

JONI K. ERNST
IOWA

CHAIRMAN,
REPUBLICAN POLICY COMMITTEE

WASHINGTON, DC OFFICE
260 RUSSELL SENATE OFFICE BUILDING
WASHINGTON, DC 20510
PHONE: 202-224-3254
FAX: 202-224-9389
WWW.ERNST.SENATE.GOV

United States Senate

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

January 26, 2024

The Honorable Jennifer L. Fain
Inspector General
Office of the Inspector General
Federal Deposit Insurance Corporation
3501 Fairfax Drive
Arlington, VA 22226

Dear Inspector General Fain,

Congratulations on your well-deserved confirmation to the role of Inspector General of the Federal Deposit Insurance Corporation (FDIC). I was pleased to support your confirmation to this role at such a pivotal time for the FDIC. Your nomination, as I am sure you know, comes at a watershed moment for the agency. I hope your reaction to the exposés in the *Wall Street Journal*, not to mention the heinous allegations your office announced related to the charges against Mark Black, was as visceral as mine.

In response to the *Wall Street Journal* allegations, the FDIC's Office of Inspector General (OIG), has plans "to initiate a new evaluation project to assess the FDIC's sexual harassment prevention program," as well as "initiate a special inquiry to report on the leadership climate at the FDIC with regard to all forms of harassment and inappropriate behavior."¹ I urge you to make this investigation your top priority.

As I wrote to Chairman Gruenberg, there must be real ramifications for those found to be responsible—both past and present—for committing the heinous acts, as well as those who allowed those monsters to run rampant in the FDIC for far too long. The FDIC has the power to fire these employees. You must do all in your power to ensure they do so.

As I am sure you would agree, the women of the FDIC deserve not only a top-to-bottom overhaul of their workplace, they deserve justice as well. This means criminal referrals when warranted. It means forcefully urging the agency to fire employees found to have perpetrated misconduct rather than reshuffling the deck. It means recommending a top-to-bottom overhaul of the policies and procedures the FDIC uses in its day-to-day management operations.

Perhaps nothing encapsulates the FDIC's dire need for a cleaning of the house than Mr. Mark Black's announced guilty plea on charges to produce child pornography, and coercion and

¹ JASON MILLER, *IG to Launch Investigations into FDIC's Leadership Climate, Harassment Allegations*, FEDERAL NEWS NETWORK, (NOV. 29, 2023), <https://federalnewsnetwork.com/agency-oversight/2023/11/ig-to-launch-investigation-into-fdics-leadership-climate-harassment-allegations/>.

enticement.² I cannot help but draw the connection between the allegations from the *Wall Street Journal* and the fact that Mr. Black walked the halls of the FDIC at the same time he was participating—for years—in this deeply horrifying and stomach-turning behavior.

Simply put, it appears the rot at the FDIC, which is now your responsibility to address, runs far, far, deeper than the *Wall Street Journal*'s investigative reporting.

If it was not abundantly clear to you already, let me be explicit: a repeat of the review your new office did in 2020, which clearly led to no tangible change in the day-to-day workplace culture at the FDIC, is unacceptable.

Moreover, in the days since my letter to Chairman Gruenberg, brave whistleblowers have approached my office and alleged they are unable to report misconduct to third party investigators undertaking the independent review of the FDIC's workplace culture. In addition, whistleblowers also alleged they cannot get responses from your new office's tips hotline.

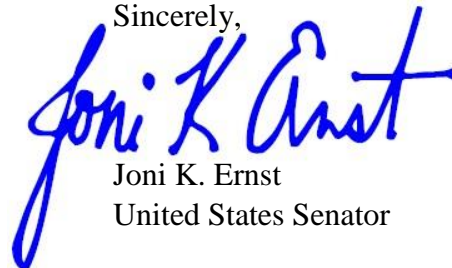
This is clearly unacceptable, and your office must review all tips related to FDIC's workplace culture. To that end, I have attached the points of contact for the individuals who have reached out to my office.

In addition to the gross misconduct from Chairman Gruenberg and other managers, something must be done about this so-called “boozy hotel.”³ No federal workforce can behave in this improper manner without ramifications. I urge your review to include a comprehensive evaluation of the FDIC's hotel scandal. Your review should determine whether this sort of arrangement still makes financial sense, and that the FDIC is taking meaningful steps to police the behavior of its workforce if they are to continue staying at the hotel.

I would also urge you to request—and receive—all the information I requested in my November 29 letter to Chairman Gruenberg, appended, which he has thus far failed to provide to me.

It is past time to rebuild the FDIC's failing reputation. Thank you in advance for your action on these serious matters, and I look forward to hearing about the steps your office is taking to improve the workplace culture at the FDIC.

Sincerely,



Joni K. Ernst
United States Senator

² Press Release, FDIC Attorney Pleads Guilty to Conspiring to Sexually Exploit Numerous Children, <https://www.fdicoinvest.gov/news/investigations-press-releases/fdic-attorney-pleads-guilty-conspiring-sexually-exploit-numerous>.

³ 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>.