

October 22, 2015

The President  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

Dear Mr. President,

On behalf of our millions of supporters across the country, we are writing to urge you to put in place a policy for the remainder of your term that would require new administration officials coming from the financial industry to forego compensation offered by their former employers in exchange for their decisions to enter into public service.

As you know, these types of “government service golden parachute” compensation packages are highly controversial. In July, Senator Baldwin and Representative Cummings introduced the Financial Services Conflict of Interest Act, a bill that would make this practice *criminally illegal* under the *bribery* section of the U.S. Code. Three Democratic presidential candidates – Secretary Clinton, Senator Sanders, and Governor O’Malley – have announced that they support this bill and believe parachutes should come to an end. While the administration has not yet weighed in on this specific legislation or spoken out against golden parachutes for government service more generally, everyone from Senator Elizabeth Warren, to Secretary Clinton, to *The Wall Street Journal* editorial board<sup>1</sup> agree that they are contrary to the public interest and exacerbate problems associated with the revolving door between Wall Street and Washington.

Generally, corporations grant executives bonuses in order to attract and retain talented employees. Awarding outsized bonuses and gifts of equity to Wall Street executives who leave to go into public service is either a breach of a public corporation’s fiduciary duty to its stockholders or a down payment on future services rendered. At best, it creates the appearance of corruption and conflict of interest. At worst, it results in undue and inappropriate corporate influence at the highest levels of government – in essence, a barely legal, backdoor form of bribery.

Golden parachutes for government service are rare in most industries, but common among senior government officials who were previously employed at Wall Street banks. Prominent examples of officials currently in your administration who have accepted golden parachutes for entering government service include Treasury Secretary Jack Lew (Citigroup Inc.), Counselor to the Treasury Secretary Antonio Weiss (Lazard Ltd.), and Undersecretary for International Trade at the Department of Commerce Stefan Selig (Bank of America Corp).

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<sup>1</sup> *Jack Lew’s Golden Parachute*, Editorial, *The Wall Street Journal*, February 26, 2013.

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Golden parachutes are corrosive to the public trust, and you should require any new administration official to forego them as a condition of employment. This is something you have, in fact, done before. Early in your administration, you asked Michael Froman to forego his bonus from Citigroup because of perception issues related to the 2008 financial crisis. Applying such a condition for employment more broadly would not require an act of Congress, or even an executive order. But it would restore public trust in government, help slow the revolving door between Washington and Wall Street, and recognize the well-founded concerns of the American people that this practice runs sharply contrary to the public interest. We sincerely hope that you move in this direction.

Sincerely,

AFL-CIO

American Family Voices

American Federation of State, County and Municipal Employees (AFSCME)

Americans for Financial Reform

BCTGM International Union

Center for Biological Diversity

Center for Effective Government

Center for Popular Democracy

CEPR

Citizens for Responsibility and Ethics in Washington

Communications Workers of America (CWA)

Courage Campaign

CREDO Action

Democracy for America

Democracy Matters

Free Speech for People

Friends of the Earth

Institute for Agriculture and Trade Policy

Institute for Policy Studies, Global Economy Project

International Union of Bricklayers & Allied Craft Workers

MoveOn

NEA

Other98

Progressive Strategies

Public Citizen

Rootstrickers

The Marco Consulting Group

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