



June 8, 2015

President Barack Obama  
The White House  
1600 Pennsylvania Ave NW  
Washington DC 20500

Dear Mr. President:

The Project On Government Oversight is a nonpartisan independent watchdog that champions good government reforms. POGO's investigations into corruption, misconduct, and conflicts of interest achieve a more effective, accountable, open, and ethical federal government.

We are writing to request that you ask Mary Jo White to step down as Chair of the Securities and Exchange Commission (SEC), and that you designate a new head of the agency.

As a candidate for office, you said you would “make it absolutely clear that working in an Obama administration is not about serving your former employer, your future employer or your bank account—it’s about serving your country, and that’s what comes first.”<sup>1</sup> As President, you’ve pledged to “close the ‘revolving door’ that carries special interest influence in and out of the government.”<sup>2</sup>

Unfortunately, White’s tenure as SEC Chair has allowed the revolving door between Washington and Wall Street to remain wide open.

When you nominated White to head the SEC, we raised concerns about her recent history representing powerhouse Wall Street firms such as JPMorgan and UBS.<sup>3</sup> We warned that she would have to either 1) recuse herself from overseeing former clients, making her an ineffective agency leader, or 2) be allowed to work on SEC matters that affect those clients, despite the obvious conflict of interest.

We’re sorry to say that our predictions have come true. Since joining your Administration, White has had to sit on the sidelines when the SEC took action in high-profile cases against JPMorgan

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<sup>1</sup> Anne E. Kornblut, “Obama Pledges Stronger Lobbying Reforms,” *The Washington Post*, June 23, 2007. <http://www.washingtonpost.com/wp-dyn/content/article/2007/06/22/AR2007062201019.html> (Downloaded June 5, 2015)

<sup>2</sup> The White House, “Shutting the Revolving Door.” <https://www.whitehouse.gov/21stcenturygov/actions/revolving-door> (Downloaded June 5, 2015)

<sup>3</sup> Project On Government Oversight, “Why Congress Should Be Wary of Mary Jo White,” March 11, 2013. <http://www.pogo.org/blog/2013/03/20130311-why-congress-should-be-wary-of-mary-jo-white.html>; Project On Government Oversight, “Prospective SEC Chairman Dismisses Revolving Door Concerns,” March 12, 2013. <http://www.pogo.org/blog/2013/03/20130313-prospective-sec-chairman-dismisses-revolving-door-concerns.html>

and Bank of America because of her potential conflicts.<sup>4</sup> As of February 2015, White had recused herself from more than 48 enforcement actions, according to *The New York Times*—including at least 10 cases where the company or individual under investigation was represented by her husband’s law firm.<sup>5</sup>

Meanwhile, White has been granted waivers from the ethics pledge you asked your appointees to sign. Those waivers allowed her to oversee her former client, Credit Suisse, after the Swiss bank pleaded guilty to helping U.S. taxpayers file false tax returns over the course of several decades.<sup>6</sup>

Now that her cooling off period has expired under the ethics pledge, White won’t even need a waiver to oversee her former Wall Street clients. Meanwhile, the SEC under White’s tenure has with few exceptions continued to appoint representatives of Wall Street to some of the agency’s top positions. Just last month, the SEC named a senior Goldman Sachs lawyer as the agency’s chief of staff.<sup>7</sup>

This isn’t just a technical ethics issue. White’s views have often aligned with those of her former Wall Street clients, showing how the revolving door can also lead to regulatory capture. Earlier this year, she defended the agency’s long-standing practice of issuing enforcement waivers and exemptions to firms charged with wrongdoing.<sup>8</sup> Former clients of White, such as UBS and JPMorgan, have received these waivers even when they were accused of repeatedly violating the same provisions of the securities laws.<sup>9</sup> SEC Commissioner Kara Stein—who doesn’t have a history of representing Wall Street—has warned that some big banks are becoming “too big to bar” as a result of these waivers.<sup>10</sup>

