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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

LAURA SWANSON, STAFF DIRECTOR
LILA NIEVES-LEE, REPUBLICAN STAFF DIRECTOR

December 7, 2023

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

Dear Chairman Gruenberg:

We write to request information about the deeply troubling allegations described in recent press reports regarding the hostile work environment and pernicious culture of harassment and discrimination at the Federal Deposit Insurance Corporation (“FDIC”) during your tenure as Chairman, Acting Chairman, Vice Chairman, and Board Member.

According to reporting by *The Wall Street Journal*, the FDIC, for over ten years, has had a toxic workplace environment in which female FDIC employees have been subjected to sexual harassment and discrimination by male FDIC employees, including by their managers.¹ Additionally, the reporting suggests that in most cases the allegations of harassment and discrimination were met with little to no disciplinary action on the part of the alleged perpetrators, creating an environment in which victims were made to continue working with their harassers and the FDIC’s hostile workplace culture was allowed to persist unabated.²

The allegations detailed in these press reports are deeply disturbing and unacceptable at any workplace, let alone a federal agency. The FDIC needs to take swift action and ensure complete accountability for any and all perpetrators of harassment and discrimination at the agency. As Chairman and Board Member, your position demands that these concerns be addressed. However, given the fact that these incidents appear to have occurred during your tenure as Chairman (November 2012 – June 2018 and January 2023 – the present), Acting Chairman (November 2005 – June 2006; July 2011 – November 2012; and February 2022 – January 2023),

¹ 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>.

² *Id.*

Vice Chairman (August 2005 – July 2011), and Board Member (August 2005 – the present),³ we unfortunately lack confidence in your ability to correct a toxic culture that, for all intents and purposes, thrived during your long tenure leading the agency. Furthermore, according to these reports, both you and your top deputies “have been involved in decisions over high-level examples of alleged sexism, harassment, and racial discrimination in which the agency didn’t take a hard line with individuals accused of misconduct,” allowing the culture of harassment and discrimination to persist and flourish.⁴ As a leader, you bear an ethical and professional responsibility to those you serve to ensure a safe and respectful workplace. Accordingly, we are disturbed to learn that, while leading the agency, you reportedly personally “built a reputation for bullying and for having an explosive temper,” culminating in at least one investigation against you after you angrily berated a female FDIC employee while you were Vice Chairman.⁵

The culture of an organization is set from the top. As such, we have significant concerns with your ability to continue leading the FDIC as it seeks to clean up its public image and provide much-needed changes to its workplace culture to return the FDIC to working order. Given the importance of the role of the FDIC in maintaining stability and public confidence in the nation's financial system,⁶ we call on you to step down as Chairman and Board Member and allow someone with more credibility to address the hostile workplace culture at the FDIC to which you have contributed.

In addition, to further allow us and other Members of the Committee to evaluate these deeply troubling allegations of harassment and a hostile workplace environment at the FDIC, we request that you provide answers to the following questions by no later than January 4, 2023:

³ See About Martin Gruenberg, Federal Deposit Insurance Corporation (last accessed Nov. 30, 2023), <https://www.fdic.gov/about/martin-gruenberg/>; List of Chairman of the FDIC, Federal Deposit Insurance Corporation (last accessed Nov. 30, 2023), <https://www.fdic.gov/about/history/chairmen/>.

⁴ See 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>.

⁵ *Id.*

⁶ The FDIC is responsible for one of the most critical functions of our nation’s financial system: to maintain stability and public confidence in our nation’s financial system. While the agency is not solely responsible for this mission, the FDIC is the sole regulator with direct insight and control over all of the 4,614 FDIC-insured banks in this nation, who collectively safeguard \$23.7 trillion in assets. See, e.g., [FDIC Quarterly Banking Profile, Third Quarter 2023, Federal Deposit Insurance Corporation \(Sept. 30, 2023\)](https://www.fdic.gov/analysis/quarterly-banking-profile/qbp/2023sep/qbp.pdf), <https://www.fdic.gov/analysis/quarterly-banking-profile/qbp/2023sep/qbp.pdf>. To carry out this mission, the FDIC staffed over 6,000 employees in 2022. However, by the FDIC’s own admission, staffing issues contributed earlier this year to the fourth largest bank failure this nation has ever seen. See, e.g., [FDIC 2022 Annual Report, Federal Deposit Insurance Corporation \(Feb. 16, 2023\)](https://www.fdic.gov/about/financial-reports/reports/2022annualreport/2022-arfinal.pdf), www.fdic.gov/about/financial-reports/reports/2022annualreport/2022-arfinal.pdf. The FDIC’s own report on the failure of Signature Bank, for which it shared direct supervisory responsibility with the New York Department of Financial Services, cited as a contributing factor, a lack of staff and inability to hire and retain employees in the New York regional office. See, e.g., [FDIC’s Supervision of Signature Bank, Federal Deposit Insurance Corporation \(Apr. 28, 2023\)](https://www.fdic.gov/news/press-releases/2023/pr23033a.pdf), www.fdic.gov/news/press-releases/2023/pr23033a.pdf. In light of the revelations of that report and allegations of your prior knowledge of the culture staff dealt with at the FDIC, it should have been an immediate priority to address staff work culture concerns in order to ensure that the FDIC has a professional workplace environment to attract employees and prevent attrition.

