



United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

November 21, 2023

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation (FDIC)
550 17th Street, NW,
Washington, D.C. 20429

Chairman Gruenberg:

As you are aware, the Committee on Financial Services has opened an investigation into the FDIC's toxic workplace. I write to ask that you recuse yourself from any oversight or control over any investigation that you may have initiated or organized with an "independent" outside entity. I further ask that: 1) the terms, conditions, work plan, and work parameters associated with any independent outside investigation of the FDIC's toxic workplace initiated by the FDIC be provided to Congress; and 2) the full Board be responsible for overseeing the outside entity's investigation.

I am concerned that your ability to oversee a truly independent investigation that is in the best interest of the FDIC and the banking system is limited. Your conspiracy to engineer a coup against your predecessor, a first-generation immigrant woman, amplified and reinforced a culture of workplace hostility toward women. The hostility of those actions undertaken by you and fellow Democrat-appointed regulatory officials sent a clear signal throughout the FDIC that diversity, equity, and inclusion can and will be abandoned in favor of self-interest. Moreover, this posture sends the message that hostility toward women can and will be adopted, if that is what it takes to get ahead. This posture is at the heart of the recent *WSJ* articles depicting widespread toxic culture at the FDIC, and one that you continued to perpetuate in order to assume your current position.

In fact, your immediate focus upon becoming Chairman was not on addressing the fundamental flaws in the FDIC's workplace or protecting the banking system from the emerging and stability-threatening interest rate risks stemming from the fastest pace of interest rate increases in modern history. Rather, your focus was on using the FDIC to pursue a partisan agenda including incorporating climate policies into the FDIC regulatory framework, joining the activist-driven and funded Network of Central Banks and Supervisors for Greening the Financial System, and rewriting the rules of financial regulations to serve partisan goals.

I am further concerned that that you will act to generate a rushed and self-serving assessment of workplace culture at the FDIC – glossing over important workplace issues that

implicate the safety and soundness of the banking system. This concern is well founded. Following the banking failures and systemic instability in March, you commissioned and managed a hurried report on failures, including supervisory failures, regarding Signature Bank. You did so despite objections that I and other members of Congress expressed publicly. Issuing your report in a hurried manner to deflect responsibility and get ahead of legally required independent reviews broke with precedence and was a transparent act to set a partisan and biased narrative in order to, in turn, influence and shape independent review.

Moreover, the report that you commissioned and oversaw stated that: “the FDIC experienced resource challenges with examinations staff that affected the timeliness and quality of SBNY examinations.”¹ These challenges go beyond the FDIC’s New York regional office to include other FDIC regions. Yet your report’s limited discussion of staffing challenges related to bank examiners did not consider that the longstanding toxic FDIC culture inhibits employee retention. By ignoring or choosing to remain silent about the FDIC’s workplace issues, the FDIC may have indirectly contributed to the financial instability and threats to financial security of Americans that were observed in March.

As the Financial Services Committee investigation proceeds, please allow FDIC staff to be open and transparent. Please, also, provide the Committee upon receipt of this letter with any documents that form a contractual relationship between the FDIC and any outside firm that you arranged to investigate the hostile workplace culture at the FDIC, including the terms set for the outside investigation.

Please respond in writing to the following questions:

1. Have you appointed or identified an outside entity to review the FDIC’s toxic culture?
2. Does the entity have experience in remedying workplaces that have entrenched issues such as those at the FDIC.
3. How was this entity selected? How many entities applied to conduct the review? Did you solicit entities to apply?
4. Does the entity have any preexisting relationship with any board member?
5. Was the board consulted in identifying the criteria for selecting an entity?
6. Did the board approve or participate in identifying an entity?
7. What objectives or instructions were provided to the entity?
8. Will the entity be paid? If so, how much?
9. How far back will the entity review workplace culture?
10. Have you given the entity full access to documents and communications, including emails, texts, social media?

¹ FEDERAL DEPOSIT INSURANCE CORP., FDIC’S SUPERVISION OF SIGNATURE BANK 4 (APR. 28, 2023).

In addition to the above questions, please provide any and all documents relating to or responding to the above questions.

We appreciate your immediate attention to this letter. Please respond no later than November 30, 2023. If you have any questions, please do not hesitate to contact Jeff Wrase at (202) 225-7502.

Sincerely,

A handwritten signature in blue ink that reads "Andy Barr". The signature is fluid and cursive, with the first name "Andy" and the last name "Barr" clearly distinguishable.

Andy Barr
Chairman
Subcommittee on Financial Institutions and
Monetary Policy