

# United States Senate

WASHINGTON, DC 20510

June 13, 2018

Carl W. Hoecker  
Inspector General  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Dear Inspector General Hoecker:

We are writing to bring to your attention troubling remarks reportedly made by Commissioner Michael Piwowar to Citigroup executives during a meeting at the Securities and Exchange Commission (“SEC” or “the Commission”) on April 24, 2018. As reported, Commissioner Piwowar linked potential regulatory action to an unrelated policy Citigroup recently issued to promote responsible conduct by customers engaged in processing firearms transactions.

While we are not advocating for or taking a position on the regulatory matter that was the subject of the meeting, we do have concerns that Commissioner Piwowar may have abused his government position in an attempt to unduly influence Citigroup to reverse a business decision that conflicts with his personal and political views. We therefore ask that your office review this incident and take action as appropriate.

During the April 24, 2018 meeting, executives from Citigroup met with Commissioner Piwowar to discuss derivatives regulation. Recent news reports indicate that the Commissioner “castigat[ed] them for straying into social policy” while “glowering and speaking emphatically” about guns.<sup>1</sup> Most concerning are reports that Commissioner Piwowar delivered a “thinly veiled threat” by suggesting that the Commission would withhold support for Citigroup’s regulatory request due to the company’s unrelated and entirely lawful corporate practices relating to firearms.

As you are aware, the tragic shooting on February 14, 2018, at Marjory Stoneman Douglas High School in Parkland, Florida, led many businesses in the retail and financial sectors to reevaluate their policies on firearms. In the wake of these tragic shootings, businesses throughout the country, including Dick’s Sporting Goods and Metlife, have issued new policies. Financial

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<sup>1</sup> Robert Schmidt, *Banks Thought They Had a Win With Guns. Now They’ve Got a Big GOP Headache*, Bloomberg (May 4, 2018), <https://www.bloomberg.com/news/articles/2018-05-04/citigroup-s-scolding-at-sec-exposes-gop-backlash-over-gun-policy>

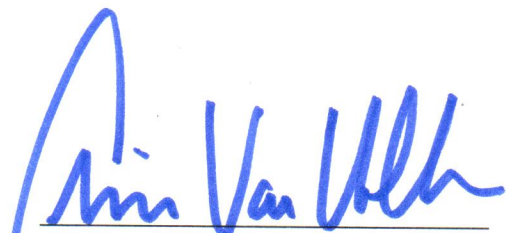
institutions like Citibank<sup>2</sup> and Bank of America<sup>3</sup> have also implemented new policies ensuring that businesses who bank with them adhere to core safety standards.

Simply put, the SEC should base regulatory decisions on facts and merits, not on unrelated corporate practices that a particular Commissioner dislikes or that are disliked by organizations they support. Indeed, this principle is codified in the Standards of Ethical Conduct for Employees of the Executive Branch, which, among other improper conduct, prohibits federal employees from using their public office in a manner that is intended “to coerce or induce” another person to provide a benefit of any kind to himself or groups with whom he chooses to affiliate. *See* 5 C.F.R. § 2635.702(a). It is alarming that Commissioner Piwowar, who is expected to be independent, appears ready to condition his support for regulatory change on Citibank’s withdrawal of a responsible corporate practice that conflicts with his personal views or political agenda.

As stated above, we respectfully request that your office open an investigation into this meeting to protect the integrity of the agency and its decision-making process. Further, we ask that you investigate whether Mr. Piwowar observed proper rules and procedures with regard to the Federal Sunshine Act, as the meeting in question was in connection to a rule that is currently being considered by the SEC.

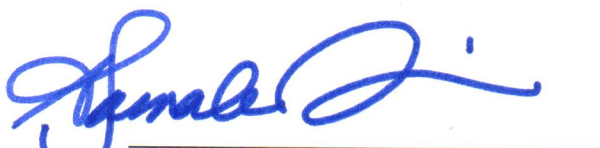
We will continue to review this matter to ensure that SEC Commissioners are not using their positions to influence business decisions based on their personal views.

Sincerely,



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Chris Van Hollen  
United States Senator



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Kamala D. Harris  
United States Senator

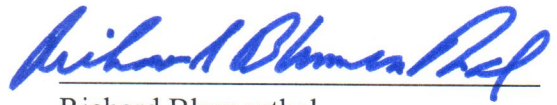
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<sup>2</sup> Press Release, Citigroup, Announcing Our U.S. Commercial Firearms Policy, (Mar. 22, 2018), <https://blog.citigroup.com/announcing-our-us-commercial-firearms-policy>

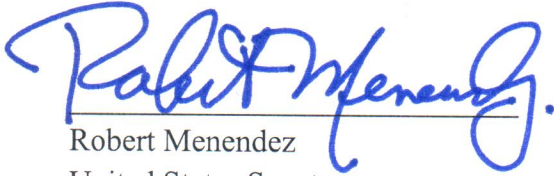
<sup>3</sup> Amy B. Wang, *Bank of America to stop lending to some gun manufacturers in wake of Parkland massacre*, *Washington Post* (April 11, 2018). [https://www.washingtonpost.com/news/business/wp/2018/04/11/bank-of-america-to-stop-lending-to-some-gun-manufacturers-in-wake-of-parkland-massacre/?utm\\_term=.a5b8cc424395](https://www.washingtonpost.com/news/business/wp/2018/04/11/bank-of-america-to-stop-lending-to-some-gun-manufacturers-in-wake-of-parkland-massacre/?utm_term=.a5b8cc424395)



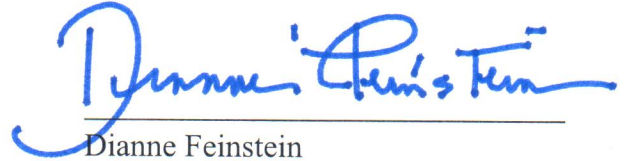
Christopher S. Murphy  
United States Senator



Richard Blumenthal  
United States Senator



Robert Menendez  
United States Senator



Dianne Feinstein  
United States Senator

cc: SEC Chair Jay Clayton  
SEC Ethics Counsel  
Commissioner Mike Piwowar  
Commissioner Kara Stein  
Commissioner Rob Jackson  
Commissioner Hester Peirce