

Congress of the United States
House of Representatives
Washington, DC 20515-1304

April 22, 2020

The Honorable Steven T. Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

The Honorable Jerome Powell
Chairman
Board of Governors of the Federal
Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Secretary Mnuchin and Chairman Powell:

We write today to demand that the Board of Governors of the Federal Reserve (“Fed”) and the Department of the Treasury (“Treasury”) strengthen their oversight over BlackRock’s advisory work for the Fed and provide transparency about its terms. It is your responsibility to ensure that BlackRock’s management of the Fed’s Primary Market Corporate Credit Facility and Secondary Market Corporate Credit Facility enhances long-term financial stability and does not simply exacerbate systemic risks in our economy. Operations that increase the size, market power and influence of BlackRock itself or other “too big to fail” institutions undermine our financial stability. Moreover, bailouts for politically connected fossil fuel companies leave our economy more vulnerable to climate-related financial risk while helping investors-- including BlackRock itself-- recoup their investments in activities that drive that risk. Our constituents expect us to oversee a relief effort that benefits the American people, not large corporations, and we hold you to the same standard.

BlackRock is already big, and you must ensure that its work during this crisis doesn’t cement the firm’s structural importance in the global economy and our dependence on it. BlackRock is the world’s largest asset manager with \$7 trillion in assets under management as of February. Since 2008, when the Federal Reserve Bank of New York hired BlackRock for advisory services in the midst of the financial crisis, the firm has nearly doubled in size. The firm’s risk management software ALADDIN (Asset Liability and Debt and Derivative Investment Network) monitors \$18 trillion in assets, and countless corporations and governments including the Fed and Treasury have relied on it at different moments including this one. You must ensure that the information, access and power that BlackRock gets from its work does not make the U.S. Government reliant on the firm for managing financial crises.

BlackRock has avoided strong oversight. BlackRock is well-known in Washington and close with regulators: over the past 15 years more than 100 individuals entered the “revolving door” between BlackRock and the federal government, central banks GSE’s or other governmental bodies, and the firm now spends more than \$2 million a year on federal lobbying. For all this, trillions of dollars’ worth of assets under management and the power of its ALADDIN software, BlackRock has avoided the designation of “systemically important” from the Financial Stability Oversight Council (FSOC) and the stricter oversight that comes with it. As regulators and voting members of the Financial Stability Oversight Council, I urge you to consider how BlackRock’s work with the Federal Reserve underlines its systemic importance.

Programs overseen by BlackRock should not encourage risky corporate practices or bail out the fossil fuel industry. The COVID-19 virus is the proximate cause of the recent economic downturn, but worrying long-term trends like corporate debt and climate change have made our financial system uniquely vulnerable

to collapse. These are not partisan talking points: Former Federal Reserve Chairs Ben Bernanke and Janet Yellen have raised the alarm about corporate debt and BlackRock CEO Larry Fink himself has stressed the importance of protecting our economy from risk stemming from climate change driven by the fossil fuel industry. The Federal Reserve and Treasury need to protect the U.S. people-- and U.S. investors-- from these risks and ensure that BlackRock does the same.

Congress, the Administration and regulators must oversee the contract between BlackRock and the Federal Reserve in a way that restores public trust in our government. To that end, we ask the following:

1. **Create stronger oversight structures now.**

Appoint an Inspector General as soon as possible to monitor these programs and ensure regulatory compliance and a focus on long-term economic resiliency.

2. **Provide transparency regarding BlackRock's work with the Federal Reserve.**

Submit to Congress the full details of all contracts for programs managed by BlackRock, including primary & secondary market corporate credit facilities, such as:

- Current and future investment guidelines;
- Rationale for the guidelines, including any changes, additions, or amendments moving forward;
- Conflict of interest policies and procedures that BlackRock must abide by for the execution of these contracts. This should include a list of individuals from BlackRock that will sit above the internal "wall" as referenced in the Investment Management Contract;
- Documents pertaining to how these programs will affect BlackRock's own ETF's, even if BlackRock does not retain the fees from their purchase.

3. **Demonstrate a commitment to the long-term resiliency of our economy.**

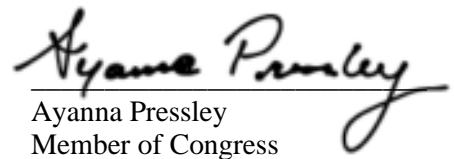
Submit a plan to Congress within 90 days that demonstrates how the Fed will ensure that BlackRock's activities can build a more resilient economy and diminish the long-term risks of corporate debt and climate change.

We look forward to your response by Monday, April 27.

Sincerely,


Jesús G. "Chuy" García
Member of Congress


Rashida Tlaib
Member of Congress


Ayanna Pressley
Member of Congress

Co-signers:

André Carson
Ilhan Omar

Steve Cohen
Jared Huffman

Alexandria Ocasio-Cortez
Jan Schakowsky