

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY

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May 8, 2024

The Honorable Joseph R. Biden
The White House
1600 Pennsylvania Ave, NW
Washington, D.C. 20500

Dear President Biden:

The Committee on Oversight and Accountability writes to conduct oversight of your Administration’s response to the toxic workplace environment within the Federal Deposit Insurance Corporation (FDIC), including abusive actions taken by Chairman Gruenberg. A recently released report found sexual harassment, bullying, and discrimination rampant within the FDIC, and perpetrators at times being promoted.¹ Furthermore, the report raises serious doubts about the leadership of Chairman Martin Gruenberg.² The Committee therefore requests documents and communications related to your Administration’s response to these allegations.

In your first week in office, you hosted a White House ceremony to swear in multiple members of your staff and implored them to be civil to the people with whom they interact. At the swearing in event you said, “Everyone, every single person, regardless of their background, is entitled to be treated with dignity. I expect you to do that for all the folks you deal with.”³ To emphasize your seriousness, you said “I’m not joking when I say this. If you ever work with me and I hear you treat another colleague with disrespect, talk down to someone, I promise you I will fire you on the spot.”⁴

In November 2023, the *Wall Street Journal* reported shocking stories of a toxic workplace environment at the Federal Deposit Insurance Corporation (FDIC), which included sexual

¹ Joon H. Kim et al., *Report for the Special Review Committee of the Board of Directors* (“Report”), FED. DEPOSIT INS. CORP., (Apr. 2024).

² *Id.*

³ Matthew Choi, *Biden swears in staffers and appointees – and threatens to fire anyone who is disrespectful*, POLITICO, (Jan. 20, 2021).

⁴ Reuters, *Biden threatens to fire anyone who is disrespectful*, YOUTUBE, (Jan. 20, 2021), <https://www.youtube.com/watch?v=y-PN1WWVo4g>.

harassment and misogyny running rampant throughout the agency.⁵ In a follow up article by the *Journal*, FDIC Chairman Martin Gruenberg was emblematic of the toxic environment at the agency he heads. In a follow up story titled “FDIC Chair, Known for Temper, Ignored Bad Behavior in Workplace,” the *Journal* reported that “multiple current and former officials referred to him (Chairman Gruenberg) as a ‘screamer,’ despite his sleepy demeanor in congressional hearings.”⁶ These allegations seem to violate your own litmus test of abuse. A rational person would assume you would have already held the Chairman accountable for his and his agency’s actions, but you took no action.

To ensure the allegations were properly investigated, in November 2023, “the FDIC Board of Directors announced the establishment of a special committee of the Board to oversee an independent review of the agency’s workplace culture.”⁷ The Special Committee retained Cleary Gottlieb Steen & Hamilton (Cleary) to conduct the independent review.⁸ On May 7, 2024, the FDIC released the damning findings of the Cleary investigation. The investigation paints a sobering picture of the toxic work environment under Mr. Gruenberg’s leadership: lack of accountability; fear of retaliation; insufficient prioritization of workplace culture; patriarchal, hierarchic, and insular culture; risk aversion; lack of clear guidance; abuse of power dynamics; confusing and ineffective reporting channels; investigative processes lack credibility; insufficient recordkeeping.⁹ The report casts Chairman Gruenberg’s own personal conduct as an obstacle to needed cultural transformation for FDIC¹⁰:

“As set forth in greater detail below, we find that Chairman Gruenberg does in fact have a reputation within the FDIC for a temper, and although many have not personally experienced the temper and noted that his manner is generally ‘low key’ and ‘professional,’ we did also learn of credible reports of outbursts, including over the last few years, some of which were corroborated by contemporaneous messages, where FDIC staff, including senior executives, have felt disrespected, disparaged, and treated unfairly. While not the root cause of the sexual harassment, discrimination, or other workplace misconduct impacting the agency as a whole, a number of people noted that tone and culture flows from the top down, and having a leader with a reputation of this type does create certain challenges in leading a cultural transformation that prioritizes a more positive workplace culture.”

⁵ Rebecca Ballhaus, *Strip Clubs, Lewd Photos and a Boozy Hotel: The Toxic Atmosphere at Bank Regulator FDIC*, WALL ST. J., (Nov. 13, 2023).

⁶ Rebeca Ballhaus, *FDIC Chair, Known for Temper, Ignored Bad Behavior in Workplace*, WALL ST. J., (Nov. 16, 2023).

⁷ *Press Release*, Federal Deposit Insurance Corporation, FDIC Board of Directors Establishes Special Committee to Oversee Independent Review of Agency Culture (Nov. 21, 2023).

⁸ *Press Release*, Federal Deposit Insurance Corporation, Special Committee of the FDIC Board Selects Cleary Gottlieb Steen & Hamilton LLP to Conduct Independent Review (Updated on Feb. 14, 2024).

⁹ *See Report*, *supra* note 1, at 145-165.

¹⁰ *See Report*, *supra* note 1, at 88-89.

In light of the report's findings and your early lip service to the principle of workplace civility, why have you not fired Chairman Gruenberg?

The lack of accountability for Chairman Gruenberg raises concerns as to whether your Administration takes seriously the failures under Chairman Gruenberg's leadership. To assist the Committee with its oversight responsibilities, please provide the Committee by May 22, 2024, with all communications between or among the White House (including the Presidential Personnel Office), the FDIC, the Federal Reserve Board and its staff, or the Department of the Treasury from November 10, 2023 to the present which include the term "Gruenberg," "Martin," or "Marty."

To make arrangements to deliver documents or ask any related follow-up questions, please contact Committee on Oversight and Accountability Majority Staff at (202) 225-5074. Attached are instructions for producing the documents and information to the Committee.

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. Thank you in advance for your cooperation with this inquiry.

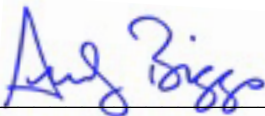
Sincerely,



James Comer
Chairman
Committee on Oversight and Accountability



Lisa McClain
Chairwoman
Subcommittee on Health Care and
Financial Services



Andy Biggs
Member of Congress

cc: The Honorable Jamie Raskin, Ranking Member
Committee on Oversight and Accountability

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