

FAIR FINANCE WATCH, MATTHEW LEE

Proposal and Comment Information

Title: Request for Information and Comment on Reserve Bank Payment Account Prototype, OP-1877

Comment ID: FR-2025-0083-01-C84

Subject

Fair Finance Watch Comment Letter re: Request for Information and Comment on Reserve Bank Payment Account Prototype (Docket No. OP-1877)

Submitter Information

Organization Name: Fair Finance Watch

Organization Type: Organization

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Board of Governors of the Federal Reserve System
Attn: Mr. Benjamin W. McDonough Deputy Secretary and others
20th Street and Constitution Avenue NW
Washington, DC 20551

Fair Finance Watch Comment Letter re: Request for Information and Comment on Reserve Bank
Payment Account Prototype (Docket No. OP-1877)

Dear Deputy Secretary McDonough, others:

This is a timely comment on the Board of Governors of the Federal Reserve System's (FRB's) Request for Information and Comment on a Reserve Bank Payment Account Prototype (hereinafter the Payment Account).

Fair Finance Watch has three points to make on this:

First, while the FRB's proposal notes that some of those wanting these services / benefits have recently applied for banking licenses. FFW, as a commenter on a number of the Digital Asset Licensing Applications before the Office of the Comptroller of the Currency, asserts that gaining approval from the OCC is no guarantee of safeguards - Erebor, a military contractor, for example got a charter; on the current application of WLTC, the OCC is refusing to even acknowledge receipt of comments.

Second, since the Fed proposes to give some range of services / benefits to new institutions, some community reinvestment obligation should also be imposed.

Third, the proposal would leave discretion to the Reserve Banks. As FFW was been exploring on a number of pending applications such as those of Fulton Financial - Blue Foundry, and OceanFirst - Flushing Bank, the Reserve Banks suffer from a conflict of interest, with (these) banks on or having been on their Boards of Directors. Additionally, the Reserve Banks are not really governmental agencies. They should not be making these decisions, whether dressed up as delegated authority or otherwise (as was done on UBS' contested application to become a bank holding company in the run-up to its appearance before the Senate Judiciary (and perhaps Banking) Committee.

The FRB should take a close look at the entities speeding through the OCC's "review process" for Digital Asset applications before considering this proposal.

Thank you for your consideration,

Matthew R. Lee
Fair Finance Watch
(and Inner City Press)