

# Congress of the United States

Washington, DC 20515

April 9, 2023

Jeremy Allaire  
CEO & Chairman of the Board  
Circle Internet Financial, LLC  
99 High St., Suite 1701  
Boston, MA 02110

Dear Mr. Allaire,

We write to inquire about your company’s decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB’s collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank’s failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits

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<sup>1</sup> Letter from Senator Elizabeth Warren to Former SVB CEO Gregory Becker, March 14, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.03.14%20Letter%20to%20Silicon%20Valley%20Bank%20re%20Lobbying%20for%20Deregulation2.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> New York Times, “Banking Turmoil: What We Know,” Vivian Giang, March 15, 2023, <https://www.nytimes.com/article/svb-silicon-valley-bank-explainer.html>.

<sup>4</sup> Washington Post, “Bank deposit fund loses billions as buyer found for failed SVB’s assets,” Aaron Gregg and Bryan Pietsch, March 27, 2023, <https://www.washingtonpost.com/business/2023/03/27/silicon-valley-bank-sold-first-citizens/>.

<sup>5</sup> Bloomberg, “How Silicon Valley Bank Served the Tech Industry and Beyond,” Michael Tobin and Hannah Miller, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/silicon-valley-bank-the-investor-lender-networker-of-startups>.

<sup>6</sup> Bloomberg, “SVB’s Demise Swirled on Private VC, Founder Networks Before Hitting Twitter,” Saritha Rai, Lizette Chapman, Sarah McBride, and Priya Anand, March 29, 2023, <https://www.bloomberg.com/news/articles/2023-03-29/svb-bank-run-fears-swirled-on-vc-founder-networks-before-hitting-twitter?srnd=premium>.

– more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had \$3.3 billion of its crypto reserves at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large

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<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> CNBC, “Crypto firm Circle reveals \$3.3 billion exposure to Silicon Valley Bank,” March 11, 2023, <https://www.cnbc.com/2023/03/11/crypto-firm-circle-reveals-3point3-bln-exposure-to-silicon-valley-bank.html>.

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<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-start-ups.html?searchResultPosition=1>.

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<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-ves-happy>.

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companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “‘special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Circle had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?
  - a. Over the course of that relationship, how much money has Circle deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.

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<sup>17</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

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<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

<sup>22</sup> Yahoo! News, “Hill frustrations simmer over banking chief,” Victoria Guida, March 28, 2023, <https://news.yahoo.com/hill-frustrations-simmer-over-banking-213543058.html>.

- b. Did SVB or any of its affiliated entities invest in Circle or any of its affiliated entities?
2. Did Circle have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?
3. What were the specific terms and conditions of Circle's relationship as a depositor with SVB?
4. Did any Circle executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did Circle or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at Circle made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
  - b. Did Circle executives or Board members ever discuss or raise concerns about the company holding such a large quantity of non-FDIC insured assets? If so, what was the nature of these discussions?
7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to Circle or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did Circle executives or any individual representing Circle contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,



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Elizabeth Warren  
United States Senator



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Alexandria Ocasio-Cortez  
Member of Congress

# Congress of the United States

Washington, DC 20515

April 9, 2023

David Apelian, M.D., Ph.D.  
Director & CEO  
Eiger BioPharmaceuticals, Inc.  
2155 Park Blvd.  
Palo Alto, CA 94306

Dear Dr. Apelian,

We write to inquire about your company's decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB's collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank's failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits – more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far

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<sup>6</sup> Bloomberg, “SVB's Demise Swirled on Private VC, Founder Networks Before Hitting Twitter,” Saritha Rai, Lizette Chapman, Sarah McBride, and Priya Anand, March 29, 2023, <https://www.bloomberg.com/news/articles/2023-03-29/svb-bank-run-fears-swirled-on-vc-founder-networks-before-hitting-twitter?srnd=premium>.

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more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had about \$8.3 million in holdings at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

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In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also

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<sup>10</sup> Forbes, “These Companies—Roku, Circle, Roblox And More—Held Major Funds In Silicon Valley Bank When It Crashed,” Ty Roush, March 11, 2023, <https://www.forbes.com/sites/tylerroush/2023/03/11/these-companies-roku-lendingclub-roblox-and-more-held-major-funds-in-silicon-valley-bank-when-it-crashed/?sh=664d29f23d6e>.

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The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Eiger had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?
  - a. Over the course of that relationship, how much money has Eiger deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in Eiger or any of its affiliated entities?
2. Did Eiger have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?

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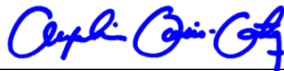
<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

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8. In the days immediately prior to or after the collapse of SVB, did Eiger executives or any individual representing Eiger contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,

  
\_\_\_\_\_  
Elizabeth Warren  
United States Senator

  
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Alexandria Ocasio-Cortez  
Member of Congress



# Congress of the United States

Washington, DC 20515

April 9, 2023

Jason Kelly, Ph.D.  
Co-Founder & CEO  
Ginkgo Bioworks Holding, Inc.  
27 Drydock, 8<sup>th</sup> Floor  
Boston, MA 02210

Dear Dr. Kelly,

We write to inquire about your company's decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB's collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank's failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

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<sup>7</sup> Washington Post, “These companies had billions of dollars at risk in Silicon Valley Bank,” Caitlin Gilbert, Alyssa Fowers, Jacob Bogage, and Daniel Wolfe, March 15, 2023, <https://www.washingtonpost.com/business/2023/03/15/svb-billions-uninsured-assets-companies/>.

<sup>8</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> Boston Business Journal, “Ginkgo Bioworks’ biggest acquisition has \$74M tied up in SVB,” Rowan Walrath, March 13, 2023, <https://www.bizjournals.com/boston/news/2023/03/13/ginkgo-bioworks-zymergen-silicon-valley-bank-svb.html>.

