United States Senate
WASHINGTON, DC 20510

January 22, 2026

The Honorable Scott Bessent
Chair
Financial Stability Oversight Council
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Chair Bessent:

Big Tech and other artificial intelligence (AI) companies are on pace to spend trillions of dollars in the coming years on chips, servers, and other data center infrastructure needed to power AI services.[1] While most of these companies have historically funded AI investments using their own profits or equity offerings, they are increasingly turning to complex and opaque debt markets to borrow staggering sums of cash. The sheer magnitude of investment appears to drastically exceed realistic assumptions of business and consumer demand for AI products and services in the near-term. AI companies unable to rapidly increase revenues and service their massive debt loads could cause destabilizing losses for an interconnected set of financial institutions, triggering a broader financial crisis that harms the economy.[2]

At the December 2025 Financial Stability Oversight Council (FSOC) meeting, you announced the creation of an interagency AI working group.[3] We request that the working group launch a formal investigation into the financial stability risks posed by the rapid growth of debt connected to the AI industry, partnering with the Office of Financial Research (OFR) to compel financial data and leveraging the FSOC's authorities to address identified risks. In 2025, FSOC served as a coordination hub for President Trump's Wall Street deregulation agenda. It failed to execute its critical mission. The FSOC must quickly reverse course and take action to mitigate threats to financial stability before it's too late, and American families once again pay the price.

AI Buildouts are Increasingly Financed with Massive Amounts of Debt

The AI industry relies on data centers, which house the critical infrastructure that powers AI products and services. Data centers are costly to build, expensive to operate, and require the ongoing maintenance of power generation, cooling, connectivity, and security systems. By 2028,

[1] LA Times, "Wall Street eyes AI bubble as skepticism grows over trillion-dollar bets," Jeran Wittenstein, December 15, 2025, https://www.latimes.com/business/story/2025-12-15/wall-street-eyes-ai-bubble-as-skepticism-grows-over-trillion-dollar-bets.

[2] The Atlantic, "Something Ominous Is Happening in the AI Economy," Rogé Karma, December 10, 2025, https://www.theatlantic.com/economy/2025/12/nvidia-ai-financing-deals/685197/.

[3] U.S. Department of the Treasury, Financial Stability Oversight Council, "2025 Annual Report," December 11, 2025, pg. 5, https://home.treasury.gov/system/files/261/FSOC2025AnnualReport.pdf.

AI and Big Tech companies are expected to spend nearly $3 trillion on data center construction and maintenance.[4] Though these companies have historically financed data center buildouts using their own cash flow, estimates suggest that the AI sector will spend just $1.4 trillion of their own money by 2028 to finance data center buildouts.[5] To fill the $1.6 trillion spending gap, these companies are increasingly turning to alternative financing mechanisms.[6]

While traditional debt financing mechanisms, such as bond offerings, are expected to constitute $200 billion of the financing, AI companies are also using shadowy and complex alternatives, such as private equity, private credit, commercial mortgage-backed securitizations (CMBS), and asset-backed securitizations (ABS).[7] Specifically, over the next two years, private credit funds are projected to provide $800 billion in financing for data center buildouts, ABS and CMBS issuances are projected to account for an additional $150 billion, and private equity and other streams are projected to provide the remaining $350 billion.[8]

A growing share of these financing arrangements are convoluted and opaque—making it easier for companies to obscure the true nature of their balance sheets. A private funding arrangement called credit tenant lease financing, for instance, has become especially popular in the industry, with potentially damaging consequences.[9] Meta's record-breaking joint venture with Blue Owl Capital, a private credit firm, to develop its Hyperion data center, exemplifies this type of arrangement.[10] Using a co-owned special purpose vehicle (SPV), which is a separate legal entity off of Meta's balance sheet, the companies raised nearly $30 billion of mostly debt to finance the data center. PIMCO, an investment company, securitizes the debt and it is traded among investors. Once the data center is completed, Meta will lease the data center from the SPV and the revenue from the lease payments will be used to repay investors.[11] This approach also conceals the company's true financial condition, allowing it to appear healthier and less leveraged than it actually is and enabling it to borrow more than they otherwise could.[12] Just days

[4] The Guardian, "Boom or bubble? Inside the $3tn AI datacentre spending spree," Dan Milmo, November 2, 2025, https://www.theguardian.com/technology/2025/nov/02/global-datacentre-boom-investment-debt.

