

## Statement by Vice Chairman Travis Hill on FDIC Board Oversight of Workplace Culture

September 17, 2024

Earlier today, the FDIC Board voted on a resolution I proposed to establish an independent Board Committee to oversee the FDIC’s response<sup>1</sup> to allegations of sexual harassment, discrimination, and other interpersonal misconduct.<sup>2</sup> The resolution would have ensured that management and oversight of the agency’s cultural transformation is independent of the Chairman, but unfortunately the proposal was voted down.<sup>3</sup>

It has been more than four months since an independent third-party review conducted by Cleary Gottlieb Steen & Hamilton LLP (“Cleary Report”) found that “for far too many employees and for far too long, the FDIC has failed to provide a workplace safe from sexual harassment, discrimination, and other interpersonal misconduct.”<sup>4</sup> The Cleary Report included a section regarding allegations of misconduct against the Chairman spanning many years, and stated that “Chairman Gruenberg’s reputation raises questions about the credibility of the leadership’s response to the crisis and the ‘moral authority’ to lead a cultural transformation.”<sup>5</sup> Two weeks after the Cleary Report was released, Chairman Gruenberg announced his intent to resign upon the confirmation of his successor.<sup>6</sup> Four months later, Chairman Gruenberg continues to manage and oversee the day-to-day operations of the cultural transformation.

At this point, it is time for the FDIC Board to step in and establish a Board Committee, independent from the Chairman, to oversee our response to the workplace culture challenges we continue to face. If this were a private sector company, there is no way a CEO who announced his or her intent to resign for reasons directly related to the company’s workforce culture issues would be permitted to continue to manage and oversee the company’s response to those issues for months on end. We should hold ourselves to the same standard.

The Board also voted on a “counterproposal” offered by Director Chopra at the direction of the Chairman<sup>7</sup> that would “request” that the Transformation Monitor assess the Board’s role

---

<sup>1</sup> See Federal Deposit Insurance Corporation, [Action Plan for a Safe, Fair and Inclusive Work Environment](#) (last updated September 12, 2024).

<sup>2</sup> See [Report for the Special Committee of the Board of Directors of the Federal Deposit Insurance Corporation](#) (April 2024) (“Cleary Report”).

<sup>3</sup> The Chairman also denied my repeated requests to consider this resolution during the public portion of our Board meeting.

<sup>4</sup> Cleary Report, *supra* note 2, at 1.

<sup>5</sup> *Id.* at 96.

<sup>6</sup> Federal Deposit Insurance Corporation, Press Release, [Statement by FDIC Chairman Martin J. Gruenberg](#) (May 20, 2024).

<sup>7</sup> Note that the FDIC bylaws require 10 days’ notice for a Board member other than the Chairman to introduce a measure at a Board meeting. In this case, the Board received approximately 12 *hours*’ notice. It was confirmed that this item was offered at the direction of the Chairman.

overseeing implementation of the Action Plan. This does nothing to address the issue described above – the issue is the day-to-day management by the Chairman, not the higher level oversight by the Board. The “counterproposal” is a vague, open-ended,<sup>8</sup> and potentially costly<sup>9</sup> attempt to distract from the actual issue.

---

<sup>8</sup> In its entirety, the Resolution requires the Board to “request that the Transformation Monitor independently assess the Board’s role in overseeing implementation of the Action Plan, and recommend any policies, procedures, or actions the Board should consider to ensure effective and credible execution of the Action Plan.”

<sup>9</sup> We are billed by the hour.