

November 7, 2022

The Honorable Jerome Powell  
Chair  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

Dear Chair Powell:

I am writing in regards to yet another set of egregious and embarrassing ethics breaches by top officials at the Federal Reserve System (Fed) – the latest incidents in what is now a rolling, year-long ethics scandal at the Fed that becomes more severe with each passing month.<sup>1</sup> These two new incidents – one involving improper stock trading by a Federal Reserve Bank President and the other a closed-door, off-the-record meeting with Citigroup investors by another Reserve Bank President<sup>2</sup> – raise fresh questions about the culture of corruption at the Fed and your unwillingness or inability to address it.

With each new development in this scandal, I have written to you asking that you provide a full explanation and transparency about the scope and causes of the Fed’s ethics problems.<sup>3</sup> This transparency is essential to restore confidence in the institution you lead. But you have not

---

<sup>1</sup> Wall Street Journal, “Dallas Fed’s Robert Kaplan Was Active Buyer and Seller of Stocks Last Year,” Michael S. Derby, September 7, 2021, <https://www.wsj.com/articles/dallas-feds-robert-kaplan-was-active-buyer-and-seller-of-stocks-last-year-11631044094>; The New York Times, “A Fed Official’s 2020 Trade Drew Outcry. It Went Further Than First Disclosed,” Jeanna Smialek, January 6, 2022, <https://www.nytimes.com/2022/01/06/business/economy/richard-clarida-fed-stock-fund.html>; The New York Times, “Fresh Fed financial disclosures omit the officials who ignited ethics scandal,” Jeanna Smialek, June 24, 2022, <https://www.nytimes.com/2022/06/24/business/fed-financial-disclosures-ethics.html>; The New York Times, “After Trading Scandal, a Fed President Corrects His Financial Reports,” Jeanna Smialek, October 14, 2022, <https://www.nytimes.com/2022/10/14/business/federal-reserve-atlanta-raphael-bostic-trading.html>; The New York Times, “A Fed President Spoke at an Invite-Only, Off-the-Record Bank Client Event,” Jeanna Smialek, October 20, 2022 <https://www.nytimes.com/2022/10/20/business/economy/james-bullard-citi-private-event.html>.

<sup>2</sup> *Id.*

<sup>3</sup> Letter from Senator Warren to The Honorable Jerome Powell, August 11, 2022, [https://www.warren.senate.gov/download/20220810-letter-to-chair-powell-re-fed-trading-scandal-and-oig-report\\_-new](https://www.warren.senate.gov/download/20220810-letter-to-chair-powell-re-fed-trading-scandal-and-oig-report_-new); Letter from Senator Warren to The Honorable Jerome Powell, January 10, 2022, <https://www.warren.senate.gov/imo/media/doc/2022.01.07%20Letter%20to%20Powell%20on%20Fed%20ethics.pdf>; Letter from Senator Warren to The Honorable Jerome Powell, December 7, 2021, <https://www.warren.senate.gov/imo/media/doc/2021.12.07%20Letter%20to%20Powell%20follow-up.pdf>; Letter from Senator Warren to The Honorable Jerome Powell, October 21, 2021, <https://www.warren.senate.gov/imo/media/doc/2021.10.21%20Letter%20to%20Powell%20re%20Ethics%20Officials%20Warnings.pdf>.

provided the information that Congress and the public need about these ethics scandals, and still have not implemented the kinds of robust ethics rules needed to end the cycle of scandals in which the Fed finds itself. I therefore again request that you release full and complete information about the trades made by Fed officials, and communications between Fed ethics staff and Fed officials, and that you provide an explanation for these new scandals that have come to light.

In October 22, reporting revealed that Federal Reserve Bank of Atlanta President Raphael Bostic “failed to previously disclose financial transactions on his official central bank forms – including ones that ran afoul of Fed rules that limit trading ahead of Federal Reserve meetings. Mr. Bostic also failed to initially disclose transactions that took place during the height of the central bank’s coronavirus response in 2020, when the Fed was intervening in markets.”<sup>4</sup> President Bostic is now the third Reserve Bank president since September 2021 found to have engaged in improper trading activity, including activity that took place as those presidents helped set key Fed policies in response to the COVID-19 pandemic.<sup>5</sup>

President Bostic can now count himself among the ever-growing group of Fed officials whose actions have contributed to this ethics scandal – that group includes former Federal Reserve Vice Chair Richard Clarida, “who failed to report several trades,” and even you – the owner of a family trust that “executed five trades during an FOMC trading blackout period.”<sup>6</sup> President Bostic’s, former Vice Chair Clarida’s, and your involvement in questionable trades highlights “how lax Fed oversight of its officials’ financial habits has historically been.”<sup>7</sup>

