## Special Meeting Request by organizers of TNB Bank For extension of the Temporary Certificate of Authority August 18, 2020 10:00 a.m. Virtual Teams Meeting

Commissioner Perez called the meeting to order at 10:02am. He introduced himself and stated he is authorized by statute to render a final decision in this hearing. He introduced the staff assisting with this application: Mary Ellen O'Neill, Director of the Financial Institutions Division; Matt Saunig, Staff Attorney; and Jeanne Charbonneau, Assistant to the Commissioner who will be taking minutes. Erin Sullivan, Associate Financial Examiner, identified herself as a Department of Banking employee in attendance who worked on the application. This meeting is being held virtually on Teams. Matt Saunig will read the remainder of the opening statement.

Matt Saunig read the remainder of the opening statement, which is summarized here. The reason for the special meeting is to consider the request by the organizers of TNB USA Inc. ("TNB") for an extension of its temporary certificate of authority, which is due to expire on August 22, 2020. According to statute, the Commissioner may extend for cause the period for which a temporary certificate of authority is valid for an uninsured bank. The purpose of this hearing is to provide an opportunity to introduce evidence to be considered. A transcript will be prepared by the court reporter. Matt read the list of exhibits while the exhibits were viewed on the screen. Commissioner asked the organizers to introduce themselves and make their statement.

The Organizers introduced themselves: James McAndrews and Gene Park. They were sworn in by the court reporter.

Mr. McAndrews stated the bank is awaiting confirmation of the Federal Reserve Bank of NY to establish a master account for TNB. The Federal Reserve has delayed granting TNB an account which is why TNB filed a lawsuit on August 31, 2018 to enforce TNB's legal right to a master account. On March 25, 2020, the judge granted the Federal Reserve's motion to dismiss the case. TNB has decided not to appeal it but work directly with the Federal Reserve to resolve this delay.

Mr. McAndrews believes a factor that influenced the court is the release of advance notice of proposed rulemaking dedicated to narrow banks by the Federal Reserve in March 2019 which proposed several alternatives to the paying of interest on the reserves; one option is that they would earn 0%. Another factor is the Federal Reserve's resources extended to create over 14 new facilities to combat the COVID-19 pandemic. TNB hopes to resolve this issue within 12-18 months and request an extension to February 22, 2022.

The Commissioner asked if there were any changes to the business plan since the last extension hearing.

Mr. McAndrews said no changes to the plan.

Commissioner asked if there have been any staffing changes since the last extension.

Mr. McAndrews said they have the same personnel. Some staff are working in other activities, but all officers remain in place.

The Commissioner asked with the prolonged low interest rate environment, will that have any impact on TNB's strategy.

Mr. McAndrews said there are several developments that would affect TNB. One is prolonged low interest and another being the expansion in size of the Federal Reserve's balance sheet. Interest rate will not adversely affect TNB's business model. The expansion in US government debt and size of the Federal Reserve's balance sheet has caused a big expansion in money market mutual fund sector. This development would allow TNB to help the Federal Reserve manage large reserve balances created. All factors are supportive of TNB's business model.

Commissioner asked if there were any public comment. Before granting an extension, he must consider cause and will render a decision as practical as possible. He noted this was the first ever virtual hearing of the Department of Banking. The meeting was adjourned.

Meeting adjourned at 10:20 a.m.