[5] The Guardian, "Boom or bubble? Inside the $3tn AI datacentre spending spree," Dan Milmo, November 2, 2025, https://www.theguardian.com/technology/2025/nov/02/global-datacentre-boom-investment-debt.

[6] New York Times, "Debt Has Entered the A.I. Boom," Ian Frisch, November 8, 2025, https://www.nytimes.com/2025/11/08/business/dealbook/debt-has-entered-the-ai-boom.html.

[7] *Id.*; Wall Street Journal, "Wall Street Blows Past Bubble Worries to Supercharge AI Spending Frenzy," Matt Wirz and Peter Rudegair, November 16, 2025, https://www.wsj.com/finance/investing/wall-street-ai-spending-bubble-810d270e.

[8] *Id.*; Financial Times, "What'll happen if we spend nearly $3tn on data centres no one needs?," Bryce Elder, July 30, 2025, https://www.ft.com/content/7052c560-4f31-4f45-bed0-cbc84453b3ce.

[9] Center for Public Enterprise, "Bubble or Nothing: Data Center Project Finance," Advait Arun, November 2025, pg. 16, 35-36, https://publicenterprise.org/wp-content/uploads/Bubble-or-Nothing.pdf.

[10] National Public Radio, "Meta is building a massive data center. Why it's fueling fears of an AI bubble," Wailin Wongand and Darian Woods, December 5, 2025, https://www.npr.org/2025/12/05/nx-s1-5630627/meta-is-building-a-massive-data-center-why-its-fueling-fears-of-an-ai-bubble.

[11] Center for Public Enterprise, "Bubble or Nothing: Data Center Project Finance," Advait Arun, November 2025, pg. 16, 35-36, https://publicenterprise.org/wp-content/uploads/Bubble-or-Nothing.pdf.

[12] *Id.*

after its Hyperion joint venture was publicized, for example, Meta announced it would raise up to $30 billion in other bond offerings.[13]

AI Companies are Not Yet Generating Sufficient Revenue to Repay Debt

To repay debt, AI companies will ultimately need to generate sufficient revenue from the sale or usage of their products and services. According to one financial analyst, "the money invested in AI infrastructure in 2023 and 2024 alone requires consumers and companies to buy roughly $800 billion in AI products over the life of these chips and data centers to produce a good investment return."[14] According to another analyst, "the industry probably needs a revenue range that is closer to the $320 billion to $480 billion range, just to break even on the [capital expenditures] to be spent [in 2025]."[15]

Yet AI companies do not appear to be generating anywhere close to this level of revenue. MIT researchers, for example, recently found that 95% of companies have seen no measurable business returns from their generative AI investments.[16] Meanwhile, after spending $400 billion on AI buildouts in 2025, AI companies may bring in just $60 billion in revenue in 2025.[17] Open AI, for example, is expected to bring in just $20 billion in annualized revenue in 2025 , a far cry from the $500 billion needed to build its first data center, Stargate.[18]

AI companies assert that while they may not be generating sufficient revenue now, data center buildouts will eventually turn profitable. However, it is unclear whether that assumption is accurate—particularly in light of how quickly AI hardware may become obsolete. AI companies claim, for example, that the chips used for developing and deploying state-of-the-art models have a lifespan of up to six years before becoming technologically obsolete and needing to be replaced by new chips—though many suspect the actual timeframe may be far shorter.[19] Replacing outdated AI infrastructure in the coming years will require even more spending, even as revenues may continue to lag.

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[13] Reuters, "Meta to raise $30 billion in its biggest bond sale as AI expansion costs rack up," October 30, 2025, https://www.reuters.com/business/meta-seeks-least-25-billion-bond-offering-bloomberg-reports-2025-10-30/.

[14] Wall Street Journal, "Spending on AI Is at Epic Levels. Will It Ever Pay Off?," Eliot Brown and Robbie Whelan, September 25, 2025, http://wsj.com/tech/ai/ai-bubble-building-spree-55ee6128

[15] Praetorian Capital, "An AI Addendum," October 5, 2025, https://pracap.com/an-ai-addendum/.

[16] Axios, "MIT study on AI profits rattles tech investors," Madison Mills, August 21, 2025, https://www.axios.com/2025/08/21/ai-wall-street-big-tech.

[17] The Atlantic, "Something Ominous Is Happening in the AI Economy," Rogé Karma, December 10, 2025, https://www.theatlantic.com/economy/2025/12/nvidia-ai-financing-deals/685197/.

