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Functional Government Initiative: Investigating an Attempted “Hostile Takeover” of the Federal Deposit Insurance Corporation

Trust in one of the United States’ banking regulators should not be threatened by political influence.

(Washington, DC) – The Functional Government Initiative today requested records from four federal agencies that will provide transparency into actions by senior banking regulators that raise questions over the future of independent agencies. FDIC board member and director of the Consumer Financial Protection Bureau (CFPB) Rohit Chopra was among the leading voices supporting what former FDIC Chairman Jelena McWilliams called an attempted “[hostile takeover](#).” The FDIC is responsible for insuring deposits and promoting the stability of the nation’s banking system. Its chairman is appointed to a five-year term, meant to insulate the agency from quickly changing policy agendas after presidential elections. By the FDIC’s longstanding policies and practices, the FDIC chairman sets the agenda of the agency and supervises its staff as CEO.

The requested documents will help the public understand what happened, who may have been involved, and whether ethics rules were followed. If allegations of the former Chairman are true, the FDIC’s status as an independent regulator may be in jeopardy. It may also have implications for other independent federal agencies if this is seen as a move toward prioritizing Administration policy priorities over adhering to long-standing institutional norms. The recent controversy comes in the wake of mass firings of qualified individuals appointed by the former Administration to advisory committees, typically understood to be free from political interference.

In this case, in spite of this traditional deference to the agency chairman, recent reports allege that Mr. Chopra sought to circulate a proposal relating to bank mergers that, according to Chairman McWilliams, “was filled with omissions, misrepresentations and technical inaccuracies.” Chopra and other FDIC board members attempted to move forward with it anyway. Since that time, Chairman McWilliams has announced her resignation from the FDIC.

In order to shine a light on what really happened at the FDIC, FGI is seeking records from the FDIC, CFPB, Department of Justice, and Department of Treasury. As reported by the *Wall Street Journal*, Mr. Chopra asked for a legal opinion from the Office of Legal Counsel. The public should know what precedents and existing legal policy Mr. Chopra wants to change as part of his efforts to counter the authority of the FDIC chairman. The *Wall Street Journal* also reported that Treasury Secretary Janet Yellen refused Chairman McWilliams’ request to support the independence of the FDIC.

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