

**Congress of the United States**  
Washington, DC 20515

April 25, 2023

Ms. Mary Daly  
President and Chief Executive Officer  
Federal Reserve Bank of San Francisco  
101 Market Street  
San Francisco, CA 94105

Dear Ms. Daly,

We write seeking information and documents critical to understanding how the Federal Reserve Bank of San Francisco (“SF Fed”) failed to properly ensure the safety and soundness of the bankrupt Silicon Valley Bank (“SVB”). Given recent congressional testimony by Federal Reserve Vice Chairman for Supervision Michael Barr that the Federal Reserve “welcome[s] and expect[s] external reviews” regarding its “supervision and regulation of SVB before its failure,”<sup>1</sup> and your own statement—made just days before SVB’s collapse—that the Federal Reserve regional banks had a responsibility to be “transparent with the American people” in order to “earn” their “trust,”<sup>2</sup> we anticipate a thorough and timely response to our inquiry.

Indeed, the need for transparency from the Federal Reserve is greater than ever. In the weeks following SVB’s meltdown, the American people lost a great deal of trust in the Federal Reserve, and the SF Fed in particular. For instance, Democrat Senator Elizabeth Warren said she does not have faith in your leadership of the bank.<sup>3</sup> To begin restoring public trust and faith, we therefore expect the SF Fed to welcome our requests and give prompt and complete responses.

There are reasons for concern, however, that the SF Fed will resist oversight by the American people’s elected representatives. The SF Fed essentially failed to respond to Ranking Member Cruz’s March 16<sup>th</sup> letter on this subject. And the regional Fed banks, including the SF Fed, have a yearslong pattern and practice of stonewalling congressional

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<sup>1</sup> Michael S. Barr, *Testimony to the U.S. Senate Committee on Banking, Housing, and Urban Affairs* (Mar. 28, 2023), <https://www.banking.senate.gov/imo/media/doc/Barr%20Testimony%203-28-231.pdf>.

<sup>2</sup> Victoria Guida, *Regional Feds Agree to Common Policy for Information Requests*, Politico Pro (Mar. 24, 2023) <https://subscriber.politicopro.com/article/2023/03/regional-feds-agree-to-common-policy-for-information-requests-00088742>.

<sup>3</sup> *U.S. Senator Warren Says She Does Not Have Faith in Fed’s Daly in Wake of SVB Collapse*, REUTERS (Mar. 19, 2023), <https://www.reuters.com/article/global-banks-usa-regulations/us-senator-warren-says-she-does-not-have-faith-in-feds-daly-in-wake-of-svb-collapse-idUSW1N34M037>.

oversight requests.<sup>4</sup> The SF Fed’s repeated refusal to comply with such requests, in part, prompted a bipartisan group of Senators to introduce legislation that would require the Federal Reserve regional banks to respond to lawmakers and the public.<sup>5</sup> That legislation is pending, but answers regarding SVB’s collapse are needed immediately.

The SF Fed can take a first step towards restoring trust by providing a complete written response to the requests for information and documents made in Ranking Member Cruz’s March 16<sup>th</sup> letter *as well as the additional requests raised below* no later than May 9, 2023.

To be clear, the Federal Reserve’s expected May 1<sup>st</sup> report on SVB’s collapse, including the Federal Reserve’s oversight of the bank, is not a substitute for full and complete compliance with our request. Objections that the requested information is purportedly confidential supervisory information will not suffice, especially in light of Vice Chairman Barr’s testimony that the May 1<sup>st</sup> report “will include confidential supervisory information, including supervisory assessments and exam material.”<sup>6</sup> The Federal Reserve cannot pick and choose what information—confidential, supervisory, or otherwise—to disclose in order to best serve its narrative.

Therefore, in addition to the information requested in the March 16<sup>th</sup> letter, please provide the following information:

1. All documents and communications, including reports of examination, and supervisory letters, regarding SVB’s and its holding companies’ supervisory ratings and supervisory issues from January 1, 2020 through the present.
2. All documents and communications regarding enforcement actions, including formal and informal memoranda of understanding, concerning SVB and its holding companies from January 1, 2020 through the present.

