

November 17, 2023

Mr. Tyler Smith
Acting Inspector General
Federal Deposit Insurance Corporation
Office of Inspector General
3501 Fairfax Dr.
Arlington, VA 22226

Dear Acting Inspector General Smith:

We request that your office conduct a comprehensive investigation into the workplace culture at the Federal Deposit Insurance Corporation (FDIC). We are extremely concerned by recent reports that the FDIC has failed to fix a toxic culture of sexual harassment and misconduct, discrimination, and misogyny spanning well over a decade. The allegations described in news reports are nothing short of appalling.

According to *The Wall Street Journal*, female examiners at the FDIC have been subjected to inappropriate behavior by male examiners, including supervisors.¹ Fearing retaliation or lacking trust in the administration of the FDIC's sexual harassment policies, some female employees have either chosen to leave the agency or not report incidents of harassment. Additionally, stretching back as far as 15 years, reports allege leadership at the FDIC have created a hostile and combative work environment for employees.²

Your office previously documented weaknesses in the FDIC's sexual harassment policies and procedures. In July 2020, your office issued a report that found that 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 and address

¹ *Strip Clubs, Lewd Photos and a Boozy Hotel: The Toxic Atmosphere at Bank Regulator FDIC*, Wall Street Journal (November 13, 2023) (https://www.wsj.com/us-news/fdic-toxic-atmosphere-strip-clubs-lewd-photos-boozy-hotel-12c89da7?mod=hp_lista_pos3).

² FDIC Chair, Known for Temper, Ignored Bad Behavior in Workplace, Wall Street Journal (November 16, 2023) (https://www.wsj.com/politics/policy/fdic-chairman-martin-gruenberg-workplace-harassment-5cae85bc?mod=hp_lead_pos1). See also FDIC Chairman Denies Being Investigated, Then Changes Testimony, Wall Street Journal (November 15, 2023) (<https://www.wsj.com/finance/regulation/republican-fdic-board-members-call-for-broader-oversight-of-investigation-into-misconduct-at-agency-220eb026>).

reported allegations in a prompt and effective manner.”³ It appears these issues continue to persist and the FDIC has failed to make the necessary and meaningful changes.

The FDIC is charged with protecting the stability and public confidence of our banking system. The FDIC’s employees play a critical role in ensuring our financial system operates in a safe and sound manner. It is imperative that the FDIC recruit and retain talented public servants and create a safe and professional work environment. Allowing employees that have engaged in misconduct to stay on the job, while losing talented employees because of the failure to meaningfully address these systemic issues, compromises public trust in the FDIC.

The issues raised in these reports require your office’s immediate attention. As part of your investigation, we request that your office consider the reports of sexual harassment and misconduct; the process that led to a lack of meaningful disciplinary action against individuals who engaged in misconduct; whether the agency implemented meaningful changes after issuance of the 2020 Inspector General’s report; a review of the 2008 management inquiry into then-Board Member Martin Gruenberg; and other matters identified in the *Journal’s* reporting.

Your office’s investigation into this matter is vital to fully understanding the longstanding failings at the FDIC and will be important in helping the FDIC make the necessary changes to the culture of this agency.

Sincerely,



Sherrod Brown
Chairman
Senate Committee on
Banking, Housing, and Urban
Affairs



Tina Smith
United States Senator

³ *Preventing and Addressing Sexual Harassment*, Federal Deposit Insurance Corporation, Office of Inspector General (July 2020) (<https://www.fdicoinc.gov/sites/default/files/reports/2022-08/EVAL-20-006.pdf>); see also, *FDIC lacks adequate sexual harassment prevention, reporting system: IG*, American Banker (July 13, 2020) (<https://www.americanbanker.com/news/fdic-lacks-adequate-sexual-harassment-prevention-reporting-system-ig>).

Laphonza Butler
United States Senator

Robert Menendez
United States Senator

Jon Tester
United States Senator

Elizabeth Warren
United States Senator

Jack Reed
United States Senator

John Fetterman
United States Senator

Raphael Warnock
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