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<sup>4</sup> Deborah Solomon, “Washington’s Revolving Door Catches SEC,” *The Wall Street Journal*, September 19, 2013. <http://blogs.wsj.com/washwire/2013/09/19/washingtons-revolving-door-catches-sec/>; Robert Schmidt and David Michaels, “Bank of America Granted Penalty Relief in SEC Mortgage Case,” *Bloomberg*, November 20, 2014. <http://www.bloomberg.com/news/articles/2014-11-20/bank-of-america-granted-penalty-relief-after-sec-compromise> (All downloaded June 5, 2015)

<sup>5</sup> Peter Eavis and Ben Protess, “She Runs S.E.C. He’s a Lawyer. Recusals and Headaches Ensue.” *The New York Times*, February 23, 2015. <http://www.nytimes.com/2015/02/24/business/dealbook/sec-hamstrung-by-its-leaders-legal-ties.html> (Downloaded June 5, 2015)

<sup>6</sup> Project On Government Oversight, “SEC Chair Got Waiver to Oversee Wall Street Law Firm,” January 14, 2015. <http://www.pogo.org/blog/2015/01/20150114-sec-chair-got-waiver-to-oversee-wall-street-law-firm.html>; Project On Government Oversight, “Head of SEC Given Waiver to Oversee Past Client,” February 7, 2014. <http://www.pogo.org/blog/2014/02/head-of-sec-given-waiver-to-oversee-past-client.html>

<sup>7</sup> Securities and Exchange Commission, “SEC Names Andrew J. Donohue as Chief of Staff,” May 28, 2015. <http://www.sec.gov/news/pressrelease/2015-103.html> (Downloaded June 5, 2015)

<sup>8</sup> Speech by Mary Jo White, Chair, Securities and Exchange Commission, on “Understanding Disqualifications, Exemptions and Waivers Under the Federal Securities Laws,” March 12, 2015. <http://www.sec.gov/news/speech/031215-spch-cmjw.html> (Downloaded June 5, 2015)

<sup>9</sup> Project On Government Oversight, “SEC Alumni Help Firms Get a Break,” February 11, 2013. <http://www.pogo.org/our-work/reports/2013/dangerous-liaisons/sec-alumni-help-firms-get-a-break.html>

<sup>10</sup> Dissenting statement by Kara M. Stein, Commissioner, Securities and Exchange Commission, in the Matter of The Royal Bank of Scotland Group, April 28, 2014. <http://www.sec.gov/News/PublicStmnt/Detail/PublicStmnt/1370541670244>; Dissenting statement by Kara M. Stein, Commissioner, Securities and Exchange Commission, in the Matter of Deutsche Bank AG, May 4, 2015. <http://www.sec.gov/news/statement/dissenting-statement-deutsche-bank-ag-wksi.html> (All downloaded June 5, 2015)

To be sure, White's tenure hasn't been all bad news. We appreciate her efforts to require more admissions of wrongdoing by banks and other companies charged with violating the securities laws, as well as her statements in support of industry whistleblowers.<sup>11</sup>

But at a time when public trust in government is at an all-time low, we deserve a cop on the beat who can protect our interests with no strings attached. As long as White continues to serve as SEC Chair, there will always be an appearance that she is going easy on the Wall Street titans she used to represent.

We urge you to uphold the promise of your Administration's ethics pledge by slowing the revolving door between Washington and Wall Street and naming an SEC Chair, such as Commissioner Stein, who can provide real accountability and help restore the public's trust.

Sincerely,

A handwritten signature in black ink that reads "Danielle Brian". The signature is written in a cursive, flowing style.

Danielle Brian  
Executive Director

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<sup>11</sup> Speech by Mary Jo White, Chair, Securities and Exchange Commission, on "Deploying the Full Enforcement Arsenal," September 26, 2013. <http://www.sec.gov/News/Speech/Detail/Speech/1370539841202>; Speech by Mary Jo White, Chair, Securities and Exchange Commission, on "The SEC as the Whistleblower's Advocate," April 30, 2015. <http://www.sec.gov/news/speech/chair-white-remarks-at-garrett-institute.html> (All downloaded June 5, 2015)