<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>14</sup> *Id.*

<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-ves-happy>.

sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Gingko had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?

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<sup>16</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Finkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>17</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

<sup>19</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.


<sup>20</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

<sup>22</sup> Yahoo! News, “Hill frustrations simmer over banking chief,” Victoria Guida, March 28, 2023, <https://news.yahoo.com/hill-frustrations-simmer-over-banking-213543058.html>.

- a. Over the course of that relationship, how much money has Gingko deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in Gingko or any of its affiliated entities?
2. Did Gingko have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?
3. What were the specific terms and conditions of Gingko's relationship as a depositor with SVB?
4. Did any Gingko executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did Gingko or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at Gingko made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
  - b. Did Gingko executives or Board members ever discuss or raise concerns about the company holding such a large quantity of non-FDIC insured assets? If so, what was the nature of these discussions?
7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to Gingko or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did Gingko executives or any individual representing Gingko contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,

  
\_\_\_\_\_  
Elizabeth Warren  
United States Senator

  
\_\_\_\_\_  
Alexandria Ocasio-Cortez  
Member of Congress

# Congress of the United States

Washington, DC 20515

April 9, 2023

Quentin Blackford  
President & CEO  
iRhythm Technologies, Inc.  
699 8<sup>th</sup> St., Suite 600  
San Francisco, CA 94103

Dear Mr. Blackford,

We write to inquire about your company’s decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB’s collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank’s failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits – more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far

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<sup>1</sup> Letter from Senator Elizabeth Warren to Former SVB CEO Gregory Becker, March 14, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.03.14%20Letter%20to%20Silicon%20Valley%20Bank%20re%20Lobbying%20for%20Deregulation2.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> New York Times, “Banking Turmoil: What We Know,” Vivian Giang, March 15, 2023, <https://www.nytimes.com/article/svb-silicon-valley-bank-explainer.html>.

<sup>4</sup> Washington Post, “Bank deposit fund loses billions as buyer found for failed SVB’s assets,” Aaron Gregg and Bryan Pietsch, March 27, 2023, <https://www.washingtonpost.com/business/2023/03/27/silicon-valley-bank-sold-first-citizens/>.

<sup>5</sup> Bloomberg, “How Silicon Valley Bank Served the Tech Industry and Beyond,” Michael Tobin and Hannah Miller, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/silicon-valley-bank-the-investor-lender-networker-of-startups>.

<sup>6</sup> Bloomberg, “SVB’s Demise Swirled on Private VC, Founder Networks Before Hitting Twitter,” Saritha Rai, Lizette Chapman, Sarah McBride, and Priya Anand, March 29, 2023, <https://www.bloomberg.com/news/articles/2023-03-29/svb-bank-run-fears-swirled-on-vc-founder-networks-before-hitting-twitter?srnd=premium>.

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<sup>8</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had about \$54.5 million in holdings at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also

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<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> Forbes, “These Companies—Roku, Circle, Roblox And More—Held Major Funds In Silicon Valley Bank When It Crashed,” Ty Roush, March 11, 2023, <https://www.forbes.com/sites/tylerroush/2023/03/11/these-companies-roku-lendingclub-roblox-and-more-held-major-funds-in-silicon-valley-bank-when-it-crashed/?sh=664d29f23d6e>.

<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-start-ups.html?searchResultPosition=1>.

<sup>14</sup> *Id.*

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The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has iRhythm had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?
  - a. Over the course of that relationship, how much money has iRhythm deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in iRhythm or any of its affiliated entities?
2. Did iRhythm have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?

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<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

<sup>19</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-ves-happy>.

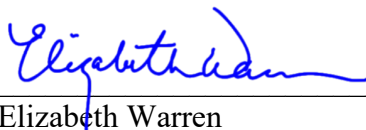
<sup>20</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

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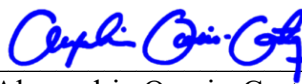
3. What were the specific terms and conditions of iRhythm's relationship as a depositor with SVB?
4. Did any iRhythm executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did iRhythm or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at iRhythm made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
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7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to iRhythm or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did iRhythm executives or any individual representing iRhythm contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,



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Elizabeth Warren  
United States Senator



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Alexandria Ocasio-Cortez  
Member of Congress



# Congress of the United States

Washington, DC 20515

April 9, 2023

Scott Sanborn  
CEO  
LendingClub Corporation  
595 Market St., Suite 200  
San Francisco, CA 94105

Dear Mr. Sanborn,

We write to inquire about your company's decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB's collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank's failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits – more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far

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<sup>1</sup> Letter from Senator Elizabeth Warren to Former SVB CEO Gregory Becker, March 14, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.03.14%20Letter%20to%20Silicon%20Valley%20Bank%20re%20Lobbying%20for%20Deregulation2.pdf>.

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more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had about \$21 million in holdings at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also

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<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

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<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-ves-happy>.

<sup>16</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>17</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has LendingClub had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?
  - a. Over the course of that relationship, how much money has LendingClub deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in LendingClub or any of its affiliated entities?
2. Did LendingClub have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?

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<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

<sup>19</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.


<sup>20</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.


<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

<sup>22</sup> Yahoo! News, “Hill frustrations simmer over banking chief,” Victoria Guida, March 28, 2023, <https://news.yahoo.com/hill-frustrations-simmer-over-banking-213543058.html>.

