

January 12, 2025

Scott Bessent  
Secretary-Designate, U.S. Department of Treasury  
Trump-Vance Transition Team  
P.O. Box 509  
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Dear Mr. Bessent:

Congratulations on your nomination to be Secretary of the Treasury. The Treasury Secretary is one of the President's top economic advisers, responsible for overseeing the activities of the Department, formulating and implementing key economic and tax policies, fighting money laundering crimes and enforcing international sanctions, and managing the public debt.<sup>1</sup> If confirmed, you will inherit the sprawling powers of the position, and the decisions you make with those powers will have significant impacts on the lives of hardworking Americans—from determining how much they pay in taxes, to the structure of their debt repayment plans, to funding their Social Security payments<sup>2</sup>—all of which help determine whether they will be able to keep or maintain economic security and prosperity.

Although you have had a lengthy career in the financial sector as a hedge fund manager and have been a major campaign fundraiser, you have no government experience.<sup>3</sup> At the same time, you are poised to inherit some of the most far-reaching governmental powers in the world's largest economy.<sup>4</sup> There is no comprehensive record of your positions relating to various Treasury-related duties and key policy areas within the Secretary's orbit. In fact, your expertise has been in making already-rich investors even richer, not cutting costs for families or making the economy stronger for all Americans. Your answers to the questions below and your testimony before the Senate Committee on Finance later this month, therefore, will be critical to assessing how you plan to lead the Treasury Department.

I ask that you come to your hearing on January 16, 2025 prepared to answer these questions, and that you provide written answers prior to any Finance Committee vote on your nomination.

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<sup>1</sup> U.S. Department of the Treasury, "Duties and Functions," <https://home.treasury.gov/subfooter/faqs/duties-and-functions-faqs>.

<sup>2</sup> *Id.*

<sup>3</sup> Politico, "Trump taps hedge fund manager Scott Bessent to lead Treasury," Meredith McGraw, Michael Stratford and Sam Sutton, November 22, 2024, <https://www.politico.com/news/2024/11/22/scott-bessent-treasury-secretary-trump-00188549>.

<sup>4</sup> *Id.*

## Deregulation

You have been an advocate for deregulation of banks and the financial industry.<sup>5</sup> In November, you wrote in the Wall Street Journal, “Mr. Trump has a mandate to reprivatize the U.S. economy through deregulation and tax reform to spur the supply-side growth that he delivered in his first term” ... “Overhauling the regulatory and supervisory environment will encourage more lending and reinvigorate banks.”<sup>6</sup> However, deregulation of the financial industry set the stage for the 2008 financial crisis and the worst recession in decades.<sup>7</sup> Ultimately, the crisis cost the U.S. economy nearly \$20 trillion<sup>8</sup> and as many as 10 million people may have lost their homes.<sup>9</sup>

A decade later, then-President Trump signed into law the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (EGRRCPA) that rolled back critical parts of *Dodd-Frank*.<sup>10</sup> EGRRCPA failed to ignite the economic growth that then-President Trump promised, with bank lending stagnating while dividends and buybacks increased.<sup>11</sup> Moreover, the Fed identified that the legislation and subsequent deregulation were key contributors to the collapse of Silicon Valley Bank (SVB) in March 2023.<sup>12</sup> In its analysis, the Fed stated, “[a] comprehensive assessment of changes from EGRRCPA, the 2019 tailoring rule, and related rulemakings show that they combined to create a weaker regulatory framework for a firm like SVBFG.”<sup>13</sup> The failure of SVB, followed by the collapses of Signature Bank and First Republic Bank, could have sparked a broader economic downturn if regulators had not deployed extraordinary authorities to provide public support to the banking system.<sup>14</sup>

1. What specific deregulatory policies do you intend to implement and promote if you are confirmed as Treasury Secretary?
2. Though he prioritized financial deregulation and tax cuts, then-President Trump did not succeed in achieving the 3 percent annual economic growth he promised during his first

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<sup>5</sup> New York Times, “Trump’s Treasury Pick is Poised to Test ‘Three Arrows’ Economic Strategy,” Alan Rappeport and Rebecca F. Elliott, December 13, 2024, <https://www.nytimes.com/2024/12/13/business/trump-bessent-economic-strategy.html>.

<sup>6</sup> Wall Street Journal Opinion, “Markets Hail Trump’s Economics,” Scott Bessent, November 10, 2024, <https://www.wsj.com/opinion/markets-hail-trumps-economics-he-will-repair-biden-damage-pro-growth-investment-boost-f3954dbe>.

<sup>7</sup> Federal Reserve History, “The Great Recession and Its Aftermath,” John Weinberg, Federal Reserve Bank of Richmond, <https://www.federalreservehistory.org/essays/great-recession-and-its-aftermath>.

<sup>8</sup> PBS Frontline, “How Much Did the Financial Crisis Cost?,” Sarah Childress, May 31, 2012, <https://www.pbs.org/wgbh/frontline/article/how-much-did-the-financial-crisis-cost/>.

<sup>9</sup> Federal Reserve Bank of St. Louis, “The End is in Sight for the U.S. Foreclosure Crisis,” William R. Emmons, December 2, 2016, <https://www.stlouisfed.org/on-the-economy/2016/december/end-sight-us-foreclosure-crisis#endnote1>.

<sup>10</sup> Economic Growth, Regulatory Relief, and Consumer Protection Act, Public Law 115–174.

<sup>11</sup> Roosevelt Institute, “The End of Banking History? Finishing the Unfinished Business of Financial Reform,” Graham Steele, August 2024, p. 6, [https://rooseveltinstitute.org/wp-content/uploads/2024/07/RI\\_Banking-Unfinished-Business-Financial-Reform\\_Brief\\_082024.pdf](https://rooseveltinstitute.org/wp-content/uploads/2024/07/RI_Banking-Unfinished-Business-Financial-Reform_Brief_082024.pdf).

<sup>12</sup> Board of Governors of the Federal Reserve System, “Review of the Federal Reserve’s Supervision and Regulation of Silicon Valley Bank,” April 2023, <https://www.federalreserve.gov/publications/files/svb-review-20230428.pdf>.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

administration.<sup>15</sup> In your view, what explains the failure of the first Trump Administration’s tax and deregulatory policies to spur 3 percent growth?

3. The Fed identified EGRRCPA and the Fed’s subsequent deregulation as a key contributor to the March 2023 bank crisis. Do you agree with this analysis? How would you ensure that any additional deregulation would not increase the likelihood of another banking collapse?
4. If confirmed, will you commit to respecting Congressional directives and fully enforcing the *Dodd-Frank Act*?

### **President-Elect Trump’s Tax Agenda**

One of the three components of your “3-3-3” plan to stimulate growth is deficit reduction.<sup>16</sup> Yet, rather than supporting tax reform proposals that would ensure the wealthy begin to pay their fair share and raise trillions in revenue to reduce the overall deficit, you have stated that your first priority as Secretary would be implementing President-elect Trump’s tax pledges, including extending his first term tax cuts, and implementing additional tax cut proposals.<sup>17</sup>

In an attempt to reconcile these two objectives, you have also stated that tax cuts pay for themselves<sup>18</sup>—seemingly in line with the cost workaround gimmicks that Republicans have been peddling on Capitol Hill.<sup>19</sup> But an extension of the 2017 *Tax Cuts and Jobs Act* (TCJA) would almost certainly reduce federal revenues, specifically by over \$4.5 trillion, according to the Congressional Budget Office (CBO).<sup>20</sup> In fact, according to CBO, factoring in economic growth means that these deficit-funded tax cuts would actually drag on the economy.<sup>21</sup>

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<sup>15</sup> The Washington Post, “Trump struggles to achieve 3 percent economic goal as growth slows,” Heather Long, June 26, 2019, <https://www.washingtonpost.com/business/2019/07/26/trump-promised-percent-or-better-economy-so-far-its-not-happening/>; The Hill, “Trump fell short of 3 percent GDP goal in 2018, revised figures show,” Sylvan Lane, July 26, 2019, <https://thehill.com/policy/finance/454878-trump-failed-to-hit-3-percent-growth-in-2018-data-revisions/>.

<sup>16</sup> New York Times, “Trump’s Treasury Pick Is Poised to Test ‘Three Arrows’ Economic Strategy,” Alan Rappeport and Rebecca F. Elliot, December 13, 2024, <https://www.nytimes.com/2024/12/13/business/trump-bessent-economic-strategy.html>.

<sup>17</sup> Wall Street Journal, “Scott Bessent Sees a Coming ‘Global Economic Reordering.’ He Wants to Be Part of It,” Peter Rudegeair and Gregory Zuckerman, November 25, 2024, [https://www.wsj.com/politics/policy/scott-bessent-sees-a-coming-global-economic-reordering-he-wants-to-be-part-of-it-533d6e71?mod=hp\\_lead\\_pos2](https://www.wsj.com/politics/policy/scott-bessent-sees-a-coming-global-economic-reordering-he-wants-to-be-part-of-it-533d6e71?mod=hp_lead_pos2).

<sup>18</sup> CNBC, “Now is the last chance for America to grow its way out of debt problem, says Key Square Group CEO,” September 13, 2024, <https://www.cnbc.com/video/2024/09/13/now-is-the-last-chance-for-america-to-grow-its-way-out-of-debt-problem-says-key-square-group-ceo.html> (2:13).

<sup>19</sup> Roll Call, “Chief Senate GOP tax writer floats alternative cost estimate for 2025 package,” Caitlin Reilly, September 18, 2024, <https://rollcall.com/2024/09/18/chief-senate-gop-tax-writer-floats-alternative-cost-estimate-for-2025-package/>.

<sup>20</sup> U.S. Senate Committee on the Budget, “Extending Trump Tax Cuts Would Add \$4.6 Trillion to the Deficit, CBO Finds,” May 8, 2024, <https://www.budget.senate.gov/chairman/newsroom/press/extending-trump-tax-cuts-would-add-46-trillion-to-the-deficit-cbo-finds>.

<sup>21</sup> U.S. Senate Committee on the Budget, “Extending Trump’s Tax Cuts for the Wealthy Will Shrink the Economy, CBO Finds,” December 4, 2024, <https://www.budget.senate.gov/chairman/newsroom/press/extending-trumps-tax-cuts-for-the-wealthy-will-shrink-the-economy-cbo-finds/>.

In order to understand how you plan to implement tax policy through legislation and regulation, and how doing so fits into your overall economic objectives, I ask the following questions:

1. Do you agree that extending tax cuts reduces federal tax revenues?
  - a. Do you believe that the CBO and Joint Committee on Taxation (JCT) should use dynamic scoring?<sup>22</sup> If so, what growth assumptions do you think are realistic in dynamic scoring and why?
  - b. Do you support CBO and JCT scoring extensions of expiring tax cuts on a current law baseline,<sup>23</sup> especially if their original passage was scored on a current law baseline?
    - i. If a law costs \$1 billion per year, and the law applies for 10 years, how much does it cost in total over those 10 years?
      1. Does the answer change if Congress achieves this result by passing two bills instead of one?
  - c. CBO recently found that letting the Trump tax cuts expire would actually grow the economy.<sup>24</sup> Could you explain what, if anything, you think CBO is getting wrong?
2. Will you oppose any tax cut plan that, according to official scoring by CBO or JCT, increases the deficit over a ten-year period?
3. You have stated that you plan to cut the deficit by 3 percent of GDP.<sup>25</sup> If the 2017 Trump tax cuts are extended, how much would the federal government have to cut spending in order to achieve your deficit goal? What programs would you recommend cutting and by how much?
4. Would you support efforts to raise the necessary revenue or cut spending to offset the cost of the tax cuts by:
  - a. Reducing Medicare and Social Security benefits?
    - i. If so, by how much?
  - b. Repealing investments in clean energy previously enacted under the Biden Administration?<sup>26</sup>

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<sup>22</sup> Tax Policy Center, “What are dynamic scoring and dynamic analysis?,” [https://taxpolicycenter.org/sites/default/files/briefing-book/3.4.3-what\\_are\\_dynamic\\_scoring\\_and\\_dynamic\\_analysis\\_0.pdf](https://taxpolicycenter.org/sites/default/files/briefing-book/3.4.3-what_are_dynamic_scoring_and_dynamic_analysis_0.pdf).

<sup>23</sup> U.S. Senate Budget Committee, “CBO 2024 Baseline: Understanding the Baseline,” February 5, 2024, <https://budget.house.gov/press-release/cbo-2024-baseline-understanding-the-baseline#:~:text=Generally%2C%20the%20CBO%20baseline%20operates,addition%20to%20updated%20economic%20figures>.

