

Congress of the United States
Washington, DC 20515

March 17, 2023

The Honorable Merrick Garland
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, D.C. 20530

The Honorable Gary Gensler
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

The Honorable Martin Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Attorney General Garland, Chairman Gensler, and Chairman Gruenberg:

It is reported that you may be in the preliminary phase of investigating last week's collapse of Silicon Valley Bank (SVB)^[1]— the second largest bank failure in American history. We strongly support such an investigation, and also wish to raise our concerns over the role of Goldman Sachs Group in advising SVB and in the purchase of its bond portfolio.

SVB's collapse has triggered a banking crisis both at home and abroad. The repercussions for Californians and workers around the country have been immense. Many California workers depended on SVB for processing their paychecks and many of the bank's depositors were start-up companies that are the lifeblood of Silicon Valley's economy. We appreciate swift action from the Biden Administration and the FDIC to ensure that workers and small businesses were not left with nothing.

However, the same cannot be said for senior banking executives. It is our belief that the prioritization of profits over the safety of deposits, loosened financial regulations that passed under the Trump Administration, and mismanagement by bank executives have contributed to this massive and consequential failure. Just before SVB failed, countless executives made substantial profits and reportedly received bonuses. Then CEO of SVB, Greg Becker, sold a reported \$3.6 million in SVB stock just days before the bank's collapse, potentially profiting off the impending demise of the very bank he managed.^[2]

SVB disclosed Goldman Sachs' role as the acquirer of their bond portfolio on Tuesday, March 14th, the last day of a four-business day window that the SEC affords companies to make such disclosures.^[3] The recent public filing underscores the central role that Goldman Sachs played in the final days of SVB.

SVB executives went to Goldman Sachs in late February looking for advice on its increasingly dire financial position. Just days later, SVB sought a buyer for its \$21 billion portfolio—the buyer would become Goldman Sachs, while SVB was left with a significant loss.^[4] Now, Goldman Sachs stands to be paid more than \$100 million for its role in a bond purchase that ultimately failed to save SVB from collapse.^[5] As Goldman Sachs is poised to profit from SVB's failure, we strongly urge you to analyze whether Goldman Sachs operated at "arm's length" in their role as advisor for SVB.

The collapse of Silicon Valley Bank put workers' payroll and jobs at risk, threatened countless small businesses, and jeopardized our economy. This collapse has also revealed the unjust compensation rewarded to failed bank executives, while ordinary Americans, impacted employees, and tech start-ups live with grave uncertainty about their next paycheck and livelihood.

We support your efforts to launch an investigation and hope that unlike 2008, we hold bank executives accountable by ensuring they are held responsible—the burden of their actions should not land on the shoulders of consumers or taxpayers. As the White House considers taking administrative action supporting legislation to "claw back" bonus compensation and profits made from stock sale gains^[6], and as you investigate the collapse of SVB and any statutory or criminal wrong doing, we urge you to examine Goldman Sachs receipt of over \$100 million and whether it should likewise be reclaimed on behalf of depositors.

Thank you for your attention to this important matter.

Sincerely,



Adam B. Schiff
Member of Congress



Salud Carbajal
Member of Congress



Anna G. Eshoo
Member of Congress



Doris Matsui
Member of Congress



Josh Harder
Member of Congress



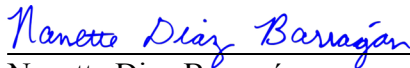
Tony Cárdenas
Member of Congress



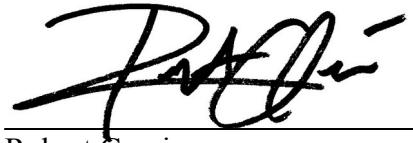
Kevin Mullin
Member of Congress



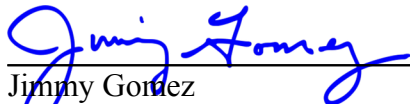
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Robert Garcia
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Jimmy Gomez
Member of Congress



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Member of Congress



Mike Levin
Member of Congress



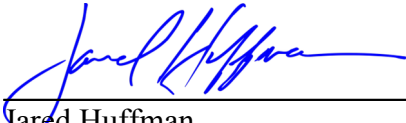
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Jared Huffman
Member of Congress



Raul Ruiz, M.D.
Member of Congress



J. Luis Correa
Member of Congress



Mark DeSaulnier
Member of Congress

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- [2] Frank, Robert. "SVB Execs Sold \$84 Million in Stock over the Past 2 Years, Stoking Outrage over Insider Trading Plans." *CNBC*, CNBC, 14 Mar. 2023, www.cnbc.com/2023/03/14/svb-execs-sold-84-million-of-the-banks-stock-over-the-past-2-years.html#:~:text=Power%20unch-,Silicon%20Valley%20Bank%20CEO%20Greg%20Becker%20sold%20nearly%20%2430%20million,its%20stock%20slide%20and%20collapse.
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- [4] Andriotis, AnnaMaria, et al. "How Goldman's Plan to Shore up Silicon Valley Bank Crumbled." *The Wall Street Journal*, Dow Jones & Company, 16 Mar. 2023, www.wsj.com/articles/how-goldmans-plan-to-shore-up-silicon-valley-bank-crumbled-96bb44bb.
- [5] Sorkin, Andrew Ross, et al. "Goldman Sachs Eyes a Big Payout from Silicon Valley Bank Deal." *The New York Times*, The New York Times, 15 Mar. 2023, www.nytimes.com/2023/03/15/business/dealbook/goldman-sachs-silicon-valley-bank-fee.html.
- [6] Nicholas, Peter, and Carol E. Lee. "White House Eyes Accountability for Silicon Valley Bank Collapse." *NBCNews.com*, NBCUniversal News Group, 15 Mar. 2023, www.nbcnews.com/politics/white-house/white-house-eyes-accountability-silicon-valley-bank-collapse-rcna74987.