

JONI K. ERNST
IOWA

CHAIRMAN,
REPUBLICAN POLICY COMMITTEE

WASHINGTON, DC OFFICE
260 RUSSELL SENATE OFFICE BUILDING
WASHINGTON, DC 20510
PHONE: 202-224-3254
FAX: 202-224-9369

WWW.ERNST.SENATE.GOV

COMMITTEES
ARMED SERVICES
AGRICULTURE, NUTRITION
AND FORESTRY
SMALL BUSINESS
AND ENTREPRENEURSHIP

United States Senate

November 29, 2023

VIA ELECTRONIC TRANSMISSION

The Honorable Martin J. Gruenberg
Chairman
U.S. Federal Deposit Insurance Corporation
3501 North Fairfax Drive
Building E, 5th Floor
Arlington, VA 22226

Dear Chairman Gruenberg,

Angry and disgusted aren't strong enough terms to describe my reaction to the sexual harassment and discrimination women working at the Federal Deposit Insurance Corporation (FDIC) are and have been subjected to for decades.

The Wall Street Journal's recent exposés—based on the accounts and experiences of more than 100 current and former FDIC employees, most of whom are women—revealed this reprehensible behavior is not only being tolerated, but rewarded.¹ The world now knows what the women of the FDIC have known for more than a decade: you and your predecessors have utterly failed them.

Under your watch, this pervasive culture of sexual harassment, workplace misconduct, and sexual abuse continues at all levels of the FDIC.

Managers knew—or should have known—the heinous conduct your female employees were being subjected to for years. In some cases, the managers modeled the belligerent behavior themselves by throwing temper tantrums or making lewd suggestions and comments.² The nearly 6,000 professionals and 1,600 contract personnel employed by your agency deserve greater reassurances their rights will be respected.³

¹ Rebecca Ballhaus, *Strip Clubs, Lewd Photos and a Boozy Hotel: The Toxic Atmosphere at Bank Regulator FDIC*, WALL ST. J. (Nov. 13, 2023), <https://www.wsj.com/us-news/fdic-toxic-atmosphere-strip-clubs-lewd-photos-boozy-hotel-12c89da7>.

² Rebecca Ballhaus, *FDIC Chair, Known for Temper, Ignored Bad Behavior in Workplace*, WALL ST. J. (Nov. 16, 2023), <https://www.wsj.com/politics/policy/fdic-chairman-martin-gruenberg-workplace-harassment-5cae85bc>.

³ FDIC ANN. REP. (2021) <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.fdic.gov/about/financial-reports/reports/2021annualreport/ar21section7.pdf>.

Your move to appoint a special committee to oversee a “review of the agency’s workplace culture”⁴ is simply too little, too late.

Your agency’s own Office of Inspector General *already* conducted a review in 2020, and issued a warning that “the FDIC should do more to prevent and address sexual harassment.”⁵ At that time, ten percent of the FDIC workforce divulged they had been sexually harassed, with many fearing retaliation if they dared to report the incidents.⁶ The FDIC disagreed with the Inspector General and took exception to the conclusions, and apparently, nothing has changed at the agency.⁷

You yourself are also accused of failing your employees. You are alleged to have advocated for the FDIC to hire a particular senior employee, despite allegations this official “sexually harassed” a current employee at the FDIC.⁸ As I am sure you know from the *Wall Street Journal* article, the woman who alleged the harassment “ended up working in an adjacent office” to the new hire.⁹ In a separate case, an employee alleged “she reached out to [you] to ask for help” addressing a hostile work environment, “but didn’t hear back.”¹⁰ You also are alleged to have promoted an official after the employee “left [a] ranting voicemail for an employee, [and] received a letter of reprimand after the ... incident.”¹¹ Moreover, your alleged conduct on a day-to-day basis at the FDIC led one subordinate to tell an external investigator “she had grown concerned that [you] might grab her notes out of her hands and rip them up.”¹²

This time, there needs to be more than just a survey of the workforce. There needs to be real ramifications. This includes your resignation.

Last year, a New York bank settled a claim with the U.S. Department of Labor, agreeing to pay nearly \$2 million to 120 female workers who were subjected to “systematic discrimination.”¹³

The FDIC must be held to the same standard as the banks they regulate.

⁴ *FDIC Board of Directors Establishes Special Committee to Oversee Independent Review of Agency Culture*, FDIC PRES RELEASES (Nov. 21, 2023), <https://www.fdic.gov/news/press-releases/2023/pr23093.html>.

⁵ *Preventing and Addressing Sexual Harassment*, FDIC OFFICE OF INSPECTOR GENERAL (July 2020), <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.fdicog.gov/sites/default/files/reports/2022-08/EVAL-20-006.pdf>.

⁶ *Id.*

⁷ *Id.*

⁸ Rebecca Ballhaus, *FDIC Chair, Known for Temper, Ignored Bad Behavior in Workplace*, WALL ST. J. (Nov. 16, 2023), <https://www.wsj.com/politics/policy/fdic-chairman-martin-gruenberg-workplace-harassment-5cae85bc>.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Bank of New York Mellon Corp. Will Pay \$1.9M in Back Wages, Interest to Resolve Compensation Discrimination Allegations at Jersey City Location*, DEP’T OF LABOR PRESS RELEASES (Nov. 21, 2022), <https://www.dol.gov/newsroom/releases/ofccp/ofccp20221121>.