<sup>24</sup> Tax Policy Center, “CBO Finds TCJA Expirations Would Boost the Economy,” Renu Zaretsky, December 5, 2024, <https://taxpolicycenter.org/daily-deduction/cbo-finds-tcja-expirations-would-boost-economy>.

<sup>25</sup> Harvard Kennedy School, “Opinion: Economic Growth Won’t Reduce the Deficit Enough,” Jason Furman, December 4, 2024, <https://www.hks.harvard.edu/centers/mrcbg/publications/economic-growth-wont-reduce-deficit-enough>.

<sup>26</sup> Semafor, “US manufacturing is at risk from Trump, climate official warns,” Tim McDonell, November 15, 2024, <https://www.semafor.com/article/11/15/2024/us-manufacturing-at-risk-from-donald-trump-joe-bidens-climate-adviser-warns>.

- i. President-elect Trump has promised to cut electricity prices in half.<sup>27</sup> Research shows that the repeal of energy credits would increase energy costs.<sup>28</sup> Do you agree that slowing energy deployment during a period of anticipated load growth will likely increase energy prices?
  - c. Closing the carried interest loophole to ensure that the wealthy private equity and hedge fund managers pay their fair share, potentially raising \$63.1 billion in revenue over ten years according to the JCT?<sup>29</sup>
  - d. Raising tariffs? If so, please explain your plan.
  - e. Implementing the global minimum tax agreement and ending tax breaks for multinational corporations when they offshore jobs and profits?
5. In September, the Treasury Department released its proposed rules for the Corporate Alternative Minimum Tax (CAMT).<sup>30</sup> The tax is estimated to generate more than \$250 billion from about 100 of the most profitable companies over 10 years.<sup>31</sup> Will you commit to finalizing, implementing, and enforcing the CAMT regulations quickly, without providing new tax breaks for corporations?
6. In June 2024, the Treasury Department issued guidance targeting how partnerships attain inappropriate tax benefits by artificially inflating the basis of their underlying assets through basis-shifting transactions.<sup>32</sup> Do you commit to following through on the Treasury partnership basis shifting rulemaking project?
7. Following a lobbying blitz led by big corporations after the enactment of the TCJA, the Treasury Department used its regulatory power to carve out exceptions and giveaways for the rich.<sup>33</sup> What is your plan to ensure that the previous regulatory giveaway is not repeated, and will you work to reverse previous bad rulemaking?

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<sup>27</sup> New York Times, “Trump Promised to Halve Energy Costs in 18 Months. Experts Have Doubts,” Lisa Friedman, November 23, 2024, <https://www.nytimes.com/2024/11/23/climate/trump-climate-energy-costs.html>.

<sup>28</sup> American Council for an Energy-Efficient Economy, “Rolling Back Efficiency Policies Would Raise Energy Bills and Hurt Competitiveness,” November 13, 2024, <https://www.aceee.org/blog-post/2024/11/rolling-back-efficiency-policies-would-raise-energy-bills-and-hurt>.

<sup>29</sup> Tax Notes, “Wyden Announces Bill to Change Carried Interest Tax Treatment,” November 15, 2023, <https://www.taxnotes.com/research/federal/legislative-documents/congressional-news-releases/wyden-announces-bill-to-change-carried-interest-tax-treatment/7hk8q>.

<sup>30</sup> U.S. Department of the Treasury, “U.S. Department of the Treasury Releases Proposed Rules for Corporate Alternative Minimum Tax to Address Significant Corporate Tax Avoidance By Companies with \$1 Billion Or More In Annual Profit,” September 12, 2024, <https://home.treasury.gov/news/press-releases/jy2574>.

<sup>31</sup> U.S. Department of the Treasury, “U.S. Department of the Treasury Releases Proposed Rules for Corporate Alternative Minimum Tax to Address Significant Corporate Tax Avoidance By Companies with \$1 Billion Or More In Annual Profit,” September 12, 2024, <https://home.treasury.gov/news/press-releases/jy2574>.

<sup>32</sup> Internal Revenue Service, “New IRS, Treasury guidance focuses on “basis shifting” transactions used by partnerships,” June 17, 2024, <https://www.irs.gov/newsroom/new-irs-treasury-guidance-focuses-on-basis-shifting-transactions-used-by-partnerships>.

<sup>33</sup> New York Times, “How Big Companies Won New Tax Breaks From the Trump Administration,” Jesse Drucker and Jim Tankersley, December 30, 2019, <https://www.nytimes.com/2019/12/30/business/trump-tax-cuts-beat-gilti.html>.

8. The Standard Industry Fare Level (SIFL) valuation method allows executives who report the personal use of corporate jets to significantly downplay the value of the flights on their tax returns - resulting in a reduction of their tax bill.<sup>34</sup> If confirmed, would you exercise Treasury's authority to revisit these income inclusion regulations to more accurately reflect the benefit that executives receive?<sup>35</sup>
  
9. President-elect Trump previously claimed he had nothing to do with Project 2025.<sup>36</sup> However, his decision to tap its authors for key roles in his Administration has cast a light on Project 2025's alignment with Trump's overall agenda.<sup>37</sup> Do you support the following tax reform plans listed in Project 2025?:
  - a. Cutting the corporate tax rate to 18 percent<sup>38</sup> (amounting to a \$24 billion tax cut for the biggest companies in America) - or to 15 percent as has also been floated by President-elect Trump<sup>39</sup> (amounting to a \$48 billion tax cut for the Fortune 100)?<sup>40</sup>
  - b. Taxing capital gains and qualified dividends at 15 percent, as well as eliminating the net investment income tax received by households making more than \$200,000?<sup>41</sup> These combined changes to the tax brackets would effectively deliver a tax cut of \$2.4 million to households making more than \$10 million annually.<sup>42</sup>
  - c. Enacting a two-income tax bracket system that would increase taxes by \$3,000 for a typical family of four,<sup>43</sup> and raise taxes by \$950 for the typical single-person household?<sup>44</sup>

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<sup>34</sup> Medium, "How Treasury and the IRS have the authority to eliminate a little-known tax subsidy for executives' personal use of corporate jets," The Tax Law Center at NYU Law, February 22, 2024, <https://medium.com/@taxlawcenter/how-treasury-and-the-irs-have-the-authority-to-eliminate-a-little-known-tax-subsidy-for-executives-ec62ec1fc958>.

<sup>35</sup> *Id.*

<sup>36</sup> PBS News, "WATCH: 'I have nothing to do with Project 2025,' Trump says," Kenichi Serino, September 10, 2024, <https://www.pbs.org/newshour/politics/watch-i-have-nothing-to-do-with-project-2025-trump-says>.

<sup>37</sup> AP News, "After Trump's Project 2025 denials, he is tapping its authors and influencers for key roles," Bill Barrow, November 23, 2024, <https://apnews.com/article/trump-project-2025-administration-nominees-843f5ff20131ccba5f056e7ccc5baf23>.

<sup>38</sup> Mandate for Leadership, "The Conservative Promise: Project 2025," Kevin Roberts, Paul Dans and Steven Groves, April 2022, p. 696, [https://static.project2025.org/2025\\_MandateForLeadership\\_FULL.pdf](https://static.project2025.org/2025_MandateForLeadership_FULL.pdf).

<sup>39</sup> Tax Policy Center, "Five Questions About Trump's Made-in-America Corporate Tax Rate," Renu Zaretsky, September 9, 2024, <https://taxpolicycenter.org/taxvox/five-questions-about-trumps-made-america-corporate-tax-rate>.

<sup>40</sup> Center for American Progress, "Project 2025's Tax Plan Would Raise Taxes on the Middle Class and Cut Taxes for the Wealthy," Brendan Duke, August 27, 2024, <https://www.americanprogress.org/article/project-2025s-tax-plan-would-raise-taxes-on-the-middle-class-and-cut-taxes-for-the-wealthy/>; Center for American Progress, "Trump's \$50 Billion Tax Giveaway to the 100 Largest Corporations," Brendan Duke and Will Ragland, June 12, 2024, <https://www.americanprogressaction.org/article/trumps-50-billion-tax-giveaway-to-the-100-largest-corporations/>.

<sup>41</sup> Mandate for Leadership, "The Conservative Promise: Project 2025," Kevin Roberts, Paul Dans and Steven Groves, April 2022, p. 696, [https://static.project2025.org/2025\\_MandateForLeadership\\_FULL.pdf](https://static.project2025.org/2025_MandateForLeadership_FULL.pdf).

<sup>42</sup> Center for American Progress, "Project 2025's Tax Plan Would Raise Taxes on the Middle Class and Cut Taxes for the Wealthy," Brendan Duke, August 27, 2024, <https://www.americanprogress.org/article/project-2025s-tax-plan-would-raise-taxes-on-the-middle-class-and-cut-taxes-for-the-wealthy/>.

<sup>43</sup> Mandate for Leadership, "The Conservative Promise: Project 2025," Kevin Roberts, Paul Dans and Steven Groves, April 2022, p. 696, [https://static.project2025.org/2025\\_MandateForLeadership\\_FULL.pdf](https://static.project2025.org/2025_MandateForLeadership_FULL.pdf).

<sup>44</sup> Center for American Progress, "Project 2025's Tax Plan Would Raise Taxes on the Middle Class and Cut Taxes for the Wealthy," Brendan Duke, August 27, 2024, <https://www.americanprogress.org/article/project-2025s-tax-plan-would-raise-taxes-on-the-middle-class-and-cut-taxes-for-the-wealthy/>.

- d. Replacing income and corporate taxes with a flat consumption tax?<sup>45</sup> This would result in a \$5,900 average tax increase for 20 percent of households and a \$2 million tax cut for the top 0.1 percent.<sup>46</sup>

### **Internal Revenue Service**

The Internal Revenue Service (IRS) is a key agency within the Treasury Department—bringing in 95 percent of all federal revenue to fund investments in the U.S. economy, and making sure hardworking Americans get the taxpayer services and refunds they deserve.<sup>47</sup> The IRS is charged with ensuring that fraudsters are not dodging the taxes they owe, and must do so whilst making sure that no American is unfairly targeted for a tax audit. Its independence has enabled it to make objective, impartial decisions and foster fairness within the tax system—values that have been (and must remain) constant regardless of which party is in power.<sup>48</sup>

Unfortunately, over a decade of underfunding has impaired the IRS’s ability to chase wealthy tax cheats and modernize its taxpayer services – but that has been changing.<sup>49</sup> With funding from the Inflation Reduction Act (IRA), IRS has ramped up its enforcement efforts, already raking in \$1 billion from wealthy tax cheats<sup>50</sup> and improving taxpayer services—from slashing call wait times and the return backlog to launching the successful Direct File program.<sup>51</sup> Treasury and the IRS have also implemented the IRA to expand the manufacturing base in the United States, create good jobs, enhance energy security, and build out critical domestic supply chains.<sup>52</sup> Rather than building on these gains, Republicans in Congress have continued to try to cut IRS funding and repeal the IRA, even though it would harm hardworking Americans just trying to file their taxes

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<sup>45</sup> Mandate for Leadership, “The Conservative Promise: Project 2025,” Kevin Roberts, Paul Dans and Steven Groves, April 2022, p. 696, [https://static.project2025.org/2025\\_MandateForLeadership\\_FULL.pdf](https://static.project2025.org/2025_MandateForLeadership_FULL.pdf).

<sup>46</sup> Center for American Progress, “Project 2025’s Tax Plan Would Raise Taxes on the Middle Class and Cut Taxes for the Wealthy,” Brendan Duke, August 27, 2024, <https://www.americanprogress.org/article/project-2025s-tax-plan-would-raise-taxes-on-the-middle-class-and-cut-taxes-for-the-wealthy/>.

<sup>47</sup> Washington Post, “Elon Musk’s worst suggestion so far: ‘Delete’ the IRS?,” Natasha Sarin, December 12, 2024, <https://www.washingtonpost.com/opinions/2024/12/12/elon-musk-irs-taxes/>; Bloomberg Tax, “Congress Must Preserve Extra IRS Funding to Put America First,” Charles Rettig, December 5, 2024, <https://news.bloombergtax.com/tax-insights-and-commentary/congress-must-preserve-extra-irs-funding-to-put-america-first?source=newsletter&item=read-text&region=digest&login=btax>.

<sup>48</sup> Internal Revenue Service, “Appeals – An independent organization,” <https://www.irs.gov/appeals/appeals-an-independent-organization>.

<sup>49</sup> The Washington Post, “Elon Musk’s worst suggestion so far: ‘Delete’ the IRS?,” Natasha Sarin, December 12, 2024, <https://www.washingtonpost.com/opinions/2024/12/12/elon-musk-irs-taxes/>; Internal Revenue Service, “IRS tops \$1 billion in past-due taxes collected from millionaires; compliance efforts continue involving high-wealth groups, corporations, partnerships,” July 11, 2024, <https://www.irs.gov/newsroom/irs-tops-1-billion-in-past-due-taxes-collected-from-millionaires-compliance-efforts-continue-involving-high-wealth-groups-corporations-partnerships>.