3. What were the specific terms and conditions of LendingClub's relationship as a depositor with SVB?
4. Did any LendingClub executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did LendingClub or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at LendingClub made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
  - b. Did LendingClub executives or Board members ever discuss or raise concerns about the company holding such a large quantity of non-FDIC insured assets? If so, what was the nature of these discussions?
7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to LendingClub or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did LendingClub executives or any individual representing LendingClub contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,

  
\_\_\_\_\_  
Elizabeth Warren  
United States Senator

  
\_\_\_\_\_  
Alexandria Ocasio-Cortez  
Member of Congress

# Congress of the United States

Washington, DC 20515

April 9, 2023

Theodore Ashburn, M.D., Ph.D.  
Director, President, & CEO  
Oncorus, Inc.  
4 Corporate Drive  
Andover, MA 01810

Dear Dr. Ashburn,

We write to inquire about your company's decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB's collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank's failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits – more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far

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<sup>1</sup> Letter from Senator Elizabeth Warren to Former SVB CEO Gregory Becker, March 14, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.03.14%20Letter%20to%20Silicon%20Valley%20Bank%20re%20Lobbying%20for%20Deregulation2.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> New York Times, “Banking Turmoil: What We Know,” Vivian Giang, March 15, 2023, <https://www.nytimes.com/article/svb-silicon-valley-bank-explainer.html>.

<sup>4</sup> Washington Post, “Bank deposit fund loses billions as buyer found for failed SVB's assets,” Aaron Gregg and Bryan Pietsch, March 27, 2023, <https://www.washingtonpost.com/business/2023/03/27/silicon-valley-bank-sold-first-citizens/>.

<sup>5</sup> Bloomberg, “How Silicon Valley Bank Served the Tech Industry and Beyond,” Michael Tobin and Hannah Miller, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/silicon-valley-bank-the-investor-lender-networker-of-startups>.

<sup>6</sup> Bloomberg, “SVB's Demise Swirled on Private VC, Founder Networks Before Hitting Twitter,” Saritha Rai, Lizette Chapman, Sarah McBride, and Priya Anand, March 29, 2023, <https://www.bloomberg.com/news/articles/2023-03-29/svb-bank-run-fears-swirled-on-vc-founder-networks-before-hitting-twitter?srd=premium>.

<sup>7</sup> Washington Post, “These companies had billions of dollars at risk in Silicon Valley Bank,” Caitlin Gilbert, Alyssa Fowers, Jacob Bogage, and Daniel Wolfe, March 15, 2023, <https://www.washingtonpost.com/business/2023/03/15/svb-billions-uninsured-assets-companies/>.

<sup>8</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had about \$10 million in holdings at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also

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<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> Forbes, “These Companies—Roku, Circle, Roblox And More—Held Major Funds In Silicon Valley Bank When It Crashed,” Ty Roush, March 11, 2023, <https://www.forbes.com/sites/tylerroush/2023/03/11/these-companies-roku-lendingclub-roblox-and-more-held-major-funds-in-silicon-valley-bank-when-it-crashed/?sh=664d29f23d6e>.

<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>14</sup> *Id.*

<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.

<sup>16</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

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indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Oncorus had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?
  - a. Over the course of that relationship, how much money has Oncorus deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in Oncorus or any of its affiliated entities?
2. Did Oncorus have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?

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<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

<sup>19</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-ves-happy>.


<sup>20</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

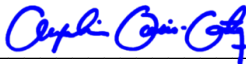
<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

<sup>22</sup> Yahoo! News, “Hill frustrations simmer over banking chief,” Victoria Guida, March 28, 2023, <https://news.yahoo.com/hill-frustrations-simmer-over-banking-213543058.html>.

3. What were the specific terms and conditions of Oncorus's relationship as a depositor with SVB?
4. Did any Oncorus executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did Oncorus or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at Oncorus made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
  - b. Did Oncorus executives or Board members ever discuss or raise concerns about the company holding such a large quantity of non-FDIC insured assets? If so, what was the nature of these discussions?
7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to Oncorus or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did Oncorus executives or any individual representing Oncorus contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,

  
\_\_\_\_\_  
Elizabeth Warren  
United States Senator

  
\_\_\_\_\_  
Alexandria Ocasio-Cortez  
Member of Congress



# Congress of the United States

Washington, DC 20515

April 9, 2023

John Caplan  
CEO & Director  
Payoneer Global, Inc.  
59150 W 30<sup>th</sup> St.  
New York City, NY 10001

Dear Mr. Caplan,

We write to inquire about your company's decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB's collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank's failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits – more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing

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<sup>1</sup> Letter from Senator Elizabeth Warren to Former SVB CEO Gregory Becker, March 14, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.03.14%20Letter%20to%20Silicon%20Valley%20Bank%20re%20Lobbying%20for%20Deregulation2.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> New York Times, “Banking Turmoil: What We Know,” Vivian Giang, March 15, 2023, <https://www.nytimes.com/article/svb-silicon-valley-bank-explainer.html>.

<sup>4</sup> Washington Post, “Bank deposit fund loses billions as buyer found for failed SVB's assets,” Aaron Gregg and Bryan Pietsch, March 27, 2023, <https://www.washingtonpost.com/business/2023/03/27/silicon-valley-bank-sold-first-citizens/>.

<sup>5</sup> Bloomberg, “How Silicon Valley Bank Served the Tech Industry and Beyond,” Michael Tobin and Hannah Miller, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/silicon-valley-bank-the-investor-lender-networker-of-startups>.

<sup>6</sup> Bloomberg, “SVB's Demise Swirled on Private VC, Founder Networks Before Hitting Twitter,” Saritha Rai, Lizette Chapman, Sarah McBride, and Priya Anand, March 29, 2023, <https://www.bloomberg.com/news/articles/2023-03-29/svb-bank-run-fears-swirled-on-vc-founder-networks-before-hitting-twitter?srnd=premium>.

<sup>7</sup> Washington Post, “These companies had billions of dollars at risk in Silicon Valley Bank,” Caitlin Gilbert, Alyssa Fowers, Jacob Bogage, and Daniel Wolfe, March 15, 2023, <https://www.washingtonpost.com/business/2023/03/15/svb-billions-uninsured-assets-companies/>.

