

September 5, 2025

Via Electronic Mail and Overnight Mail

Red Capital Partners, LLC
7315 Wisconsin Ave #410W
Bethesda, MD 20814
support@redcapitalsupport.com

Via Electronic Mail

Jose Ramirez
Manager, Red Capital Partners
jose@redcapital.partners

RE: Potential Violations of Section 18(a)(4) of the Federal Deposit Insurance Act

Dear Sir or Madam:

The Federal Deposit Insurance Corporation (“FDIC”) has reason to believe that Red Capital Partners, LLC (“Red Capital”) has made false and misleading statements, directly or by implication, concerning Red Capital’s insured status, in violation of section 18(a)(4) of the Federal Deposit Insurance Act (“FDI Act”), 12 U.S.C. § 1828(a)(4) (“Section 18(a)(4)”). We hereby demand that you cease and desist and take immediate corrective actions to address these false and misleading statements, as more fully set forth below.

Section 18(a)(4) prohibits any person from (1) representing or implying that a deposit liability, obligation, certificate, or share is insured or guaranteed by the FDIC using FDIC-associated terms or symbols as part of a solicitation, advertisement, or other document if it is not so insured or guaranteed; or (2) knowingly misrepresenting that a deposit liability, obligation, certificate, or share is insured if it is not so insured, or the extent to which or manner in which such item is insured if it is not so insured to the extent or in the manner represented. The FDIC has the authority to enforce these provisions against any person or entity.

While Red Capital discloses on its websites (www.redcapital.partners and www.redcapital.tech) and certain social media accounts that it “is a digital savings platform that does not hold or claim to hold Federal Deposit Insurance Corporation (FDIC) insurance” and that Red Capital is “not a bank,” other statements by Red Capital appear to contain misrepresentations about FDIC deposit insurance. These statements include, but are not limited to, the following:

- Red Capital makes multiple, contradictory claims regarding the placement of customer funds, which may confuse or mislead consumers about the extent or manner of deposit insurance provided.

- On its “How it Works” webpage, Red Capital claims that it transfers customers’ money “from your bank to a custodial account” at a “Custodian Bank” (which “safeguards the funds for all Red Capital clients”).¹
- On its “Frequently Asked Questions” (“FAQ”) webpage, it claims that the “custodial account” is the account customers maintain with Red Capital itself. (“Your Red Capital custodial account is your primary interface with our platform.”)²
- On the “FAQ” page, Red Capital claims that it “maintains strict confidentiality” regarding the identity of the “custodial banks.”³
- In a video embedded on both its redcapital.partners and redcapital.tech websites and posted to YouTube, Red Capital states that “we don’t disclose which institutions we’re placing funds with, because we’re constantly moving money to wherever the best yields are.” The video goes on to claim: “all the banks we work with are [FDIC-insured].”⁴ These statements are directly at odds with Section 18(a)(4)’s prohibition against misrepresenting the extent or manner of deposit insurance provided.

In many of these statements, Red Capital fails to identify the IDIs into which consumer funds may be placed. Where IDIs are named, it appears Red Capital is not disclosing, or refuses to disclose, the full list of network banks into which customer funds may be placed.

- On its “FAQ” webpage, Red Capital claims customers’ funds are entitled to pass-through deposit insurance coverage without disclosing that certain conditions must be satisfied for pass-through coverage to apply.⁵
- In the “Reviews” section of its homepage, Red Capital includes text and videos purportedly of actual Red Capital customers, touting the “security of funds [that are] placed only with insured institutions” without identifying any such IDIs.⁶
- Red Capital states on its Instagram profile that it “connects you with a vast network of over 3,000 insured banks” without identifying any IDIs into which consumer funds may be placed. Additionally, various posts claim Red Capital’s products are “insured and reliable,” implying that deposit insurance coverage applies without disclosing that certain conditions must be met.⁷
- On its redcapital.tech site, in conjunction with statements regarding FDIC insurance, Red Capital states that “Banking services are provided by our partner banks,” without identifying any such banks.

¹ Red Capital, *How does Red Capital work*, REDCAPITAL.PARTNERS, <https://www.redcapital.partners/how-is-works> (last visited July 28, 2025).

² *Id.*, *Frequently Asked Questions*, <https://www.redcapital.partners/faq> (last visited July 28, 2025).

³ *Id.*

⁴ *Id.*, *How does Red Capital work*, <https://www.redcapital.partners/how-is-works> (last visited July 28, 2025); Red Capital, *Product Details*, REDCAPITAL.TECH, <https://www.redcapital.tech/products/jumbo-cd-fund--649-fixed-returns--6-month-term> (last visited Sept. 5, 2025).

