May 20, 2020

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

The Honorable Steven T. Mnuchin  
U.S. Department of the Treasury  
1500 Pennsylvania Ave NW  
Washington, D.C. 20220

Dear Chairman Powell and Secretary Mnuchin:

We write to strongly urge you to reconsider use of the Primary Market Corporate Credit Facility (PMCCF) program to bail out large corporations without any guardrails. Taxpayer assistance should include essential corporate accountability provisions and put workers and taxpayers first.

In 2008, the federal response to the financial crisis provided hundreds of billions of dollars in a bailout with virtually no conditions. The results for Wall Street were tremendous – a quick return to profitability, large executive compensation packages, major stock buy-back programs, and more.

For working families, the results were unacceptable. For years after the crisis, American families struggled to return to financial stability, and many still have not. Workers lost jobs, hard-earned pensions, benefits, and homes, and never fully recovered.

Now, faced with an unprecedented economic crisis unleashed the Administration’s failed response to COVID-19, millions are concerned that they will once again be left behind.

The taxpayer protections for corporate bailout funds included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act do not go far enough, but the legislation does take steps to correct some of the mistakes made in 2008 by ensuring that relief to corporations comes with minimal guardrails.

The CARES Act was signed into law on March 27 and required recipients of direct loans from Federal Reserve programs or facilities to agree to suspend stock buybacks for the life of the loan, plus one year; stop dividends and other capital distributions for the life of the loan, plus one year; and restrict pay increases for corporate officers (and reduces overall pay for the highest-paid CEOs) until one year after the loan is repaid.

Before the CARES Act was passed into law, on March 23, 2020, the Federal Reserve unveiled the PMCCF program offering both direct loans and bond purchases to corporations. On April 9, two weeks after the new restrictions in CARES went into effect, the Fed modified the PMCCF to exclude direct lending, thereby ensuring that large corporations will be able to access taxpayer
funding without any strings attached. The Fed did not provide any explanation for the removal of the direct lending from the facility – but the functional effect appears to create a loophole that allows corporations to accept Federal Reserve loans without requiring that they abide by the CARES Act requirements put in place by Congress and the President.

Without these guardrails, we are concerned that this aid will result in massive giveaways with no accountability or protections for workers or taxpayers. To the extent that the Federal Reserve considers assistance to particular corporations, we seek some accountability rather than a blank check. To that end, we urge you to ensure that Primary Market Corporate Credit Facility program terms include appropriate constraints for those corporations accepting taxpayer funding, including at the very least:

- **Tax dollars must not be used to reward wealthy shareholders and executives.** No stock buybacks, dividends, or executive bonuses until federal funds are repaid in full.
- **Tax dollars must not be used to fuel out of control CEO-to-worker pay ratios.** To ensure these funds should be used to support workers and not line the pockets of corporate executives and officers, there should be a cap on executive compensation for companies that accept bailout money.
- **Workers must come first.** Corporations must use federal assistance to maintain their payrolls without implementing concessions on wages, hours, or benefits. Workers and collective bargaining agreements must be protected in the case of bankruptcy, no funds should be used for anti-union campaigns or to undermine collective bargaining efforts, and all companies receiving aid should guarantee a $15 minimum wage for all workers, contractors, and subcontractors no later than January 1, 2021.
- **Workers must have a seat at the table.** Corporate recipients of public assistance must reserve at least one seat on their board for a representative elected by workers.
- **Companies must be transparent.** All companies receiving aid should disclose how federal aid funds are being used to help its workers as well as country-by-country tax reporting information.
- **No bailouts for “inverted companies.”** The current rule in the most recent version of the Fed’s term sheet that corporations must be headquartered in the United States to be eligible for assistance must be strongly enforced.

Sincerely,

Peter A. DeFazio  
Member of Congress

Lloyd Doggett  
Member of Congress

Elizabeth Warren  
United States Senator

Grace F. Napolitano  
Member of Congress

Edward J. Markey  
United States Senator

Raúl M. Grijalva  
Member of Congress

Jeffrey A. Merkley  
United States Senator

Mark Takano  
Member of Congress

Sheldon Whitehouse  
United States Senator
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