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# United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

April 14, 2026

The Honorable Jerome Powell  
Chair  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

Dear Chair Powell:

I write to request that the Board of Governors of the Federal Reserve System (Fed or Federal Reserve) provide copies of all calendars, communications, documents, ethics waivers, and other records produced or received by Kevin Warsh in his capacity as a member of the Federal Reserve from 2006 to 2011 involving (1) the Fed's failure to appropriately scrutinize the subprime mortgage market and other risks to the financial system; and (2) the Fed's 2008 bailouts of large financial institutions, including but not limited to JPMorgan Chase's takeover of Bear Stearns, which involved \$28 billion in Fed financing<sup>1</sup>; Morgan Stanley and Goldman Sachs's 2008 emergency conversions from investment banks to bank holding companies, which enabled both to receive billions of dollars from Fed lending facilities<sup>2</sup>; and AIG's receipt of an \$85 billion Fed loan.<sup>3</sup>

From 2006 to 2011, Mr. Warsh served as a Federal Reserve Governor. His tenure coincided with one of the worst financial crises our nation has ever experienced. Since 2008, it has been well-

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<sup>1</sup> Reuters, "Kevin Warsh can work with the Fed to shrink it," Gabriel Rubin, February 25, 2026, <https://www.reuters.com/commentary/breakingviews/kevin-warsh-can-work-with-fed-shrink-it-2026-02-25/>; Federal Reserve Bank of New York, "New York Fed Completes Financing Arrangement Related to JPMorgan Chase's Acquisition of Bear Stearns," press release, June 26, 2008, <https://www.newyorkfed.org/newsevents/news/markets/2008/ma080626#>.

<sup>2</sup> The Wall Street Journal, "Goldman, Morgan Scrap Wall Street Model, Become Banks in Bid to Ride Out Crisis," Jon Hilsenrath, Damian Paletta, and Aaron Lucchetti, September 22, 2008, <https://www.wsj.com/articles/SB12220273911460721>; CNBC, "Citi and Morgan Stanley Borrowed Over \$2 Trillion From Fed," John Carney, July 22, 2011, <https://www.cnbc.com/2011/07/22/citi-and-morgan-stanley-borrowed-over-2-trillion-from-fed.html>; Reuters, "Data shows Goldman Sachs lapped up emergency loans," December 1, 2010, <https://www.reuters.com/article/business/finance/data-shows-goldman-sachs-lapped-up-emergency-loansidUSN01218073/>; ProPublica, "Bailout Recipients," <https://projects.propublica.org/bailout/list>

<sup>3</sup> Yale School of Management, Program on Financial Stability, "Email from Kevin Warsh Regarding In FOMC Management," September 16, 2008, <https://elischolar.library.yale.edu/cgi/viewcontent.cgi?article=2531&context=yafs-documents>; The New York Times, "Mystery Men of the Financial Crisis," William D. Cohan, February 4, 2010, <https://archive.nytimes.com/opinionator.blogs.nytimes.com/2010/02/04/mystery-men-of-the-financial-crisis/>; The Wall Street Journal, "Who Is Kevin Warsh, Trump's Fed Chair Pick?" Matt Grossman, January 30, 2026, <https://www.wsj.com/economy/central-banking/who-is-kevin-warsh-trumps-fed-chair-pick-a77dc602>; Board of Governors of the Federal Reserve System, "Federal Reserve Board, with full support of the Treasury Department, authorizes the Federal Reserve Bank of New York to lend up to \$85 billion to the American International Group (AIG)," press release, September 16, 2008, <https://www.federalreserve.gov/newsevents/pressreleases/other20080916a.htm>.

documented that Mr. Warsh, in his role as Fed Governor, failed to take seriously the risks posed by the subprime mortgage market and played a central role in helping to arrange numerous multibillion-dollar, taxpayer-funded capital infusions to financial institutions involved in the crisis. Specifically:

