

March 14, 2023

Gregory W. Becker
Former President and CEO
Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054

Dear Mr. Becker:

I write following the collapse of Silicon Valley Bank Financial Group (SVB) to seek additional information about your successful efforts to roll back banking regulations and exempt your bank from the protections Congress enacted with the *Dodd-Frank Wall Street Reform and Consumer Protection Act*¹ (“Dodd-Frank”) in the aftermath of the 2008 financial crisis. These rules were designed to safeguard our banking system and economy from the negligence of bank executives like yourself – and their rollback, along with atrocious risk management policies at your bank, have been implicated as chief causes of its failure.

In 2015, you submitted a statement to the U.S. Senate Banking, Housing, and Urban Affairs Committee calling on Congress to reduce safety standards for “mid-sized” banks like your own.² At the time, SVB was approaching \$40 billion in assets – making it the 36th-largest bank in the U.S.³ – and expected to cross the \$50 billion threshold that would subject it to stronger rules under Dodd-Frank.⁴ In your statement, you categorically indicated that “SVB ... does not present systemic risks,” telling lawmakers that since the enactment of Dodd-Frank, “[you had] made meaningful investments to [y]our risk systems, hired additional highly skilled risk professionals, and established a stand-alone, independent Risk Committee of [y]our Board of Directors,” and that you were “conducting a range of different stress tests designed to measure and predict the risks associated with [y]our business in different economic scenarios.”⁵

You urged lawmakers to raise the threshold at which Dodd-Frank’s Enhanced Prudential Standards, which provide regulators with enhanced monitoring capabilities over banks and

¹ Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203.

² Written testimony of Greg Becker to the U.S. Senate Committee on Banking, Housing, and Urban Affairs, March 24, 2015, <https://www.govinfo.gov/content/pkg/CHRG-114shrg94375/pdf/CHRG-114shrg94375.pdf?ref=the-lever>.

³ Board of Governors of the Federal Reserve System, “Large Commercial Banks,” March 31, 2015, <https://www.federalreserve.gov/releases/lbr/20150331/default.htm>.

⁴ *Id.*

⁵ Written testimony of Greg Becker to the U.S. Senate Committee on Banking, Housing, and Urban Affairs, March 24, 2015, <https://www.govinfo.gov/content/pkg/CHRG-114shrg94375/pdf/CHRG-114shrg94375.pdf?ref=the-lever>.

require that banks have resolution plans, or “living wills,”⁶ to ensure that regulators and banks have plans in place for orderly liquidation in the event of a bank failure are triggered.⁷ You derided these standards as “unnecessary compliance measures.”⁸ You argued that SVB was engaged in “low risk activities”⁹ and that it and other banks of its size were capable of independently safeguarding against risk. These assurances were questionable at the time you made them, and in the wake of SVB’s failure, they now look nefarious.

But years of lobbying for weaker bank regulations by the banking industry, including SVB’s own revolving-door hires,¹⁰ culminated in the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (EGRRCPA), the rollback of Dodd-Frank rules you were seeking, passed with support from both parties and signed into law by former President Trump in 2018.¹¹ Notably, this law raised the asset threshold at which a bank is considered and regulated as a “systemically important financial institution” (SIFI) from \$50 billion to \$250 billion, exempting SVB and other mid-sized banks from regular stress testing and enhanced liquidity, risk management, and living will requirements.¹² Despite being the 16th largest bank in the country, amassing approximately \$209 billion in assets by the end of 2022,¹³ SVB remained below this new threshold.