For your reference, the requests from the March 16<sup>th</sup> letter are included as an appendix to this letter. Further, this letter serves as a reminder to preserve any and all documents and information, including e-mails, text messages, internal message system

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<sup>4</sup> Letter from Senators Toomey, Scott, Tillis, and Lummis to Kansas City Fed President Esther George (Jun. 28, 2022),

[https://www.banking.senate.gov/imo/media/doc/toomey\\_scott\\_tillis\\_lummis\\_letter\\_to\\_kc\\_fed\\_on\\_master\\_accounts.pdf](https://www.banking.senate.gov/imo/media/doc/toomey_scott_tillis_lummis_letter_to_kc_fed_on_master_accounts.pdf); Letter from Senator Toomey to SF Fed President Mary Daly (Jun. 30, 2021),

[https://www.banking.senate.gov/imo/media/doc/toomey\\_non-compliance\\_letter\\_to\\_san\\_francisco\\_fed.pdf](https://www.banking.senate.gov/imo/media/doc/toomey_non-compliance_letter_to_san_francisco_fed.pdf);

David Lawder, *U.S. Rep Issa: NY Fed AIG Submissions “Incomplete,”* REUTERS (Jan. 19, 2010),

<https://www.reuters.com/article/us-aig-fed/u-s-rep-issa-ny-fed-aig-submissions-incomplete-idUSTRE60I4FJ20100120>.

<sup>5</sup> Financial Regulators Transparency Act of 2023, S. 1160, 118th Cong. (2023).

<sup>6</sup> Michael S. Barr, *Testimony to the U.S. Senate Committee on Banking, Housing, and Urban Affairs* (Mar. 28, 2023), <https://www.banking.senate.gov/imo/media/doc/Barr%20Testimony%2023-28-231.pdf>.

messages, calls, logs of meetings, and internal memoranda, responsive to the requests in this letter as well as the March 16<sup>th</sup> letter.

We look forward to your forthcoming prompt and complete response.

Sincerely,



Ted Cruz  
Ranking Member  
Committee on Commerce,  
Science, and Transportation



Jim Jordan  
Chairman  
Committee on the Judiciary

Encl: Questions and Document Requests from March 16, 2023 Letter from Ranking Member Cruz to SF Fed President Daly

cc: Hon. Jerome Powell, Chairman, Board of Governors of the Federal Reserve System  
Hon. Michael S. Barr, Vice Chairman for Supervision, Board of Governors of the Federal Reserve System  
Hon. Michelle W. Bowman, Governor, Board of Governors of the Federal Reserve System  
Hon. Lisa D. Cook, Governor, Board of Governors of the Federal Reserve System  
Hon. Philip N. Jefferson, Governor, Board of Governors of the Federal Reserve System  
Hon. Christopher J. Waller, Governor, Board of Governors of the Federal Reserve System

## **Appendix: Questions and Document Requests from March 16, 2023 Letter**

1. As a bank holding \$100 billion or more in assets, SVB should have been subject to Regulation YY and internal liquidity stress test requirements.
  - a) Did SVB perform internal liquidity stress tests required by Regulation YY over the past five years, and if so, were they conducted on a monthly or quarterly basis?
    - i. Provide the date of each monthly or quarterly liquidity stress test SVB performed over the past five years and identify what the stress test(s) showed.
    - ii. If there was no stress test performed in any given month or quarter, please note and explain why none was performed.
    - iii. Did monthly or quarterly stress tests consider rising interest rates commensurate with the Federal funds rate? Please indicate the yield of the 3-month Treasury and the 10-year Treasury in Q1 2023 in both the baseline and adverse scenario of each test.
  - b) Did SVB receive any exemption from its liquidity stress test obligations under Regulation YY at any period in the last five years? If SVB was subject to an exemption during any period(s), explain why SVB was exempt and identify the period(s) during which SVB was exempt.
  - c) While Greg Becker, SVB's former CEO, served on the board of the Federal Reserve Bank of San Francisco, did he discuss any possible exemptions from Regulation YY with any employee or board member of the Federal Reserve of San Francisco? If so, with whom did he have those discussions?
  - d) Did anyone at the SF Fed discuss any possible exemptions for SVB from Regulation YY with any depositor or non-managerial shareholder of SVB? If so, please identify who those individuals were and to whom they spoke to at the SF Fed.
2. Did any employee, contractor, or board member of SVB communicate with anyone affiliated with the SF Fed about any risks associated with SVB's unrealized losses? If so:
  - a) Identify who was involved in those communications;
  - b) Identify when they took place;
  - c) Identify how they took place (in-person, email, etc.); and
  - d) Produce all documents containing and relating to those communications.

3. Did any employee, contractor, or board member of SVB communicate with anyone affiliated with the SF Fed regarding SVB's ESG or DEI efforts? If so:
  - a) Identify who was involved in those communications;
  - b) Identify when they took place;
  - c) Identify the topic or subject of those communications;
  - d) Identify how they took place (in-person, email, etc.); and
  - e) Produce all documents containing and relating to those communications.