

Congress of the United States
Washington, DC 20515

July 9, 2009

President Barack Obama
The White House
Washington, DC 20500

Dear Mr. President,

The House Committee on Oversight and Government Reform recently held a hearing at which Ben Bernanke, Chairman of the Board of Governors of the Federal Reserve, testified regarding his alleged involvement in threats made to the management and board of Bank of America regarding its merger with Merrill Lynch.

While Chairman Bernanke testified that he made no such threats in relation to the merger, there is a considerable amount of other testimony and evidence that calls into question those claims.

As you of course know, the financial services regulatory reform proposal that your Administration put forward two weeks ago contains within it provisions that would grant the Federal Reserve considerable new powers and oversight over a broad swath of industry in this country in order to monitor and take action to reduce "systemic risk" in our economy. Before Congress, working with the Administration, moves forward on granting the Federal Reserve any additional power, however, the actions of the Federal Reserve related to the Bank of America/Merrill Lynch deal need to be fully investigated.

If a thorough investigation of these events brings to light conclusive evidence that the Federal Reserve has overstepped its authority and abused its power under current law (where it already wields considerable regulatory strength and broad authority), it would be inappropriate to grant it sweeping new powers. Even if an investigation does not yield conclusive evidence of wrongdoing, the allegations should give the Administration, Congress, and most importantly, the American people, pause before concentrating extensive new power in the hands of one regulatory entity with little to no direct accountability to the public.

Furthermore, there is additional evidence that the Federal Reserve withheld information from other regulators regarding its interaction with Bank of America. Again, with efforts underway to increase cooperation among regulatory entities, this evidence raises serious questions about the Federal Reserve's commitment to collaboration with other regulators and about the wisdom of concentrating even more power in this entity.

Given the events of the last few years and the resulting financial and economic turmoil in which our country now finds itself, it is appropriate that your administration, Republicans and

Democrats in Congress, and many other public and private entities, engage in a wide-ranging debate about what reforms are needed for our financial regulatory system. Momentum is now beginning to form to enact legislation to implement reforms. No additional powers should be contemplated for the Federal Reserve, however, until this issue is thoroughly investigated and the Federal Reserve is cleared of any wrongdoing. As mentioned above, even if it is cleared, we must ask ourselves, and we believe the American people are asking themselves, do we really want to centralize even more power in this entity?

Sincerely,

Scott Garrett

Chris Carney

Marcy Kaptur

Thomas Rice

Dan Burton

Walter B. Jones

Alan Grayson

Chadler McMath

Ron Paul

Marsha Blackburn

Patrick Spohn

Jim Boyce

Adrian Smith

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