

Banking and Finance Law Daily Wrap Up, OVERSIGHT AND INVESTIGATION—Warren seeks probe of Fed SVB review, saying it may be ‘government waste’ , (Jul. 17, 2026)

Banking and Finance Law Daily Wrap Up

By Nora Macaluso

The ranking member on the Senate Banking Committee cited a conflict of interest between the Fed and the firm picked to conduct the review.

Senator Elizabeth Warren (D-Mass.) [asked](#) Federal Reserve Inspector General Michael Horowitz to investigate the Fed's decision to conduct a new review of the 2023 failure of Silicon Valley Bank (SVB).

“Given that SVB's failure was the subject of at least three previous government reviews, this new review years later may constitute government ‘waste,’ as defined by the Government Accountability Office (GAO) and various Inspectors General,” Warren, the ranking Democrat on the Senate Banking Committee, said in a [letter](#) to Horowitz.

Warren's request centers in part on Fed Vice Chair of Supervision Michelle Bowman's decision to hire a consulting firm reportedly connected to the Fed vice chair for supervision in the first Trump administration, Randal Quarles. The potential connection “raises serious questions as to whether the Fed's contract, procurement, and conflict of interest policies were followed” in the selection of the firm, Starling Trust Sciences (STS), Warren said.

“To make matters worse, STS has reportedly asked for two extensions and is attempting to renegotiate the contract to gain more favorable terms,” said Warren, pointing to a July 10 article in Politico. “While potentially wasteful from the outset, the review is reportedly further devolving as it progresses – increasing the likelihood of wasted taxpayer dollars.”

Previous reviews “generally found that weak supervision and regulation of SVB, coupled with mismanagement by the bank's executives, contributed to the failure,” Warren said. “Two of the reviews explicitly identified the big bank deregulatory policies implemented during the first Trump Administration, which Vice Chair Bowman voted for as a Fed Governor, as a contributing factor to the failure.”

“If a public official is expending resources to commission a fourth SVB review simply because her policy actions were implicated by previous reviews, it could reasonably be construed as an expenditure without ‘purpose’ and an ‘abuse of resources,’ satisfying the definition of government waste,” she said.

Quarles, Warren said, “spearheaded the deregulatory measures that led to SVB's collapse” and is “prominently featured” in materials promoting STS's recent report on bank supervision.

“A firm associated with Mr. Quarles, a former colleague of Vice Chair Bowman whose deregulatory actions and supervisory reforms were directly implicated by at least two of the formal SVB government reviews, has been picked by Vice Chair Bowman to lead a fourth review of SVB's failure,” she said.

Warren also requested that the Fed OIG “provide the central bank with recommendations on its procurement process to improve transparency, mitigate conflicts of interest, and reduce waste in the future.”

The senator's letter follows a [June 3 letter](#) she sent to Bowman requesting that the SVB review be terminated and asking for additional information about the decision to hire STS.

Companies: Silicon Valley Bank

LegislativeActivity: FinancialStability OversightInvestigations

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