Federal Deposit Insurance Corporation
1100 Walnut Street, Suite 2100, Kansas City, MO 64106
Division of Risk Management Supervision

February 15, 2023

MEMORANDUM TO: Correspondence File

THROUGH: Richard E. Allen
Assistant Regional Director

FROM: b8
Case Manager

SUBJECT: b4,b8
Regional Office Meeting with b4,b8 Leadership

Regional Office management and staff hosted an introductory meeting with members of b4,b8 leadership team in the Kansas City Regional Office. CEO b4,b8, President b4,b8, and General Counsel b4,b8 b4,b8 represente b4,b8 RD Jim LaPierre, DRDs John Jilovec and Marianne Hartman, ARDs Rick Allen and E.J. Gowlovech, CM b8 SE b8, and SA RD b8 represented the FDIC.

DRD Jilovec opened the meeting by asking CE b4,b8 for an overview of her vision fo b4,b8 She responded that the bank will continue to offer similar products and services, but with improved technology that improves the overall experience for the customer. The bank will operate with two strategic directions. First b4,b8 will continue as a community bank providing for the financial needs of the local community. Management is revisiting their CRA investments in effort to reduce "fancy people" CRA contributions (e.g., events with large parties and expensive dinners) for projects and programs that make more of a direct impact on the needs of the community. They are working with b4,b8, the bank's core system provider, to upgrade systems and applications so they are more end-user friendly. She stated that changes they implement wit b4,b8 would extend to all b4,b8 community bank clients.

CE b4,b8 tated that the second strategic focus is enhancing the bank's b4,b8 model and working to find ways to improve the process. b4,b8 has a large team of software engineers experienced in the development of data platforms, APIs, and data mining. The team will create programs that facilitate the interface of the bank's core system with their third party part[illegible] Management hopes to collaborate with large, A+ third parties with future product offerings. She provided b4,b8 l, b4,b8, Stripe, and b4,b8 as examples of potential large third party partners for the bank. CEO b4,b8 is confident they can work with these large firms given her experience and relationships with many of their executives. DRD Jilovec inquired about CEO b4,b8 view of the bank's future footings, and she responded that she would like to grow into one of the largest banks in the U.S., with the reputation of an elite team based in b4,b8

ARD Allen inquired about the origin of the relationship wit b4,b8 Furthermore, b4,b8 owns a minority interest in b4,b8 CEO b4,b8 stated that her position on the b4,b8 board expired at the end of the year. General Counsel b4,b8 stated that CEO b4,b8 b4,b8 b4,b8 She also stated the relationship originated from the time they spent with b4,b8 b4,b8 b4,b8 was familiar with and comfortable with the management team at b4,b8 They liked tha b4,b8 was limited to Bitcoin and b4,b8

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b4,b8 management did not want to accept all crypto currencies as collateral at the start of this activity. General Counsel b4,b8 stated that management is not opposed to accepting other crypto currencies in the future, but they will restrict them to mature crypto currencies. They also liked that b4,b8 currently offers the product in the states they are licensed, so management could observe how the program worked and provided liquidity. b4,b8

b4,b8

b4,b8

CEO b4,b8 asked about the FDIC's opinion of crypto assets. RD LaPierre stated that the Kansas City Region and the FDIC are still learning the nuances of crypto-related activity and its impact on traditional banking. We are asking questions and gathering information from institutions engaging or considering engaging in crypto-related activities. We are not categorically opposed to banks engaging in crypto activities, but we need to ensure conduct the activity in a manner consistent with risk management expectations and consumer compliance requirements. DRD Jilovec added that they can expect the FDIC to soon pose additional questions regarding its planned b4,b8 and that we may have additional back and forth conversations as they respond and we learn more about the program.

The meeting concluded with President b4,b8 inquiring about potential periodic meetings between bank management and regional office personnel. He stated his opinion that the informal quarterly management updates are useful in keeping all parties aware of the bank's activities and the regulators' expectations (quarterly updates provided to FDIC and b8. The discussion concluded with supplementing the quarterly updates with periodic meetings either in-person or virtual. No decisions were made regarding specific timeframes for the periodic meetings.