MERITAGE HOLDINGS II, BARTHOLOMEW LORANG

Proposal and Comment Information

Title: Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-weighted Assets, R-1888

Comment ID: FR-2026-0008-01-C61

Submitter Information

Organization Name: Meritage Holdings II

Organization Type: Company

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To the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation:

I am writing as a business owner, investor, and entrepreneur who uses Bitcoin for corporate treasury reserve management. I am also actively rebuilding a historic mixed-use building at in with financing and operations underwritten in part by Bitcoin mining heat reuse — turning otherwise wasted energy into productive heating for a community-oriented project that includes local retail, a general store, and coworking space.

Bitcoin is not risk-free. It involves price volatility relative to the USD, custody risk, cybersecurity challenges, liquidity considerations, and operational risks. Banks that choose to engage with it should uphold strong controls, audited custody standards, prudent exposure limits, robust cybersecurity, and appropriate supervision.

However, Bitcoin is fundamentally different from other cryptoassets and high-risk instruments. It has no issuer, no borrower, no management team, no coupon or redemption promise, and no defaulting counterparty. It is an issuerless, decentralized, globally traded capital asset with a fixed, transparent supply schedule, a public settlement history on an open-source blockchain, and continuous market pricing. Its primary risks — market, custody, operational, hedging, and concentration — can and should be measured and capitalized directly through market-risk rules, operational-risk standards for custody and key management, recognition of hedging, and graduated concentration limits.

The proposed 1,250% risk weight is harsher than that applied to cash (0%), U.S. Treasuries (0%), gold (0%), A-rated corporate debt (50%), or even speculative equity (400%). At an 8% minimum capital ratio, this effectively requires banks to hold capital equal to or exceeding the full value of their Bitcoin exposure. This does not meaningfully enhance safety and soundness. Instead, it renders Bitcoin-related services — custody, settlement, secured lending, treasury management, payments, market-making, and hedging — economically impractical for regulated U.S. banks.

Pushing this activity offshore or into less-supervised channels would reduce consumer protection, weaken market integrity, complicate supervision, and harm U.S. competitiveness in financial technology. Americans deserve access to Bitcoin services from well-regulated, supervised domestic banks rather than workarounds or foreign providers.

I respectfully urge the agencies to:

Reject or significantly modify the 1,250% risk weight for Bitcoin.

Implement a tailored, risk-sensitive approach using market-risk capital for price exposure, operational-risk rules for custody and security, hedging recognition, audited controls, and prudent concentration limits.

Clearly distinguish Bitcoin from issuer-backed tokens, stablecoins, DeFi products, and other cryptoassets with different risk profiles.

Accurate, risk-based capital treatment would strengthen safety and soundness while supporting responsible innovation and American leadership in financial technology.

Thank you for considering this comment during the public review of the capital proposals.

Sincerely,

Bart Lorang