- In the lead-up to the crisis, Mr. Warsh failed to meaningfully identify or address the risks associated with subprime mortgages and derivatives. Between February and March 2007, more than 25 subprime lenders declared bankruptcy.<sup>4</sup> In the years preceding the crisis, experts rang alarms regarding the riskiness of the unregulated over-the-counter derivatives market. Yet in June 2007, Mr. Warsh promoted derivatives and other forms of “financial innovation” as vehicles to disperse risk and make the financial system safer.<sup>5</sup> In August 2007, despite acknowledging that “the losses... felt by hedge funds and other financial intermediaries are... forcing them to... revisit their exposures,”<sup>6</sup> Mr. Warsh asserted that “we don’t see any immediate systemic risk issues that are brought to bear.”<sup>7</sup> And in December 2007, he agreed that “subprime mortgages have gotten a bad name in this environment.”<sup>8</sup>
- Mr. Warsh “helped arrange JPMorgan’s takeover of failing investment firm Bear Stearns.”<sup>9</sup> Under this arrangement, the Fed provided more than \$28 billion in financing to facilitate the acquisition<sup>10</sup> and the New York Fed took control of a \$30 billion portfolio of Bear Stearns’s risky assets.<sup>11</sup>

Mr. Warsh was also involved in facilitating Morgan Stanley and Goldman Sachs’s emergency conversions from investment banks to bank holding companies,<sup>12</sup> enabling the firms to access the Fed’s discount window directly and providing the imprimatur of the

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<sup>4</sup> United States Congress Joint Economic Committee, “Subprime Meltdown and the U.S. Economy,” September 2007, p. 2, [https://www.jec.senate.gov/public/\\_cache/files/28b28a73-f1d4-4ec2-b648-901dbe078b0b/subprime-meltdown-and-the-u.s.-economy---sept-2007.pdf](https://www.jec.senate.gov/public/_cache/files/28b28a73-f1d4-4ec2-b648-901dbe078b0b/subprime-meltdown-and-the-u.s.-economy---sept-2007.pdf).

<sup>5</sup> Governor Kevin Warsh, “Financial Intermediation and Complete Markets Speech at the European Economics and Financial Centre, London, England,” June 5, 2007, <https://www.federalreserve.gov/newsevents/speech/warsh20070605a.htm>.

<sup>6</sup> U.S. House Committee on Financial Services, “HEDGE FUNDS AND SYSTEMIC RISK: PERSPECTIVES OF THE PRESIDENT’S WORKING GROUP ON FINANCIAL MARKETS,” July 11, 2007, <https://www.congress.gov/event/110th-congress/house-event/LC8481/text>.

<sup>7</sup> Reuters, “Fed’s Warsh says no systemic risk from subprime,” August 9, 2007, <https://www.reuters.com/article/ushedgefunds-congress-fed-subprime/feds-warsh-says-no-systemic-risk-from-subprime-idUSN1139617720070711/>.

<sup>8</sup> C-SPAN, “Kevin Warsh speaking at 2007 Fed Meeting on Mortgage rules,” December 18, 2007, <https://www.cspan.org/clip/public-affairs-event/user-clip-kevin-warsh-speaking-at-2007-fed-meeting-on-mortgage-rules/5192278>.

<sup>9</sup> CBS News, “Warsh Says He Will Leave Fed at The End of March,” February 10, 2011, <https://www.cbsnews.com/news/warsh-says-he-will-leave-fed-at-the-end-of-march/>.

<sup>10</sup> Federal Reserve Bank of New York, “New York Fed Completes Financing Arrangement Related to JPMorgan Chase’s Acquisition of Bear Stearns,” press release, June 26, 2008, <https://www.newyorkfed.org/newsevents/news/markets/2008/ma080626#>.

<sup>11</sup> Federal Reserve Bank of New York, “Maiden Lane Transactions,” <https://www.newyorkfed.org/markets/maidenlane.html#>.

<sup>12</sup> The Wall Street Journal, “Goldman, Morgan Scrap Wall Street Model, Become Banks in Bid to Ride Out Crisis,” Jon Hilsenrath, Damian Paletta, and Aaron Lucchetti, September 22, 2008, <https://www.wsj.com/articles/SB122202739111460721>.

federal government's safety net. In total, the banks drew a staggering \$2 trillion<sup>13</sup> and \$589 billion<sup>14</sup> respectively from Fed lending facilities. This action also allowed the firms to tap into the Troubled Asset Relief Program's Capital Purchase Program. They each received \$10 billion in direct capital injections.<sup>15</sup> Mr. Warsh worked at Morgan Stanley as a mergers and acquisitions executive prior to serving on the Fed.<sup>16</sup> He also obtained an ethics waiver to deal directly with his former employer, which received – on an expedited basis – the special regulatory approvals from the Fed needed to access additional emergency support.<sup>17</sup>