The FDIC has the legal authority to fire individuals who engage in misconduct and disregard for the well-being of a banking institution.¹⁴ These same standards should be applied to the employees at the FDIC who engaged in this revolting behavior.

The *Wall Street Journal* reported “[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.”¹⁵ Rest assured, shuffling the seating chart to move bad actors from one department to another isn’t going to cut it anymore. There must be serious consequences, including termination and criminal prosecution when warranted.

Given the gravity of the allegations, I expect your special committee to make as much—or more—of an effort than the reporter at *The Wall Street Journal* did to follow every lead and identify the individuals responsible for destroying the FDIC’s workplace culture.

In addition, I expect you to answer the following questions and provide the following documents and records no later than the close of business on December 13, 2023.¹⁶

1. How much money has the FDIC agreed to pay as part of its legal settlements and judgments arising from workplace misconduct-related litigation initiated between August 22, 2005, and November 29, 2023? In that period, how many legal settlements has the FDIC entered into arising from claims of this nature? How many judgments have been entered against the FDIC arising from claims of this nature?
2. Has the FDIC entered into any non-disclosure agreements with current or former employees related to workplace misconduct between August 22, 2005 and November 29, 2023? If so, how many of such agreements have been entered into over said period of time? If the FDIC has entered into a non-disclosure agreement in this time period, please provide all records, with appropriate redactions necessary to protect personally identifiable information (PII), relating to the legitimate governmental interest furthered by the FDIC’s entrance into such an agreement.
3. Please provide, with appropriate redactions to protect PII, all records related to all complaints, investigations, or other allegations made between August 22, 2005 and November 29, 2023 regarding alleged hostile, inappropriate, retaliatory, discriminatory,

¹⁴ FDIC, FORMAL AND INFORMAL ENFORCEMENT ACTIONS MANUAL, CH. 6—REMOVAL, PROHIBITION, AND SUSPENSION ACTIONS (2022), <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.fdic.gov/regulations/examinations/enforcement-actions/ch-06.pdf>.

¹⁵ Rebecca Ballhaus, *FDIC Chair, Known for Temper, Ignored Bad Behavior in Workplace*, WALL ST. J. (Nov. 16, 2023), <https://www.wsj.com/politics/policy/fdic-chairman-martin-gruenberg-workplace-harassment-5cae85bc>

¹⁶ The term “records” in this sentence and hereafter, means any written, recorded, or graphic material of any kind, including letters, memoranda, reports, notes, electronic data (e-mails, email attachments, and any other electronically-created or stored information), calendar entries, inter-office communications, intra-office communications, meeting minutes, recordings or memorialization of phone calls, voicemails, and any other verbal communications, as well as any drafts of official documents (whether or not they resulted in final documents).

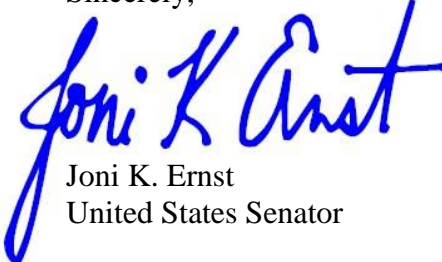
aggressive, or otherwise prohibited workplace behavior. Comprehensive information responsive to this request should include records of all corrective and disciplinary actions, settlements, or other responses or resolutions to such complaints, investigations, or other allegations.

4. As it relates to the FDIC's so-called "boozy hotel" in Arlington, Virginia, please provide the following information:¹⁷
 - a. The annual operating budget;
 - b. The annual budget for custodial services;
 - c. All records relating to engagement of the custodial personnel for sanitizing public areas of the hotel contaminated with vomit or other bodily fluids; and
 - d. All records relating to engagement of the security personnel, or other personnel, for addressing hotel guests who display physical signs of intoxication from alcohol or other controlled substances.

The civil servants these monsters abused are owed more than just an apology, they deserve justice. The women of the FDIC will not have justice until every perpetrator of criminal activity, past and present, receives a verdict from a jury of their peers. All the information the FDIC special committee collects therefore must be shared with the appropriate law enforcement authorities at all levels, from the U.S. Department of Justice (DOJ) to local prosecutors who have jurisdiction to prosecute state crimes.

If you do not aggressively pursue each of the allegations and proactively share the findings with law enforcement, Congress, and the American people, I will. You can take that to the bank.

Sincerely,



Joni K. Ernst
United States Senator

¹⁷ Rebecca Ballhaus, *Strip Clubs, Lewd Photos and a Boozy Hotel: The Toxic Atmosphere at Bank Regulator FDIC*, WALL ST. J. (Nov. 13, 2023), <https://www.wsj.com/us-news/fdic-toxic-atmosphere-strip-clubs-lewd-photos-boozy-hotel-12c89da7>.