Less than a week after news broke of Mr. Bostic’s trading activity, the *New York Times* reported on yet another disturbing incident in which St. Louis Reserve Bank President James Bullard “appeared behind closed doors and in front of Wall Street investors at a critical juncture for markets... [giving] the attendees a behind-the-scenes snapshot into the thinking of a voting Fed policymaker and Citi a possible chance to profit from his comments...”<sup>8</sup> The media were not alerted of the meeting, despite it being “the kind of speaking event that the news media would typically be able to attend given the potential for market-moving news.”<sup>9</sup> In fact, it was only after

---

<sup>4</sup> The New York Times, “After Trading Scandal, a Fed President Corrects His Financial Reports,” Jeanna Smialek, October 14, 2022, <https://www.nytimes.com/2022/10/14/business/federal-reserve-atlanta-raphael-bostic-trading.html>.

<sup>5</sup> The New York Times, “After Trading Scandal, a Fed President Corrects His Financial Reports,” Jeanna Smialek, October 14, 2022, <https://www.nytimes.com/2022/10/14/business/federal-reserve-atlanta-raphael-bostic-trading.html>; Wall Street Journal, “Dallas Fed’s Robert Kaplan Was Active Buyer and Seller of Stocks Last Year,” Michael S. Derby, September 7, 2021, <https://www.wsj.com/articles/dallas-feds-robert-kaplan-was-active-buyer-and-seller-of-stocks-last-year-11631044094>.

<sup>6</sup> Memorandum from Inspector General Mark Bialek to The Honorable Jerome Powell, July 11, 2022, p. 2, <https://oig.federalreserve.gov/releases/board-closing-trading-activity-jul2022.pdf>.

<sup>7</sup> The New York Times, “After Trading Scandal, a Fed President Corrects His Financial Reports,” Jeanna Smialek, October 14, 2022, <https://www.nytimes.com/2022/10/14/business/federal-reserve-atlanta-raphael-bostic-trading.html>.

<sup>8</sup> The New York Times, “A Fed President Spoke at an Invite-Only, Off-the-Record Bank Client Event,” Jeanna Smialek, October 20, 2022, <https://www.nytimes.com/2022/10/20/business/economy/james-bullard-citi-private-event.html>.

<sup>9</sup> *Id.*

the *Times* reported the existence of this meeting that the St. Louis Fed released a transcript of President Bullard’s comments before the private Wall Street audience.<sup>10</sup>

The problems with this secret meeting were obvious: it was “not normal,” according to former president of the Federal Reserve Bank of Minneapolis Narayana Kocherlakota, and, “the optics are terrible.”<sup>11</sup> As *Bloomberg*’s editorial board writes, “[Fed officials] shouldn’t be permitted to share their views on monetary policy in a closed forum, let alone one arranged by a for-profit enterprise the Fed itself is supposed to be regulating.”<sup>12</sup> But this does not appear to be an isolated case: according to former employees of the nation’s largest bank lobby group – the Bank Policy Institute, Fed officials regularly attend “unreported meetings” where they are “provided ample time to discuss policy with members of [Bank Policy Institute].”<sup>13</sup>

As Marshall Bornemann, a former bank lobbyist, put it, “when you have Fed officials sitting next to JPMorgans and Wells Fargos at these [Bank Policy Institute] events... They are a very lethal force. ... This is a machine working hand in hand to generate profit on their own balance sheets. Everyone is serving their own interests.”<sup>14</sup>

It is highly disturbing – and emblematic of your failure to instill a culture of ethics at the Fed – that two new examples of Fed officials’ scandalous behavior could unfold even while the Fed had still been unable to provide an explanation for previous bad behavior. The revelations underscore my long-held concerns that Fed officials could be seen as profiting from their positions by leveraging sensitive information, and that they are overly cozy with the Wall Street banks they oversee. These conflicts of interest erode the Fed’s integrity and make a mockery of its vaunted independence.

I have been concerned about the Fed’s stock trading scandal since it first came to light in September 2021, when reports surfaced that several Fed officials had actively traded individual stocks and investments while helping set key policies during the pandemic.<sup>15</sup> To date, I have sent four public letters to you requesting that the Fed publicly disclose all trades by Fed governors and presidents and release critical communications between Fed ethics staff and Fed officials.<sup>16</sup> I

---

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> Bloomberg, “Fed Officials Need to Stop Speaking Out of Turn,” Editorial, October 21, 2022, <https://www.bloomberg.com/opinion/articles/2022-10-21/bullard-citigroup-speech-shows-the-federal-reserve-needs-an-ethics-update>.

