

United States Senate

WASHINGTON, DC 20510

June 28, 2024

W. Scott Stafford
President and CEO
Evolve Bank & Trust
Triad Centre I
6000 Poplar Avenue, Suite 300
Memphis, Tennessee 38119

Dear Mr. Stafford:

We write out of concern for the many customers who have been unable to access their deposits because of the bankruptcy of Synapse Financial Technologies, Inc. (Synapse). As Synapse's major equity holders, operators of Synapse-dependent financial services and products, and partner banks, it is ultimately your responsibility to ensure the safety and accessibility of end user funds. To end the uncertainty and financial damage to consumers, we urge you to collectively pool the necessary resources to immediately make available all customer deposits currently frozen by the Synapse bankruptcy.

As you well know, many customers who entrusted their money to Synapse and its fintech and bank partners have been unable to access their money since mid-May. To date, you have failed to provide them with a clear timeline for restoring access to their funds. Equally disturbing is the potential shortfall of \$65 to \$96 million between what consumers are owed and the funds held on their behalf by Synapse's partner banks.¹ These developments are both deeply troubling and completely unacceptable. In due time we will find out who is ultimately responsible for this mess, but in the interim, the priority must be to restore consumers' access to *all* of their money.

Each of you is responsible for the customers who have been frozen out of their accounts. Consumer-facing fintech firms marketed their products to the public as safe, reliable alternatives to banks. Because of those promises, consumers adopted their products and made deposits through their apps and websites. Venture capital firms funded Synapse without insisting on adequate controls to protect consumers. They stood to profit while Synapse billed itself as a trustworthy financial infrastructure provider. But they failed to make sure that Synapse could follow through on its commitments. Banks joined with Synapse in an effort to find new revenue streams. These partnerships further made it possible for Synapse to market services ultimately provided by the banks.

The Synapse bankruptcy has exposed the inherent weaknesses of this tri-party business model and caused hardworking Americans and small businesses to be deprived access to their own

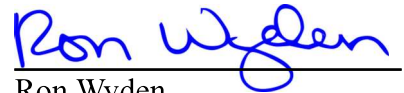
¹ See Chapter 11 Trustee's Third Status Report at 6, In re Synapse Fin. Techs., Inc., Case No. 1:24-bk-10646-MB (Bankr. C.D. Cal. Jun. 20, 2024).

money. As those that made the current situation possible, you must accept the tremendous responsibility that comes with handling consumers' money. Under the current circumstances that have left customers without access to their funds for over a month, that means making customers whole—immediately. We expect you to take all necessary steps to make available all customer deposits currently frozen by the Synapse bankruptcy.

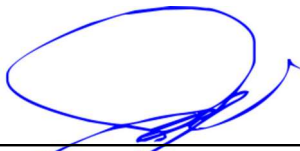
Sincerely,



Sherrod Brown
United States Senator



Ron Wyden
United States Senator



John Fetterman
United States Senator



Tammy Baldwin
United States Senator