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Congress of the United States
House of Representatives
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COMMITTEES:

FINANCIAL SERVICES
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT
SUBCOMMITTEE ON INSURANCE, HOUSING AND COMMUNITY OPPORTUNITY

HOUSE PERMANENT SELECT COMMITTEE ON INTELLIGENCE
CHAIRMAN, SUBCOMMITTEE ON OVERSIGHT

DEPUTY WHIP

May 18, 2012

The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, District of Columbia 20551

Dear Chairman Bernanke,

On May 9, 2012, the Federal Reserve Board voted to approve the application of three Chinese banks, Bank of China; the Agricultural Bank of China; and the Industrial and Commercial Bank of China, to operate in the United States under the International Banking Act. We have serious concerns about allowing banks owned by the government of China to operate in the United States. To approve these applications could have serious consequences to our national security interests and threatens the stability of the U.S. banking system as a whole. As the primary regulator for safety and soundness in the U.S. banking system, we urge you to reconsider your approval of these banks.

As the Federal Reserve noted in their approval, the Bank of China is 71% owned by the Chinese government; the Agricultural Bank of China is 83% owned by the Chinese government; the Industrial and Commercial Bank of China is 70% owned by the government of China. In fact, the Industrial and Commercial Bank of China is larger by assets than any bank in the United States at $2.5 trillion in assets. By contrast, the largest U.S. bank, J.P. Morgan Chase, holds $2.3 trillion in total assets. Further, the China Investment Corporation, one of China's sovereign wealth funds, has joined the Industrial and Commercial Bank of China in its application.

Given that the Federal Reserve is charged with regulating bank holding companies and rooting out systemic risk, we request your response to the following questions regarding your decision to allow these Chinese government controlled banks to operate within our borders:

1. Did the Federal Reserve consult with our national security leaders before the approval of these applications, and if so, who?
2. Did the Federal Reserve consult the Treasury Secretary prior to voting to approve these applications? If so, what was the response from the Treasury Secretary?
3. Given that at least one of these banks is larger than the largest U.S. domiciled bank, does the Federal Reserve consider any of these banks to be systemically important financial institutions (SIFIs)? If so, does the Federal Reserve intend to recommend they are regulated under Title I of Dodd-Frank?
4. Will the Federal Reserve have access to information regarding the parent banks headquartered in China?

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5. Will the Federal Reserve be coordinating with Chinese bank regulators to ensure the safety and stability of the financial sector?
6. Has the Federal Reserve required additional data security measures to both the Federal Reserve data system and for these three Chinese banks to protect confidential information from potential breaches?
7. Did these three applications go through a Committee on Foreign Investment in the United States (CFIUS) review prior to the Federal Reserve Board approving these applications?

We look forward to your response on this issue and are working to ensure Congress will hold hearings to look into these deals and the decisions made by the Federal Reserve. In these tough economic times, we need to be sure our domestic economic security is protected from Chinese government-owned businesses who may have ulterior motives for seeking access to our markets while not allowing similar levels of access to U.S. businesses to the Chinese market.

Sincerely,

Rep. Lynn Westmoreland
Member of Congress

Rep. Bill Huizenga
Member of Congress

Rep. Bill Posey
Member of Congress

Rep. Walter Jones
Member of Congress

Rep. Blaine Luetkemeyer
Member of Congress

Rep. Sandy Adams
Member of Congress

Rep. Thaddeus McCotter
Member of Congress