[18] CNBC, "Sam Altman says OpenAI will top $20 billion in annualized revenue this year, hundreds of billions by 2030," Ashley Capoot, November 6, 2025, https://www.cnbc.com/2025/11/06/sam-altman-says-openai-will-top-20-billion-annual-revenue-this-year.html; CNBC, "OpenAI's first data center in $500 billion Stargate project is open in Texas, with sites coming in New Mexico and Ohio," MacKenzie Sigalos, September 23, 2025, https://www.cnbc.com/2025/09/23/openai-first-data-center-in-500-billion-stargate-project-up-in-texas.html.

[19] CNBC, "The question everyone in AI is asking: How long before a GPU depreciates?," Kif Leswing, November 14, 2025, https://www.cnbc.com/2025/11/14/ai-gpu-depreciation-coreweave-nvidia-michael-burry.html; CITP Blog, "Lifespan of AI Chips: The $300 Billion Question," Mihir Kshirsagar, October 15, 2025, https://blog.citp.princeton.edu/2025/10/15/lifespan-of-ai-chips-the-300-billion-question/.

AI Financing is Increasingly Interconnected, Posing Clear Risks

AI-related debt is not just convoluted and opaque—it is deeply interconnected across multiple sectors. The AI ecosystem is comprised of an increasingly concentrated set of players that includes hardware companies (e.g., chip designers NVIDIA and AMD), cloud providers (e.g., hyperscaler Amazon Web Services and neocloud CoreWeave), data center developers (e.g., Digital Realty), and model developers (e.g., Big Tech giants, including Meta and Google, and smaller startups such as OpenAI). While frontier AI development is concentrated among only a handful of companies, AI-related debt is scattered across several different types of financial institutions (e.g., banks, insurance companies, private credit funds) and financial instruments (e.g., loans, bonds, and securitizations). As a result, it is difficult to map the economic consequences of debt-related stress in the sector.

Severe losses for an asset class as large and interconnected as AI debt could spread across the financial system and impair its functioning. If the AI-sector is unable to rapidly increase revenue in the next few years, the first dominoes to fall may be so-called neocloud companies, like CoreWeave, which operate data centers that rent AI compute capacity as an enterprise service. These firms tend to be primarily engaged in AI data center activities and usually do not have other profitable technology business lines, like Big Tech companies. In addition, these companies, which rely on the timely construction of physical infrastructure to begin providing services, may experience revenue recognition delays if building is disrupted.[20] They have financed a significant portion of their spending through riskier debt channels, including private credit and junk bonds.[21]

There are already signs of stress amongst these firms. For example, there is a significant possibility that CoreWeave, which has borrowed more than $14 billion,[22] may not be able to pay back its debt, according to three major credit rating agencies.[23] CoreWeave's valuation dropped by 46% in a six week period as investor fears of an AI bubble intensified.[24] The cost of insuring against CoreWeave's default, through the use of credit defaults swaps (CDS), significantly increased from September to November by "roughly +280bps to around 640bps."[25] If they fail to

[20] The Verge, "I looked into CoreWeave and the abyss gazed back," Elizabeth Lopatto, November 17, 2025, https://www.theverge.com/ai-artificial-intelligence/822011/coreweave-debt-data-center-ai.

[21] Blackstone, "CoreWeave Secures $7.5 Billion Debt Financing Facility led by Blackstone and Magnetar," May 17, 2024, https://www.blackstone.com/news/press/coreweave-secures-7-5-billion-debt-financing-facility-led-by-blackstone-and-magnetar; The Wall Street Journal, "AI Finance Revs Up With Convertible Bonds," Matt Wirz, December 8, 2025, https://www.wsj.com/livecoverage/stock-market-today-dow-sp-500-nasdaq-12-08-2025/card/ai-finance-revs-up-with-convertible-bonds-Rprx9U3eZEjrYGsvULwG; The Wall Street Journal, "Flood of AI Bonds Adds to Pressure on Markets," Sam Goldfarb, November 23, 2025, https://www.wsj.com/finance/investing/flood-of-ai-bonds-adds-to-pressure-on-markets-88f17995.

[22] The Verge, "I looked into CoreWeave and the abyss gazed back," Elizabeth Lopatto, November 17, 2025, https://www.theverge.com/ai-artificial-intelligence/822011/coreweave-debt-data-center-ai.