<sup>13</sup> The Intercept, “The Fed Likes to Tout Its Independence. So why are big banks lobbying it?,” Daniel Boguslaw and Ken Klippenstein, October 26, 2022, <https://theintercept.com/2022/10/26/federal-reserve-bank-lobby/>.

<sup>14</sup> *Id.*

<sup>15</sup> *Wall Street Journal*, “Dallas Fed’s Robert Kaplan Was Active Buyer and Seller of Stocks Last Year,” Michael S. Derby, September 7, 2021, <https://www.wsj.com/articles/dallas-feds-robert-kaplan-was-active-buyer-and-seller-of-stocks-last-year-11631044094>.

<sup>16</sup> Letter from Senator Warren to The Honorable Jerome Powell, August 11, 2022, [https://www.warren.senate.gov/download/20220810-letter-to-chair-powell-re-fed-trading-scandal-and-oig-report\\_-new](https://www.warren.senate.gov/download/20220810-letter-to-chair-powell-re-fed-trading-scandal-and-oig-report_-new); Letter from Senator Warren to The Honorable Jerome Powell, January 10, 2022, <https://www.warren.senate.gov/imo/media/doc/2022.01.07%20Letter%20to%20Powell%20on%20Fed%20ethics.pdf>; Letter from Senator Warren to The Honorable Jerome Powell, December 7, 2021, <https://www.warren.senate.gov/imo/media/doc/2021.12.07%20Letter%20to%20Powell%20follow-up.pdf>; Letter from Senator Warren to The Honorable Jerome Powell, October 21, 2021, <https://www.warren.senate.gov/imo/media/doc/2021.10.21%20Letter%20to%20Powell%20re%20Ethics>

have also sent two sets of letters to the Reserve Bank presidents, including President Bostic, requesting this information and urging the Banks to ban stock ownership and trading to prevent such lapses.<sup>17</sup>

Even as evidence of a deep-rooted ethics failure at the Fed has mounted, with new revelations dribbling out every few months, you have repeatedly refused to disclose the information I requested.<sup>18</sup> While you have stated a commitment to addressing this trading scandal “forthrightly and transparently,”<sup>19</sup> a June 2022 report from the *New York Times* suggests that the Fed is continuing to withhold critical information about trades made by Fed officials from Congress and from the public.<sup>20</sup> In July, the Fed’s Inspector General (IG) issued a report in which it found that both former Fed Vice Chair Richard Clarida and your family trust engaged in improper trading activity.<sup>21</sup> Despite this, the IG credulously concluded that no one at the Fed, or elsewhere, should be held accountable for that activity.<sup>22</sup>

That yet another Reserve Bank President was found to have engaged in stock trading in violation of the Fed’s rules – the third in little more than a year – while another was allowed to participate in an invite-only, off-the-record talk with Wall Street investors amid a highly uncertain global economic outlook, reveals a culture of corruption at the Fed. As you have noted, “the public’s trust is really the Fed’s... most important asset.” You continued, “anytime one of us, one of the policymakers, violates or falls short of those rules, we do risk undermining that trust.”<sup>23</sup> Your failure to uphold suitable standards of ethics at the Fed, and your failure to provide a transparent review of this string of ethics breaches have undermined public confidence in the Fed and hindered its ability to conduct its mission.

During a news conference you held on November 2, 2022, you said that Fed officials held a discussion on “the importance of holding [yourselves] individually and collectively accountable for knowing and following the high standard that’s set out in [your] existing rules with respect to both personal investment activities and external communications.”<sup>24</sup> And yet, at every point during this year-long scandal, you have neglected to make public crucial details about Fed officials’ ethics breaches, thus shielding Fed officials from true accountability. By refusing to release the information I have repeatedly requested regarding the Fed’s ethics failures, you are

[%20Officials%20Warnings.pdf](#).

<sup>17</sup> Letters from Senator Warren to the Presidents of the Federal Reserve Regional Banks, August 11, 2022, <https://www.warren.senate.gov/imo/media/doc/Fed%20Bank%20Letters.pdf>; Letters from Senator Warren to the Presidents of the Federal Reserve Regional Banks, September 15, 2021, <https://www.warren.senate.gov/imo/media/doc/Letters%20pdf.pdf>.

<sup>18</sup> Letter from The Honorable Jerome Powell to Senator Warren, February 14, 2022 [on file with the Office of U.S. Senator Warren].

<sup>19</sup> Board of Governors of the Federal Reserve System, Transcript of Chair Powell’s Press Conference, November 3, 2021, <https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20211103.pdf>.