<sup>8</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had about \$20 million held at SVB through a combination of cash deposits and money market funds.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also

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<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> Seeking Alpha, “Payoneer, Unity Software, BILL among others to disclose exposure to Silicon Valley Bank,” Manshi Mamtora, March 13, 2023, <https://seekingalpha.com/news/3946702-payoneer-cohu-bill-among-others-to-disclose-exposure-to-silicon-valley-bank>.

<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-start-ups.html?searchResultPosition=1>.

<sup>14</sup> *Id.*

<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-ves-happy>.

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indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Payoneer had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?
  - a. Over the course of that relationship, how much money has Payoneer deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in Payoneer or any of its affiliated entities?
2. Did Payoneer have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?

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<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

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<sup>20</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

<sup>22</sup> Yahoo! News, “Hill frustrations simmer over banking chief,” Victoria Guida, March 28, 2023, <https://news.yahoo.com/hill-frustrations-simmer-over-banking-213543058.html>.

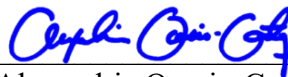
3. What were the specific terms and conditions of Payoneer's relationship as a depositor with SVB?
4. Did any Payoneer executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did Payoneer or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at Payoneer made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
  - b. Did Payoneer executives or Board members ever discuss or raise concerns about the company holding such a large quantity of non-FDIC insured assets? If so, what was the nature of these discussions?
7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to Payoneer or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did Payoneer executives or any individual representing Payoneer contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,



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Elizabeth Warren  
United States Senator



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Alexandria Ocasio-Cortez  
Member of Congress

# Congress of the United States

Washington, DC 20515

April 9, 2023

Dinesh V. Patel, Ph. D.  
Director, President, & CEO  
Protagonist Therapeutics, Inc.  
7707 Gateway Blvd., Suite 140  
Newark, CA 94560

Dear Dr. Patel,

We write to inquire about your company's decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB's collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank's failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits – more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far

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<sup>1</sup> Letter from Senator Elizabeth Warren to Former SVB CEO Gregory Becker, March 14, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.03.14%20Letter%20to%20Silicon%20Valley%20Bank%20re%20Lobbying%20for%20Deregulation2.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> New York Times, “Banking Turmoil: What We Know,” Vivian Giang, March 15, 2023, <https://www.nytimes.com/article/svb-silicon-valley-bank-explainer.html>.

<sup>4</sup> Washington Post, “Bank deposit fund loses billions as buyer found for failed SVB's assets,” Aaron Gregg and Bryan Pietsch, March 27, 2023, <https://www.washingtonpost.com/business/2023/03/27/silicon-valley-bank-sold-first-citizens/>.

<sup>5</sup> Bloomberg, “How Silicon Valley Bank Served the Tech Industry and Beyond,” Michael Tobin and Hannah Miller, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/silicon-valley-bank-the-investor-lender-networker-of-startups>.

<sup>6</sup> Bloomberg, “SVB's Demise Swirled on Private VC, Founder Networks Before Hitting Twitter,” Saritha Rai, Lizette Chapman, Sarah McBride, and Priya Anand, March 29, 2023, <https://www.bloomberg.com/news/articles/2023-03-29/svb-bank-run-fears-swirled-on-vc-founder-networks-before-hitting-twitter?srnd=premium>.

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more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had about \$13 million in holdings at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also

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<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> Forbes, “These Companies—Roku, Circle, Roblox And More—Held Major Funds In Silicon Valley Bank When It Crashed,” Ty Roush, March 11, 2023, <https://www.forbes.com/sites/tylerroush/2023/03/11/these-companies-roku-lendingclub-roblox-and-more-held-major-funds-in-silicon-valley-bank-when-it-crashed/?sh=664d29f23d6e>.

<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>14</sup> *Id.*

<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.

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indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Protagonist had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?
  - a. Over the course of that relationship, how much money has Protagonist deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in Protagonist or any of its affiliated entities?
2. Did Protagonist have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?

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<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

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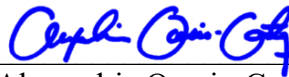
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6. Who at Protagonist made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
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7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to Protagonist or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did Protagonist executives or any individual representing Protagonist contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,



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Elizabeth Warren  
United States Senator



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Alexandria Ocasio-Cortez  
Member of Congress



# Congress of the United States

Washington, DC 20515

April 9, 2023

David Baszucki  
Founder & CEO  
Roblox Corporation  
970 Park Place  
Suite 100  
San Mateo, CA 94401

Dear Mr. Baszucki,

We write to inquire about your company's decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB's collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank's failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits

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– more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had about \$150 million worth of its cash and securities deposited at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and

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<sup>10</sup> Cartoon Brew, “Roblox Had \$150M Deposited At Silicon Valley Bank When It Crashed Last Week,” Jamie Lang, March 13, 2023, <https://www.cartoonbrew.com/business/roblox-silicon-valley-bank-roblox-vimeo-226922.html>.

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sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Roblox had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?

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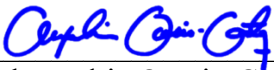
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Sincerely,

  
\_\_\_\_\_  
Elizabeth Warren  
United States Senator

  
\_\_\_\_\_  
Alexandria Ocasio-Cortez  
Member of Congress

# Congress of the United States

Washington, DC 20515

April 9, 2023

Peter Beck  
Founder & CEO  
Rocket Lab USA, Inc.  
3881 McGowen St.  
Long Beach, CA 90808

Dear Mr. Beck,

We write to inquire about your company’s decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB’s collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank’s failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

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<sup>1</sup> Letter from Senator Elizabeth Warren to Former SVB CEO Gregory Becker, March 14, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.03.14%20Letter%20to%20Silicon%20Valley%20Bank%20re%20Lobbying%20for%20Deregulation2.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> New York Times, “Banking Turmoil: What We Know,” Vivian Giang, March 15, 2023, <https://www.nytimes.com/article/svb-silicon-valley-bank-explainer.html>.