⁵ Red Capital, *Frequently Asked Questions*, REDCAPITAL.PARTNERS, <https://www.redcapital.partners/faq> (last visited July 28, 2025).

⁶ *Id.*, Red Capital homepage, <https://www.redcapital.partners> (last visited July 28, 2025).

⁷ @redcapitalpartners, INSTAGRAM.COM (July 9, 2025), <https://www.instagram.com/redcapitalpartners/>.

A review of the representations on Red Capital's websites and its social media accounts, shows that Red Capital refers to FDIC deposit insurance coverage by using FDIC-associated terms without identifying the IDIs, or provides conflicting information as to the IDIs, into which consumers' funds may be placed. Such statements may lead a reasonable consumer to believe that Red Capital itself is FDIC-insured and provides deposit insurance directly to consumers, or that Red Capital is associated with the FDIC, when that is not true. Because the names of the IDIs into which consumers' funds may be placed are necessary for a consumer to understand the extent or manner of deposit insurance provided, the absence of such information from the statements is deemed a material omission, and thus the statements potentially violate Section 18(a)(4).⁸

Based on the information available to the FDIC, it appears that the statements discussed above on the Red Capital websites and its social media accounts regarding deposit insurance violate Section 18(a)(4) of the FDI Act. Consequently, the FDIC hereby demands the following corrective actions:

1. You shall immediately remove any and all statements, representations, or references that suggest in any way, explicitly or implicitly, that: (a) Red Capital itself is insured by the FDIC; (b) FDIC deposit insurance may provide coverage for any event other than the failure of an IDI; or that (c) FDIC deposit insurance provides protection or coverage in any manner or extent other than as set forth in the FDI Act from Red Capital's websites (including any pop-ups, hyperlinks, or chatbots) and any other websites, X (formerly known as "Twitter"), Instagram, TikTok, YouTube, and any other social media platforms (including both corporate accounts and personal accounts of senior management of Red Capital), any mobile apps, online outlets, and any other forms (electronic or hard copy) of marketing, advertising, or other consumer-facing publications.
2. You shall cease and desist from making any statements, representations, or references that suggest in any way, explicitly or implicitly, that: (a) Red Capital is FDIC-insured; (b) FDIC deposit insurance may provide coverage for any event other than the failure of an IDI; or that (c) FDIC deposit insurance provides protection or coverage in any manner or extent other than as set forth in the FDI Act.
3. Within fifteen (15) days of receipt of this letter, you shall provide written confirmation to the FDIC that Red Capital has fully complied with the requests set forth above. Such confirmation shall detail all efforts undertaken to comply with this letter, including all efforts to identify and locate all deposit insurance misrepresentations and the specific actions you took.
4. To the extent that you are operating other websites or entities, under any other names or website domains, that make any representations with respect to FDIC deposit insurance, we demand that you identify in writing all such websites or entities within 15 days of this letter. Further, if any of those websites or entities are making misrepresentations with respect to FDIC deposit insurance similar to the ones described above, we demand that you immediately cease and desist from making those misrepresentations.

⁸ 12 C.F.R. § 328.102(b)(5)(i).

Alternatively, if you believe that all of the above-referenced statements Red Capital or its officers have made related to FDIC deposit insurance as it relates to Red Capital's offerings are true and accurate, please provide information and documentation supporting the basis for your belief in the accuracy of all such statements, no later than fifteen (15) days from the date of this letter.

Failure to timely respond to this letter may result in the FDIC taking appropriate action as authorized by the FDI Act and any other applicable law or regulation.

This letter constitutes an advisory letter within the meaning of 12 C.F.R. § 328.106. Accordingly, pursuant to 12 C.F.R. § 328.102(b)(6), future false or misleading representations regarding deposit insurance may be deemed to have been knowingly made. This letter is intended to address only potential violations of Section 18(a)(4); nothing in this letter should be interpreted as confirming or otherwise suggesting the legitimacy of Red Capital's websites or business.

Your response to this matter may or may not affect our conclusions as to the potential violations identified above and does not preclude the FDIC from taking any further action, as appropriate, with respect to the foregoing or any other violations of laws or regulations. Moreover, nothing in this matter bars or estops any other federal or state agency from investigating, or pursuing actions for, violations of other laws and regulations.

Should you have any questions about the contents of this letter, please contact [REDACTED]
[REDACTED].

Sincerely,

Seth P. Rosebrock
Assistant General Counsel, Enforcement Section
Federal Deposit Insurance Corporation