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July 2, 2024

The Honorable Jerome Powell
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave NW
Washington, DC 20551

Dear Chair Powell,

I write to you today with fresh concern about your cozy relationship with bank executives and the impact that their outsized influence may have on Federal Reserve (Fed) policy. Bank executives' special access to you and other key Fed decisionmakers represents another troubling example of the culture of corruption that has taken root during your time leading the Fed.

I am particularly concerned about reports that you have met or had private conversations with Jamie Dimon, the CEO of JPMorgan Chase, at least 19 times since becoming Chair of the Federal Reserve in February 2018.¹ You have also reportedly met ten times with BlackRock CEO Larry Fink, seven times with Goldman Sachs CEO David Solomon, and at least nine times with the heads of other major banks.² This is an astonishing amount of your time to give to the CEOs of the nation's largest banks and financial firms.

These private meetings and conversations appear to be shaping Fed policy, as you have intervened to stop progress on: 1) increasing bank capital requirements per the Basel III recommendations, 2) reforming bank executive compensation structure to discourage excessive risk taking, and 3) strengthening scrutiny of potential bank mergers. In a letter I sent you two weeks ago, I noted that Mr. Dimon's publicly reported efforts to target you as the weak link among the banking regulators on Basel III have seemingly worked.³ The Fed is now floating a gutted proposal.⁴

The Fed has also refused to join the congressionally-mandated, multi-agency effort to finalize reasonable compensation restrictions for bank executives. Regulators were required to establish these guidelines by "[nine] months after the date of enactment" of the Dodd-Frank Act, which was

¹ Punchbowl News, "Powell's man on the Street," March 17, 2024, <https://punchbowl.news/article/jpmorgan-chase-ceo-jamie-dimon-fed-jay-powell/>.

² *Id.*

³ Letter from Elizabeth Warren to Federal Reserve Board Chair Jerome Powell, June 17, 2024, https://www.warren.senate.gov/imo/media/doc/final_-_warren_letter_to_powell_re_basel_iii_cuts.pdf.

⁴ Bloomberg, "Federal Reserve Floats Weaker Version of Planned Bank-Capital Overhaul," Katanga Johnson, June 24, 2024, <https://www.bloomberg.com/news/articles/2024-06-24/federal-reserve-floats-weaker-version-of-planned-bank-capital-overhaul>.

April 21, 2011.⁵ But nearly 14 years after Dodd-Frank’s passage, you, Chair Powell, are reported to be solely responsible for blocking Section 956’s implementation.⁶

The list goes on: the Fed has also failed to make progress on applying greater scrutiny to big bank mergers. Last year’s string of very large bank failures demonstrates that bank regulators are not appropriately weighing the effect of potential bank mergers on our financial stability. In fact, in 2021, the Federal Reserve approved Silicon Valley Bank’s request to acquire Boston Private Bank & Trust, claiming at the time that the merged bank would not be “so interconnected with other firms or markets that it would pose significant risk to the financial system in the event of financial distress.”⁷ Obviously, that wasn’t true; continuing to approve mergers under the old rubric is putting our financial system at risk while lining wealthy executives’ and investors’ pockets. JPMorgan Chase made \$3 billion from its Fed-approved acquisition of First Republic Bank.⁸ Mr. Dimon himself made an extra \$1.5 million dollars for his “continued exemplary leadership” according to JPMorgan’s Board of Directors, after he orchestrated the purchase.⁹

Mr. Dimon is understandably pleased with the results of his meetings with you: he has said you are “pretty much doing the right stuff,” when it comes to bank oversight—or lack thereof.¹⁰ His warm sentiments are unsurprising; since you began in your role as Federal Reserve Chair, you have done big banks’ bidding. You championed the 2018 Dodd-Frank tailoring rollback that directly contributed to Silicon Valley Bank’s (SVB) collapse.¹¹ In a hearing last June, you told me that you want to “learn the right lessons from [SVB’s collapse] and to undertake to address them,” yet a month later, you walked back that commitment in a carefully-worded press release in which you indicated that you did not believe the Basel III proposal “strikes the right balance” between “keep[ing] our financial system strong and protect[ing] our economy, while imposing no more burden than is necessary.”¹² During the Basel III vote, you continued to push for “tailoring”—a synonym for weakening the rules that regulators around the world agreed are necessary to prevent another financial crisis.¹³

⁵ Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203.

⁶ Bloomberg Law, “Fed Faces Heat From Fellow Regulators on Banker Bonus Proposal,” Evan Weinberger, May 8, 2024, <https://news.bloomberglaw.com/banking-law/fed-faces-heat-from-fellow-regulators-on-banker-bonus-proposal>.

⁷ Federal Reserve Board, “Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the Establishment of Branches,” press release, June 10, 2021, p. 18, <https://www.federalreserve.gov/newsevents/pressreleases/files/orders20210610a1.pdf>.

⁸ JPMorgan Chase, “Chairman and CEO Letter to Shareholders,” April 8, 2024, <https://www.jpmorganchase.com/ir/annual-report/2023/ar-ceo-letters>.

⁹ MarketWatch, “Jamie Dimon gets \$1.5M raise and heaps of praise after JPMorgan Chase’s record profit,” Steve Gelsi, January 19, 2024, <https://www.marketwatch.com/story/jamie-dimon-gets-1-5m-raise-and-heaps-of-praise-after-jpmorgan-chases-record-profit-ebfca436>.