[23] *Id.*

[24] Wall Street Journal, "CoreWeave's Staggering Fall From Market Grace Highlights AI Bubble Fears," Robbie Whelan, December 15, 2025, https://www.wsj.com/tech/ai/coreweave-stock-market-ai-bubble-a3c8c321.

[25] Deutsche Bank, "Artificial or Intelligent Spreads?," November 18, 2025, https://www.dbresearch.com/PROD/RI-PROD/PROD0000000000610295/Artificial%20or%20Intelligent%20Spreads%3F.report.

meet seemingly unrealistic revenue targets and cannot service their debt, it could cause stress for private credit funds and other financial institutions. Furthermore, if investors see these early signs of AI-sector stress, there could be contagion, as the market resets revenue expectations for the AI sector broadly. Investors could suddenly adjust equity and debt valuations and short-term funders of financial institutions and vehicles exposed to large amounts of AI-debt could run.

There are also some initial warning signs that debt issued directly by Big Tech companies, or indirectly off balance sheet, could become disrupted. For instance, volume for credit default swaps tied to Oracle, which carries "nearly four times as much debt as cash on its balance sheet,"[26] "jumped to about $4.2 billion over the six weeks ended Nov. 7 … up from less than $200 million in the same period last year."[27] Additionally, "the cost of protecting Oracle's debt against default rose as much as 14.4 basis points on [December 12, 2025] to 151.3 basis points. The measure is poised to finish at its highest level since 2009 for a second-straight session."[28] In recent months, major credit rating agencies have downgraded Oracle's credit outlook to "Negative."[29] Microsoft CDS spreads have quickly grown uncharacteristically wide for a AAA rated company: "A five-year CDS agreement to protect $10 million of Microsoft Corp. debt from default would cost about $34,000 annually, or 34 basis points on [December 4, 2025]. In mid-October, it was closer to $20,000 a year."[30] Some banks are starting to look for cover from data center-related risks. Morgan Stanley is reportedly considering a significant risk transfer instrument on a loan portfolio tied to companies involved in AI infrastructure, "which can give a bank default protection for between 5% and 15% of a designated portfolio of loans."[31]

Banks, insurance companies, private credit funds, real estate investment trusts (REITs) and other financial institutions could suffer significant losses on loans, bonds, and securitizations tied to large AI companies. Pensions, mutual funds, and retail investors are also exposed. For example, New York and Pennsylvania state pension plans are invested in Blue Owl's $7 billion digital infrastructure fund.[32] The sheer magnitude of these losses could cause runs, fire-sales, and a

[26] Bloomberg, "Everyone's Watching Stocks. The Real Bubble Is AI Debt.," Edward Harrison, December 31, 2025, https://www.bloomberg.com/news/newsletters/2025-12-31/everyone-s-watching-stocks-the-real-bubble-is-ai-debt.
[27] Bloomberg, "AI Debt Explosion Has Traders Searching For Cover," Caleb Mutua, November 15, 2025, https://www.bloomberg.com/news/articles/2025-11-15/ai-debt-explosion-has-traders-searching-for-cover-credit-weekly.
[28] Bloomberg, "Oracle Runs Into More Trouble as Bonds Looks Like Junk," David Rovella, December 12, 2025, https://www.bloomberg.com/news/newsletters/2025-12-12/oracle-runs-into-more-bond-trouble-evening-briefing-americas.
[29] S&P Global, "Oracle Inc. 'BBB' Ratings Affirmed; Outlook Negative; New Debt Rated 'BBB'," September 24, 2025, https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3446571; Reuters, "Moody's flags risk in Oracle's $300 billion of recently signed AI contracts," Matt Tracy, September 17, 2025, https://www.reuters.com/business/moodys-flags-risk-oracles-300-billion-recently-signed-ai-contracts-2025-09-17/.
[30] Bloomberg, "Wall Street Races to Cut Its Risk From AI's Borrowing Binge," Caleb Mutua and Paula Seligson, December 5, 2025, https://www.bloomberg.com/news/articles/2025-12-05/wall-street-races-to-cut-its-risk-from-ai-s-borrowing-binge.
[31] Bloomberg, "Wall Street Races to Cut Its Risk From AI's Borrowing Binge," Caleb Mutua and Paula Seligson, December 5, 2025, https://www.bloomberg.com/news/articles/2025-12-05/wall-street-races-to-cut-its-risk-from-ai-s-borrowing-binge.
[32] Wall Street Journal, "Wall Street Blows Past Bubble Worries to Supercharge AI Spending Frenzy," Matt Wirz and Peter Rudegair, November 16, 2025, https://www.wsj.com/finance/investing/wall-street-ai-spending-bubble-

contraction of credit across the economy. This scenario would cause harm to businesses and households completely disconnected from the AI sector—causing job losses, a reduction in consumer and business spending, and an ensuing macroeconomic deterioration that is self-reinforcing.