<sup>20</sup> *New York Times*, “Fresh Fed financial disclosures omit the officials who ignited ethics scandal,” Jeanna Smialek, June 24, 2022, <https://www.nytimes.com/2022/06/24/business/fed-financial-disclosures-ethics.html>.

<sup>21</sup> Memorandum from Inspector General Mark Bialek to The Honorable Jerome Powell, July 11, 2022, <https://oig.federalreserve.gov/releases/board-closing-trading-activity-jul2022.pdf>.

<sup>22</sup> *Id.*

<sup>23</sup> Reuters, “Powell says Fed officials recommitted to meeting new ethics standards,” Michael S. Derby, November 2, 2022, <https://www.reuters.com/markets/us/powell-says-fed-officials-recommitted-meeting-new-ethics-standards-2022-11-02/>.

<sup>24</sup> *Id.*

preventing Congress and the public from evaluating the full extent of trading in individual stocks by Fed officials, the extent to which Fed officials were warned of the risks from their trading, and whether the plans you announced to reform the Fed's ethics practices are sufficient to prevent future conflicts of interest. It is time to end this intransigence. I therefore ask that you provide the following information to my office by **November 21, 2022**:

1. The full contents of the March 23, 2020 email from Fed ethics officials,<sup>25</sup> and complete copies of any other ethics advice or information provided to Fed officials between January 1, 2020 and the present.
2. In October 2021, the Fed described former Vice Chair Clarida's February 27, 2020 purchase of stock "as a previously planned move by Mr. Clarida away from bonds and into stocks."<sup>26</sup> Why did former Vice Chair Clarida sell and buy the same stock in such quick succession? Did Mr. Clarida have a written plan? If so, please provide a copy of this plan.
3. Given the public scrutiny around Mr. Kaplan and Mr. Rosengren's trading activity during their tenures, and the clear public interest in greater transparency around Fed officials' trading, did the Board of Governors at any point direct or advise the Boston and Dallas Federal Reserve Banks to produce financial disclosures for the departing presidents?
4. In response to my previous letter requesting information on trades by Fed governors and presidents since January 1, 2020, you stated that "financial disclosure reports of Reserve Bank Presidents are available upon request from the Reserve Banks."<sup>27</sup> Did the Board of Governors request this information from the Reserve Banks at any point since the trading scandal came to light in September 2021? If so, please provide this information. Did any Reserve Banks refuse to provide this information to the Board?
5. Reports of St. Louis Federal Reserve President Bullard's appearance before a private audience of invited Citigroup investors are deeply troubling, suggesting that the ethics problems at the Fed extend beyond stock trading.
  - a. Are you aware of whether Mr. Bullard or any other Fed officials may have engaged in other similar non-public briefings or meetings in recent years?
  - b. If so, please provide a list of all such meetings or briefings, including the date, officials involved, the subject matter, and all meeting attendees.
  - c. Did Mr. Bullard's behavior violate Fed ethics rules or guidelines?
  - d. If not, what steps are you taking to improve these rules and guidelines?

---

<sup>25</sup> The New York Times, "Fed Ethics Office Warned Officials to Curb Unnecessary Trading During Rescue," Jeanna Smialek, October 21, 2021, <https://www.nytimes.com/2021/10/21/business/economy/federal-reserve-ethics-trading.html>.

<sup>26</sup> The New York Times, "A Fed Official's 2020 Trade Drew Outcry. It Went Further Than First Disclosed," Jeanna Smialek, January 6, 2022, <https://www.nytimes.com/2022/01/06/business/economy/richard-clarida-fed-stock-fund.html>.

<sup>27</sup> Letter from The Honorable Jerome Powell to Senator Warren, February 14, 2022 [on file with the Office of U.S. Senator Warren].

6. During a news conference held on November 2, 2022, you told reporters that Fed officials had held a discussion on “the importance of holding ourselves individually and collectively accountable for knowing and following the high standard that’s set out in our existing rules with respect to both personal investment activities and external communications.”<sup>28</sup> You also said, “we do understand how important those issues are,” and noted that “we recommitted to each other, to this institution, to hold ourselves to the highest standards and avoid these problems.”<sup>29</sup> Please provide a summary of the nature of this discussion, as well as any official records or other materials associated with this discussion.
7. What other actions, if any, are you taking to improve Fed ethics rules?

Thank you for your attention to this matter.

Sincerely,



---

Elizabeth Warren  
United States Senator

---

<sup>28</sup> Reuters, “Powell says Fed officials recommitted to meeting new ethics standards,” Michael S. Derby, November 2, 2022, <https://www.reuters.com/markets/us/powell-says-fed-officials-recommitted-meeting-new-ethics-standards-2022-11-02/>

<sup>29</sup> *Id.*