Despite your assurances to Congress that SVB was sufficiently protected from risk because of your various efforts, it is now clear that SVB was wholly unequipped to independently assess its business’s risk. SVB failed – while its Chief Risk Officer position sat vacant for eight months as its financial standing deteriorated¹⁴ – because it failed to address two key risks: concentration in your client base, and rising interest rates. This is a failure of “Banking 101” – what one analyst called “sheer incompetence.”¹⁵ Had SVB been subject to Dodd-Frank rules undone by EGRRCPA the bank would have been required to maintain stronger liquidity and capital requirements and conduct regular stress tests that would have required SVB to shore up its business to weather the type of stress it experienced last week. But because you fought to exempt

⁶ Federal Reserve Board, “Living Wills (or Resolution Plans),” <https://www.federalreserve.gov/supervisionreg/resolution-plans.htm#:~:text=Each%20plan%2C%20commonly%20known%20as,both%20public%20and%20confidential%20sections.>

⁷ 12 CFR 252.

⁸ Written testimony of Greg Becker to the U.S. Senate Committee on Banking, Housing, and Urban Affairs, March 24, 2015, <https://www.govinfo.gov/content/pkg/CHRG-114shrg94375/pdf/CHRG-114shrg94375.pdf?ref=the-lever.>

⁹ *Id.*

¹⁰ The Intercept, “Silicon Valley Bank Used Former McCarthy Staffers to Weaken Regulations, Lobby FDIC,” Ken Klippenstein, March 11, 2023, <https://theintercept.com/2023/03/11/silicon-valley-bank-used-former-mccarthy-staffers-to-weaken-regulations-lobby-fdic/>.

¹¹ Economic Growth, Regulatory Relief, and Consumer Protection Act, Public Law 115-174.

¹² Forbes, “How Trump’s Deregulation Sowed The Seeds for Silicon Valley Bank’s Demise,” Mayra Rodriguez Valladares, March 12, 2023, <https://www.forbes.com/sites/mayrarodriguezvalladares/2023/03/12/how-trumps-deregulation-sowed-the-seeds-for-silicon-valley-banks-demise/?sh=2af4a6273432>.

¹³ Reuters, “SVB is largest bank failure since 2008 financial crisis,” David French, Echo Wang, and Alun John, March 11, 2023, <https://www.reuters.com/business/finance/global-markets-banks-wrapup-1-2023-03-10/>.

¹⁴ Fortune, “Silicon Valley Bank had no official chief risk officer for 8 months while the VC market was spiraling,” Prarthana Prakash, March 10, 2023, <https://fortune.com/2023/03/10/silicon-valley-bank-chief-risk-officer/>.

¹⁵ Seeking Alpha, “SVB Financial: Incompetence Allowed By Flawed Regulations,” IP Banking Research, March 12, 2023, <https://seekingalpha.com/article/4586805-svb-financial-incompetence-allowed-by-flawed-regulations.>

SVB from those stronger rules, the bank was in a much weaker position to withstand the bank run.

SVB executives were doing just fine as the bank unraveled: you were awarded over \$9.9 million in compensation last year, including a \$1.5 million cash bonus,¹⁶ and you even paid out bonuses just hours before your bank was taken over by federal regulators.¹⁷ Rather than making the safety and soundness of your bank your primary priority, you spent the weeks in the lead up to SVB's failure securing yourself \$3.6 million by selling off company shares.¹⁸

While you and company executives appear to have been successful in cashing out before the crash, SVB's customers were not as lucky. Many depositors were unable to access their funds last week, leaving small businesses and nonprofits questioning how they were going to make payroll in time,¹⁹ and leaving those businesses' workers wondering whether they would still have a job in the coming weeks.²⁰ The consequences of SVB's failure triggered concerns about contagion spreading to other parts of the financial system – forcing the federal government to backstop depositors and protect the economy.²¹

You have nobody to blame for the failure at your bank but yourself and your fellow executives. You lobbied for weaker rules, got what you wanted, and used this opportunity to abdicate your basic responsibilities to your clients and the public – facilitating a near-economic disaster.

