

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

April 1, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, D.C. 20220

Secretary Mnuchin:

The coronavirus disease 2019 (COVID-19) pandemic continues to inflict significant harm on the American people, including workers, consumers, investors, and the broader economy. According to the Centers for Disease Control and Prevention (CDC), there have been at least 2,405 deaths and 140,904 cases across all 50 states, the District of Columbia, Puerto Rico, Guam, Northern Marianas, and U.S. Virgin Islands,¹ and these staggering numbers continue to grow. Furthermore, 3.3 million Americans filed for unemployment in a single week, and a million Californians filed for unemployment over two weeks. As you know, Congress recently enacted a third emergency package in response to this crisis that, among other things, authorizes the Department of the Treasury to administer a \$500 billion fund for eligible businesses, states, territories, and municipalities. I urge you to fulfill your duties and exercise your discretion in a manner that ensures these funds are solely used to protect workers, families, and the national economy.

Several weeks ago, I led the Democratic Members on the Financial Services Committee in devising a comprehensive plan to address the financial services aspects of the coronavirus crisis.² I am pleased that H.R. 748, the Coronavirus Aid, Relief, and Economic Security (CARES) Act,³ includes key provisions from our legislation, including the requirement that Federal aid provided to corporations have appropriate conditions placed on that funding. The law also requires robust, independent oversight of the administration and use of these taxpayer funds. These funds should not be used to line the pockets of corporate executives or arrange for a taxpayer-funded slush fund that enriches President Trump or his family. That is why the new law expressly prohibits the President and his family, along with other senior government officials, from receiving any of these funds. The bill also expressly limits executive compensation and bonuses for corporations receiving assistance, and requires certain businesses receiving aid to uphold their collective bargaining agreements, maintain their workforce to at least 90% of what it was before the pandemic, and preserve worker pay and benefits. Furthermore, the bill prohibits companies receiving federal aid from engaging in stock buybacks and issuing dividends until taxpayers are

¹ CDC, "Coronavirus Disease 2019 (COVID-19) Cases in the U.S." (last accessed Mar. 31, 2020), <https://www.cdc.gov/coronavirus/2019-ncov/cases-updates/cases-in-us.html>.

² H.R. 6321, the Financial Protections and Assistance for America's Consumers, States, Businesses, and Vulnerable Populations Act. See Committee Press Release, "Committee Democrats Roll Out Legislation to Provide Comprehensive Stimulus and Public Policy Response to Coronavirus Pandemic," (Mar. 23, 2020), <https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=406446>.

³ P.L. 116-136, <https://www.congress.gov/bill/116th-congress/house-bill/748/text>.

fully paid back. The bill also provides funding for small and minority-owned businesses, who will need additional support to financially weather this public health crisis.

However, I am aware the bill provides authority to you to waive some of these conditions if you deem it to be in the Federal government's interests. It is the Committee's expectation that this waiver authority will be used in only the most exceptional cases, if at all. Furthermore, Congress provided you with the discretion to impose stricter terms and conditions on the use of these funds, and I expect you will use this discretion to require further protections for workers beyond those provided in the statute. There is no reason that a business receiving taxpayer aid at this time should focus on anything other than supporting and retaining its workforce. Additionally, a business receiving taxpayer funds should not be engaging in stock buybacks or issuing dividends, and its CEO should go beyond the bill's conditions and restrain excessive compensation practices.

It is also critical that the Treasury Department fully comply with the bill's reporting requirements and cooperate with all entities that oversee your decisions and actions. The President's signing statement on the CARES Act is an unacceptable attempt to circumvent oversight measures in the law that garnered overwhelming bipartisan support in Congress.

As you know, the CARES Act creates several oversight entities including a new watchdog office, the Special Inspector General for Pandemic Recovery (SIGPR), to closely scrutinize every dollar spent in the execution of the \$500 billion Treasury program created by the legislation. It is appalling that the President is already attempting to undermine meaningful oversight by declaring that he will ignore provisions in the law requiring the Special Inspector General to report to the Congress if the administration refuses to provide the watchdog with information. This is not a novel requirement. Congress included an identical transparency mandate when it established a Special Inspector General to oversee the bank bailouts in 2008. Therefore, I expect that you will fully comply with the law and not interfere with the Special Inspector General's duty to report any cover up by the Administration immediately to Congress.

In conclusion, my Committee will be closely monitoring your implementation of the CARES Act each step of the way. We do so to ensure that the law truly benefits those it was intended to help – workers, families, and the rest of the American people who have already suffered and who remain in harm's way through no fault of their own.

Sincerely,



MAXINE WATERS
Chairwoman