Even absent a full blown financial crisis, there may be a range of other direct harms to the real economy if the AI bubble bursts. Markets have become heavily reliant on the projected success of a few large AI companies. "Without the AI boom, the S&P 500 would be 25% lower than it is today," one analyst estimates.[33] If demand lags current assumptions and AI revenues fail to grow, a "30% drop for the S&P 500 is possible."[34] A market correction of this scale would crush retirement savers and retail investors exposed to the AI industry. States and localities that have become hubs for AI expansion may suffer significant losses of revenue and jobs if these companies fail, potentially eroding their tax bases and capacity to provide critical public services.

The Circularity of AI Spending Commitments Increases Financial Stability Risks

The circularity of AI financing deals among just a handful of tech companies exacerbates concerns regarding the financial system's exposure to AI-related debt if the industry is unable to generate significant revenue. For example, chip designer NVIDIA holds a significant stake in the data center company CoreWeave.[35] CoreWeave uses that capital, in combination with debt, to build its data centers. These data centers' computing capacity are powered exclusively by NVIDIA chips that CoreWeave has purchased.[36] Other AI companies can then enter contracts with CoreWeave to access this capacity. OpenAI, for instance, will pay CoreWeave $22 billion for computing capacity. As part of that agreement, it received $350 million in CoreWeave's stock.[37] NVIDIA has pledged to backstop any of CoreWeave's cloud capacity not sold to consumers through 2032.[38]

This type of self-reinforcing arrangement can mask actual demand for AI services, creating an illusion of growth that is not sustainable. Such insular investment structures mean that some players become inextricably dependent on others. A slowdown or failure at any link of the chain would not cause isolated stress, as it would have cascading effects for the increasingly interlocked AI industry.

Aware of Risks, AI Executives Want Taxpayer Funding and Guarantees

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[33] Wall Street Journal, "Are We in an AI Bubble? What Happens If It Bursts?," Caitlin McCabe, November 21, 2025, https://www.wsj.com/livecoverage/stock-market-today-dow-sp-500-nasdaq-11-21-2025/card/are-we-in-an-ai-bubble-what-happens-if-it-bursts--AM7ivwqVxJJbcy1ISQjh.

[34] *Id.*

[35] The Verge, "I looked into CoreWeave and the abyss gazed back," Elizabeth Lopatto, November 17, 2025, https://www.theverge.com/ai-artificial-intelligence/822011/coreweave-debt-data-center-ai.

[36] *Id.*

[37] New York Times, "The Company Testing Wall Street's Appetite for A.I. Computing Power," Eli Tan and Cade Metz, March 18, 2025, https://www.nytimes.com/2025/03/18/technology/coreweave-wall-street-ai-ipo.html.

[38] Reuters, "CoreWeave, Nvidia sign $6.3 billion cloud computing capacity order," September 15, 2025, https://www.reuters.com/business/coreweave-nvidia-sign-63-billion-cloud-computing-capacity-order-2025-09-15/.

Even AI executives have warned that they may be misspending large sums of money and that investor losses could ensue. In September, Meta CEO Mark Zuckerberg stated, "if we end up misspending a couple of hundred billion dollars, I think that that is going to be very unfortunate obviously."[39] When asked whether there was an AI bubble, OpenAI CEO Sam Altman replied, "I do think some investors are likely to lose a lot of money."[40]According to Alphabet CEO Sundar Pichai, there is some "irrationality" in the current AI investment boom.[41]

As a result, some AI companies are trying to get ahead of a potential financial crash by preemptively advocating for an AI bailout if the bubble bursts. OpenAI has been publicly pushing the federal government to "lean in" and assist the industry by "de-risking" AI expansion, including by expanding federal tax incentives and loan guarantees for AI companies.[42] In a recent interview, OpenAI's Chief Financial Officer Sarah Friar suggested that the federal government could "backstop" the company's data center investments, although the company then tried to walk that back.[43] OpenAI has also directly asked the Trump Administration for "[t]ax credits, loans, and other vehicles the US government can direct" and "vital data" that the government holds in letters to the White House.[44]

