



United States House of Representatives  
One Hundred Eighteenth Congress  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

March 22, 2023

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

*Re: Silicon Valley Bank, Santa Clara, CA, and Signature Bank, New York, NY*

Dear Chairman Gruenberg:

We write regarding the failures of Silicon Valley Bank, Santa Clara, California and Signature Bank, New York, New York and their subsequent receiverships. Between March 10<sup>th</sup> and March 12<sup>th</sup>, 2023, SVB and Signature Bank were closed by their respective state-chartering authorities and placed into Federal Deposit Insurance Corporation (“FDIC”) receivership. Since then, the FDIC, in coordination with the Board of Governors of the Federal Reserve Board (“Federal Reserve Board”) and the Secretary of the U.S. Department of the Treasury (Treasury), have taken the extraordinary measure of invoking the system risk exception to the Federal Deposit Insurance Act’s least cost resolution mandate.

On March 10<sup>th</sup>, the California Department of Financial Protection and Innovation (CDFPI) closed Silicon Valley Bank and appointed the FDIC as receiver. Soon thereafter, the FDIC created the Deposit Insurance National Bank of Santa Clara (DINB) and transferred the bank’s insured deposits into the DINB. The same day, FDIC announced that insured depositors would have access to their accounts after the weekend, and that uninsured depositors would receive an advanced dividend of part of their uninsured deposits and a receivership certificate for the remainder. According to news reports, the FDIC conducted an auction for a healthy insured depository institution to make a purchase and assumption of Silicon Valley Bank prior to March 10<sup>th</sup>.<sup>1</sup> It appears, however that a satisfactory bid was not received.

On the evening of March 12<sup>th</sup>, the Treasury, the Federal Reserve Board, and the FDIC issued a joint statement announcing that, among other things, the systemic risk exception to the least cost resolution mandate would be invoked to fully protect all depositors of both Silicon Valley Bank and Signature Bank, New York, New York. Notably, this was also the first time an announcement was made that the New York Department of Financial Services (NYDFS) had closed Signature Bank on March 12<sup>th</sup>, and appointed the FDIC as receiver.

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<sup>1</sup> “FDIC Planning Another Silicon Valley Bank Auction,” Mar. 13, 2023, Wall Street Journal, *available at* <https://www.wsj.com/articles/fdic-planning-another-svb-auction-d63c8929>.

Since the events between March 10<sup>th</sup> and March 12<sup>th</sup>, the FDIC reopened the auction for Silicon Valley Bank, ran an auction for Signature Bank, and opened a bridge bank for Silicon Valley Bank to provide account access for all Silicon Valley Bank depositors. While a purchaser was identified for Signature Bank on March 19<sup>th</sup>, the FDIC extended the bid window for components of Silicon Valley Bank to Friday, March 24<sup>th</sup>, 2023.

Given the unprecedented speed of the bank failures and subsequent effects on the U.S. financial system, it is critical that Congress understand the events leading up to and following the failures of both Silicon Valley Bank and Signature Bank. In particular, Congress must understand the FDIC's role both as receiver for the failed banks and as the primary Federal banking agency for Signature Bank.

To that end, please respond to the following:

1. Please provide all supervisory communications from the FDIC to Signature Bank communicating supervisory determinations, including, but not limited to, all reports of examination, any letter or communication conveying a matter requiring attention (MRA), a matter requiring immediate attention (MRIA), or any ratings downgrade. Please provide all workpapers supporting such supervisory determinations. Please provide information between January 1, 2019, to Signature Bank's subsequent closure on March 12<sup>th</sup>, 2023.
2. Please provide any informal or formal enforcement actions proposed to or issued against Signature Bank, including, but not limited to, board resolutions, memoranda of understanding, written agreements, cease-and-desist orders, capital commitments, or prompt corrective actions.
3. Was Signature Bank subject to any individual minimum capital ratios ("IMCR"), and if so, what was the IMCR and was the bank in compliance with the IMCR prior to its failure.
4. Please provide any communication between the FDIC and NYDFS on the various risks posed by the firm's balance sheet at any time(s) prior to March 12<sup>th</sup>, 2023.
5. Please provide any communications between the FDIC and NYDFS regarding Signature Bank between January 1, 2019, and March 12, 2023.
6. How many FDIC examiners were assigned to Signature Bank's examination team.
7. Were you aware of any pending deposit withdrawal requests pending between the close of business on March 10<sup>th</sup> and when Signature Bank was closed by NYDFS on March 12<sup>th</sup>.
8. Please explain how the FDIC and NYDFS coordinated supervision and examination of Signature Bank.
9. Was either Silicon Valley Bank or Signature Bank on any FDIC watch lists or problem bank lists prior to their failures on March 10<sup>th</sup> and March 12<sup>th</sup>, respectively, and if so, please provide any communications between the FDIC and any other Federal banking agency or state banking supervisory regarding these watch lists or problem bank lists?
10. Was any effort made to market either Silicon Valley Bank or Signature Bank prior to their respective closures, and if so, please identify whether any bids were received?
11. Which agency or official made the initial decision to seek to invoke the systemic risk exception?
12. On what date and at which time was this initial decision made?

13. If you did not make the initial decision, on what date and at which time was this decision communicated to you?
14. When on March 12, 2023, was the decision made to invoke the systemic risk exception made?
15. Was a separate determination made to invoke the systemic risk exception for each bank?
16. At any time did you speak with the President regarding the failure of either bank or the decision to seek to invoke the system risk exception?
17. On March 10, 2023, Silicon Valley Bank's failure was described as an idiosyncratic event. Yet, on March 12 the decision was made to invoke the systemic risk exception. Please explain the change in circumstances between March 10th and March 12th that led to the conclusion that a least cost resolution would have serious adverse effects on economic conditions or financial stability?
18. Were you involved in evaluating potential bidders for either Silicon Valley Bank or Signature Bank, and if so, what criteria did you use to evaluate bids?
19. Did your evaluations of potential bidders factor into your decision to invoke the systemic risk exception for Silicon Valley Bank or for Signature Bank? If so, how did the auction process factor in your decision?
20. Were you involved in evaluating Flagstar Bank, N.A.'s bid for Signature Bank, and if so, what criteria did you use to evaluate the bid?
21. Were you involved in evaluating PNC Bank, N.A.'s bid for Silicon Valley Bank prior to March 10, 2023, and if so, what criteria did you use to evaluate the bid?
22. Were you involved in evaluating RBC Bank, N.A.'s bid for Silicon Valley Bank prior to March 10, 2023, and if so, what criteria did you use to evaluate the bid?
23. Were any bids received for any component for Silicon Valley Bank prior to the March 20<sup>th</sup> announcement to extend the bid window?
24. Have any additional bids been received prior to your March 22, 2023 deadline?
25. Please explain why different bid window deadlines were establish for Silicon Valley Private Bank and Silicon Valley Bridge Bank, N.A.?

Please provide written answers to these questions no later than April 1, 2023.

We appreciate your immediate attention to this request. If you have any questions, please do not hesitate to contact Jeff Wrase at (202) 225-7502.

Sincerely,

  
Patrick McHenry  
Chairman

  
French Hill  
Vice Chairman

CC: The Honorable Maxine Waters, Ranking Member