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Division of Risk Management Supervision

January 29, 2024

MEMORANDUM TO:	Correspondence File
THROUGH:	b8 Assistant Regional Director
FROM:	b8 Case Manager
SUBJECT:	Meeting with b4,b8 Management to Discuss CIP Procedures
Regional Office (RO) personnel hosted b4,b8 management in the b8 on January 24, 2024, to b4,b8 and liquidity risk management – specific to industry deposit concentration. ARD Regional Counsel b8 CM-SA b8 and CM represented the FDIC. CEO b4,b8 and EVP-CRO b4,b8 represented b4,b8	
CEO b4,b8 opened the meeting by acknowledging the receipt the FDIC's Visitation Letter dated December 29, 2023. She stated that management reviewed the letter and prepared a response for the Board to review at the upcoming January Board Meeting. CEO b4,b8 also confirmed that the bank ceased originating bitcoin secured loans b4,b8 The Board plans to review and approve the visitation response letter this week, and EVP b4,b8 will forward the response to the RO following the Board meeting. EVP b4,b8 also committed to getting the year-end quarterly update on EFX by mid-February.	
EVP b4,b8 turned the conversation to CIP collection procedures. She stated that it is the bank's practice to collect the last four digits of the customer's TIN through its third party partnerships and the bank or its partners obtain the remaining five digits through other channels (e.g., credit reports) during the remainder of the CIP process. She confirmed that all nine digits are obtained prior to account opening for all customers. She stated that management felt the OCC's recent exemptive relief grant supported this practice and maintained a charter-neutral playing field. CEO b4,b8 added that the types of consumer lending offered through third party partnerships are akin to consumer credit cards, which are also exempt from the full nine-digit collection requirement. Both claimed that neither the FRB nor the OCC are actively enforcing this expectation, although no specific examples were provided during the meeting. CEO b4,b8 also noted that requiring all nine digits of the TIN transmitted over electronic devices opened the bank and its customers up to PII risks if the transmission was compromised. She added that she would never provide her entire TIN through remote electronic devices. ARD b8 acknowledged management's concerns and points; however, she explained that the current rule requires for individual banks to seek exemption relief, if management decided to pursue that path. Regional Counsel b8 added that the OCC's exemptive relief was limited to the specific operating subsidiary of the requesting national bank and not considered an industry-wide	
relief to all national banks	
procedures and rationale for obtaining only the last four digits from customers for their partnership programs (See RADD Correspondence file dated 1/25/24 for a copy of the letter). She reported that FinCEN never responded to their letter which management drafted as a negative confirmation letter (e.g., no response indicated no objection). EVE b4,b8 offered to provide a copy of the letter to the RO. ARD [b8 responded that FinCEN's lack of response was not an indication of non-objection and that management needed to adhere to the requirements without a specific exemption from FinCEN. CEO b4,b8 committed to communicating with FinCEN again on the issue in	

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b4,b8

Next, ARD b8 discussed the bank's liquidity position and risk management expectations based on the significant volume of digital asset based deposits on the balance sheet. b4,b8

ARD b8 discussed the importance of Board oversight, policy and risk limit development and approvals, and

ARD b8 discussed the importance of Board oversight, policy and risk limit development and approvals, and monitoring and reporting of deposit concentrations to ensure appropriate liquidity risk management. CEO b4,b8 responded that the Board is aware of the volume of digital asset based deposits accepted at the bank, and that monthly Board report track the volume of deposits. Management places the deposits in cash at the FRB, IBBBs, and through the b4,b8 network to expand FDIC deposit insurance coverage for the clients. EVP b4,b8 stated Board minutes will be expanded to ensure appropriate discussions, approvals, and limits are recorded.

The meeting concluded with EVP b4,b8 recapping the bank's commitment to expand Board meeting minutes, provide a copy of the b4,b8 (received at the RO on January 25, 2024) and the Board's response to the Visitation, and upload the quarterly update.