

United States House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

March 17, 2023

The Honorable Jerome H. Powell, Chair  
The Honorable Michael S. Barr, Vice Chair for Supervision  
Mr. Mark Bialek, Inspector General  
Board of Governors of the Federal Reserve System  
20th Street & Constitution Avenue, NW  
Washington, D.C. 20551

The Honorable Martin J. Gruenberg, Chairman  
Mr. Tyler Smith, Acting Inspector General  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, D.C. 20429

The Honorable Gary Gensler, Chair  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chair Powell, Chairman Gruenberg, Chair Gensler, Vice Chair Barr, Inspector General Bialek, and Acting Inspector General Smith:

The collapse of Silicon Valley Bank and Signature Bank in recent days has raised serious concerns about the role that executives played in contributing to the banks' failure, and equally troubling, the unfortunate possibility that some of these executives may have monetarily benefitted from the collapse at the expense of our nation's small businesses and startups, and the hard-working workers they employ, and the untold number of innocent shareholders of the banks. To that end, I commend the Biden Administration's new proposals to enhance executive accountability, including with respect to clawbacks and penalties, in response to these bank failures. I look forward to working closely with them to develop and enact legislation to advance these critical reforms, as well as other legislation that is needed to better protect depositors and strengthen the safety and soundness of our banking system.

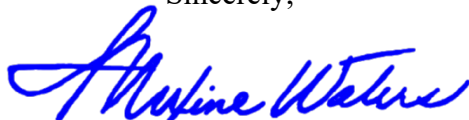
Additionally, I ask that your agencies fully exercise the maximum extent of your authorities to investigate and use available enforcement tools to hold senior executives and board members at Silicon Valley Bank and Signature Bank fully accountable for any unlawful activity. I ask that any punitive action consider profits or gains these executives may have made by selling their stock in the days and weeks leading up to the bank's failures, whether the sale was due to 10b5-1 plans, direct sales or through broker discretionary accounts, through derivatives or hedging activities.

Moreover, executive compensation and other corporate practices that encouraged short-sighted and high-risk corporate behavior and corporate mismanagement were at the heart of the 2008 financial crisis. Then, both Congress and our nation's regulators committed to ensuring that those types of practices would not pose significant risk to the safety and soundness of individual financial institutions, the health of the broader financial system, and the economy at large. It has been more than 12 years since Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act, but regulators have failed to implement Section 956 regarding incentive-based compensation arrangements. Your agencies must finish that long overdue rulemaking this year and ensure it also includes a robust clawback requirement and consider taking further measures so that executives are not rewarded with big bonuses if their bank is mismanaged or fails.

The executives and directors of Silicon Valley Bank and Signature Bank have failed far more than just their companies and shareholders. They have also put our entire banking system at risk. While I am moving quickly to develop legislation on clawbacks and other matters arising from the collapse, it is critical that your agencies act now to investigate these bank failures and use the available enforcement tools you have to hold executives fully accountable for any wrongful activity.

I thank you for your prompt attention and response.

Sincerely,



Maxine Waters  
Ranking Member  
Committee on Financial Services

CC: The Honorable Patrick McHenry, Chair, House Committee on Financial Services  
The Honorable Janet Yellen, Secretary, U.S. Department of the Treasury  
The Honorable Merrick B. Garland, Attorney General, U.S. Department of Justice  
The Honorable Michael J. Hsu, Acting Comptroller of the Currency, Office of the Comptroller of the Currency  
The Honorable Todd M. Harper, Chairman, National Credit Union Administration  
The Honorable Sandra L. Thompson, Director, Federal Housing Finance Agency