<sup>50</sup> Internal Revenue Service, “IRS tops \$1 billion in past-due taxes collected from millionaires; compliance efforts continue involving high-wealth groups, corporations, partnerships,” July 11, 2024, <https://www.irs.gov/newsroom/irs-tops-1-billion-in-past-due-taxes-collected-from-millionaires-compliance-efforts-continue-involving-high-wealth-groups-corporations-partnerships>.

<sup>51</sup> U.S. Department of the Treasury, “U.S. Department of the Treasury, IRS Announce 30 Million Americans in 24 States Eligible For Direct File in Filing Season 2025,” October 3, 2024, <https://home.treasury.gov/news/press-releases/jy2629>.

<sup>52</sup> U.S. Department of the Treasury, “U.S. Department of the Treasury Releases Final Rules to Lower Consumer Costs, Continue U.S. Manufacturing Boom in Batteries and Clean Vehicles, Strengthen Energy Security,” press release, May 3, 2024, <https://home.treasury.gov/news/press-releases/jy2323>.

and hurt American workers and manufacturers, while increasing the deficit by letting wealthy tax cheats off the hook.<sup>53</sup>

1. If asked by the President, or someone on his behalf, to instruct the IRS to audit a particular individual or organization, will you do so?
  - a. Do you pledge to do everything in your power to ensure that the IRS faithfully implements the law, without political interference? If not, why not?
  - b. Do you pledge to do everything in your power to ensure that taxpayer privacy is protected to the maximum extent possible, and that any violations of law regarding such protections are immediately reported to the full Senate Finance Committee? If not, why not?
2. Do you support the efforts to rescind another \$20 billion from the IRS budget, as Republican members of Congress have attempted in the FY25 Appropriations bill?<sup>54</sup>
  - a. Do you support further cuts to the IRS budget?
  - b. If yes to either, what are your plans to ensure that the number and quality of audits of wealthy individuals do not decrease; preventing a backlog; ensuring phones continue to be answered; and the IRS does not rely on audits of low-income taxpayers in order to generate revenue?
3. For each dollar spent by the IRS targeted at tax compliance for large companies, how many dollars do you believe the IRS recovers?
4. Tax preparation companies have egregiously - and illegally - misused sensitive and private taxpayer data, sharing it with big tech companies without obtaining permission.<sup>55</sup>
  - a. Would you recommend that the Department of Justice prosecute tax preparation companies that have disclosed tax preparation data for unrelated purposes, such as advertising, without consumer consent?<sup>56</sup>

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<sup>53</sup> Washington Post, “More money is helping the IRS. Republicans still want to cut its budget,” Jacob Bogage, January 12, 2024, <https://www.washingtonpost.com/business/2024/01/11/biden-irs-republicans-congress/>.

<sup>54</sup> Tax Notes, House GOP Strategy to Freeze \$20.2B in IRS Funding Is Paying Off,” Doug Sword and Cady Stanton, November 20, 2024, <https://www.taxnotes.com/featured-news/house-gop-strategy-freeze-20.2b-irs-funding-paying/2024/11/20/7nfc9>.

<sup>55</sup> Office of Senator Elizabeth Warren, “Senators Warren, Wyden, Representatives Porter and Sherman Call Out Tax Prep Companies for Sharing of Private Taxpayer Financial Information with Meta, Google,” December 14, 2022, <https://www.warren.senate.gov/oversight/letters/senators-warren-wyden-representatives-porter-and-sherman-call-out-tax-prep-companies-for-sharing-of-private-taxpayer-financial-information-with-meta-google>.

<sup>56</sup> Federal Trade Commission, “FTC Warns Tax Preparation Companies About Misuse of Consumer Data,” press release, September 18, 2023, <https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-warns-tax-preparation-companies-about-misuse-consumer-data>.



5. As of October 3, 2024, more than 140,000 taxpayers across 12 states successfully filed their taxes using Direct File,<sup>57</sup> and later this month, more than 30 million taxpayers across 24 states will be eligible to use Direct File.<sup>58</sup>
  - a. Do you believe that low and middle-income Americans with relatively simple finances should have access to simple, free, tax preparation options?
  - b. Do you agree with the Government Accountability Office’s (GAO) report finding that the Direct File pilot was successful and should be expanded?<sup>59</sup>
  
6. Please indicate whether you support continuing the efficiency and modernization efforts that the IRS is currently pursuing:
  - a. Expand and promote digital services, including online accounts, and digital filing capabilities, to improve taxpayer self-service? (Strategy 1.1.1)<sup>60</sup>
  - b. Reduce the taxpayer burden by decreasing the time between filing and compliance issue resolution? (Strategy 2.1.1)<sup>61</sup>
  - c. Collaborate with stakeholders and expand our community presence to support the unique needs of underserved communities? (Strategy 1.2.1)<sup>62</sup>
  - d. Provide taxpayers with limited English proficiency and/or disabilities meaningful access to the tools, knowledge and resources necessary to fulfill their tax obligations? (Strategy 1.2.2)<sup>63</sup>
  - e. Expand strategic hiring efforts and utilize workforce planning to manage current and future workforce needs? (Strategy 3.1.1)<sup>64</sup>
  - f. Using and developing technology that helps reduce wait times on IRS phone lines?<sup>65</sup>
  - g. Convert paper-based information into a digital format and increase access to digital data? (Strategy 4.3.2)<sup>66</sup>
  
7. Will you advocate for preserving the Inflation Reduction Act’s provisions and IRS rules that promote domestic clean energy manufacturing, domestic supply chains, jobs with good pay, and American energy security?<sup>67</sup>

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<sup>57</sup> U.S. Department of the Treasury, “U.S. Department of the Treasury, IRS Announce 30 Million Americans in 24 States Eligible For Direct File in Filing Season 2025,” press release, October 3, 2024, <https://home.treasury.gov/news/press-releases/jy2629>.

<sup>58</sup> Internal Revenue Service, “IRS Direct File set to expand availability in a dozen new states and cover wider range of tax situations for the 2025 tax filing season”, October 3, 2024, <https://www.irs.gov/newsroom/irs-direct-file-set-to-expand-availability-in-a-dozen-new-states-and-cover-wider-range-of-tax-situations-for-the-2025-tax-filing-season>.

<sup>59</sup> Government Accountability Office, “IRS Successfully Piloted Online Tax Filing but Opportunities Exist to Expand Access,” news release, December 2024, p. 58, <https://www.gao.gov/assets/gao-25-106933.pdf>.

<sup>60</sup> Internal Revenue Service, “Strategic Plan FY2022-FY2026, May 2024, p. 9, <https://www.irs.gov/pub/irs-prior/p3744--2022.pdf>.

<sup>61</sup> *Id.*, p. 12.

<sup>62</sup> *Id.*, p. 9.

<sup>63</sup> *Id.*

<sup>64</sup> *Id.*, p. 15.

<sup>65</sup> *Id.*, p. 19.

<sup>66</sup> *Id.*

<sup>67</sup> The White House, “Clean Energy Tax Provisions in the Inflation Reduction Act,” <https://www.whitehouse.gov/cleanenergy/clean-energy-tax-provisions/>.

## **The Implementation of President-elect Trump's Tariff Agenda**

Tariffs will be central to President-elect Trump's trade agenda, as he has already pledged to impose new duties on some of our biggest trading partners on his first day in office.<sup>68</sup> You have previously signaled support for the use of tariffs,<sup>69</sup> and I agree that they are an important tool to boost U.S. manufacturing and level the playing field.<sup>70</sup> However, it remains to be seen if the President-elect has a strategic plan in place to ensure that his proposed tariffs are implemented effectively—in a way that both secures wins for hardworking Americans, and also precludes carveouts for special interests.

When the President-elect enacted tariffs during his first term, he created a tariff exclusion process that allowed favored companies to gain exemptions.<sup>71</sup> Corporations and their lobbyists quickly took advantage of this loophole—receiving meaty exemptions from then-President Trump and his trade team during backroom deals.<sup>72</sup> Not only was the process for receiving an exemption “neither transparent nor objective,” according to the Commerce Department's Inspector General,<sup>73</sup> it also led to the provision of tariff exclusions to politically connected foreign-owned companies, and even a sanctioned company owned by a Russian autocrat.<sup>74</sup> I am concerned that these big corporations are drooling at the prospect of running the same, objectively corrupt playbook next year.

1. What tariffs do you intend to impose?
  - a. What products will be included, for which countries, at what rate?
  - b. On what timeline?
  - c. Through legislation or executive action? If the latter, what authority will you use?
  
2. What is/are your goal/goals with the tariffs that you plan to impose:
  - a. Raising revenue? If so, please confirm which tariffs will be permanent and how much revenue you expect them to raise.
    - i. Will these tariffs be used to pay extensions of the Trump tax cuts?
      1. If you plan to use tariffs to pay for permanent tax cuts, does that mean you do not plan to onshore production of those products?

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<sup>68</sup> Reuters, “Trump vows new Canada, Mexico, China tariffs that threaten global trade,” Costas Pitas, November 26, 2024, <https://www.reuters.com/world/us/trump-promises-25-tariff-products-mexico-canada-2024-11-25/>.

<sup>69</sup> Fox News, “SCOTT BESSENT: Let's talk tariffs. It's time to revitalize Alexander Hamilton's favorite tool,” Scott Bessent, November 15, 2024, <https://www.foxnews.com/opinion/scott-bessent-talk-tariffs-its-time-revitalize-alexander-hamiltons-favorite-tool>.

<sup>70</sup> Axios, “Elizabeth Warren likes tariffs, too,” Erica Pandey, March 11, 2018, <https://www.axios.com/2018/03/11/elizabeth-warren-support-trump-tariffs-china>.

<sup>71</sup> CNN, “Escaping Trump's tariffs has required navigating a ‘broken’ system vulnerable to corruption, businesses and academics say,” Matt Egan, November 26, 2024, <https://www.cnn.com/2024/11/26/business/tariff-exclusions-trump-businesses/index.html>.

<sup>72</sup> *Id.*

<sup>73</sup> U.S. Department of Commerce, Office of the Inspector General, “Management Alert: Certain Communications by Department Officials Suggest Improper Influence in the Section 232 Exclusion Request Review Process,” memorandum, October 28, 2019, <https://www.oig.doc.gov/OIGPublications/OIG-20-003-M.pdf>.

<sup>74</sup> New York Times, “How a Blacklisted Russian Firm Won (and Lost) a Break From Trump's Tariffs,” Jim Tankersley, August 9, 2018, <https://www.nytimes.com/2018/08/09/us/politics/rusal-tariff-exemption.html>.

- b. Negotiating leverage for new trade agreements? If so, please state your specific negotiating objectives.
  - c. Other objectives? If so, please describe.
3. Will President-elect Trump's tariffs include an exclusion process to exempt certain importers or imported products from tariffs?
  - a. If so, what are the criteria and processes for obtaining exclusions, and how will you prevent the rampant corruption that occurred in the exclusion process during the first Trump Administration?<sup>75</sup>
  - b. Will you commit to putting in place a transparent and objective process that protects America's small businesses and workers?
  - c. Will you ensure that you avoid any conflicts of interest related to tariffs and tariff exemptions?
    - i. Please list all companies in which the Key Square Group was invested that applied for tariff exclusions under the first Trump administration.
    - ii. Will you recuse yourself from tariff exclusion matters affecting the Key Square Group and the companies in which it is invested?
4. How will the *de minimis* trade provision<sup>76</sup> impact the efficacy of the President-elect's tariff plans? Moreover, since the Treasury Department and Department of Homeland Security have authority to eliminate the loophole for specific categories as deemed necessary to protect revenue or prevent illegal imports, would you support eliminating the *de minimis* loophole for e-commerce shipments?
5. What will you do as Treasury Secretary to prevent companies from using tariffs as an excuse to hike prices on consumers?<sup>77</sup>

### **Tools of Economic Statecraft**

The Treasury Secretary has powerful tools to advance the United States' economic and national security, including through its role as chair of the Committee on Foreign Investment in the United States (CFIUS) and its administration and enforcement of economic sanctions. CFIUS is tasked with reviewing covered transactions involving foreign investments in the United States and to take any necessary actions to protect our national security.<sup>78</sup> The Office of Foreign Assets Control (OFAC) at Treasury enforces economic and trade sanctions against foreign jurisdictions engaging in harmful activities including terrorists and drug traffickers. For example, Treasury has

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<sup>75</sup> U.S. Department of Commerce, Office of the Inspector General, "Management Alert: Certain Communications by Department Officials Suggest Improper Influence in the Section 232 Exclusion Request Review Process," memorandum, October 28, 2019, <https://www.oig.doc.gov/OIGPublications/OIG-20-003-M.pdf>.

