Leading Democratic Lawmakers Raise Concerns over Banks' Efforts to Secure DOL Waivers

Waters, Warren lead coalition of Democrats calling for hearings

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WASHINGTON, D.C. - In the wake of five megabanks pleading guilty to felony charges, a number of prominent Democratic lawmakers are calling on the Department of Labor (DOL) to carefully consider whether to waive sanctions that would be automatically imposed on these institutions stemming from their guilty pleas. The lawmakers today called on DOL to hold a public hearing on any waivers requested by the banks, to promote transparency in DOL's decision-making.
The request was made in a letter to Labor Secretary Thomas Perez, led by**Congresswoman Maxine Waters** (D-CA), Ranking Member of the Financial Services Committee, along with **Senator Elizabeth Warren** (D-MA), Education and Labor Committee **Ranking Member Bobby Scott** (D-VA), Oversight and Investigations Committee Ranking Member **Elijah Cummings** (D-MD) Small Business Committee Ranking Member **Nydia Velázquez** (D-NY), and **Reps. Michael Capuano** (D-MA), Ruben Hinojosa (D-TX), **Stephen Lynch** (D-MA), **Keith Ellison** (D-MN), **Jan Schakowsky** (D-IL), **Al Green** (D-TX) and **Raúl Grijalva** (D-AZ).

"In determining whether to grant these waivers, we urge you to give due weight to the seriousness of their criminal behavior, their extensive recidivist history, and the need to protect our nation's workers and retirees from these bad actors who have admitted to misappropriating client information and overcharging them for over five years. Consistent with its statutory duty, the Department should hold a public hearing and thoroughly review the waiver requests and any comments it receives," the lawmakers wrote.

The letter cites the fact that four of these banks, Barclays, JP Morgan, RBS and CitiGroup, have already requested waivers from the DOL.

The members went on to discuss the severity of the crimes for which these institutions have pled guilty and cited current law, which states that such criminal misconduct automatically disqualifies these banks from claiming the status of a "qualified professional asset manager," prohibiting it from providing certain asset management services to pension funds. They also expressed their deep disappointment that in the same case, the Securities and Exchange Commission waived similar collateral consequences when it "rubber-stamped ten waivers for these institutions with zero transparency or public input."

The lawmakers added, "Every day, we hear from our constituents and other members of the public an increasing frustration with the two-tiered system of justice that puts low-level offenders in jail while the rich and powerful on Wall Street buy their way out of trouble. Rather than continuing this double standard, we must work together to ensure that these megabanks are subject to the same collateral consequences in our laws. In this instance, that means rejecting a too-big-to-bar policy of reflexively granting waivers and fully utilizing the disqualification provisions to deter future misconduct and to protect retirees, investors, and the American public."

Last year, Waters, Congressman George Miller (D-CA), then-Ranking Member of the Committee on Education and the Workforce, and Congressman Lynch, called on the DOL to think twice before approving a waiver of sanctions for Credit Suisse, and requested that the Department conduct a hearing to allow the public to further examine the bank's application. In January, the DOL granted the Members' request, holding a public hearing.

The full letter can be found online here.