

United States Senate

November 16, 2023

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

Chair Gruenberg:

I am writing today with serious concerns regarding the professional culture at the Federal Deposit Insurance Corporation (FDIC). New allegations surfaced this week suggesting that the FDIC is tolerating an inappropriate and toxic workplace atmosphere under your leadership. Given the vital role the FDIC plays in upholding America's financial and economic systems, it is imperative that its leader be one with irreproachable demeanor and character. These troubling allegations call into question your ability to continue leading and present a troubling picture of your tenure.

Specifically, a 2020 FDIC Office of Inspector General (OIG) report entitled "Preventing and Addressing Sexual Harassment" states that the FDIC's policies for preventing, identifying, and disciplining sexual harassment fell short. As you stated at the hearing on Tuesday, November 14, 2023, then-Chair Jelena McWilliams quickly responded to the 15 recommendations outlined by the OIG report¹. Additionally, she included anti-harassment initiatives. However, her time was cut short.

Further, in your testimony at the House Financial Services Committee on Wednesday, November 15, 2023, you stated that you have not been investigated for inappropriate behavior. You later told the panel that you were, in fact, investigated for inappropriate behavior in 2008.

According to reporting, after an FDIC official left a voicemail cursing at an employee, your organization paid out a \$100,000 settlement, but you promoted that official to a top spot at the FDIC. Far from addressing unacceptable conduct, this promotion implies that you reward it.²

¹ <https://www.fdicoinc.gov/sites/default/files/reports/2022-08/EVAL-20-006.pdf>

² https://www.wsj.com/politics/policy/fdic-chairman-martin-gruenberg-workplace-harassment-5cae85bc?st=058evrva466pl51&reflink=share_mobilewebshare

The reports of misconduct extend beyond rank-and-file employees to the highest tiers of FDIC's leadership.

With this in mind, I would like a response to the following questions:

- During your time as chair until mid-2018, were you aware that the OIG was investigating multiple allegations of sexual misconduct at the FDIC? If so, what guidance did you provide your staff to improve the workplace culture?
- Chair Jelena McWilliams responded to the investigation, but she was then forced to resign effective February 4, 2022, at which time you became acting chair. What did you do to take up her work to respond to the culture at the FDIC upon becoming acting chair?

According to your statement at the Senate Banking Committee on Tuesday, November 14, 2023, you have not personally acted to rectify these allegations throughout your time as chair or acting chair at the FDIC in order to make the FDIC an appropriate workplace for *all* individuals. As a result of these troubling reports and your apparent unwillingness to address them, I call for your resignation so that a new chair can restore the professional culture at the FDIC that the American people expect from its institutions.

If ensuring that the FDIC has a professional work culture is, as you claimed this week, a "top priority for the FDIC now," I believe you should agree with that call.

Sincerely,



John Kennedy
U.S. Senator