1. In 2008, when you were Vice Chairman, then-Chairman Sheila Bair reportedly hired an outside firm to investigate your conduct in connection with allegations that you lost your temper with a female FDIC employee and angrily castigated her during a work meeting. According to press reports, Chairman Bair understood that this incident was “part of a pattern of behavior” by you when interacting with FDIC employees. Did Chairman Bair—or any other FDIC official or employee—discuss concerns with you relating to your treatment of FDIC staff or any other reputational concerns they had relating to your personal conduct? Please answer “yes” or “no.”
 - a. If yes, please describe every such instance, to include for each instance who communicated this to you and when, and what changes, if any, resulted from such communication.
2. Have you ever damaged a work phone or other piece of workplace furniture or equipment, out of frustration, anger, or for any other reason? Please answer “yes” or “no.”
 - a. If yes, please describe every such instance, to include for each instance when and why it occurred and who was present at the time.
3. Have you ever yelled at or angrily berated an FDIC employee? Please answer “yes” or “no.”
 - a. If yes, please describe every such instance, to include for each instance when and why it occurred and who was present at the time.
4. Do you deny the recently reported allegations that a culture of harassment and discrimination has existed at the FDIC for over ten years while you were serving on the FDIC’s Board, including as Chairman, Acting Chairman, and Vice Chairman? Please answer “yes” or “no.”
 - a. If yes, why?
5. Do you acknowledge that a culture of harassment and discrimination at the FDIC has damaged the agency’s reputation and made it more difficult for the agency to effectively do its job? Please answer “yes” or “no.”
 - a. If no, why not?
6. Do you acknowledge that a culture of harassment and discrimination at the FDIC has contributed to the FDIC’s struggles to hire or retain examiners or other FDIC employees? Please answer “yes” or “no.”

- a. If no, why not?
7. Do you believe that the FDIC’s reputation for having a culture of harassment and discrimination impeded the New York Regional Office from being able to attract or retain talent from 2017 to 2023? Please answer “yes” or “no.”
 - a. If no, why not?
8. Given allegations that incidents of harassment or other misconduct reported by female employees were ignored or not taken seriously enough by FDIC officials, do you believe that this pernicious workplace environment had a negative impact on the work of female FDIC employees? Please answer “yes” or “no.”
 - a. If no, why not?
9. Do you acknowledge that leaders set the tone from the top and are ultimately responsible for the workplace culture of the organizations they lead? Please answer “yes” or “no.”
 - a. If no, why not?
10. Has the FDIC attempted to confirm the specific reporting of sexual harassment and a pernicious work environment detailed by *The Wall Street Journal*⁷? Please answer “yes” or “no.”
 - a. If no, why not?
 - b. If yes, what has the FDIC done to assess these claims and hold the perpetrators responsible?
11. Did you support the FDIC hiring Michael Bradfield in or around 2009 to become FDIC General Counsel? Please answer “yes” or “no.”
 - a. At the time when he was being considered for FDIC General Counsel, were you aware of allegations that Mr. Bradfield had sexually harassed a female employee in the FDIC’s legal division, Roberta McInerney, when both Ms. McInerney and Mr. Bradfield worked together at the Federal Reserve? Please answer “yes” or “no.”
12. Did you support the promotion of Harrel Pettway to the position of General Counsel of the FDIC? Please answer “yes” or “no.”

⁷ 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>.

- a. Prior to Mr. Pettway’s promotion, were you aware of allegations that he had left a ranting, cursing voicemail for an employee, resulting in the FDIC having to pay a settlement to the abused employee? Please answer “yes” or “no.”

In addition to providing the answers to the above questions, we request that you produce the following information by no later than January 4, 2023:

1. A list of all complaints or investigations related to sexual harassment, sex discrimination, or a hostile work environment at the FDIC since November 2005, and all records⁸ describing any such complaints or investigations;
2. A list of all complaints or investigations related to racial discrimination at the FDIC since November 2005, and all records describing any such complaints or investigations;
3. A list of all complaints or investigations related to the conduct of Martin Gruenberg since November 2005, and all records describing any such complaints or investigations;
4. All records related to the hiring of BakerHostetler to conduct an assessment into the allegations of sexual harassment and sex discrimination at the FDIC; and
5. All records related to the hiring of any firm or investigator to examine Mr. Gruenberg’s workplace behavior.

Finally, we request that you inform all FDIC employees that they may confidentially contact Ranking Member Scott’s Committee staff if they desire to make a protected disclosure of information regarding waste, fraud, or abuse—including, but not limited to, sexual harassment or discrimination—or any other misconduct occurring 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,



Tim Scott
Ranking Member



Thom Tillis
United States Senator

⁸ The term “records” means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded or preserved, and whether original or copy.



Cynthia Lummis
United States Senator



Kevin Cramer
United States Senator



Steve Daines
United States Senator