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Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY

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https://oversight.house.gov

November 20, 2023

The Honorable Martin J. Gruenberg
Chair
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Chair Gruenberg,

The Committee on Oversight and Accountability is investigating detailed recent reports about toxic workplace culture at the Federal Deposit Insurance Corporation (FDIC).[1] The reports by *The Wall Street Journal* describe an abusive culture of sexual harassment and discrimination within the FDIC, and a lack of internal processes encouraging reporting and effective responses to such allegations.[2] FDIC was established to restore and maintain confidence in times of crisis. On the heels of several bank failures which shook confidence in the banking system and led the Biden Administration to take unprecedented steps to contain further panic, the allegations of a culture of tolerating harassment at the FDIC weakens the credibility of your agency. We request a briefing, documents, and communications related to the FDIC's investigations and response to allegations of sexual harassment and discrimination as well as its view that these are no longer ongoing issues at the agency.

According to reporting, female employees within the FDIC have been subjected to a hyper-sexualized culture, in which "[s]enior bank examiners texted female employees photos of their penises," pressured subordinates to drink excessively, and subjected them to lewd comments and advances.[3] Additionally, the article describes a culture which discouraged reporting and responding to misconduct.[4] Female employees who refused to be a part of this abusive culture were sometimes retaliated against: they were not given opportunities to lead bank examinations, and were limited in their career advancement, creating additional pressure against reporting harassment.[5]

These are not the first instances of alleged misconduct in which you have been involved. At a November 15, 2023, hearing before the House Financial Services Committee you had to

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[1] Rebecca Ballhaus, *Strip Clubs, Lewd Photos and a Boozy Hotel: The Toxic Atmosphere at Bank Regulator FDIC*, WALL STREET JOURNAL (Nov. 13, 2023).
[2] *Id*.
[3] *Id*.
[4] *Id*.
[5] *Id*.

correct your testimony that you had in fact been investigated for inappropriate conduct in 2008.[6] Furthermore, in 2016, you were named as the acting head of the agency in a complaint alleging a pattern of harassment and discrimination on the basis of race, gender, and disability.[7]

According to a FDIC Inspector General report from July 2020, the FDIC had "not established an adequate sexual harassment prevention program and should improve its policies, procedures, and training to facilitate the reporting of sexual harassment allegations."[8] Based on these reports it appears that instead of addressing these issues, the FDIC may have turned a blind eye to sexual harassment and discrimination within its staff. In fact, according to reporting, offenders were often reassigned including the Director of the Office of Minority and Women Inclusion who was accused of "telling a Black employee that slavery was 'not all bad'," was reassigned to the training division, rather than being fired.[9]

To assist our investigation into allegations of a culture of sexual harassment and discrimination at FDIC and the impact such harassment may have had on FDIC's ability to achieve its mission, we request the following documents and communications, covering the time period January 1, 2021 to present unless otherwise indicated, no later than December 4, 2023:

1) All records relating to complaints, investigations, reports, dispositions and other allegations of hostile, aggressive, inappropriate, improper, retaliatory, or prohibited actions by FDIC employees;

2) All documents and communications provided to the law firm BakerHostetler as part of its investigation related to these reports;

3) All records and communications to or from FDIC human resource employees discussing or referring to allegations of sexual harassment or the existence of (or lack thereof) sexual harassment at the agency;

4) All communications to or among employees of the Office of the Chairman related to any allegations of sexual misconduct, sexual harassment, or discrimination;

5) A list of individuals who have been reassigned, and where they have been reassigned, in connection to allegations of sexual misconduct, sexual harassment, or discrimination; and

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[6] *Oversight of Prudential Regulators Hearing Before the H. Fin. Serv. Comm.*, 118th Cong. (Nov. 15, 2023) (statement of Martin J. Gruenberg, Chairman of the Board of Directors of the Fed. Deposit Ins. Corp.).
[7] *Larraine D. 1 Complainant, v. Martin J. Gruenberg, Chairman, Fed. Deposit Insurance Corp.*, Equal Emp't Opportunity Comm'n, (Oct 27, 2016). *See also* Letter from African-American FDIC Employees to FDIC Chairman Jelena McWilliams (Sept. 17, 2018).
[8] EVAL-20-006, *Preventing and Addressing Sexual Harassment*, Fed. Deposit Insurance Corp. Off. of the Inspector Gen., (Jul. 2020).
[9] Rebecca Ballhaus, *FDIC Chair, Known for Temper, Ignored Bad Behavior in Workplace*, WALL STREET JOURNAL, (Nov. 15, 2023). *See* Rebecca Ballhaus, *Strip Clubs, Lewd Photos and a Boozy Hotel: The Toxic Atmosphere at Bank Regulator FDIC*, WALL STREET JOURNAL (Nov. 13, 2023).

6) All processes and procedures the FDIC maintains related to sexual misconduct, sexual harassment, or discrimination.

We also request a briefing by senior agency officials on the allegations raised against the agency and its employees as soon as possible, but in no event later than November 27, 2023.

To arrange the briefing, or ask any further questions, please contact the Committee on Oversight and Accountability Majority staff at (202) 225-5074. The Committee on Oversight and Accountability is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate "any matter" at "any time" under House Rule X. Additionally, the Committee has legislative jurisdiction over the Federal civil service.

Sincerely,

Lisa C McClain

Lisa McClain
Chairwoman
Subcommittee on Health Care
and Financial Services Workforce

Andy Biggs

Andy Biggs
Member of Congress

cc: The Honorable Katie Porter, Ranking Member
Subcommittee on Health Care and Financial Services