

# United States Senate

WASHINGTON, DC 20510

March 18, 2023

The Honorable Joseph R. Biden  
President of the United States  
The White House  
1600 Pennsylvania Avenue N.W.  
Washington, D.C. 20500

Dear President Biden:

We write to you today to express our continued concern regarding the recent failures in the United States banking system and the actions by federal and state-level financial regulators to review and assess these failures. Given the breadth of market impact and unanswered questions that still remain, we respectfully request that you appoint an independent investigator to further examine the facts and circumstances of these recent bank failures.

In light of the recent bank failures, including the collapse of First Republic Bank (FRC) just days after the Federal Reserve released its Review of the Federal Reserve's Supervision and Regulation of Silicon Valley Bank<sup>1</sup>, we believe it is imperative that an honest and impartial assessment is conducted to identify and examine the relevant factors that lead to this crisis. Though the regulatory agencies tasked with overseeing our financial institutions have released a series of internal reports examining causes, failures, and corrective measures, we believe an independent examination that covers the full jurisdictional scope of these failures, led by non-partisan experts, is critically important.

Additionally, an independent review is especially necessary given that several of the internal reviews already-released determine supervisory actions and inactions played a key role in each of the collapses. Self-reflection, while appreciated, is insufficient to ensure stressors to our financial system of this magnitude are not repeated. Oversight efforts will benefit from a comprehensive examination spanning both federal and state financial regulators, as well as elsewhere in the federal government where response efforts are taking place. In particular, the ongoing work to hold bank executives accountable should inform any complete assessment of these failures.

At a time when Americans are dealing with rising costs, knee-jerk reactions that exacerbate those costs for working families or subject compliant, well-run banks to onerous new requirements are not helpful. Policy responses from the prudential regulators should be carefully-crafted to increase supervisory efficiency and transparency without adding additional inflationary pressures. An independent, whole of system review will help inform how to best strengthen safety and soundness in our banking system.

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<sup>1</sup> Review of the Federal Reserve's Supervision and Regulation of Silicon Valley Bank  
<https://www.federalreserve.gov/publications/files/svb-review-20230428.pdf>

The American people and Members of Congress deserve a clear understanding of the causes of recent bank failures, areas that need to be addressed to prevent future crises, and reassurance that those responsible will be held accountable. An outside, independent review of the supervisory and management errors that contributed to the failures would be a vital step toward restoring confidence in the banking system and preventing future failures. This thorough assessment will ultimately benefit taxpayers, policymakers, as well as regulators at the federal and state level and ensure well-run banks are not asked to once more make up for losses attributable to risky behavior by reckless executives and lackluster agency oversight. We appreciate your consideration of this request.

Sincerely,



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Jon Tester  
United States Senator



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Thom Tillis  
United States Senator