

From: [Kurt A. Sears](#)
To: [FOMC-Regs-Comments](#)
Subject: Part 271 Rules Regarding Availability of Information
Date: Thursday, October 15, 2020 3:49:15 PM

NONCONFIDENTIAL // EXTERNAL

To Whom It May Concern,

As an American Citizen, I have severe concerns with the increasing lack of transparency being proposed by the Board of Governors of the Federal Reserve System in regards to the changes being made to 12 CFR Part 271, Rules Regarding Availability of Information for the Federal Open Market Committee. My concerns specifically involve § 271.15 under which the Committee will exempt disclosure of any information specifically authorized by Executive Order. This means the President of the United States can protect the Committee from potential criminal investigation, if indictable evidence exists in Committee records, through issuing an Executive Order which circumnavigates the Rule of Law established by the Constitution. These actions also disrupt the public's right to Freedom of the Press by allowing records which could be damaging to the reputation of the Committee to be withheld from public scrutiny by blocking access to journalists and news agencies. These exemptions can be arbitrarily enforced by Executive Order rather than being subjected to jurisprudence. Of additional concern is the following section under § 271.15:

"(8) Any matter that is contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions, including a state financial institution supervisory agency."

This creates conditions under which the Committee can withhold information regarding major financial institutions such as Globally Systematically Important Financial Institutions (G-SIFI) that may be putting public funds at significant risk based on the findings of these reports that are proposed to be exempt from public scrutiny. This is an unconscionable legislative action by the Committee as banks such as J.P. Morgan Chase have been indicted on several felony counts for inappropriate behavior since the 2008 Financial Crisis, and this section of the legislation allows for further obfuscation of information vital to the public's financial interests.

The Federal Reserve is not an elected body and is a corporation outside of public control. This creates conflicts of interest as often times the Board of Governors are linked to these G-SIFIs through previous employment or through direct financial ties. Additionally, leadership over the Committee as well as Board Members these G-SIFIs also share membership in organizations, such as the Council on Foreign Relations, which creates a potential for further conflicts of interest by acting as a vehicle for undisclosed discussions around fiscal policy. Presently, Jerome Powell (Federal Reserve), Larry Fink (BlackRock), Jane Fraser (Citibank), and Jamie Dimon (J.P. Morgan Chase) are all listed members of this organization. Membership in an organization, in and of itself, does not represent a conflict of interest. However, due to the secretive nature of the Council on Foreign Relations and the increasing lack of transparency being proposed in the current legislative changes, it opens the Federal Reserve up to increased public scrutiny due to a lack of accountability. As the richest Americans thrive financially while more and more impoverished citizens suffer during the

current economic downturn, the Board of Governors consistently demonstrates a bias toward helping primarily those G-FSIs that create many of the financial crises experienced in the United States. This is increasingly apparent as major financial institutions post large quarterly profits fueled by the cheap debt being distributed by the Federal Reserve, and small businesses fail due to excessive and unrealistic requirements imposed by the Board of Governors on the Main Street Lending Facility which had a stated purpose of helping the very businesses it willingly excludes.

Based on the above perceived conflicts of interest, and due to the nature of the work of the Federal Reserve, there should be an increase in transparency and disclosure of information rather than establishing guidelines that decrease transparency. This represents a disturbing trend as even in the current financial situation the Federal Reserve refuses to abide by established United States law as evidenced by the continuing lack of transparency around the following emergency facilities:

- Primary Dealer Credit Facility
- The Commercial Paper Funding Facility
- The Money Market Mutual Fund Liquidity Facility

Under Section 1101 of the Dodd-Frank Act of 2010, the Board of Governors of the Federal Reserve System are required to provide information on facilities, such as those listed above, to the Senate Banking Committee and the House Financial Services Committee within seven days, with regular updates. As of October 15, 2020, these disclosures have not occurred based on information provided on the Federal Reserve's website on the 'Reports to Congress Pursuant to Section 13(3) of the Federal Reserve Act in Response to COVID-19' webpage. Since the changes proposed in this legislation by the Committee appear to more heavily favor the public having to use their 'Electronic Reading Room' to review information, the lack of disclosure currently present on their website suggests that the public will not receive timely information that could impact their individual financial decisions. There appears to be a concerted effort in the financial sectors of government to further erode transparency as Treasury Secretary Mnuchin supports a partial repeal of the Dodd-Frank Act that the Board of Governors are currently out of compliance with.

Based on the above statements, it appears the Federal Reserve is looking to create legislative protections that insulate major financial institutions from public scrutiny despite the fact that the American taxpayers ultimately shoulder the cost of the increasing federal debt that is being used to bolster these G-FSIs. Many of these institutions have shown a pattern of behavior that demonstrates a willingness to gamble, in the name of profit margin, with depositor money rather than abide by fiscally responsible standards. By further exempting their operations from public scrutiny, the Federal Open Market Committee is effectively removing public participation from financial information and decisions that can and do impact the taxation of the American people. This in effect creates a system of taxation without representation, that is prohibited by the U.S. Constitution, due to the inability of duly elected officials to know about and approve of financial decisions made by the Committee. These decisions could potentially impact future tax burdens based on outcomes that can increase the national debt for which the American public is ultimately held responsible. The fiscal policy the Federal Reserve is pursuing with this legislation is one that privatizes the financial gains of G-FSIs from taxpayer money while putting the responsibility for their failures in the hands of the taxpayers through these sustained bailout programs.

Sincerely,
Kurt A. Sears