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MARCH 31, 2020

Warren Calls on Mnuchin and Powell to Protect Workers & Root Out Corruption When Doling Out New CARES Act \$500 Billion Bailout Fund

"Any bailout funds should come with strict conditions to ensure that the funds are used to protect workers and the economy rather than just benefitting wealthy senior executive. I will be watching your actions carefully as you administer this \$500 billion bailout for corporate America..."

Text of Letter (PDF)

Washington, D.C. - United States Senator Elizabeth Warren (D-Mass.) sent a letter to Treasury Secretary Steve Mnuchin and Federal Reserve Chairman Jay Powell in which she laid out a detailed list of conditions that should come with any bailout funds to corporate America. In her letter, Senator Warren urged Secretary Mnuchin and Chairman Powell to use their broad authority under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to ensure that bailout funds (1) are used to protect workers and not to reward corporate misbehavior; and (2) are protected by strong anti-corruption and transparency rules.

"Any bailout funds should come with strict conditions to ensure that the funds are used to protect workers and the economy rather than just benefitting wealthy senior executives," **the senator wrote.** "I will be watching carefully as you hand out these funds."

While the CARES Act included some protections for workers and the economy -- including requirements that companies receiving these funds not engage in stock buybacks until after they have repaid their loan -- these statutory protections are insufficient and incomplete. However, the legislation gives the Treasury Secretary and Federal Reserve Chairman the authority to make discretionary decisions about the recipients of this huge bailout for big corporations, and the terms and conditions under which they receive aid.

Senator Warren asked that Secretary Mnuchin and Chairman Powell use their legal authority over the funds and adhere to the following principles when deciding which big corporations will benefit from the bailout and under what terms:

- **Protect workers and do not reward corporate misbehavior.** To meet this principle, Treasury and the Fed should require that any company receiving backing under the CARES Act:
 - Uses federal funds to keep workers on the job, including maintaining at least 95% of payrolls;
 - Provide a \$15 an hour minimum wage by year's end;
 - Does not use taxpayer funds to personally enrich CEOs or senior executives through any form of executive compensation;
 - Does not shovel money out the door through stock buybacks, dividends, or any other direct or indirect form of shareholder distribution;
 - Provide at least one seat to workers on their board of directors;
 - End union-busting efforts and maintain collective bargaining agreements;
 - Require that CEOs make personal, annual certifications to Treasury and the Federal Reserve that their companies are complying with the rules, ensuring that these CEOs would face civil and criminal penalties for violating these terms; and
 - Is liable to the federal government for all assistance received if the company violates any of the terms of their agreements with taxpayers.

- **Establish strong ethics and transparency rules.** The senator, noting that "The \$500 billion bailout fund cannot be handed out under the same old corrupt, insider-driven rules that -- time and again -- have resulted in great outcomes for the powerful and well-connected, and scraps for workers and middle-class families," urged Secretary Mnuchin and Chairman Powell to do the following as they administer the bailout fund:
 - Put in place strong conflict-of-interest protections so that no federal official, financial agent, contractor, or adviser has any say or influence over decisions that may affect their own portfolio, or that may affect a current or former employer, and include strong post-employment restrictions to close the revolving door and prevent conflicts-of-interest;
 - Develop clear, public rules and guidelines regarding how and why you are choosing bailout recipients and how and why you are establishing the terms and conditions of any bailouts;
 - Provide immediate and complete transparency (beyond the requirements in the CARES Act regarding which companies successfully or unsuccessfully seek bailout funds, and what commitments they make in order to obtain these funds;
 - Bar companies receiving funding from political spending or lobbying expenditures for the duration of the assistance; and
 - Comply with all document and information requests and requests that you or other federal government officials appear as witnesses before the new Special Inspector General, the Congressional Oversight Panel, or the Pandemic Response Accountability Committee.

"But in the coming weeks and months... I will be watching your actions carefully as you administer this \$500 billion bailout for corporate America, and will be providing additional information on the need for these principles," **concluded Senator Warren.**

In a letter sent last week, Senator Warren also urged Secretary Mnuchin to fully meet the needs of state and local governments before using any taxpayer dollars to bail out large companies.

Since the beginning of the COVID-19 outbreak, Senator Warren has pressed the Trump Administration to respond effectively to deliver the robust set of resources needed to address this emergency. She recently unveiled detailed plans to increase diagnostic testing nationwide, and sounded the alarm alongside Senator Markey over

the Trump Administration's failure to deliver federal support for testing and care in Massachusetts. Earlier this month, she put out a plan for getting relief directly to workers, families, and small businesses, and has fought to prioritize federal aid for keeping workers on payroll and helping hospitals, states and localities respond to the crisis -- before bailing out giant corporations.

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