<sup>76</sup> The Wall Street Journal, "U.S. Lawmakers Move to Restrict Trade Provision Favored by China's E-Commerce Giants," Richard Vanderford, August 9, 2024, <https://www.wsj.com/articles/u-s-lawmakers-move-to-restrict-trade-provision-favored-by-chinas-e-commerce-giants-bcd8fd43>.

<sup>77</sup> Washington Post, "Companies ready price hikes to offset Trump's global tariff plans," David J. Lynch, October 30, 2024, [https://www.washingtonpost.com/business/2024/10/30/companies-tariffs-trump-prices/?pwapi\\_token=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9](https://www.washingtonpost.com/business/2024/10/30/companies-tariffs-trump-prices/?pwapi_token=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9).

<sup>78</sup> U.S. Department of the Treasury, "The Committee on Foreign Investment in the United States (CFIUS)," <https://home.treasury.gov/policy-issues/international/the-committee-on-foreign-investment-in-the-united-states-cfius>.

utilized sanctions to restrict Russia’s use of the international financial system to further its invasion of Ukraine.<sup>79</sup>

1. What will be your guiding framework for using sanctions, CFIUS review, and other tools for advancing the U.S.’s national and economic security?
2. Do you agree that the work of CFIUS and OFAC, including their enforcement efforts, should advance the security of the American people, rather than privilege politically connected companies or otherwise serve private interests?
3. Do you agree with the steps Treasury proposed in its October 2021 sanctions review to modernize our sanctions regime and use sanctions to support clear policy objectives?<sup>80</sup>
4. Will you continue Treasury’s implementation of commitments made by G7 leaders to curtail Russia’s use of the international financial system to support its war against Ukraine?<sup>81</sup>
5. Do you agree that outbound investment from the U.S. into countries of concern to develop or exploit sensitive and advanced technologies is a potential threat to U.S. national security? How do you plan to approach this topic? Do you plan to continue or build on Treasury’s current Outbound Investment Security Program?<sup>82</sup>

### **Agency Independence**

The U.S. has a number of financial regulators that each have their own specific range of duties and responsibilities. Recent public reporting suggests that the Trump transition team is considering reorganizing, privatizing, or eliminating a number of financial regulators including the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Consumer Financial Protection Bureau (CFPB), and parts of the Federal Reserve (Fed).<sup>83</sup> The transition team has also floated moving the deposit insurance function of the FDIC into the

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<sup>79</sup> U.S. Department of the Treasury, “Treasury Sanctions Gazprombank and Takes Additional Steps to Curtail Russia’s Use of the International Financial System,” press release, November 21, 2024, <https://home.treasury.gov/news/press-releases/jy2725>.

<sup>80</sup> U.S. Department of the Treasury, “U.S. Department of the Treasury Releases Sanctions Review,” press release, October 18, 2021, <https://home.treasury.gov/news/press-releases/jy0413>.

<sup>81</sup> The White House, “G7 Leaders’ Statement on Ukraine,” press release, May 19, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/05/19/g7-leaders-statement-on-ukraine/>.

<sup>82</sup> U.S. Department of the Treasury, “Outbound Investment Security Program,” <https://home.treasury.gov/policy-issues/international/outbound-investment-program>.

<sup>83</sup> Wall Street Journal, “Trump Advisers Seek to Shrink or Eliminate Bank Regulators,” Gina Heeb, December 12, 2024, <https://www.wsj.com/finance/regulation/trump-advisers-bank-regulations-fdic-efa761dc>; Washington Post, “Trump and GOP eye new limits on Consumer Financial Protection Bureau,” Tony Romm, November 23, 2024, <https://www.washingtonpost.com/business/2024/11/23/trump-republicans-cfpb/>; Washington Post, “Trump and GOP eye new limits on Consumer Financial Protection Bureau,” Tony Romm, November 23, 2024, <https://www.washingtonpost.com/business/2024/11/23/trump-republicans-cfpb/>.

Treasury Department.<sup>84</sup> Each of these regulators perform critical functions for the U.S. economy: they are responsible for overseeing and regulating financial institutions and markets to preserve our financial stability and protect consumers.

Beyond agency restructuring, which would require Congressional action,<sup>85</sup> President-elect Trump has continually toyed with firing Fed Chair Jerome Powell.<sup>86</sup> In October, you proposed naming a replacement for Powell well before the expiration of his four-year term as Fed chair in 2026, saying: “You could do the earliest Fed nomination and create a shadow Fed chair. And based on the concept of forward guidance, no one is really going to care what Jerome Powell has to say anymore.”<sup>87</sup>

1. JPMorgan CEO Jamie Dimon suggested during a Senate Banking Committee hearing in 2023 that the FDIC should be privatized, stating, “[t]hat’s not government money, that is a mutual company, and I would love to take it over, and take it off your hands and manage it ourselves.”<sup>88</sup> Do you agree with Dimon that the FDIC should be privatized?
2. Do you think the Treasury Department is well-suited to perform the functions of the FDIC, including insuring banks and their depositors’ funds nationwide, serving as the primary regulator of more than 3,000 banks, and resolving large, complex financial institutions when they fail?<sup>89</sup>
3. Will you commit to upholding the Fed’s independence from political influence?
4. Do you continue to support the concept of a “shadow Fed chair” that you floated last year?

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### **Bank Consolidation and Managing Failed Banks**

In 2023, we experienced the second, third, and fourth largest bank failures in U.S. history, with the collapse of First Republic, Silicon Valley Bank (SVB), and Signature Bank.<sup>91</sup> Financial regulators

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<sup>84</sup> Reuters, “Trump’s floated idea to shutter FDIC would be political heavy lift, say analysts,” Arasu Kannagi Basil, Pete Schroeder and Lananh Nguyen, December 13, 2024, <https://www.reuters.com/markets/us/trump-advisers-reported-plan-ease-banking-oversight-may-not-get-required-support-2024-12-13/>.

<sup>85</sup> Congressional Research Service, “Organizing Executive Branch Agencies: Who Makes the Call?” Jared P. Cole, June 27, 2018, <https://crsreports.congress.gov/product/pdf/LSB/LSB10158>.

<sup>86</sup> Wall Street Journal, “If Trump Tries to Fire Powell, Fed Chair Is Ready for a Legal Fight,” Nick Timiraos, November 10, 2024, <https://www.wsj.com/economy/central-banking/powell-trump-fed-firing-ac7088e6>.

<sup>87</sup> Barron’s, “Inside the Plan for Trump to Sideline the Powell Fed,” Matt Peterson, October 9, 2024, <https://www.barrons.com/articles/trump-fed-chair-powell-fire-4b79079f>.

<sup>88</sup> PoliticoPro, “JPMorgan’s Dimon suggests privatizing FDIC,” Victoria Guida, December 6, 2023, <https://subscriber.politicopro.com/article/2023/12/jpmorgans-dimon-suggests-privatizing-fdic-00130400>.

<sup>89</sup> Federal Deposit Insurance Corporation, “FDIC 2022-2026 Strategic Plan: The FDIC and the Banking Industry: Perspective and Outlook,” <https://www.fdic.gov/strategic-plans/fdic-2022-2026-strategic-plan-fdic-and-banking-industry-perspective-and-outlook>.

<sup>90</sup> Barron’s, “Inside the Plan for Trump to Sideline the Powell Fed,” Matt Peterson, October 9, 2024, <https://www.barrons.com/articles/trump-fed-chair-powell-fire-4b79079f>.

<sup>91</sup> Bankrate, “The 7 largest bank failures in US history,” Matthew Goldberg, July 24, 2024, <https://www.bankrate.com/banking/largest-bank-failures/>.

failed to manage the risks posed by banks of this size and enabled their rapid growth through approvals of bank mergers.<sup>92</sup> In fact, less than two years before SVB failed, the Fed approved its acquisition of Boston Private Bank and Trust following its determination that the merged bank would not “pose significant risk to the financial system in the event of financial distress.”<sup>93</sup>

Bank consolidation increases systemic risk in the financial system, reducing the number of smaller banks and creating even more too big to fail banks.<sup>94</sup> In 1994, small banks composed 84 percent of all banks in the U.S. By 2022, small banks composed just 52 percent of all banks.<sup>95</sup>

Treasury plays a critical role not only in overseeing the administration’s broader financial regulatory agenda, but also in invoking the systemic risk exception to least-cost resolution in response to bank failures.<sup>96</sup> The systemic risk exception allows the banking regulators to direct the FDIC to guarantee the uninsured deposits of a failing bank in order to prevent a wider financial crisis. The Treasury Secretary has the authority to invoke the systemic risk exception, in consultation with the President and upon the written recommendation of at least two-thirds of the boards of the FDIC and the Fed.<sup>97</sup> Treasury, the Fed, and the FDIC invoked the systemic risk exception in March 2023, when the FDIC announced that it would guarantee uninsured deposits at SVB and Signature Bank.<sup>98</sup>

1. Would you have invoked the systemic risk exception for SVB and Signature Bank?
2. In the wake of the March 2023 bank crisis, then-Senator JD Vance and I expressed concerns over the FDIC’s facilitation of the sale of First Republic Bank to JPMorgan.<sup>99</sup>

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<sup>92</sup> Board of Governors of the Federal Reserve System, “Review of the Federal Reserve’s Supervision and Regulation of Silicon Valley Bank,” April 28, 2023, <https://www.federalreserve.gov/publications/files/svb-review-20230428.pdf>.

<sup>93</sup> Federal Reserve Board, “Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the Establishment of Branches,” FRB Order No. 2021-08, June 10, 2021, <https://www.federalreserve.gov/newsevents/pressreleases/files/orders20210610a1.pdf>.

<sup>94</sup> Yale Journal on Regulation, “Modernizing Bank Merger Review,” Jeremy C. Kress, Summer 2020, p. 439-440 <https://www.yalejreg.com/print/modernizing-bank-merger-review/>; Testimony of Jeremy C. Kress, Assistant Professor of Business Law, University of Michigan Stephen M. Ross School of Business, Before the U.S. House of Representatives Committee on Small Business Subcommittee on Oversight, Investigations, and Regulations “Navigating Regulations: Alternative Pathways to Investing in Small Businesses,” March 12, 2024, [https://democrats-smallbusiness.house.gov/uploadedfiles/03-12-24\\_mr\\_kress\\_testimony.pdf](https://democrats-smallbusiness.house.gov/uploadedfiles/03-12-24_mr_kress_testimony.pdf).

<sup>95</sup> National Community Reinvestment Coalition, “The Great Consolidation of Banks and Acceleration of Branch Closures Across America,” Jad Edlebi, Bruce C. Mitchell, and Jason Richardson, February 2022, [https://ncrc.org/wp-content/uploads/dlm\\_uploads/2022/02/The-Great-Consolidation-of-Banks-and-Acceleration-of-Branch-Closures-Across-America-FINALc.pdf](https://ncrc.org/wp-content/uploads/dlm_uploads/2022/02/The-Great-Consolidation-of-Banks-and-Acceleration-of-Branch-Closures-Across-America-FINALc.pdf).

<sup>96</sup> U.S. Department of the Treasury, “Role of the Treasury,” <https://home.treasury.gov/about/general-information/role-of-the-treasury>; Congressional Research Service, “Bank Failures: The FDIC’s Systemic Risk Exception,” April 23, 2024, <https://crsreports.congress.gov/product/pdf/IF/IF12378>.

<sup>97</sup> *Id.*

<sup>98</sup> *Id.*

<sup>99</sup> Letter from Senators JD Vance and Elizabeth Warren to Chairman Gruenberg of the Federal Deposit Insurance Corporation, December 8, 2023, <https://www.vance.senate.gov/wp-content/uploads/2023/12/Senators-Vance-Warren-Letter-to-FDIC.pdf>.

