

Congress of the United States

Washington, DC 20510

February 5, 2015

Scott G. Alvarez
General Counsel
Board of Governors of the Federal Reserve System
Washington, DC 20551

Dear Mr. Alvarez:

We are writing to seek a briefing and additional information regarding the Federal Reserve System Board's internal investigation of a leak of market moving information from the September 2012 meeting of the Federal Open Market Committee.

This leak was disclosed publicly last year and press reports indicate that you were asked to lead an internal investigation into this matter. According to ProPublica:

The October 2012 newsletter by the market intelligence firm Medley Global Advisors contained detailed and closely held information about what Fed leaders were thinking and what would be in the minutes of an FOMC meeting the day before they were publicly released.

The leak upset many members of the committee, which sets central bank policies that influence interest rates and credit. ... then-Chairman Ben Bernanke asked the Fed's general counsel and secretary to find out how details about the session got into the newsletter. Bernanke also asked them to look into other leaks from the September meeting that appeared in a Wall Street Journal story.¹

Although the investigation reportedly "reached the highest levels of the central bank,"² the Federal Reserve did not acknowledge it publicly for over two years, and neither you nor any other Federal Reserve official has made public any information about the conduct of the investigation or its outcome.

We are disturbed by this lack of transparency regarding such an important topic. This leak contained key market-moving information, violated Federal Reserve policy on disclosure, and may have represented a violation of federal law.

¹ Jake Bernstein, Top Fed Policy Group Brought Up Leak to Private Newsletter, Pro-Publica (Dec. 12, 2014), available at <http://www.propublica.org/article/top-fed-policy-group-brought-up-leak-to-private-newsletter>.

² Craig Torres, Fed Leak Tipped Traders to Historic Stimulus Move, Prompted Secret Inquiry, Bloomberg News (Dec. 1, 2014), available at <http://www.bloomberg.com/news/2014-12-01/fed-leak-handed-traders-profitable-tip-prompted-secret-inquiry.html>.

We believe that the public has the right to know whether the Federal Reserve is taking appropriate action to address leaks of confidential and deliberative information and to prevent them from occurring in the future. Congress also needs this information to ensure accountability at the Federal Reserve and to determine whether legislative proposals are necessary in order to address this problem. We are therefore requesting that you provide our staffs with a full briefing on this incident. Please come to this briefing prepared to provide documents and information on:

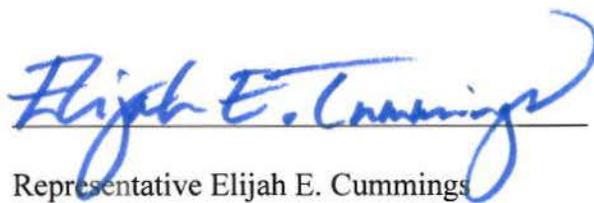
1. The conduct of the investigation by Federal Reserve officials, including information on who conducted the investigation, how it was conducted, and whether the inspector general, the FBI or any other outside law enforcement agencies were involved;
2. The status of the Federal Reserve's investigation, including whether the investigation is ongoing or complete and if the investigation remains ongoing, the estimated completion date of the investigation;
3. The outcome of the Federal Reserve's investigation, including information on whether investigators were able to identify the source of the leak, and whether any action was taken to hold the individual or individuals who leaked the information accountable;
4. Federal Reserve policies on maintaining confidential information, including the details of FOMC meetings; and
5. What steps the Federal Reserve has taken to ensure that there are no further leaks of confidential information related to the agency's deliberations.

We appreciate your attention to this matter and ask that you provide this briefing and information no later than February 15, 2015. Please contact Brian Cohen on Senator Warren's staff at Brian_Cohen@warren.senate.gov to schedule an appropriate time for this briefing.

Sincerely,



Senator Elizabeth Warren
Ranking Member
Senate Subcommittee on Economic Policy



Representative Elijah E. Cummings
Ranking Member
House Committee on Oversight and
Government Reform