There is much work to be done to understand the failure of SVB – and these efforts must start with understanding your role in the rollback of banking regulations that facilitated this failure. Given your efforts to undermine those rules, and to better understand how those efforts and your severe incompetence in bank risk management led to the failure of SVB, I request answers to the following questions no later than March 28, 2023:

1. Please describe the full scope of your efforts to roll back Dodd-Frank regulations in Congress.

¹⁶ SVB Financial Group, "Preliminary Proxy Statement," March 3, 2023, <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000719739/7d992e5b-9272-4bc8-a5cf-5a8c6b8c5251.pdf>.

¹⁷ NBC News, "Silicon Valley Bank employees received annual bonuses hours before government takeover," Hugh Son and Bertha Coombs, March 11, 2023, <https://www.nbcnews.com/news/us-news/silicon-valley-bank-employees-received-annual-bonuses-hours-government-rcna74508>.

¹⁸ Forbes, "SVB Financial CEO Sold \$3.6 Million In Stock Before Bank's Collapse," Brian Bushard, March 10, 2023, <https://www.forbes.com/sites/brianbushard/2023/03/10/svb-financial-ceo-sold-36-million-in-stock-before-banks-collapse/?sh=381d2da94b2a>.

¹⁹ Financial Times, "SVB collapse leaves founders liable for unpaid wages," George Hammond, March 12, 2023, <https://www.ft.com/content/7adc2b7c-da22-4f13-80ad-f7ebd297b166>.

²⁰ The Washington Post, "Silicon Valley Bank collapse leaves start-ups scrambling to pay workers," Gerrit De Vynck and Rachel Lerman, March 12, 2023, <https://www.washingtonpost.com/technology/2023/03/11/silicon-valley-bank-startups-payroll/>.


²¹ Board of Governors of the Federal Reserve System, "Joint Statement by Treasury, Federal Reserve, and FDIC," press release, March 12, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20230312b.htm>.

- a. How many meetings did you and/or SVB lobbyists have with lawmakers regarding your desire for the Dodd-Frank asset threshold to be raised prior to the enactment of the *Economic Growth, Regulatory Relief, and Consumer Protection Act*?
 - b. How much time do you estimate was spent on this lobbying effort?
 - c. How much money do you estimate was spent on this lobbying effort?
 - d. Where did the funds the bank use for these lobbying efforts come from? Which company officials approved this spending?
2. Did SVB contribute resources indirectly to efforts to roll back Dodd-Frank, including through industry groups like the American Bankers Association? If so, please describe all such efforts.
3. Did you discuss these lobbying efforts, their expenses, and their goals, with the Bank's Board of Directors? If so, please provide transcripts of all such discussion.
 - a. Did the Board formally approve these efforts?
4. In your 2015 statement, you described various risk management protocols independently implemented by SVB. Please explain why those protocols failed to adequately assess risks associated with the following:
 - a. Impact of interest rate hikes
 - b. A highly concentrated technology and venture capital customer base
5. Which bank executives have held primary responsibility for risk management since passage of the EGRRCPA?
 - a. Please list all such officials, their title, and the time period in which they served.
 - b. How much did they receive in total compensation, including annual salary, bonuses, and stock options?
 - c. How much of these bonuses were related to employing effective risk management practices?
6. How much money was paid out in bonuses on March 10, 2023?
 - a. Did you receive a bonus? If so, how much money did you receive?
 - b. Which other company executives received bonuses, and how much were they?
7. Please list all instances in which you sold SVB stock between March 1, 2022, and the present. At the time of any of these sales, were you aware of any concerns or problems

with the bank's balance sheet, its risk management practices, or any other matters affecting the bank's ability to remain in business?

8. Please provide a detailed list of all compensation and bonuses you received in each of the last 10 years.
 - a. For each bonus, please describe the specific metric that you achieved to obtain the bonus.
 - b. Did you receive any bonuses related to success in your efforts to limit regulation of SVB?
 - c. Given the failure of SVB, will you agree to return any bonuses or compensation that you have received in the last five years?

Sincerely,



Elizabeth Warren
United States Senator