- a. Then-Senator Vance stated, “[h]ad First Republic’s assets been valued correctly, the FDIC would have been required under, the Least Cost Test, to liquidate First Republic rather than selling it to JPMorgan.”<sup>100</sup> Do you agree with his assessment?
  - b. Do you support then-Senator Vance’s amendment to the *RECOUP Act*,<sup>101</sup> which would prohibit a megabank from winning an FDIC receivership auction if there are any non-megabank bidders?
3. Do you think small businesses should have a safe place to put their money for payroll, operating expenses, and other transactions? Do you think it is appropriate that large businesses with uninsured deposits at SVB and Signature Bank were protected by the government, while small businesses with accounts at local community banks sometimes lose their uninsured deposits when the bank fails?
  4. Would you support bipartisan efforts to increase deposit insurance limits for small business transaction accounts?
  5. Do you think bank consolidation poses a risk to the economy and financial stability?
  6. Do you believe that the decline in the number of small and community banks nationally weakens our economy?
  7. The *Glass-Steagall Act* was introduced in response to the financial crash of 1929, to stabilize the banking system by separating commercial and investment banking.<sup>102</sup> Key provisions of the bill were repealed in 1999.<sup>103</sup> Reinstating *Glass Steagall* has bipartisan support. President-elect Trump has previously called for a 21st century *Glass-Steagall*.<sup>104</sup> Do you agree that Congress should break up banks’ commercial and investment banking functions?

### **Financial Stability Oversight Council**

Following the financial crisis, Congress established the Financial Stability Oversight Council (FSOC) to identify, monitor, and address risks that could destabilize the financial system and harm the economy.<sup>105</sup> If confirmed, you would serve as Chairperson of FSOC.

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<sup>100</sup> Office of Senator JD Vance, “Senator Vance Rebukes FDIC Chair Gruenberg Over Potentially Illegal Mishandling of First Republic Sale to JPMorgan Chase, Refusal to Cooperate in Congressional Oversight,” May 16, 2024, <https://www.vance.senate.gov/press-releases/senator-vance-rebukes-fdic-chair-gruenberg-over-potentially-illegal-mishandling-of-first-republic-sale-to-jpmorgan-chase-refusal-to-cooperate-in-congressional-oversight/>.

<sup>101</sup> Office of Senator JD Vance, “Vance Amendment to Discourage Megabank Acquisitions Passes Senate Committee,” June 22, 2023, <https://www.vance.senate.gov/press-releases/vance-amendment-to-discourage-megabank-acquisitions-passes-senate-committee/>.

<sup>102</sup> Federal Reserve History, “Banking Act of 1933 (Glass-Steagall),” November 22, 2013, <https://www.federalreservehistory.org/essays/glass-steagall-act>.

<sup>103</sup> *Id.*

<sup>104</sup> BBC News, “Trump is considering new Glass-Steagall-style bank rules,” May 1, 2017, <https://www.bbc.com/news/business-39770289>.

<sup>105</sup> U.S. Department of the Treasury, “Financial Stability Oversight Council,” <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/fsoc>.

Prior to the creation of FSOC, there was not a single government entity tasked with assessing and mitigating the evolving risks that build up in and across financial institutions and markets.<sup>106</sup> “Risky financial activities and products sprouted in the cracks of the financial regulatory infrastructure,”<sup>107</sup> and FSOC was designed to mitigate those risks by bringing together the heads of the federal financial regulatory agencies.

One of FSOC’s most powerful statutory tools is its authority to subject systemically risky nonbank financial companies to enhanced oversight and financial stability safeguards.<sup>108</sup> This authority was designed to avoid a repeat of the costs that the failure or near-failure of AIG, Lehman Brothers, and other systemically important nonbanks caused in the 2008 financial crisis.<sup>109</sup>

The previous Trump administration dropped the enhanced safeguards that the Obama administration had placed on certain large and complex insurance conglomerates, including AIG, and also steadily cut funding and staff for FSOC and its data-driven research arm, the Office of Financial Research (OFR).<sup>110</sup> FSOC and OFR are funded through fees on large financial firms, not through congressional appropriations. That means that the funding cuts not only made the U.S. financial system more vulnerable—they also did not save taxpayers any money.<sup>111</sup> The Biden Administration has restored that funding,<sup>112</sup> and under Secretary Yellen, FSOC has published critical research evaluating the systemic risk posed by emerging threats from consolidation and technological changes.<sup>113</sup> In particular, FSOC has drawn attention to the systemic risks posed by hedge funds and private equity, stablecoins, and cloud services providers, among other entities.<sup>114</sup>

However, Project 2025 goes even further than the first Trump administration’s actions, recommending that Congress should repeal FSOC.<sup>115</sup>

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<sup>106</sup> Center for American Progress, “The Trump Administration is Quietly Slashing Financial Stability Funding,” Gregg Gelzinis, December 7, 2017, <https://www.americanprogress.org/article/trump-administration-quietly-slashing-financial-stability-funding/>.

<sup>107</sup> Center for American Progress, “5 Priorities for the Financial Stability Oversight Council,” Gregg Gelzinis, March 31, 2021, <https://www.americanprogress.org/article/5-priorities-financial-stability-oversight-council/>.

<sup>108</sup> *Id.*

<sup>109</sup> *Id.*

<sup>110</sup> Reuters, “Trump administration cuts staff at financial markets watchdog- source,” Pete Schroeder, August 8, 2018, <https://www.reuters.com/article/business/trump-administration-cuts-staff-at-financial-markets-watchdog-source-idUSKBN1KT23R/>.

<sup>111</sup> *Id.*; Center for American Progress, “The Trump Administration is Quietly Slashing Financial Stability Funding,” Gregg Gelzinis, December 7, 2017, <https://www.americanprogress.org/article/trump-administration-quietly-slashing-financial-stability-funding/>.

<sup>112</sup> U.S. Department of the Treasury, “Office of Financial Research FY 2022,” <https://home.treasury.gov/system/files/266/21.-OFR-FY-2022-BIB.pdf>.

<sup>113</sup> U.S. Department of the Treasury, “Remarks by Secretary of the Treasury Janet L. Yellen at the Open Session of the Meeting of the Financial Stability Oversight Council,” December 6, 2024, <https://home.treasury.gov/news/press-releases/jy2737>.

<sup>114</sup> Financial Stability Oversight Council, “2024 Annual Report,” <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

<sup>115</sup> Project 2025 Presidential Transition Project, “Chapter 22: Department of the Treasury,” William L. Walton, Stephen Moore, and David R. Burton, p. 705, [https://static.project2025.org/2025\\_MandateForLeadership\\_FULLL.pdf](https://static.project2025.org/2025_MandateForLeadership_FULLL.pdf).



1. Do you agree that one of the lessons learned from the 2008 financial crisis is that the U.S. should have a regulatory body tasked with overseeing the buildup of risk across the entire financial system? Should Congress abolish FSOC?
2. Do you commit to faithfully execute FSOC’s mission to (i) identify risks to U.S. financial stability; (ii) promote market discipline, by eliminating the expectations of public bailouts; and (iii) respond to emerging threats to the stability of the U.S. financial system?
3. FSOC is funded through assessments on banks with over \$50 billion in assets and systemically important nonbanks that are supervised by the Fed.<sup>116</sup> FSOC determines its budget through a majority vote, and in September 2017, then-Treasury Secretary Steven Mnuchin oversaw a 15 percent FSOC budget cut and 50 percent staffing cut.<sup>117</sup> If confirmed, will you commit to not reducing the FSOC’s current levels of budget and staffing?
4. OFR resides within the Treasury and helps policymakers and FSOC identify threats to the financial system.<sup>118</sup> OFR is similarly funded through assessments on large banks rather than through congressional appropriations.<sup>119</sup> During the last Trump presidency, the administration cut funding to OFR, which severely undermined OFR’s ability to support FSOC.<sup>120</sup>
  - a. Are there pockets of the financial system that you think are too opaque? Would you encourage OFR to enhance transparency in those segments of the financial system?
  - b. Will you commit to not reduce the current levels of budget and staffing for OFR?
5. In the 2008 financial crisis, financial companies that were not banks became so intertwined in our financial system that they could have brought down the entire economy.<sup>121</sup> The collapses of investment companies Lehman Brothers and Bear Stearns and the insurance giant AIG contributed to the crisis, causing millions of families to lose their jobs, their homes, and their retirement savings.<sup>122</sup> FSOC has the authority to proactively subject risky

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<sup>116</sup> U.S. Department of the Treasury, “Financial Stability Oversight Council: Designations,” <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/fsoc/designations>.

<sup>117</sup> Center for American Progress, “The Trump Administration Is Quietly Slashing Financial Stability Funding,” Gregg Gelzinis, December 7, 2017, <https://www.americanprogress.org/article/trump-administration-quietly-slashing-financial-stability-funding/>

<sup>118</sup> Office of Financial Research, “About Us,” <https://www.financialresearch.gov/about/>.

<sup>119</sup> Center for American Progress, “The Trump Administration is Quietly Slashing Financial Stability Funding,” Gregg Gelzinis, December 7, 2017, <https://www.americanprogress.org/article/trump-administration-quietly-slashing-financial-stability-funding/>.

<sup>120</sup> *Id.*

<sup>121</sup> Office of Senator Elizabeth Warren, “At Hearing , Warren Calls out Trump Administration for Weakening Oversight of Giant Nonbank Financial Institutions, May 11, 2022, <https://www.warren.senate.gov/newsroom/press-releases/icymi-at-hearing-warren-calls-out-trump-administration-for-weakening-oversight-of-giant-nonbank-financial-institutions>.

<sup>122</sup> PBS Frontline, “How Much Did the Financial Crisis Cost?,” Sarah Childress, May 31, 2012, <https://www.pbs.org/wgbh/frontline/article/how-much-did-the-financial-crisis-cost/>; Federal Reserve Bank of St. Louis, “The End is in Sight for the U.S. Foreclosure Crisis,” William R. Emmons, December 2, 2016, <https://www.stlouisfed.org/on-the-economy/2016/december/end-sight-us-foreclosure-crisis#endnote1>.

nonbank financial companies to enhanced oversight and financial stability safeguards by designating the firm as systemically important.

- a. Do you agree that FSOC’s authority to designate nonbanks as systemically important is necessary to fulfill its statutory mission?
  - b. Do you believe that across the financial system, including asset management firms, private equity and hedge funds, insurance companies, nonbank mortgage companies, and other nonbanks, there is not a single firm whose failure or ongoing activities could disrupt financial stability?
  - c. In evaluating different categories of nonbank financial companies, what type of large and complex firm are you most worried could threaten financial stability?
6. FSOC’s most recent annual report identified financial vulnerabilities in a variety of areas that pose severe risks to the economy including commercial real estate, digital assets, and climate-related financial risks.<sup>123</sup>
- a. With regard to commercial real estate FSOC stated, “weakening credit conditions in commercial real estate (CRE)—especially in the office sector and segments of the multifamily sector—have led to concerns among market participants about regional banks with large CRE concentrations.”<sup>124</sup> Do you agree with this assessment?
  - b. The stablecoin Tether holds a significant percentage of U.S. Treasuries. According to FSOC’s most recent annual report, “since the first appearance of U.S. Treasuries on Tether’s attestations in 2021, its direct and indirect holdings have allegedly increased by over 571.57 percent to \$102.61 billion. If Tether continues its alleged current rate of Treasury purchases, it could become a significant holder of U.S. Treasuries and could present risks to the stability of the Treasury market if it experienced a run.”<sup>125</sup> Do you agree with this assessment?
  - c. FSOC stated, “[c]limate-related financial risk can manifest as and amplify traditional risks, such as credit, market, liquidity, operational, compliance, reputational, and legal risks.”<sup>126</sup> Do you agree with this assessment?
  - d. What do you see as the financial sector vulnerabilities that pose the most risk to the economy?
7. During the past five years, the hedge fund industry grew by almost 43 percent, from \$6.7 trillion as of the second quarter of 2019 to \$9.6 trillion as of the second quarter of 2024.<sup>127</sup> The financial stability vulnerabilities associated with hedge funds’ leveraged Treasury market exposures have also become more prominent, as FSOC identified in its most recent

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<sup>123</sup> Financial Stability Oversight Council, “2024 Annual Report,” pp. 7-10, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

<sup>124</sup> Financial Stability Oversight Council, “2024 Annual Report,” p. 53, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

<sup>125</sup> Financial Stability Oversight Council, “2024 Annual Report,” p. 46, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

<sup>126</sup> Financial Stability Oversight Council, “2024 Annual Report,” p. 49, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

<sup>127</sup> Financial Stability Oversight Council, “2024 Annual Report,” p. 10, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

annual report.<sup>128</sup> The lack of hedge fund transparency, coupled with growing investment in the hedge fund industry, are troubling.

