Banking and Finance Law Daily Wrap Up, OVERSIGHT AND INVESTIGATION—FDIC establishes independent offices to address harassment and discrimination claims, (Jun. 21, 2024)

Banking and Finance Law Daily Wrap Up

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By WK Editorial Staff

The creation of the Office of Professional Conduct and the Office of Equal Employment Opportunity is seen as an essential step in protecting FDIC employees and regaining their trust.

The Federal Deposit Insurance Corporation Board of Directors has announced the creation of two independent offices, the Office of Professional Conduct (OPC) and the Office of Equal Employment Opportunity (OEEO). These offices, reporting directly to the Board, will handle claims of sexual harassment, discrimination, retaliation, and other forms of interpersonal misconduct. This decision is a response to feedback from FDIC employees and recommendations from an independent review of the agency's workplace culture.

The creation of the OPC was hinted at by FDIC Chairman Martin J. Gruenberg during a May Financial Services Committee hearing examining a report by the law firm Cleary Gottlieb Steen & Hamilton LLP that detailed allegations of misconduct and concerns about workplace culture inside the FDIC (see *Banking and Finance Law Daily*, May 15, 2024).

The new offices will be led by new corporate officers, appointed by the Board, and will report directly to the FDIC Board of Directors. The investigations conducted by the OPC and OEEO will be supported by third-party investigators to ensure independence and expertise.

Specifically, the OPC will be responsible for intaking, investigating, and reporting on complaints of harassment and interpersonal misconduct, as well as enforcing discipline against those who violate the FDIC's anti-harassment and anti-retaliation policies. The OEEO, meanwhile, will handle complaints of discrimination under the laws enforced by the Equal Employment Opportunity Commission.

Acting Comptroller of the Currency and Board member, Michael J. Hsu, expressed strong support for the creation of the OPC and OEEO. He emphasized the need for a safe and inclusive workplace for FDIC employees and acknowledged that fear of retaliation and a confusing complaints process have previously hindered employees' from raising concerns. Hsu commended the establishment of these offices as a critical step in transforming the agency's culture and internal processes.

Vice Chairman Travis Hill underscored the importance of creating the OPC and OEEO, stating it was a positive step towards addressing the deep-seated problems identified in the Cleary Gottlieb report. According to Hill, the failure to hold people accountable has been a fundamental root cause of the issues. He added that the new offices would be responsible for investigating complaints and taking disciplinary action, thus helping to transform the FDIC's culture. However, he also raised questions about the exact nature of the investigative process, the level of transparency, and the Board's role in overseeing the offices.

Companies: Cleary Gottlieb Steen & Hamilton LLP

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