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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

March 10, 2024

The Honorable Martin Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Dear Chairman Gruenberg:

I write regarding your failure to respond to my December 7, 2023, letter pertaining to the deeply troubling allegations of sexual harassment, discrimination, and a hostile workplace at the Federal Deposit Insurance Corporation (“FDIC”) during your long tenure as Chairman, Acting Chairman, Vice Chairman, and Board Member.¹

As you know, in November, *The Wall Street Journal* (“WSJ”) reported on the role that you and your deputies have allegedly played in contributing to a toxic agency culture at the FDIC. The WSJ also reported on numerous instances of sexual harassment, discrimination, and other workplace misconduct at the FDIC and detailed the failure of agency leadership to address these serious issues.² During your appearance before the Senate Banking Committee on November 14, 2023, and in response to questions regarding the WSJ’s allegations, you committed to being transparent and keeping this Committee informed.³ Subsequently, my Banking Committee colleagues and I sent you a letter expressing our concerns and requesting information regarding

¹ Letter from Senate Banking Committee Republicans to Martin Gruenberg, Chairman, U.S. Federal Deposit Insurance Corporation (Dec. 7, 2023),

https://www.banking.senate.gov/imo/media/doc/ts_letter_to_gruenberg_re_fdic_workplace_culture.pdf.

² Rebecca Ballhaus, *Strip Clubs, Lewd Photos and a Boozy Hotel: The Toxic Atmosphere at Bank Regulator FDIC*, *The Wall Street Journal* (Nov. 13, 2023), <https://www.wsj.com/us-news/fdic-toxic-atmosphere-strip-clubs-lewd-photos-boozy-hotel-12c89da7>; Rebecca Ballhaus, *FDIC Chairman Denies Being Investigated, Then Changes Testimony*, *The Wall Street Journal* (Nov. 14, 2023), <https://www.wsj.com/finance/regulation/republican-fdic-board-members-call-for-broader-oversight-of-investigation-into-misconduct-at-agency-220eb026>; and Rebecca Ballhaus, *FDIC Chair, Known for Temper, Ignored Bad Behavior in Workplace*, *The Wall Street Journal* (Nov. 14, 2023), <https://www.wsj.com/politics/policy/fdic-chairman-martin-gruenberg-workplace-harassment-5cae85bc>.

³ *Oversight of Financial Regulators: Protecting Main Street Not Wall Street: Hearing Before the Senate Committee on Banking, Housing, and Urban Affairs* (Nov. 14, 2023) (“We will be transparent as we proceed with this process [of addressing the allegations in the WSJ reporting]. We’ll report out to you and glad to keep you informed...”) (testimony of Martin Gruenberg, Chairman, Federal Deposit Insurance Corporation),

<https://www.banking.senate.gov/hearings/oversight-of-financial-regulators-protecting-main-street-not-wall-street>.

these allegations by no later than January 4, 2024.⁴ Yet more than three months after our request, and over 65 days past the deadline, you have not provided a response.

Your decision to disregard a Congressional inquiry regarding credible claims of harassment and a hostile workplace environment that reportedly occurred under your leadership is completely unacceptable.⁵ It also demonstrates a concerning lack of transparency and disregard for Congressional oversight. Moreover, your failure to respond and comply with this straightforward request shows an unwillingness to ensure accountability at the agency you lead.

The FDIC needs a leader who is willing to address the troubling reports of the agency's toxic workplace culture by embracing transparency, accepting responsibility, and holding bad actors accountable. Regrettably, your actions to date raise serious concerns about your willingness and ability to correct these grave workplace issues that appear to have flourished for decades under your leadership. As such, I reiterate my call for you to step down as Chairman and Board Member.

I again ask that you promptly provide the written answers and records requested in the December 7th letter and reiterate that all FDIC employees are welcome to confidentially contact the Senate Banking Committee Minority if they desire to make a protected disclosure of information regarding any misconduct at the FDIC. To share such information, FDIC employees may email RepWhistleblowers@banking.senate.gov or call 202-224-4287.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'T. Scott', with a stylized flourish extending to the right.

Tim Scott
Ranking Member

⁴ Letter from Senate Banking Committee Republicans to Martin Gruenberg, Chairman, U.S. Federal Deposit Insurance Corporation (Dec. 7, 2023), https://www.banking.senate.gov/imo/media/doc/ts_letter_to_gruenberg_re_fdic_workplace_culture.pdf.

⁵ In addition to the WSJ's reporting, the FDIC has recently admitted that "more than 350 people" have already contacted Cleary Gottlieb Steen & Hamilton LLP, the law firm tapped by the FDIC to conduct an independent review of these allegations, to share their experiences of "sexual harassment or hostile, abusive, unprofessional, inappropriate or other interpersonal misconduct" at the agency. See FDIC Press Release: Special Committee Provides Update on Third-Party Review (Feb. 15, 2024), <https://www.fdic.gov/news/press-releases/2024/pr24007.html>.