<sup>4</sup> Washington Post, “Bank deposit fund loses billions as buyer found for failed SVB’s assets,” Aaron Gregg and Bryan Pietsch, March 27, 2023, <https://www.washingtonpost.com/business/2023/03/27/silicon-valley-bank-sold-first-citizens/>.

<sup>5</sup> Bloomberg, “How Silicon Valley Bank Served the Tech Industry and Beyond,” Michael Tobin and Hannah Miller, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/silicon-valley-bank-the-investor-lender-networker-of-startups>.

<sup>6</sup> Bloomberg, “SVB’s Demise Swirled on Private VC, Founder Networks Before Hitting Twitter,” Saritha Rai, Lizette Chapman, Sarah McBride, and Priya Anand, March 29, 2023, <https://www.bloomberg.com/news/articles/2023-03-29/svb-bank-run-fears-swirled-on-vc-founder-networks-before-hitting-twitter?srnd=premium>.

– more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had about \$38 million of its cash held at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and

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<sup>7</sup> Washington Post, “These companies had billions of dollars at risk in Silicon Valley Bank,” Caitlin Gilbert, Alyssa Fowers, Jacob Bogage, and Daniel Wolfe, March 15, 2023, <https://www.washingtonpost.com/business/2023/03/15/svb-billions-uninsured-assets-companies/>.

<sup>8</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> Forbes, “These Companies—Roku, Circle, Roblox And More—Held Major Funds In Silicon Valley Bank When It Crashed,” Ty Roush, March 11, 2023, <https://www.forbes.com/sites/tylerroush/2023/03/11/these-companies-roku-lendingclub-roblox-and-more-held-major-funds-in-silicon-valley-bank-when-it-crashed/?sh=664d29f23d6e>.

<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-start-ups.html?searchResultPosition=1>.

<sup>14</sup> *Id.*

<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.

sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Rocket Lab had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?

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<sup>16</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>17</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

<sup>19</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.


<sup>20</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

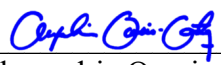
<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

<sup>22</sup> Yahoo! News, “Hill frustrations simmer over banking chief,” Victoria Guida, March 28, 2023, <https://news.yahoo.com/hill-frustrations-simmer-over-banking-213543058.html>.

- a. Over the course of that relationship, how much money has Rocket Lab deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in Rocket Lab or any of its affiliated entities?
2. Did Rocket Lab have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?
3. What were the specific terms and conditions of Rocket Lab's relationship as a depositor with SVB?
4. Did any Rocket Lab executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did Rocket Lab or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at Rocket Lab made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
  - b. Did Rocket Lab executives or Board members ever discuss or raise concerns about the company holding such a large quantity of non-FDIC insured assets? If so, what was the nature of these discussions?
7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to Rocket Lab or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did Rocket Lab executives or any individual representing Rocket Lab contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,

  
\_\_\_\_\_  
Elizabeth Warren  
United States Senator

  
\_\_\_\_\_  
Alexandria Ocasio-Cortez  
Member of Congress



# Congress of the United States

Washington, DC 20515

April 9, 2023

Anthony Wood  
Founder, CEO, & Chairman of the Board  
Roku, Inc.  
1701 Junction Court, Suite 100  
San Jose, CA 95112

Dear Mr. Wood,

We write to inquire about your company’s decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB’s collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank’s failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits

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<sup>1</sup> Letter from Senator Elizabeth Warren to Former SVB CEO Gregory Becker, March 14, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.03.14%20Letter%20to%20Silicon%20Valley%20Bank%20re%20Lobbying%20for%20Deregulation2.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> New York Times, “Banking Turmoil: What We Know,” Vivian Giang, March 15, 2023, <https://www.nytimes.com/article/svb-silicon-valley-bank-explainer.html>.

<sup>4</sup> Washington Post, “Bank deposit fund loses billions as buyer found for failed SVB’s assets,” Aaron Gregg and Bryan Pietsch, March 27, 2023, <https://www.washingtonpost.com/business/2023/03/27/silicon-valley-bank-sold-first-citizens/>.

<sup>5</sup> Bloomberg, “How Silicon Valley Bank Served the Tech Industry and Beyond,” Michael Tobin and Hannah Miller, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/silicon-valley-bank-the-investor-lender-networker-of-startups>.

<sup>6</sup> Bloomberg, “SVB’s Demise Swirled on Private VC, Founder Networks Before Hitting Twitter,” Saritha Rai, Lizette Chapman, Sarah McBride, and Priya Anand, March 29, 2023, <https://www.bloomberg.com/news/articles/2023-03-29/svb-bank-run-fears-swirled-on-vc-founder-networks-before-hitting-twitter?srnd=premium>.

– more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had almost \$500 million of its cash reserves at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large

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<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> CNN, “These companies held money at Silicon Valley Bank and aren’t sure if they’ll recover the funds,” Ramishah Maruf, March 11, 2023, <https://www.cnn.com/2023/03/10/business/roku-svb-cash/index.html>.

<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-start-ups.html?searchResultPosition=1>.

<sup>14</sup> *Id.*

<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-ves-happy>.

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companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “‘special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Roku had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?
  - a. Over the course of that relationship, how much money has Roku deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.

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<sup>17</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

<sup>19</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.


<sup>20</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

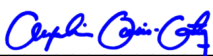
<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

<sup>22</sup> Yahoo! News, “Hill frustrations simmer over banking chief,” Victoria Guida, March 28, 2023, <https://news.yahoo.com/hill-frustrations-simmer-over-banking-213543058.html>.

