain activities related to digital assets. Notwithstanding the policy goals for the sprints, several months later, the interagency “policy sprints” were dissolved.

Given agency endorsement of such sprints, market participants sought guidance and leadership from regulators in 2022. However, they were met with a lack of cooperation from those agencies. Over the last year, the digital asset ecosystem has experienced significant setbacks due to several bad actors. Now that market participants have experienced real harm and customers have lost tens of millions of dollars, financial regulators appear to be aggressively compensating for their prior inaction. In fact, it appears that you and other members of the Financial Stability Oversight Council (FSOC) are taking coordinated, targeted action to eliminate any future for the digital asset ecosystem in the United States.

Lawful coordination between FSOC members is expected, but a coordinated scheme to thwart growth in the digital asset ecosystem at the expense of consumers is unacceptable. At a minimum these trends are a troubling coincidence. On the other hand, if the actions are coordinated with nefarious intent, it rises to a level of abuse not seen since Operation Chokepoint under the Obama Administration. These efforts stand in stark contrast to the objectives laid out by the Biden Administration in its *Executive Order on Ensuring Responsible Development of Digital Assets*.²

¹ Joint Statement, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, *Joint Statement on Crypto-Asset Policy Sprint Initiative and Next Steps* (Nov. 23, 2021).

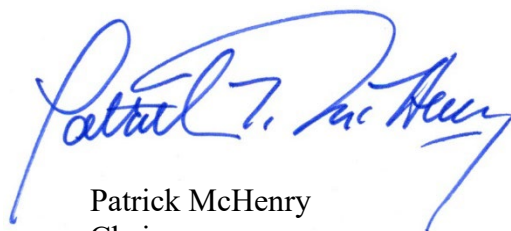
² Exec. Order No. 14,067, 87 FR 14143 (2022).

Over the last few months, the federal banking agencies strongly emphasized the risks surrounding banking organizations engaging in the digital asset ecosystem and serving digital asset firms.³ At same time, the federal banking agencies have been silent on how banking organizations can mitigate potential risks surrounding digital asset activities. To better understand the rationale behind the agencies' actions and agenda toward the digital asset ecosystem moving forward, please produce:

1. All records and communications between and among the Council Secretariat and all members of the Financial Stability Oversight Council referring or relating to enforcement activities of "crypto-assets," between the dates of October 1, 2022 to present; and
2. All records and communications between and among the Council Secretariat and all members of the Financial Stability Oversight Counsel referring or relating to joint statements related to "crypto-assets," between the dates of October 1, 2022 to present.
3. All records and communications between and among the Council Secretariat and all members of the Financial Stability Oversight Counsel referring or relating to the "crypto-asset" policy sprint initiative, between November 23, 2021 to present.

Please provide this material as soon as possible, but no later than 5:00 p.m. on April 10, 2023. The Committee on Financial Services has jurisdiction to oversee the activities of the Financial Stability Oversight Council pursuant to Rule X of the Rules of the House of Representatives. If you have any questions, please contact Kyle Smithwick of the Committee on Financial Services Majority staff at kyle.smithwick@mail.house.gov. Thank you for your attention to this important matter.

Sincerely,



Patrick McHenry
Chairman



Bill Huizenga
Chairman
Subcommittee on Oversight and
Investigations

³ See e.g., Joint Statement, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, *Joint Statement on Liquidity Risks to Banking Organizations Resulting from Crypto-Asset Market Vulnerabilities* (Feb. 23, 2023), <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20230223a1.pdf>, see also Joint Statement, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, *Joint Statement on Crypt-Asset Risks to Banking Organizations* (Jan. 3, 2023), <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20230103a1.pdf>.

The Honorable Janet Yellen

March 27, 2023

Page 3



French Hill
Chairman
Subcommittee on Digital Assets,
Financial Technology & Inclusion

cc: The Honorable Maxine Waters, Ranking Member
The Honorable Al Green, Ranking Member, Subcommittee on Oversight and
Investigations
The Honorable Stephen F. Lynch, Ranking Member, Subcommittee on Digital Assets,
Financial Technology & Inclusion