- Mr. Warsh reportedly emailed a Treasury Department contractor and former Goldman Sachs banker regarding the liquidity needs of insurance giant AIG during a meeting of the Federal Open Market Committee on September 16, 2008.<sup>18</sup> That evening, AIG received an \$85 billion Fed loan, the same amount the contractor had recommended to Warsh just hours prior.<sup>19</sup>

It is essential that the Senate Committee on Banking, Housing, and Urban Affairs fully understand Mr. Warsh's failure to adequately oversee the financial institutions within the Fed's jurisdiction and his involvement in providing trillions of dollars in bailouts to financial institutions as it considers his nomination process to serve as the next Fed Chair. Therefore, I request that the Fed provide copies of internal communications and communications with other government agencies and private financial institutions, documents related to Mr. Warsh's ethics waiver to deal with Morgan Stanley directly, and any other records produced or received by Kevin Warsh in his capacity as Federal Reserve Governor 2006 to 2011 involving the Fed's failure to appropriately oversee the financial institutions within its jurisdiction and the bailouts of large financial institutions in the wake of the 2008 financial crisis. The Fed should provide all such documents no later than April 24, 2026.

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<sup>13</sup> CNBC, "Citi and Morgan Stanley Borrowed Over \$2 Trillion From Fed," John Carney, July 22, 2011, <https://www.cnbc.com/2011/07/22/citi-and-morgan-stanley-borrowed-over-2-trillion-from-fed.html>.

<sup>14</sup> Reuters, "Data shows Goldman Sachs lapped up emergency loans," December 1, 2010, <https://www.reuters.com/article/business/finance/data-shows-goldman-sachs-lapped-up-emergency-loansidUSN01218073/>.

<sup>15</sup> ProPublica, "Bailout Recipients," August 18, 2022, <https://projects.propublica.org/bailout/list>.

<sup>16</sup> Federal Reserve History, "Kevin M. Warsh," <https://www.federalreservehistory.org/people/kevin-m-warsh>.

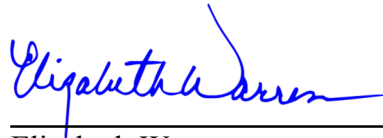
<sup>17</sup> Federal Reserve System, "Order Approving Formation of Bank Holding Companies and Notice to Engage in Certain Nonbanking Activities," September 21, 2008,

<https://www.federalreserve.gov/newsevents/pressreleases/files/orders20080922a2.pdf>; Andrew Ross Sorkin. (2009). *Too Big to Fail*. p. 417. Viking.

<sup>18</sup> CBS News, "Warsh Says He Will Leave Fed at The End of March," February 10, 2011, <https://www.cbsnews.com/news/warsh-says-he-will-leave-fed-at-the-end-of-march/>; Yale School of Management, Program on Financial Stability, "Email from Kevin Warsh Regarding In FOMC Management," September 16, 2008, <https://elischolar.library.yale.edu/cgi/viewcontent.cgi?article=2531&context=yyps-documents>; The New York Times, "Mystery Men of the Financial Crisis," William D. Cohan, February 4, 2010, <https://archive.nytimes.com/opinionator.blogs.nytimes.com/2010/02/04/mystery-men-of-the-financial-crisis/>.

<sup>19</sup> The Wall Street Journal, "Who Is Kevin Warsh, Trump's Fed Chair Pick?" Matt Grossman, January 30, 2026, <https://www.wsj.com/economy/central-banking/who-is-kevin-warsh-trumps-fed-chair-pick-a77dc602>; Board of Governors of the Federal Reserve System, "Federal Reserve Board, with full support of the Treasury Department, authorizes the Federal Reserve Bank of New York to lend up to \$85 billion to the American International Group (AIG)," press release, September 16, 2008, <https://www.federalreserve.gov/newsevents/pressreleases/other20080916a.htm>.

Sincerely,



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Elizabeth Warren  
Ranking Member  
Committee on Banking,  
Housing, and Urban Affairs