FSOC Must Investigate and Address the Financial Stability Risks of AI-Related Debt

Globally, regulators tasked with monitoring financial stability are raising alarms. In December 2025, the Bank of England explained, "Deeper links between AI firms and credit markets, and increasing interconnections between those firms, mean that, should an asset price correction occur, losses on lending could increase financial stability risks,"[45] Researchers at the Bank for International Settlements found, "If a decline in AI investment were to come with a significant stock market correction, negative spillovers could be larger than previous booms suggest."[46] In November 2025, Federal Reserve Vice Chair Jefferson cautioned, "Some analysts estimate that

[39] Post on X by Shanu Mathew, September 22, 2025, https://x.com/shanumathew93/status/1970295152062115874.
[40] Financial Times, "Brace for a crash before the golden age of AI," John Thornhill, August 21, 2025, https://www.ft.com/content/a76f238d-5543-4c01-9419-52aaf352dc23.
[41] BBC, "Google boss says trillion-dollar AI investment boom has 'elements of irrationality,'" Faisal Islam and Rachel Clun, November 18, 2025, https://www.bbc.com/news/articles/cwy7vrd8k4eo.
[42] Letter from OpenAI Chief Global Affairs Officer Christopher Lehane to Executive Director of the White House Office of Science and Technology Policy Michael Kratsios, October 27, 2025, https://cdn.openai.com/pdf/21b88bb5-10a3-4566-919d-f9a6b9c3e632/openai-ostp-rfi-oct-27-2025.pdf.
[43] New York Times, "OpenAI Races to Quell Concerns Over Its Finances," Mike Isaac, November 6, 2025, https://www.nytimes.com/2025/11/06/technology/openai-finances-debt-data-centers.html.
[44] New York Times, "OpenAI Races to Quell Concerns Over Its Finances," Mike Isaac, November 6, 2025, https://www.nytimes.com/2025/11/06/technology/openai-finances-debt-data-centers.html; Letter from OpenAI Chief Global Affairs Officer Christopher Lehane to Non-Commissioned Officer of the White House Office of Science and Technology Policy Faisal D'Souza, March 13, 2025, https://cdn.openai.com/global-affairs/ostp-rfi/ec680b75-d539-4653-b297-8bcf6e5f7686/openai-response-ostp-nsfrfi-notice-request-for-information-on-the-development-of-an-artificial-intelligence-ai-action-plan.pdf.
[45] BBC, "Bank of England warns of AI bubble risk," Archie Mitchell, December 2, 2025, https://www.bbc.com/news/articles/cx2e0y3913jo.
[46] Bank for International Settlements, "Financing the AI boom: from cash flows to debt," Iñaki Aldasoro, Sebastian Doerr and Daniel Rees, January 7, 2026, https://www.bis.org/publ/bisbull120.pdf.

future investments in AI infrastructure will require a lot more debt. If that turns out to be the case, leverage in the AI sector could increase—and so could the losses if sentiment toward AI shifts."[47] FSOC itself has acknowledged these risks: in December 2025, you created an interagency AI working group "to explore opportunities for AI to promote the resilience of the financial system, while also monitoring for potential risks to financial stability that might be posed by the adoption of AI both within and outside the financial services sector."[48]

We request that FSOC, in partnership with the OFR, investigate the U.S. financial system's increasing exposure to the AI sector. OFR should deploy its authority to compel relevant financial data from banks, insurance companies, private credit funds, REITs, and other financial institutions involved in these debt financing transactions. FSOC should then leverage its own authorities to address these risks and make recommendations to the financial regulatory agencies and Congress regarding any additional steps necessary to safeguard the financial system.

By February 13, 2026, please confirm that FSOC has launched a formal investigation into the financial stability risks posed by AI-related debt.

Sincerely,

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

Richard Blumenthal
United States Senator

Chris Van Hollen
United States Senator

Tina Smith
United States Senator

[47] Federal Reserve Board, "Speech by Federal Reserve Vice Chair Philip Jefferson at the 2025 Federal Reserve Bank of Cleveland Financial Stability Conference, Cleveland, Ohio," November 21, 2025, https://www.federalreserve.gov/newsevents/speech/jefferson20251121a.htm.
[48] U.S. Department of the Treasury, "FSOC 2025 Annual Report," December 11, 2025, press release, https://home.treasury.gov/news/press-releases/sb0334.