- a. At the outset of the COVID-19 pandemic in March 2020, the Treasury market experienced unprecedented turmoil as liquidity worsened, leading the Fed to take extraordinary actions to restore market functioning.<sup>129</sup> Analyses suggest that large, highly leveraged hedge funds contributed to the turmoil.<sup>130</sup> Do you agree that hedge funds played a role in driving the March 2020 breakdown of the Treasury market?
  - b. Do you believe that analyzing the interconnectedness of the largest hedge funds, Treasury markets, and the banking system should be an ongoing priority for the Treasury?
  - c. The CFTC and SEC adopted amendments to Form PF, the confidential reporting form for certain SEC-registered investment advisers to private funds, to enhance FSOC's ability to monitor and assess systemic risk.<sup>131</sup> Do you support the adopted amendments to Form PF? Would you support any additional enhancements to Form PF?
  - d. In its 2024 Annual Report, FSOC highlighted the liquidity risks inherent in hedge funds' direct lending/private credit business.<sup>132</sup> What are the risks you see in the private credit market? Do you intend to monitor these risks, as FSOC has done since its inception?
8. Banks and financial companies are becoming increasingly dependent on cloud service providers for their data storage, but these systems pose risks to the safety and stability of our nation's financial system particularly given the high concentration in this market. Amazon Web Services, Microsoft Azure, and Google Cloud Platform currently make up 67 percent of the worldwide cloud infrastructure market.<sup>133</sup> Should FSOC consider designating the three leading cloud-based computing storage providers for the financial industry as systemically important financial market utilities (SIFMUs)?
9. Visa and Mastercard currently control 80 percent of the credit card network market share with a combined market cap of \$1 billion.<sup>134</sup> A failure of Visa or Mastercard would pose significant liquidity risks as these credit card networks are integral to our financial system,

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<sup>128</sup> *Id.*

<sup>129</sup> New York Times, "The Financial Crisis the World Forgot," Jenna Smialek, March 16, 2021, <https://www.nytimes.com/2021/03/16/business/economy/fed-2020-financial-crisis-covid.html>.

<sup>130</sup> Board of Governors of the Federal Reserve System, FEDS Notes, "Hedge Fund Treasury Exposures, Repo, and Margining," Ayelen Banegas and Phillip Monin, September 8, 2023, <https://www.federalreserve.gov/econres/notes/feds-notes/hedge-fund-treasury-exposures-repo-and-margining-20230908.html#:~:text=In%20March%202020%2C%20as%20volatility,losses%20and%20liquidate%20their%20positions.>

<sup>131</sup> U.S. Securities and Exchange Commission, "Fact Sheet: SEC/CFTC Amendments to Form PF," <https://www.sec.gov/files/ia-6546-fact-sheet.pdf>.

<sup>132</sup> Financial Stability Oversight Council, "2024 Annual Report," p. 28, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

<sup>133</sup> CloudZero, "13 Top Cloud Service Providers Globally In 2025," Cody Slingerland, July 18, 2024, <https://www.cloudzero.com/blog/cloud-service-providers/>.

<sup>134</sup> CNBC, "The fight over a bill targeting credit card fees pits payment companies against retailers," Cait Freda and Kristina Partsinevelos, July 30, 2023, <https://www.cnbc.com/2023/07/30/credit-card-fee-fight-pits-payment-companies-against-retailers.html>.

providing the infrastructure for the clearing and settling of payments.<sup>135</sup> Should FSOC consider designating Visa and Mastercard as SIFMUs given their position as the largest credit card networks in the world?

10. In 2023, Moody's estimated that breaching the debt limit and defaulting on U.S. government debt would result in the loss of 6 million jobs, wipe out \$12 trillion in household wealth, and drive the stock market down by nearly one-third.<sup>136</sup>
  - a. Do you believe that default is a serious threat to financial stability?
  - b. Do you agree with President-elect Trump that the debt limit should be eliminated?

### **Anti-Money Laundering and Countering the Financing of Terrorism**

Treasury's anti-money laundering (AML) and counter-terrorism financing (CFT) regime protects our financial system from long-standing threats like corruption, fraud, and international terrorism, as well as rapidly-evolving and acute threats, such as domestic terrorism, ransomware, and other cybercrime. FinCEN, a bureau within Treasury, serves as the "financial intelligence unit" of the United States.<sup>137</sup> FinCEN plays a crucial role in enforcing violations of the *Bank Secrecy Act*, which is the primary law that safeguards our financial system from illicit use.<sup>138</sup>

In October, TD Bank pleaded guilty to conspiracy to commit money laundering and agreed to pay a historic \$3 billion in penalties.<sup>139</sup> FinCEN levied a record \$1.3 billion penalty against TD Bank for the bank's "pervasive and systemic failure to maintain an adequate" anti-money laundering (AML) compliance program.<sup>140</sup> I have long been concerned about weaknesses in our AML regime that allow money laundering to flourish, and I wrote to the DOJ to express my belief that bank executives should have been prosecuted for their willful failures to implement and maintain appropriate AML protections.<sup>141</sup>

Bad actors are also increasingly turning to cryptocurrency to enable money laundering, sanctions evasion, and to finance major national security threats, such as Russia's invasion of Ukraine, North Korea's nuclear program, China's sale of weapons parts to sanctioned nations, and ransomware attacks.<sup>142</sup> Treasury recognized the growing threat of crypto and in November 2023,

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<sup>135</sup> Investopedia, "Credit Card Networks: What They Are and How They Work," Lindsay Vansomeren and Brendan Harkness, October 17, 2024, <https://www.investopedia.com/credit-card-networks-8725552>.

<sup>136</sup> Moody's Analytics, "Debt Limit Brinkmanship (Again)," Mark Zandi, January 23, 2023," p. 6, <https://www.moodys.com/web/en/us/insights/resources/debt-limit-brinkmanship.pdf>.

<sup>137</sup> Financial Crimes Enforcement Network, "What We Do," <https://www.fincen.gov/what-we-do>.

<sup>138</sup> Id.

<sup>139</sup> Wall Street Journal, "Sen. Warren Rebukes DOJ Over Money-Laundering Settlement With TD Bank," Mengqi Sun, October 31, 2024, <https://www.wsj.com/articles/sen-warren-rebukes-doj-over-money-laundering-settlement-with-td-bank-1ab95f56>

<sup>140</sup> Financial Crimes Enforcement Network, "FinCEN Assesses Record \$1.3 Billion Penalty against TD Bank," October 10, 2024, <https://www.fincen.gov/news/news-releases/fincen-assesses-record-13-billion-penalty-against-td-bank>; United States v. TD Bank, NA, Exhibit 99.5, October 10, 2024, <https://www.sec.gov/Archives/edgar/data/947263/000119312524236631/d832799dex995.htm>.

<sup>141</sup> Letter from Senator Elizabeth Warren to Attorney General Merrick Garland and Deputy Attorney General Lisa Monaco, October 30, 2024, [https://www.warren.senate.gov/imo/media/doc/warren\\_letter\\_to\\_doj\\_re\\_td\\_bank.pdf](https://www.warren.senate.gov/imo/media/doc/warren_letter_to_doj_re_td_bank.pdf).

<sup>142</sup> Wall Street Journal, "Inside the Russian Shadow Trade for Weapons Parts, Fueled by Crypto," Angus Berwick and Ben Foldy, April 1, 2024, <https://www.wsj.com/finance/currencies/crypto-fuels-russian-shadow-trade-for->

the agency published a term sheet that stated the tools that outlined five legislative proposals that would help Treasury combat illicit finance related to digital assets, including amending the *Bank Secrecy Act* (BSA) to include a new crypto-related category of “financial institution” that would include crypto exchanges, unhosted wallets, decentralized finance (DeFi), and validators on the blockchain.<sup>143</sup>

Congress made a significant update to our anti-money laundering laws with the bipartisan *Corporate Transparency Act*, which provides law enforcement and national security officials with information identifying the true owners of U.S. corporations and other legal entities.<sup>144</sup> This information will help the government combat money laundering, sanctions evasion, and terrorist financing.<sup>145</sup> However, Project 2025 calls for Congress to repeal the *Corporate Transparency Act* and for FinCEN to withdraw its Beneficial Ownership Reporting Rule.<sup>146</sup>

1. TD Bank helped a Chinese money laundering ring succeed in moving more than \$470 million in funds from drug sales through the bank.<sup>147</sup>
  - a. Do you believe there were supervisory failures in monitoring TD Bank’s compliance with our AML laws?
  - b. If so, what specific actions would you recommend to address these failures?
2. Should AML/CFT and sanctions programs include risk-based provisions reasonably designed to prevent money laundering or terrorist financing involving digital assets?
  - a. Should the agency have a secondary sanctions tool that would allow it to sever fintech and crypto operators from U.S. relationships?
  - b. Should OFAC have jurisdiction over dollar-denominated stablecoins?
  - c. Should Congress extend Treasury’s BSA authority and the *International Emergency Economic Powers Act* (IEEPA) to foreign entities with U.S. touchpoints?

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[weaponsparts-1bfdc1a1](#); Chainalysis, “2022 Biggest Year Ever for Crypto Hacking with \$3.8 Billion Stolen, Primarily from DeFi Protocols and by North Korea-linked Attackers,” February 1, 2023, <https://www.chainalysis.com/blog/2022-biggest-year-ever-for-crypto-hacking/>; U.S. Senate Committee on Homeland Security & Governmental Affairs, “Use of Cryptocurrency in Ransomware Attacks, Available Data, and National Security Concerns,” May 24, 2022, <https://www.hsgac.senate.gov/wp-content/uploads/imo/media/doc/HSGAC%20Majority%20Cryptocurrency%20Ransomware%20Report.pdf>.

<sup>143</sup> U.S. Department of the Treasury, “Potential Options to Strengthen Counter-Terrorist Financing Authorities,” November 28, 2023, <https://www.coincenter.org/app/uploads/2023/12/11.28.2023-Counter-TF-Legislative-Proposals.pdf>.

<sup>144</sup> Corporate Transparency Act, Public Law 116-92.

<sup>145</sup> U.S. House Committee on Financial Services, “Waters, Whitehouse, Wyden, Warren, Reed, File Amicus Brief Defending Constitutionality of Corporate Transparency Act,” April 23, 2024, press release, <https://democrats-financialservices.house.gov/news/documentsingle.aspx?DocumentID=411391>; U.S. Department of the Treasury, “Remarks by Secretary Janet L. Yellen on Anti-Corruption as a Cornerstone of a Fair, Accountable, and Democratic Economy at the Summit for Democracy,” press release, March 28, 2023, <https://home.treasury.gov/news/press-releases/jy1371>.

<sup>146</sup> Project 2025 Presidential Transition Project, “Chapter 22: Department of the Treasury,” William L. Walton, Stephen Moore, and David R. Burton, p. 707, [https://static.project2025.org/2025\\_MandateForLeadership\\_FULL.pdf](https://static.project2025.org/2025_MandateForLeadership_FULL.pdf).

<sup>147</sup> Wall Street Journal, “TD Bank Faces Calls to Identify Executives Responsible for Money-laundering Breaches,” Dylan Tokar, December 10, 2024, <https://www.wsj.com/articles/td-bank-faces-calls-to-identify-executives-responsible-for-money-laundering-breaches-fcd7f3c1>.

3. The *Corporate Transparency Act* requires reporting of beneficial ownership information to prevent criminals from using businesses to conceal their identities and facilitate illicit activity like money laundering, sanctions evasion, and terrorist financing.<sup>148</sup> The first Trump Administration strongly supported the *Corporate Transparency Act*, which requires many U.S. companies to report their true, or “beneficial,” owners to a confidential database housed at the U.S. Treasury, stating that the law would “assist law enforcement in detecting and preventing illicit activity such as terrorist financing and money laundering.”<sup>149</sup> Now the Trump Administration is in charge of administering that database, including providing access to it for law enforcement and national security officials.
  - a. Do you see the *Corporate Transparency Act* as an important new tool for the U.S.’ ability to prevent terrorism and to follow the money that finances it?
  - b. Do you agree with the authors of Project 2025 that the *Corporate Transparency Act* should be repealed by Congress?
  - c. Will you work with Congress to make sure that the office responsible for maintaining the database, the Financial Crimes Enforcement Network (FinCEN), has sufficient staff, technology, and other necessary funding to make the most out of this new tool?
  - d. Absent such action by Congress, will you commit to fully implementing and enforcing the provisions of the *Corporate Transparency Act*?
  - e. Will you commit to retention of FinCEN’s beneficial ownership reporting rule?<sup>150</sup>
4. Treasury identified in its 2024 National Money Laundering Risk Assessment that fraud remains the largest and most significant proceed-generating crime for which funds are laundered in or through the United States.<sup>151</sup>
  - a. Do you agree that addressing fraud should remain a priority for the Treasury Department?
  - b. What actions will you prioritize as Secretary to limit fraud and the associated money laundering?
5. Do you agree that Treasury should use its tools to protect the financial system from being exploited or destabilized by rogue states, terrorists, and other malign actors?

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<sup>148</sup> Corporate Transparency Act, Public Law 116-92.