- b. Did SVB or any of its affiliated entities invest in Roku or any of its affiliated entities?
2. Did Roku have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?
3. What were the specific terms and conditions of Roku's relationship as a depositor with SVB?
4. Did any Roku executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did Roku or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at Roku made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
  - b. Did Roku executives or Board members ever discuss or raise concerns about the company holding such a large quantity of non-FDIC insured assets? If so, what was the nature of these discussions?
7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to Roku or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did Roku executives or any individual representing Roku contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,

  
\_\_\_\_\_  
Elizabeth Warren  
United States Senator

  
\_\_\_\_\_  
Alexandria Ocasio-Cortez  
Member of Congress

# Congress of the United States

Washington, DC 20515

April 9, 2023

Sandy Macrae, M.B., Ch.B., Ph.D.  
President & CEO  
Sangamo Therapeutics, Inc.  
7000 Marina Blvd.  
Brisbane, CA 94005

Dear Dr. Macrae,

We write to inquire about your company's decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB's collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank's failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits

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<sup>5</sup> Bloomberg, "How Silicon Valley Bank Served the Tech Industry and Beyond," Michael Tobin and Hannah Miller, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/silicon-valley-bank-the-investor-lender-networker-of-startups>.

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– more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had about \$34 million in holdings at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and

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<sup>7</sup> Washington Post, “These companies had billions of dollars at risk in Silicon Valley Bank,” Caitlin Gilbert, Alyssa Fowers, Jacob Bogage, and Daniel Wolfe, March 15, 2023, <https://www.washingtonpost.com/business/2023/03/15/svb-billions-uninsured-assets-companies/>.

<sup>8</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> Forbes, “These Companies—Roku, Circle, Roblox And More—Held Major Funds In Silicon Valley Bank When It Crashed,” Ty Roush, March 11, 2023, <https://www.forbes.com/sites/tylerroush/2023/03/11/these-companies-roku-lendingclub-roblox-and-more-held-major-funds-in-silicon-valley-bank-when-it-crashed/?sh=664d29f23d6e>.

<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>14</sup> *Id.*

<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.

sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Sangamo had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?

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<sup>16</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>17</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

<sup>19</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.


<sup>20</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

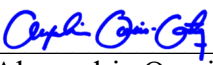
<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

<sup>22</sup> Yahoo! News, “Hill frustrations simmer over banking chief,” Victoria Guida, March 28, 2023, <https://news.yahoo.com/hill-frustrations-simmer-over-banking-213543058.html>.

- a. Over the course of that relationship, how much money has Sangamo deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in Sangamo or any of its affiliated entities?
2. Did Sangamo have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?
3. What were the specific terms and conditions of Sangamo's relationship as a depositor with SVB?
4. Did any Sangamo executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did Sangamo or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at Sangamo made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
  - b. Did Sangamo executives or Board members ever discuss or raise concerns about the company holding such a large quantity of non-FDIC insured assets? If so, what was the nature of these discussions?
7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to Sangamo or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did Sangamo executives or any individual representing Sangamo contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,

  
\_\_\_\_\_  
Elizabeth Warren  
United States Senator

  
\_\_\_\_\_  
Alexandria Ocasio-Cortez  
Member of Congress



# Congress of the United States

Washington, DC 20515

April 9, 2023

Zac Prince  
CEO & Founder  
BlockFi  
201 Montgomery St., #263  
Jersey City, NJ 07302

Dear Mr. Prince,

We write to inquire about your company's decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB's collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank's failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits

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<sup>1</sup> Letter from Senator Elizabeth Warren to Former SVB CEO Gregory Becker, March 14, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.03.14%20Letter%20to%20Silicon%20Valley%20Bank%20re%20Lobbying%20for%20Deregulation2.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> New York Times, "Banking Turmoil: What We Know," Vivian Giang, March 15, 2023, <https://www.nytimes.com/article/svb-silicon-valley-bank-explainer.html>.

<sup>4</sup> Washington Post, "Bank deposit fund loses billions as buyer found for failed SVB's assets," Aaron Gregg and Bryan Pietsch, March 27, 2023, <https://www.washingtonpost.com/business/2023/03/27/silicon-valley-bank-sold-first-citizens/>.

<sup>5</sup> Bloomberg, "How Silicon Valley Bank Served the Tech Industry and Beyond," Michael Tobin and Hannah Miller, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/silicon-valley-bank-the-investor-lender-networker-of-startups>.

<sup>6</sup> Bloomberg, "SVB's Demise Swirled on Private VC, Founder Networks Before Hitting Twitter," Saritha Rai, Lizette Chapman, Sarah McBride, and Priya Anand, March 29, 2023, <https://www.bloomberg.com/news/articles/2023-03-29/svb-bank-run-fears-swirled-on-vc-founder-networks-before-hitting-twitter?srnd=premium>.

– more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had \$227 million of exposure at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and

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<sup>7</sup> Washington Post, “These companies had billions of dollars at risk in Silicon Valley Bank,” Caitlin Gilbert, Alyssa Fowers, Jacob Bogage, and Daniel Wolfe, March 15, 2023, <https://www.washingtonpost.com/business/2023/03/15/svb-billions-uninsured-assets-companies/>.

<sup>8</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> Bloomberg News, “BlockFi is ‘Fine’ Despite \$227 Million SVB Exposure, Lawyer Says,” March 13, 2023, <https://www.bloomberg.com/news/articles/2023-03-13/blockfi-is-fine-despite-227-million-svb-exposure-lawyer-says>.

<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>14</sup> *Id.*

<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-ves-happy>.

sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has Circle had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?

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<sup>16</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>17</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

<sup>19</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.


