

**Joint Written Testimony of Joon H. Kim and Abena Mainoo
Cleary Gottlieb Steen & Hamilton
before the Committee on Financial Services
United States House of Representatives
June 12, 2024**

Chairman McHenry, Ranking Member Waters, and Members of the Committee.

We are partners at the law firm of Cleary Gottlieb Steen & Hamilton. Along with our partner Jennifer Kennedy Park, the three of us led the recent review conducted on behalf of the Special Review Committee of the FDIC's Board of Directors.

The Special Review Committee of the FDIC's Board of Directors appointed our firm to conduct an independent review of: (1) allegations of sexual harassment and interpersonal misconduct at the FDIC, including hostile, abusive, unprofessional, or inappropriate conduct, as well as management's response to these allegations, and (2) the FDIC's workplace culture, including any practices that might discourage or deter the reporting of this type of misconduct.

In conducting this review, we recognized its importance to the FDIC, an institution that performs a critical public function of maintaining stability and public confidence in our nation's financial system. We appreciated the grave responsibility of conducting this type of a review, both to the FDIC and its employees, as well as the public that it serves. We understood that independence, credibility, and fairness were of paramount importance. And that is how we approached the conduct of our review and the drafting of our report.

To gather the facts necessary for the review, we set up a hotline through which individuals could make reports, obtained and reviewed thousands of documents from the FDIC, and conducted additional interviews of current and former FDIC employees across multiple offices, divisions, and seniority. The reports made to our hotline were particularly revealing, both in volume and in substance. Over 500 individuals bravely reported to our hotline, often painfully and emotionally recounting experiences of sexual harassment, discrimination, and other interpersonal misconduct that they have suffered at the FDIC. Although we cannot describe all of the incidents reported to us, we do feel compelled to convey the powerful emotions we heard. Those who reported incidents to us expressed fear, sadness, and anger at what they had to endure.

Many had never reported their experiences to anyone before, while others who had reported internally were left disappointed by the FDIC's response. Virtually all of them expressed hope that reporting what they had gone through to us might help change and make better the agency that they cared about deeply. In conducting our review, we were guided by their example and the goal of doing right by them. We hope that our review and our report did justice to their experiences and honored the public service of the thousands of FDIC employees.

We set forth in our report the factual findings from our review, an analysis of the root causes of the issues identified, and recommendations that we believe would help address the issues that had been identified. Our report is being submitted to the Committee with this written testimony.

As we set forth in the report, we found that “for far too many employees and for far too long, the FDIC has failed to provide a workplace safe from sexual harassment, discrimination, and other interpersonal misconduct.” We also found that a patriarchal, hierarchic, and insular culture helped create the conditions that allowed for such misconduct to occur and persist. In addition, we found that a deep-seated fear of retaliation, as well as a lack of clarity and credibility around internal reporting channels, led to an under-reporting of workplace misconduct over the years. Other root causes that we identified included a lack of accountability, insufficient prioritization of workplace culture, risk-aversion, abuse of certain power dynamics, and insufficient record-keeping.

To address these issues, many of which we found were long-standing and deeply ingrained, we made a number of recommendations in our report. In developing the recommendations, we took into account the view, expressed by many who reported to us, that truly lasting and meaningful change will not be a matter merely of revisions to policies and increased trainings – although those are necessary and important – but must include real cultural and structural changes. That is why, among other changes, we recommended the appointment of a Culture and Structure Transformation Monitor, as well as an independent third-party expert, such that the FDIC will have expert guidance in implementing the recommendations, as well as a monitor that will monitor and audit such implementation.

First among our recommendations is to “protect the victims,” including protecting the physical and psychological safety of those who have experienced sexual harassment, discrimination,

bullying or other interpersonal misconduct. That was our first recommendation because the victims were our foremost concern. They are public servants who – like so many within the FDIC – care deeply about and take great pride in the mission and work of the FDIC. They demand and deserve a workplace with a positive culture that is safe from sexual harassment, discrimination and other forms of interpersonal misconduct. We hope that our review and our report will help achieve that for them and all the other FDIC employees.

Thank you for the opportunity to present to the Committee on this important matter, and we look forward to answering any questions you may have for us.