<sup>149</sup> Office of Management and Budget, “Statement of Administration Policy, H.R. 2513 – Corporate Transparency Act of 2019, as amended by Manager’s Amendment,” October 22, 2019, [https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/10/SAP\\_HR-2513.pdf](https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/10/SAP_HR-2513.pdf).”

<sup>150</sup> Financial Crimes Enforcement Network, “FinCEN Issues Final Rule Regarding Access to Beneficial Ownership Information,” press release, December 21, 2023, <https://www.fincen.gov/news/news-releases/fincen-issues-final-rule-regarding-access-beneficial-ownership-information>.

<sup>151</sup> U.S. Department of the Treasury, “2024 National Money Laundering Risk Assessment,” February 2024, <https://home.treasury.gov/system/files/136/2024-National-Money-Laundering-Risk-Assessment.pdf>.

## Housing

We are experiencing a nationwide housing shortage. By some estimates, the United States needs approximately 5 million housing units to fill the gap.<sup>152</sup> There are a number of explanations for this crisis, including unnecessary regulatory barriers and land use restrictions, decades of government disinvestment, and the high cost of capital for construction. As Treasury Secretary, if confirmed, you would play a key role in leading the federal government’s response to this crisis.

1. Are you committed to using the tools of the federal government to increase the supply of affordable housing as Treasury Secretary?
2. The Low-Income Housing Tax Credit (LIHTC) is the largest federal program dedicated to constructing and preserving affordable rental homes, supporting the construction of over 3.5 million affordable units.<sup>153</sup> A bipartisan coalition of lawmakers in Congress has introduced legislation that would expand LIHTC, including by providing more support for extremely low-income households and rural and Native American communities.<sup>154</sup>
  - a. Do you support LIHTC as a way to increase the supply of affordable rental homes?
  - b. Do you support expanding LIHTC, including in ways to better serve extremely low-income households and renters living in rural and Tribal areas?
3. In 2019, then-HUD Secretary Carson stated, “[t]he correlation seems very strong: The more zoning restrictions and regulations, the higher the prices and the more homeless people.”<sup>155</sup>
  - a. Do you agree with then-Secretary Carson’s assessment that zoning restrictions and regulations can exacerbate the housing shortage?
  - b. Should the federal government encourage states and localities to reduce unnecessary regulatory barriers that prevent housing construction?
  - c. Does the Treasury Department have tools to help do so?
4. The homebuilding industry is becoming increasingly concentrated, with the top ten builders accounting for over 42 percent of all new single-family home closings in 2023 compared to 8.7 percent in 1989.<sup>156</sup> Do you think that homebuilder consolidation is a problem? If so, what policy solutions do you support to address it?
5. Institutional investors, such as private equity firms, have bought up record numbers of single-family homes, manufactured housing communities, and rental properties, oftentimes

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<sup>152</sup> Brookings, “Make it count: Measuring our housing supply shortage,” Elena Patel, Aastha Rajan, and Natalie Tomeh, November 26, 2024, <https://www.brookings.edu/articles/make-it-count-measuring-our-housing-supply-shortage/>.

<sup>153</sup> *Id.*

<sup>154</sup> Affordable Housing Tax Credit Coalition, “Affordable Housing Credit Improvement Act (AHCIA) of 2023,” <https://www.taxcreditcoalition.org/ahcia/>.

<sup>155</sup> Minnesota Star Tribune, “U.S. Housing Secretary Ben Carson: More should follow Minneapolis and phase out single-family zoning,” Marissa Evans, June 18, 2019, <https://www.startribune.com/u-s-housing-secretary-ben-carson-more-should-follow-minneapolis-and-phase-out-single-family-zoning/511485922>.

<sup>156</sup> National Association of Home Builders, “Top Ten Builder Share Declines in 2023,” Aaron Wade, July 18, 2024, <https://eyeonhousing.org/2024/07/top-ten-builder-share-declines-in-2023/>.

jacking up rents and costs for families.<sup>157</sup> Do you agree that corporate investors buying up rental properties, crowding out individual buyers, and raising rents for renters is a problem?

6. Price fixing and other forms of collusion are illegal under antitrust law, however, companies like RealPage are allegedly enabling landlords to collude to raise rents using price-setting algorithms and non-public data.<sup>158</sup> Do you agree that federal regulators should take steps to address algorithmic price fixing in the housing market?
7. The high cost of capital has created a serious problem for housing construction, driving up expenses and stifling new development projects.<sup>159</sup>
  - a. Do you believe that the federal government has a role to play in lowering the cost of capital to increase the housing supply?
  - b. If so, what are your recommendations for specific actions that the federal government can take? If not, why not?
8. Congress created the Federal Home Loan Bank System (FHLBs) to provide liquidity for housing and community development. However, in recent years, the FHLBs have fallen short of their mission.<sup>160</sup> In fiscal year 2024, the FHLBs received approximately \$7.3 billion in government subsidies.<sup>161</sup> At the same time, the FHLBs paid \$3.4 billion to their members in dividends and only \$397 million to Affordable Housing Programs (AHP)—a 8.5 to 1 ratio.<sup>162</sup>
  - a. Should the FHLBs do more to support affordable housing?
  - b. Treasury and the Federal Housing Finance Agency, the regulator for the FHLBs, recently recommended that the FHLBs voluntarily contribute 20 percent of their net income to AHP.<sup>163</sup> Do you agree that FHLBs should commit a minimum of 20 percent of their net income to AHP?

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<sup>157</sup> U.S. Government Accountability Office, “Rental Housing: Information on Institutional Investment in Single-Family Homes,” May 2024, <https://www.gao.gov/assets/gao-24-106643.pdf>; Private Equity Stakeholder Project, “Private Equity Manufactured Housing Tracker,” September 13, 2024, <https://pestakeholder.org/pesp-private-equity-manufactured-housing-tracker/>.

<sup>158</sup> U.S. Department of Justice, Office of Public Affairs, “Justice Department Sues RealPage for Algorithmic Pricing Scheme that Harms Millions of American Renters,” press release, August 23, 2024, <https://www.justice.gov/opa/pr/justice-department-sues-realpage-algorithmic-pricing-scheme-harms-millions-american-renters>.

<sup>159</sup> Knowledge Finder, “Emerging Trends in Real Estate Global Outlook 2024,” March 12, 2024, <https://knowledge.uli.org/en/reports/emerging-trends/2024/emerging-trends-in-real-estate-global-outlook-2024>.

<sup>160</sup> Federal Housing Finance Agency, “Federal Home Loan Bank System,” <https://www.fhfa.gov/supervision/federal-home-loan-bank-system>.

<sup>161</sup> Consumer Federation of America, “New Report Shows Federal Home Loan Banks Received \$7.3 Billion in Subsidies, but Offered Little Public Benefits in Return,” press release, March 15, 2024, [https://consumerfed.org/press\\_release/new-report-shows-federal-home-loan-banks-received7-3-billion-in-subsidies-but-offered-little-public-benefits-in-return](https://consumerfed.org/press_release/new-report-shows-federal-home-loan-banks-received7-3-billion-in-subsidies-but-offered-little-public-benefits-in-return).

<sup>162</sup> Federal Home Loan Banks, “Combined Financial Report for the Year Ended December 31, 2023,” March 22, 2024, pp. 51, 89, [https://www.fhfb-of.com/ofweb\\_userWeb/resources/2023Q4CFR.pdf](https://www.fhfb-of.com/ofweb_userWeb/resources/2023Q4CFR.pdf).

<sup>163</sup> Federal Housing Finance Agency, “FHLBank System at 100: Focusing on the Future,” November 2023, p. 50, <https://www.fhfa.gov/programs/fhlbank-system-100>; U.S. Department of the Treasury, “Treasury Secretary Janet L. Yellen to Announce New Housing Efforts as Part of Biden Administration Push to Lower Housing Costs,” June 24, 2024, <https://home.treasury.gov/news/press-releases/jy2424>.



- c. If so, what actions will you take as Treasury Secretary to ensure that FHLBs reach that 20 percent minimum?
9. Experts have raised concerns that criminal actors are exploiting the U.S. residential real estate market to launder money and drive up costs for families.<sup>164</sup>
    - a. Do you commit to working proactively with FinCEN, CFIUS, and other agency partners to address any national security concerns arising out of these transactions?
    - b. Do you agree that it is important to maintain the bipartisan *Corporate Transparency Act*'s beneficial ownership reporting requirements,<sup>165</sup> which Congress concluded were critical to cracking down on malign actors seeking to conceal their ownership of entities in the United States to facilitate illicit activity like money laundering, the financing of terrorism, financial fraud, and acts of foreign corruption harming the national security interests of the United States?

### **Ending the Conservatorships of Fannie Mae and Freddie Mac**

Fannie Mae and Freddie Mac are critical actors in our nation's housing finance system, providing liquidity to thousands of banks, credit unions, and mortgage companies to originate mortgages. In the midst of the Great Recession, as both entities sustained massive losses due to the subprime mortgage crisis, the Bush Administration placed Fannie and Freddie into government conservatorship to prevent their collapse.<sup>166</sup> During this conservatorship, FHFA has worked with Fannie and Freddie to implement a series of reforms to stabilize the entities, prevent another financial crisis, and better serve families and communities with safe and affordable mortgages.<sup>167</sup> However, public reporting suggests that members of the Trump transition would like to end the conservatorships, which could increase housing costs for families and which would greatly enrich hedge fund managers who endorsed President-elect Trump.<sup>168</sup>

1. Do you support ending the conservatorships of Fannie Mae and Freddie Mac? If so, why?
2. If you decide to end the conservatorships of Fannie and Freddie, will you seek to do so through administrative action or through legislation by Congress? In your view, what conditions must be met before ending the conservatorships? Are there any congressional actions that must take place to end the conservatorships?

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<sup>164</sup> Financial Crimes Enforcement Network, "FinCEN Proposes Rule to Combat Money Laundering and Promote Transparency in Residential Real Estate," February 7, 2024, <https://www.fincen.gov/news/news-releases/fincen-proposes-rule-combat-money-laundering-and-promote-transparency#:~:text=%E2%80%9Cillicit%20actors%20are%20exploiting%20the,said%20FinCEN%20Director%20Andrea%20Gacki>.

<sup>165</sup> Corporate Transparency Act, Public Law 116-92.

<sup>166</sup> Federal Housing Finance Agency, "History of Fannie Mae and Freddie Mac Conservatorships," <https://www.fhfa.gov/conservatorship/history>.

<sup>167</sup> *Id.*

<sup>168</sup> Fortune, "Trump allies want to privatize Fannie Mae and Freddie Mac—but some economists warn it would make mortgages pricier," R.J Rico and the Associated Press, October 25, 2024, <https://fortune.com/2024/10/25/trump-allies-privatize-fannie-mae-freddie-mac/>.

3. In your estimation, how long would it take to meet any required preconditions and complete the process of releasing Fannie and Freddie from conservatorship?
4. Should the Trump Administration bar any individuals or entities who would financially profit from the end of Fannie and Freddie's conservatorships from discussions and decision-making about potential release?
5. What conditions would you seek in an agreement to end Fannie and Freddie's conservatorships to ensure that American families, especially low-income families, are not harmed by these efforts? How would such conditions be enforced?
6. If they are released from conservatorship, do you support requirements for Fannie and Freddie to continue to support access to affordable mortgage credit in all markets and for qualifying low- and moderate-income families? If so, how would you impose those requirements and would congressional action be necessary?
7. If they are released from conservatorship, do you support requirements for Fannie and Freddie to continue to support access to affordable multifamily mortgage credit for housing in all markets and for qualifying properties, including those affordable to low-income renters? If so, how would you impose those requirements and would congressional action be necessary?
8. Do you support requirements for Fannie and Freddie to continue to cross-subsidize the mortgages they insure when released from conservatorship so that mortgage rates do not increase for American families? If so, how would you impose those requirements and would congressional action be necessary?
9. Do you support requirements for Fannie and Freddie to be subject to regulated rates of return for shareholders when released from conservatorship to encourage responsible management of their businesses and to ensure that mortgage costs do not increase for American families? If so, how would you impose those requirements and would congressional action be necessary?
10. Under conservatorship, FHFA has required Fannie and Freddie to treat all originators equally without regard to size or business volume.<sup>169</sup> Do you pledge to maintain that requirement in any agreement to release Fannie and Freddie from conservatorship? If so, how would you implement and enforce such a requirement?
11. Before their conservatorships, Fannie and Freddie were prolific lobbyists of the federal government.<sup>170</sup> Does FHFA have the authority to restrict their lobbying activity outside of the conservatorships? If so, what tools would FHFA use to impose such a restriction? If

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<sup>169</sup> HousingWire, "FHFA formally ends mortgage volume discounts from Fannie Mae, Freddie Mac," Kelsey Ramírez, September 23, 2019, <https://www.housingwire.com/articles/50212-fhfa-formally-ends-mortgage-volume-discounts-from-fannie-mae-freddie-mac/>.