<sup>20</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

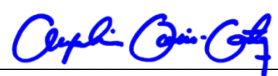
<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

<sup>22</sup> Yahoo! News, “Hill frustrations simmer over banking chief,” Victoria Guida, March 28, 2023, <https://news.yahoo.com/hill-frustrations-simmer-over-banking-213543058.html>.

- a. Over the course of that relationship, how much money has Circle deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in Circle or any of its affiliated entities?
2. Did Circle have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?
3. What were the specific terms and conditions of Circle's relationship as a depositor with SVB?
4. Did any Circle executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did Circle or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at Circle made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
  - b. Did Circle executives or Board members ever discuss or raise concerns about the company holding such a large quantity of non-FDIC insured assets? If so, what was the nature of these discussions?
7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to Circle or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did Circle executives or any individual representing Circle contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,

  
\_\_\_\_\_  
Elizabeth Warren  
United States Senator

  
\_\_\_\_\_  
Alexandria Ocasio-Cortez  
Member of Congress

# Congress of the United States

Washington, DC 20515

April 9, 2023

René Lacerte  
CEO & Founder  
BILL.com Holdings, Inc.  
6220 America Center Dr., Suite 100  
San Jose, CA 95002

Dear Mr. Lacerte,

We write to inquire about your company’s decision to bank with and maintain large, uninsured deposits at Silicon Valley Bank (SVB). The primary cause of SVB’s collapse was a failure by its top executives to protect against obvious risks.<sup>1</sup> These management failures were compounded by a series of regulatory and supervisory failures by key regulatory officials.<sup>2</sup> But since the bank’s failure,<sup>3</sup> we have learned about several additional factors that may have hastened its demise or created the systemic risks that ultimately forced bank regulators to guarantee billions of dollars of deposits and created a \$20 billion loss to the Deposit Insurance Fund – the largest in history.<sup>4</sup>

In at least two key ways, SVB did not function like a normal bank: first, the bank catered almost entirely to the tech industry – banking roughly half of all venture-backed startups in the country<sup>5</sup> – and a closely networked group of venture capitalists and tech industry founders. This group created the kindling for a rapid, private messaging and chat-room-driven run on the bank that ultimately caused its failure.<sup>6</sup> And second, when the bank failed, the vast majority of its deposits

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<sup>1</sup> Letter from Senator Elizabeth Warren to Former SVB CEO Gregory Becker, March 14, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.03.14%20Letter%20to%20Silicon%20Valley%20Bank%20re%20Lobbying%20for%20Deregulation2.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> New York Times, “Banking Turmoil: What We Know,” Vivian Giang, March 15, 2023, <https://www.nytimes.com/article/svb-silicon-valley-bank-explainer.html>.

<sup>4</sup> Washington Post, “Bank deposit fund loses billions as buyer found for failed SVB’s assets,” Aaron Gregg and Bryan Pietsch, March 27, 2023, <https://www.washingtonpost.com/business/2023/03/27/silicon-valley-bank-sold-first-citizens/>.

<sup>5</sup> Bloomberg, “How Silicon Valley Bank Served the Tech Industry and Beyond,” Michael Tobin and Hannah Miller, March 10, 2023, <https://www.bloomberg.com/news/articles/2023-03-10/silicon-valley-bank-the-investor-lender-networker-of-startups>.

<sup>6</sup> Bloomberg, “SVB’s Demise Swirled on Private VC, Founder Networks Before Hitting Twitter,” Saritha Rai, Lizette Chapman, Sarah McBride, and Priya Anand, March 29, 2023, <https://www.bloomberg.com/news/articles/2023-03-29/svb-bank-run-fears-swirled-on-vc-founder-networks-before-hitting-twitter?srnd=premium>.

– more than 90 percent<sup>7</sup> – were in accounts worth more than \$250,000.<sup>8</sup> Some were worth far more: we learned at a recent Senate Banking, Housing, and Urban Affairs Committee hearing that the ten largest accounts at the bank held an astonishing \$13.3 billion.<sup>9</sup> According to press reports, your own company revealed that it had about \$300 million in cash, cash equivalents, and short-term investments at SVB.<sup>10</sup> These large balances meant that the vast majority of SVB’s deposits were uninsured by the Federal Deposit Insurance Corporation (FDIC), increasing the threat of systemic contagion if regulators had failed to step in to guarantee all accounts.<sup>11</sup>

Congress, bank regulators, and the public are owed an explanation for the bank’s hyper-reliance on tech industry firms and investors, the extent to which this resulted in an abnormally high percentage of deposits that were not insured by FDIC, and the role that companies like yours might have played in precipitating the \$42 billion single-day-run on SVB.<sup>12</sup> Obtaining information on these factors is important for understanding how SVB failed and how to prevent the next failure.

In particular, we are interested in reports describing SVB’s “coddling”<sup>13</sup> and “white glove” treatment of some of its largest venture capitalist (VC) depositors, their executives, and the founders of the tech startup companies they back,<sup>14</sup> and the extent to which “SVB’s willingness to pull out ‘all sorts of bells and whistles’ for VCs and founders was one of the key ways it differentiated itself.”<sup>15</sup> SVB directly invested in startups and venture funds, “provid[ed] lower-interest-rate mortgages for [tech start-up] founders whom other banks wouldn’t lend to,” gave VC firms lines of credit that allowed them to wire money to their tech startups faster, and

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<sup>7</sup> Washington Post, “These companies had billions of dollars at risk in Silicon Valley Bank,” Caitlin Gilbert, Alyssa Fowers, Jacob Bogage, and Daniel Wolfe, March 15, 2023, <https://www.washingtonpost.com/business/2023/03/15/svb-billions-uninsured-assets-companies/>.

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<sup>9</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>10</sup> BILL, “BILL Discusses Impact of Silicon Valley Bank Closure,” March 11, 2023, <https://investor.bill.com/news/news-details/2023/BILL-Discusses-Impact-of-Silicon-Valley-Bank-Closure/default.aspx>.

