



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

April 26, 2023

The Honorable Janet Yellen
Secretary, the Department of the Treasury
Chair, Financial Stability Oversight Council
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Yellen:

We write to urge greater transparency with Congress at the Department of the Treasury and the Financial Stability Oversight Council (FSOC) with respect to requests the Committee on Financial Services (Committee) has made over the last several weeks. Since March 22, 2023, this Committee has sought records and analyses surrounding decisions made during and after the tumultuous weekend that began on Friday, March 10, with the failure of Silicon Valley Bank (SVB). Treasury and FSOC have been less than forthcoming.

Beginning on March 10 and over the weekend, you convened various meetings with other federal regulators. Those meetings included an FSOC meeting on Sunday, March 12, *after* critical systemic stability decisions were made by you, in consultation with the President, together with the Board of the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board. The decisions included creation of a new emergency credit facility at the Federal Reserve under Section 13(3) of the Federal Reserve Act and invocation of systemic risk exceptions to least-cost resolution for SVB and Signature Bank.

From the Committee's perspective, given the information available, it appears that FSOC failed to fulfill the three purposes for which it was established under the Dodd-Frank Act: 1) to identify risks to the financial stability of the United States; 2) to promote market discipline, by eliminating expectations on the part of shareholders, creditors, and counterparties of such companies that the Government will shield them from losses in the event of failure; and, 3) to respond to emerging threats to the stability of the United States financial system. Rather, FSOC appears to be acting as a roving regulator—a posture proponents of the Dodd-Frank Act promised would not happen.

During the week of March 20, letters were sent by the Committee on Financial Services to you, the FDIC, the Federal Reserve, the Federal Reserve Bank of San Francisco, and others, requesting details about decision making along with regulatory records and records of various meetings that were held. These requests included background analyses and documentation supporting decisions that were made. While the FDIC and Federal Reserve have produced some

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of the documents and records sought by this Committee, the Department of the Treasury has been unwilling to provide the specific information and documentation for key information requests.

To date, 47 days after Silicon Valley Bank failed and a threat to stability of the United States financial system emerged, information provided to the Committee by the Department of the Treasury and the Financial Stability Oversight Council (FSOC) has been scarce, inadequate, and subject to unnecessary delay.

There is no basis for withholding requested information from Congress, especially when individual federal regulators are utilizing information to produce their own self-referential, public-facing reports in what now appears to be a coordinated release date around April 28. Those releases are planned to occur *before* Congress has been given full information about what happened, and *before* legislatively authorized reviews by inspectors general and the GAO at the federal level have occurred. This is unacceptable. While we appreciate the internal evaluations being conducted by federal regulators, the American people expect reviews that are free from even the appearance of bias.

On March 17, Chairman McHenry and Ranking Member Waters of the Committee requested that the Government Accountability Office (GAO)—a nonpartisan watchdog—initiate an evaluation and investigation into the events and decisions made surrounding the failures of Silicon Valley Bank and Signature Bank.

As is necessary and legally required, the FDIC and Federal Reserve and Department of the Treasury have provided GAO with information to enable GAO to perform its work. As you know, GAO will issue a public-facing interim report on April 28, with a more detailed report to follow—an interim report date partly motivated by a need to have independent oversight publicly available prior to the regulators' coordinated self-imposed deadlines.

It is particularly disturbing, though, to learn that the Department of the Treasury and the FSOC, which you chair, have been providing more information to GAO than to Congress. GAO deserves the information. So, too, does Congress.

Instead of working with the Committee to satisfy information needs, the Department of the Treasury and FSOC have been unresponsive and seemingly uninterested. As you know, the Chairman's authority to conduct oversight of agency activities principally within the Committee's jurisdiction is vast and sweeping.¹ The Committee on Financial Services has jurisdiction to oversee the activities of the Department of the Treasury and the FSOC pursuant to Rule X of the Rules of the House of Representatives.²

Direct accountability to Congress for your actions and activities during the recent crisis cannot be sidelined and outsourced.

¹ *Watkins v. United States*, 354 U.S. 178, 187 (1957).

² Rules of the House of Representatives, R. X (2023).

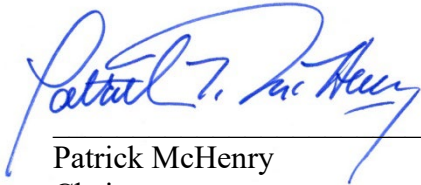
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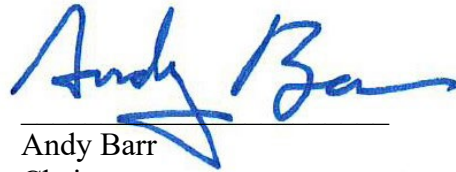
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Please provide all records and communications that the Department of the Treasury and officials at the Department charged with running the FSOC provided to the GAO by the close of business on April 28.

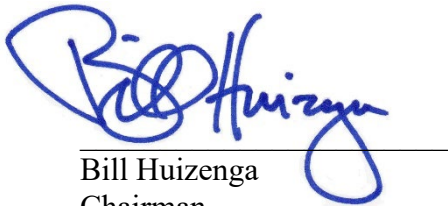
Sincerely,



Patrick McHenry
Chairman



Andy Barr
Chairman
Subcommittee on Financial Institutions
and Monetary Policy



Bill Huizenga
Chairman
Subcommittee on Oversight
and Investigations