

# United States Senate

WASHINGTON, DC 20510

December 11, 2023

Hon. Jerome Powell  
Chairman  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Mr. Michael Hsu  
Acting Comptroller  
Office of the Comptroller of the Currency  
400 7th Street, SW  
Washington, DC 20219

Hon. Marty Gruenberg  
Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

Dear Chairman Powell, Acting Comptroller Hsu, and Chairman Gruenberg:

We are concerned by recent news reports alleging deeply disturbing conduct at the Federal Deposit Insurance Corporation (FDIC), including sexual harassment, official misconduct, and efforts to suppress such complaints through the use of non-disclosure agreements and settlement payments. While we remain committed to due process as ongoing investigations progress, if substantiated, many of these claims represent egregious and indefensible acts that warrant resignation or dismissal.

As you are aware, sexual harassment at any level erodes public trust and damages a government agency's ability to manage effectively and deliver on its mission. The FDIC's Office of the Inspector General (OIG) noted in a 2020 report that "[s]exual harassment in an organization can have profound effects and serious consequences for the harassed individual, fellow colleagues, and the agency as a whole." Such misconduct could also "harm the agency's reputation and credibility, and expose the enterprise to litigation expenses and monetary judgments..."<sup>1</sup>

Further, we are concerned that pervasive sexual harassment and misconduct—like that exposed at FDIC by the Wall Street Journal (WSJ) on November 13, 2023<sup>2</sup> and November 15, 2023<sup>3</sup>—is not limited to FDIC<sup>4</sup>. In addition to hamstringing the agency's reputation and credibility, the misconduct exposed by the WSJ reveals a significant cost to American taxpayers to cover up sexual harassment within your department, potentially in violation of Public Law 117-224 and National Labor Relations Board regulations.

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<sup>1</sup> <https://www.fdicog.gov/sites/default/files/reports/2022-08/EVAL-20-006.pdf>

<sup>2</sup> See: <https://www.wsj.com/us-news/fdic-toxic-atmosphere-strip-clubs-lewd-photos-boozy-hotel-12c89da7>

<sup>3</sup> See: <https://www.wsj.com/politics/policy/fdic-chairman-martin-gruenberg-workplace-harassment-5cae85bc>

<sup>4</sup> See: <https://www.cbsnews.com/news/claudia-sahm-former-federal-reserve-economist-field-racist-elitist-sexist/>

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American taxpayers should not be paying to cover up sexual harassment claims and shield corrupt bureaucrats from accountability. To that end, we respectfully request answers to the following questions by no later than close of business on Friday, December 22<sup>nd</sup>, 2023:

1. What is your agency's practice of using non-disclosure agreements (NDAs)? Under what circumstances do you use them? How often has the use of NDAs led to monetary payouts to employees who signed NDAs? Of the employees who sign NDAs, how many leave the agency because of the NDA (or are forced to leave as a condition of the NDA)?
2. What is your agency's policy in addressing employees against whom complaints for workplace harassment or intimidation have been filed? Provide examples of how the policy has been implemented including the use of outside resources (such as anger management courses and training) and how the agency addressed recidivism. Explain in detail if there are deviations from or exceptions made to agency policy.
3. What is the role of the agency's senior leaders (the Board at the Federal Reserve and FDIC, the Comptroller at the OCC) in responding to complaints? How are they engaged or briefed on such matters? If they are not, why not? What is the agency's policy if the offending individuals are senior staff or agency principals? Have there been instances in the past ten years in which senior staff or agency principals have engaged in workplace misconduct? If so, detail how the agency addressed the matter.
4. Please provide any guidance or expectations your agencies have for supervised financial institutions relating to the handling of such instances of harassment and misconduct.

Thank you for your attention to this matter. Should you have questions or require additional information, please contact our offices at 202-224-4944 (Senator Hagerty) and 202-224-4521 (Senator Sinema).

Sincerely,



Bill Hagerty  
United States Senator



Kyrsten Sinema  
United States Senator