¹⁰ Washington Post, “On eve of critical Fed meeting, Trump suggests he might remove Chair Jerome H. Powell,” Heather Long, June 18, 2019, <https://www.washingtonpost.com/business/2019/06/18/eve-critical-fed-meeting-trump-suggests-he-might-want-remove-chair-powell/>.

¹¹ U.S. Federal Reserve Board, “Review of the Federal Reserve’s Supervision and Regulation of Silicon Valley Bank,” April 28, 2023, p. 3, <https://www.federalreserve.gov/publications/files/svb-review-20230428.pdf>.

¹² Senate Committee on Housing, Banking, and Urban Affairs, “Semiannual Monetary Policy Report to the Congress,” June 22, 2023, <https://www.banking.senate.gov/hearings/06/15/2023/the-semiannual-monetary-policy-report-to-the-congress>; U.S. Federal Reserve Board, “Statement by Chair Jerome H. Powell,” press release, July 27, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/powell-statement-20230727.htm>.

¹³ U.S. Federal Reserve Board, “Statement by Chair Jerome H. Powell,” press release, July 27, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/powell-statement-20230727.htm>.

Your favoritism for the entities you regulate has manifested in a culture of corruption that has cast a shadow over the Fed’s decision-making. During your tenure, the Federal Reserve has been submerged in scandal after scandal. Federal Reserve officials made millions of dollars’ worth of trades based on insider information.¹⁴ A Federal Reserve president gave a closed-door, off-the-record briefing to Citigroup investors.¹⁵ Your hand-picked Federal Reserve Inspector General has been unable or unwilling to hold you or anyone else accountable for these scandals.¹⁶ Your close relationships and regular meetings with bank executives add to the long list of misdeeds by Federal Reserve officials.

Banks already have an outsized influence on our democracy. Lobbying expenditures by the major banking trade groups and three dozen of the biggest banks from April through June last year were nearly 20 percent higher than in the year prior, and political contributions from banks rose 54 percent from 2007.¹⁷ Mr. Dimon’s JPMorgan has spent nearly \$15 million on lobbying since 2019—and almost four million in 2023 alone.¹⁸

Given Wall Street’s ability and willingness to drown out the public interest on these issues, it is especially disappointing that your calendar is dominated by meetings with big bank CEOs. While you have met with these CEOs dozens of times, analysis of your public calendar by my staff reveals that you have met with leading financial investor and consumer advocacy groups only six times in your six years at the helm of the Federal Reserve.¹⁹

You are charged with protecting the economic and financial well-being of 300 million Americans, not the nation’s largest banks. The American public deserves a Federal Reserve Chair who works for them.

I hope that in the future you will seek to obtain a more balanced perspective on Fed policy issues. And I ask that you please respond to the following questions by July 19, 2024:

1. What topics did you discuss in your meetings with Mr. Dimon? Please describe the content of each of your 19 meetings.

¹⁴ Letter from Elizabeth Warren to Federal Reserve Inspector General Mark Bialek, March 6, 2024, <https://www.warren.senate.gov/imo/media/doc/2024.03.05%20Letter%20to%20Fed%20IG%20Mark%20Bialek%20e.%202024%20report.pdf>.

¹⁵ Letter from Elizabeth Warren to Federal Reserve Chair Jerome Powell, November 7, 2022, <https://www.warren.senate.gov/imo/media/doc/2022.11.04%20Letter%20to%20Chair%20Powell%20re%20Fed%20trading%20scandal%20and%20FOMC.pdf>.

¹⁶ Letter from Elizabeth Warren to Federal Reserve Inspector General Mark Bialek, July 24, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.07.24%20Letter%20to%20IG%20of%20the%20Fed%20Reserve%20re%20Conflicts%20of%20Interest.pdf>.

¹⁷ Bloomberg, “Bank Lobbying Climbs Nearly 20% Ahead of New Fed Capital Rules,” Laura Davison and Bill Allison, July 21, 2023, <https://www.bloomberg.com/news/articles/2023-07-21/bank-lobbying-climbed-nearly-20-as-new-fed-rules-loom>. Forbes, “Basel III Fearmongering By Lobbyists Should Not Be Believed,” Mayra Rodriguez Valladares, February 29, 2024, <https://www.forbes.com/sites/mayrarodriguezvalladares/2024/02/29/do-not-believe-bank-lobbyists-fearmongering-about-basel-iii/?sh=82fccd56979a>.

¹⁸ Open Secrets, “Client Profile: JPMorgan Chase & Co,” <https://www.opensecrets.org/federal-lobbying/clients/summary?id=D000000103>.

¹⁹ Staff analysis

2. Did you discuss Basel III with Mr. Dimon or other big bank executives who would be subject to Basel III's requirements?
3. Has Mr. Dimon or his staff ever shared materials related to Basel III? If so, please provided these documents.
4. What, if any, commitments have you made to Mr. Dimon and other big bank executives who are subject to Basel III?
5. Have you ever discussed Section 956 of the *Dodd-Frank Act* in your communications with Mr. Dimon and other bank executives?
6. Has Mr. Dimon or his staff ever shared materials related to Section 956? If so, please provide these documents.
7. What, if any, commitments have you made to Mr. Dimon and other big bank executives regarding Section 956 rules?
8. To what extent have your conversations with big bank executives shaped your inaction on updating the 1995 bank merger guidelines?
9. What ethics rules are in place governing Federal Reserve officials' meetings with bank CEOs and other outside interests?

Sincerely,



Elizabeth Warren
United States Senator