<sup>170</sup> CNBC, "Fannie, Freddie Spent Millions on Lobbying," Associated Press, July 17, 2008, <https://www.cnbc.com/2008/07/17/fannie-freddie-spent-millions-on-lobbying.html>.

not, are you concerned about the GSEs' lobbying activity if the conservatorships were terminated?

12. During the 2008 crisis, the federal government bailed out Fannie and Freddie, vindicating widespread investor views that the GSEs were backed by an implied government guarantee despite their lack of an explicit government guarantee.<sup>171</sup>
  - a. If the conservatorships are ended, would you support extending a full faith and credit guarantee to Fannie and Freddie, their securities, or their debt? In your view, would doing so require congressional action or could FHFA or the Treasury extend such a guarantee through administrative action?
  - b. Should Fannie and Freddie be charged a fee for any government guarantee, whether explicit or implied? If so, how much should that fee be and how would such a fee affect mortgage costs?
13. Because of the federal government's bailout of Fannie and Freddie, the federal government owns senior preferred shares in the GSEs.<sup>172</sup> Should American taxpayers be compensated for any reduction in their senior preferred shares?
14. In the midst of this housing supply crisis, do you agree that any funds returned to the Treasury from the redemption of Treasury's senior preferred or common shares of Fannie and Freddie should be earmarked to fund investments in affordable housing supply?
15. If Fannie and Freddie were released from conservatorship, do you anticipate that credit ratings for their products would be downgraded? If so, how much do you estimate that their ratings would be downgraded by and how would that rating downgrade affect investors' willingness to purchase their securities? How would these changes affect mortgage rates for homebuyers?
16. In your estimation, how much would private investors in Fannie and Freddie immediately gain from the release of the GSEs from conservatorship?
17. Can you commit to the American people that any efforts to release Fannie and Freddie from conservatorship will not raise housing costs?

### **Consumer Protection**

The Consumer Financial Protection Bureau (CFPB) is the only agency dedicated to protecting consumers in the financial marketplace and has delivered over \$21 billion in relief to consumers.<sup>173</sup> After reckless practices in the mortgage industry created the greatest economic catastrophe since the Great Depression, the CFPB restored and continues to maintain housing market stability. As former Republican FDIC Chair Sheila Bair wrote in a recent opinion piece:

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<sup>171</sup> NPR, "'Kill Them, Bury Them': The Rise Of Fannie And Freddie," Alex Blumberg, March 28, 2011, <https://www.npr.org/sections/money/2011/04/22/134863603/kill-them-bury-them-the-rise-of-fannie-and-freddie>.

<sup>172</sup> Federal Housing Finance Agency, "Senior Preferred Stock Purchase Agreements," <https://www.fhfa.gov/conservatorship/senior-preferred-stock-purchase-agreements>,

<sup>173</sup> Consumer Financial Protection Bureau, "The CFPB," <https://www.consumerfinance.gov/about-us/the-bureau/>.

“With a budget of less than \$700mn, or about 0.01 per cent of the federal budget, the CFPB has been giving Americans good bang for their buck.”<sup>174</sup> However, despite these successes, some of President-elect Trump’s team are advocating for the abolishment of the agency.<sup>175</sup>

1. Do you believe that the CFPB should be abolished?
2. Do you believe the source or amount of CFPB funding should be changed? If so, in what way?
3. Do you believe the CFPB’s enforcement authorities should be altered? If so, in what way?
4. Average credit card interest rates have nearly doubled to 23 percent over the last decade, and, and Americans are carrying a record \$1.17 trillion in credit card debt.<sup>176</sup> President-elect Trump recently said he would put a 10 percent cap on interest rates.<sup>177</sup> Do you agree with President-elect Trump that a 10 percent cap on credit card APRs should be enacted?
5. The CFPB has issued guidance indicating that discrimination by a financial institution may constitute an unfair, deceptive, or abusive act or practice, an interpretation that could help ensure that banks do not close accounts on the basis of protected characteristics like religion.<sup>178</sup> The CFPB has also issued rules and taken enforcement actions against financial institutions’ closures of accounts without adequate notice or opportunity to obtain funds constitutes an unfair, deceptive, or abusive act or practice.<sup>179</sup> Do you agree with the CFPB’s efforts to prevent debanking?

### **The Treasury Department’s Workforce**

The employees of the Treasury Department and its corresponding agencies play a key role in fulfilling the Treasury’s mission, including helping implement the President-elect’s agenda under

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<sup>174</sup> Financial Times, “Elon Musk should keep his hands off the CFPB,” Sheila Bair, December 12, 2024, <https://www.ft.com/content/83f8bf05-33d8-47f8-8e18-83bae9fb78c7>.

<sup>175</sup> Politico, “‘Delete CFPB’: Musk Calls for elimination of consumer bureau,” Michael Stratford, November 27, 2024, <https://www.politico.com/live-updates/2024/11/27/congress/delete-cfpb-musk-calls-for-elimination-of-consumer-bureau-00191994>.

<sup>176</sup> CNBC, “Credit card debt hits record \$1.17 trillion, New York Fed research shows,” Jessica Dickler, November 13, 2024, <https://www.cnbc.com/2024/11/13/credit-card-debt-hits-record-1point17-trillion-new-york-fed-finds.html>.

<sup>177</sup> Office of Senator Elizabeth Warren, “ICYMI: Warren at Hearing: Trump Would Have a ‘Strong Partner at the CFPB’ to Enact His Proposed 10% Cap on Credit Card Interest Rates,” December 12, 2024, <https://www.warren.senate.gov/newsroom/press-releases/icymi-warren-at-hearing-trump-would-have-a-strong-partner-at-the-cfpb-to-enact-his-proposed-10-cap-on-credit-card-interest-rates>.

<sup>178</sup> Consumer Financial Protection Bureau, “CFPB Targets Unfair Discrimination in Consumer Finance,” March 16, 2022, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-targets-unfair-discrimination-in-consumer-finance/>.

<sup>179</sup> Consumer Financial Protection Bureau, “CFPB Finalizes Rule on Federal Oversight of Popular Digital Payment Apps to Protect Personal Data, Reduce Fraud, and Stop Illegal ‘Debanking,’” press release, November 21, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-on-federal-oversight-of-popular-digital-payment-apps-to-protect-personal-data-reduce-fraud-and-stop-illegal-debanking/>; Consumer Financial Protection Bureau, “CFPB Takes Action Against Chime Financial for Illegally Delaying Consumer Refunds,” press release, May 7, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-chime-financial-for-illegally-delaying-consumer-refunds/>.

your management. Thus, it is critical that departments can effectively hire and retain high-quality employees.

1. Pre-dating the pandemic, the IRS and some other Treasury agencies developed innovative programs allowing employee telework and hybrid work while maintaining strict standards of employee evaluation and work review.<sup>180</sup> Part of that initiative has also been greatly reducing the amount of office space the IRS pays for at taxpayer expense.
  - a. Would it be your expectation to end the IRS and other Treasury agency telework policies or do you intend to continue to keep the leasing cost savings IRS has achieved through this program?
  - b. If you plan to reduce teleworking capabilities, how will you raise and allocate the revenue required by agencies to reinvest in physical work spaces? How will this relate with administration efforts to cut the deficit and reduce government costs?
2. Will you commit to uphold existing collective bargaining agreements and bargain in good faith in any negotiations?
3. On November 12, 2024, President-elect Trump announced the establishment of the “Department of Government Efficiency” (DOGE), which will “dismantle Government Bureaucracy, slash excess regulations, cut wasteful expenditures, and restructure Federal Agencies” to focus on efficiency and “[make] life better for all Americans.”<sup>181</sup> Reports indicate that aides from DOGE are contacting first-term cabinet members and asking them to indicate which political appointees and career officials that they should retain or fire.<sup>182</sup> If confirmed, would you oppose firing or reclassifying employees for any consideration other than performance?

### **Ethics Concerns**

You are one of 13 billionaires nominated to be in President-elect Trump’s cabinet.<sup>183</sup> In order to understand whether you have conflicts of interest and how you have personally benefitted from tax cuts and loopholes, please provide answers to the following questions:

1. For each of the three years, how much of a tax break did you receive from each of the following?
  - a. The carried interest loophole;
  - b. The corporate rate cut in the Tax Cuts and Jobs Act (TCJA);
  - c. The 199A pass-through deduction in TCJA;

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<sup>180</sup> U.S. Department of Treasury, “Telework Report to Appropriations Committee,” August 2023, <https://www.nteu.org/~media/Files/nteu/docs/public/telework/treasury-telework-2023.pdf?la=en>.

<sup>181</sup> NPR, “Trump taps Musk to lead a 'Department of Government Efficiency' with Ramaswamy,” Elena Moore, Camila Domonoske, and Jeongyoon Han, November 12, 2024, <https://www.npr.org/2024/11/12/g-s1-33972/trump-elon-musk-vivek-ramaswamy-doge-government-efficiency-deep-state>.

<sup>182</sup> Puck News, “The Best & the Brightest,” Tara Palmeri, [https://puck.news/newsletter\\_content/the-selzer-suit-a-o-c-s-big-blow-the-elon-vivek-grades-3/](https://puck.news/newsletter_content/the-selzer-suit-a-o-c-s-big-blow-the-elon-vivek-grades-3/).

<sup>183</sup> ABC News, “Trump has tapped an unprecedented 13 billionaires for his administration. Here's who they are,” Peter Charalambous, Laura Romero, and Soo Rin Kim, December 17, 2024, <https://abcnews.go.com/US/trump-tapped-unprecedented-13-billionaires-top-administration-roles/story?id=116872968>.

- d. Individual rate cuts in TCJA;
  - e. Individual Alternative Minimum Tax (AMT) repeal in TCJA;
  - f. Loss harvesting;
  - g. Pass-through income from Medicare tax.
2. How much do you expect to gain over the next 5 years, if the Trump tax cuts are extended? Specifically, how much do you estimate you would gain from each of the following:
    - a. The corporate rate cut in TCJA;
    - b. The 199A pass-through deduction in TCJA;
    - c. The individual rate cuts in TCJA;
    - d. The individual AMT repeal in TCJA;
    - e. The increased estate tax exemption in TCJA (all future expected benefit to your and your heirs).
  3. Who are Key Square Group’s biggest investors? How much did each investor benefit from the TCJA and how much do they stand to benefit from an extension of the TCJA in 2025?
  4. What are Key Square Group’s biggest holdings? How much did each investor benefit from the TCJA and how much do they stand to benefit from an extension of the TCJA in 2025?
  5. CFIUS is tasked with reviewing transactions involving foreign investments in the U.S., in order to determine the national security implications of those potential transactions.<sup>184</sup> Public reporting shows that you served as “a junior trader for Saudi Arabia’s family-owned Olayan Group.”<sup>185</sup> If the Olayan Group sought to invest in U.S. infrastructure, that transaction would be reviewed by CFIUS. Given the inherent conflict of interest, would you recuse yourself from consideration of or involvement with any potential investments in U.S. infrastructure by former clients like the Saudi family you helped manage money for?
  6. Do you plan to recuse yourself from any FSOC work related to the risks posed by individual hedge funds for which you have personal or professional ties?

### **Conclusion**

The Treasury Secretary is the President’s top economic adviser, and is responsible for a broad swath of the nation’s economy, with a portfolio that includes taxes, trade, the banking and financial system, sanctions and money laundering compliance, and management of the national debt. The Treasury Secretary must safeguard our financial system, ensure the fairness of our tax system, and expand economic opportunities for the middle class, not just help rich investors make more money.

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<sup>184</sup> U.S. Department of the Treasury, “The Committee on Foreign Investment in the United States (CFIUS),” <https://home.treasury.gov/policy-issues/international/the-committee-on-foreign-investment-in-the-united-states-cfius>.

<sup>185</sup> Forbes, “The Inside Story of Scott Bessent’s Ascent to Treasury Secretary Nominee,” John Hyatt, November 23, 2024, <https://www.forbes.com/sites/johnhyatt/2024/11/23/the-inside-story-of-scott-bessents-ascent-to-possible-treasury-secretary-nominee/>.

Your hearing before the Senate Finance Committee is scheduled for January 16, 2025, and I ask that you come to this hearing prepared to answer the questions in this letter. I also ask that you provide written answers to these questions prior to any Finance Committee vote to advance your nomination.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth Warren", written over a horizontal line.

Elizabeth Warren  
United States Senator