<sup>11</sup> Federal Deposit Insurance Corporation, “Remarks by Chairman Martin J. Gruenberg on Recent Bank Failures and the Federal Regulatory Response before the Committee on Banking, Housing, and Urban Affairs, United States Senate,” press release, March 27, 2023, <https://www.fdic.gov/news/speeches/2023/spmar2723.html>.

<sup>12</sup> CNBC, “SVB customers tried to withdraw nearly all the bank’s deposits over two days, Fed’s Barr testifies,” Hugh Son, March 28, 2023, <https://www.cnbc.com/2023/03/28/svb-customers-tried-to-pull-nearly-all-deposits-in-two-days-barr-says.html>.

<sup>13</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>14</sup> *Id.*

<sup>15</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.

sponsored industry ski trips, conferences, and fancy dinners.<sup>16</sup> In exchange for these perks, large companies “[gave] SVB access to huge unsecured sources of short-term funding, something they should not do as responsible stewards of company funds and employee payroll.”<sup>17</sup> Reports also indicated that “SVB required companies to hold their money with them in exchange for venture debt agreements,” and then provided these additional services to founders and executives.<sup>18</sup>

The business model became one where “SVB was willing to bend over backwards for venture capitalists, serving them in a way that fit their “special needs’ . . . [and] [i]n return, of course, VCs would recommend Silicon Valley Bank to their startups.”<sup>19</sup>

If the reports are accurate, these mutual backscratching arrangements could help explain why some customers placed massive, uninsured deposits at SVB, “a naïve and reckless move, without an ancillary unstated benefit.”<sup>20</sup> And if these deposits were made by company executives and allowed by corporate Boards in exchange for personal perks, that behavior raises potential concerns about whether they were meeting their fiduciary duties.<sup>21</sup> According to an FDIC official, the mutually beneficial relationship between SVB and the VC and tech industry may have also undermined regulators’ efforts to sell SVB following its failure, as “banks had little time that weekend to get comfortable with SVB’s books, particularly when its borrowers and depositors were so closely intertwined.”<sup>22</sup>

In order to assist our efforts to understand the mutual backscratching dynamic that resulted in favorable treatment for VCs and startups, and massive, uninsured deposits into SVB, we ask that you provide us with answers to the following questions no later than April 24, 2023:

1. How long has BILL had a financial relationship with SVB, SVB Capital, or other SVB-owned or affiliated entities?

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<sup>16</sup> New York Times, “Mortgages, Wine and Renovations: Silicon Valley Bank’s Deep Tech Ties,” Erin Griffith, Mike Isaac, and Sheera Fenkel, March 17, 2023, <https://www.nytimes.com/2023/03/17/technology/svb-tech-startups.html?searchResultPosition=1>.

<sup>17</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>18</sup> The American Prospect, “The Silicon Valley Bank Bailout Didn’t Need to Happen,” David Dayen, March 13, 2023, <https://prospect.org/economy/2023-03-13-silicon-valley-bank-bailout-deregulation/>.

<sup>19</sup> Motherboard, “How Silicon Valley Bank Made a Business Out of Making VCs Happy,” Maxwell Strachan, March 16, 2023, <https://www.vice.com/en/article/pkayyg/how-silicon-valley-bank-made-a-business-out-of-making-vc-happy>.

<sup>20</sup> American Economic Liberties Project, “The Silicon Valley Bank Bailout: What You Need to Know,” Matt Stoller, March 16, 2023, <https://www.economicliberties.us/our-work/the-silicon-valley-bank-bailout-what-you-need-to-know/>.

<sup>21</sup> CooleyGO, “Your Duties as a Director: the Basics,” Mike Lincoln, April 11, 2022, <https://www.cooleygo.com/director-fiduciary-duties/#:~:text=Directors%20have%20fiduciary%20duties%20of,the%20Company%20and%20evaluating%20opportunities>.

<sup>22</sup> Yahoo! News, “Hill frustrations simmer over banking chief,” Victoria Guida, March 28, 2023, <https://news.yahoo.com/hill-frustrations-simmer-over-banking-213543058.html>.

- a. Over the course of that relationship, how much money has BILL deposited and maintained at SVB? Please provide a complete timeline of your relationship with SVB.
  - b. Did SVB or any of its affiliated entities invest in BILL or any of its affiliated entities?
2. Did BILL have any agreements that required the company to maintain deposits at SVB? If so, what was the nature of these agreements?
3. What were the specific terms and conditions of BILL's relationship as a depositor with SVB?
4. Did any BILL executives or Board members have any deposits or other financial relationship with SVB? If so, what was the nature of these relationships?
5. Did BILL or any company executives or Board members have any financial relationship with SVB Capital or SVB Securities? If so, what was the nature of these relationships?
6. Who at BILL made the decision to maintain \$3.3 billion worth of its assets at SVB?
  - a. What was the rationale for this decision?
  - b. Did BILL executives or Board members ever discuss or raise concerns about the company holding such a large quantity of non-FDIC insured assets? If so, what was the nature of these discussions?
7. What benefits, including low-interest mortgages; other loans or lines of credit; trips, conferences, or other events; or any other perks did SVB, SVB Capital, or SVB Securities provide to BILL or its executives, board members, or investors? Please provide a detailed list of all such benefits.
8. In the days immediately prior to or after the collapse of SVB, did BILL executives or any individual representing BILL contact any official or staff at the Federal Reserve Board, Federal Reserve Bank of San Francisco, FDIC, Department of the Treasury, or any other federal or state regulatory agency? If so, please provide a list of all such contacts and the nature of any communications between these individuals.

Sincerely,



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Elizabeth Warren  
United States Senator



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Alexandria Ocasio-Cortez  
Member of Congress