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MEMORANDUM

April 27, 2017

To Our Clients and Friends

Re: CSBS Sues OCC to Prevent Fintech Charters

The Conference of State Bank Supervisors (CSBS) has filed a complaint in U.S. District Court in Washington, D.C. against the Comptroller of the Currency alleging that the Comptroller's decision to issue special purpose national bank charters to fintech companies violates the National Bank Act and the Administrative Procedure Act.

The CSBS seeks to prevent the Comptroller from moving forward with its proposal to issue special purpose national bank charters to companies providing technology-driven financial services, such as payment processors, money transmitters and online lenders. The complaint contends that the National Bank Act requires that national banks to take deposits, whereas the Comptroller proposes to issue national bank charters to companies that engage only in paying checks or lending money, but not accepting deposits.

The CSBS also argues that in view of the significance of the Comptroller's decision, it should have initiated a rulemaking proceeding under the Administrative Procedure Act. The CSBS requests the court determine that the Comptroller does not have authority to issue special purpose national bank charters to fintech companies and asks for an injunction prohibiting the issuance of such charters.

A copy of the CSBS's complaint is available on our website at <http://www.schwartzandballen.com/news.html>

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker, or Magda Gathani at (202) 776-0700.