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United States Senate

WASHINGTON, DC 20510

January 17, 2013

The Honorable Benjamin Bernanke
Chairman
Board of Governors of the Federal Reserve
Washington, D.C. 20551

Mr. Thomas Curry
Comptroller of the Currency
Administrator of National Banks
Washington, D.C. 20219

Dear Chairman Bernanke and Comptroller Curry:

In the wake of the global financial crisis, the United States government has brought numerous civil, criminal, and enforcement actions against the largest financial institutions. These actions have included securities fraud, fair lending violations, consumer abuses, and market manipulation. The most recent example is last week's \$8.5 billion settlement between the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), and the nation's 10 largest mortgage servicers for widespread fraud in the foreclosure practices of these servicers.

The acts of these institutions are doubly harmful to ordinary Americans. They suffer first as homeowners, consumers, and investors, but they suffer again as taxpayers because companies can deduct the cost of penalties from their federal tax bills. It is simply unfair for taxpayers to foot the bill for Wall Street's wrongdoing. I urge you, the Justice Department, and the other financial regulators to adopt the practice employed by the Securities and Exchange Commission (SEC), which prohibits companies from deducting settlement costs as a business expense. This rule should apply to this settlement as well as any future settlements with financial institutions. For too long, too many have treated breaking the law as a cost of doing business. It is not. Breaking the law should not be a business expense.

Thank you for your attention to this important matter.

Sincerely,



Sherrod Brown
United States Senator

Cc: The Honorable Martin Gruenberg, Chairman, Federal Deposit Insurance Corporation
The Honorable Eric Holder, Attorney General, U.S. Department of Justice
The Honorable Gary Gensler, Chairman, Commodity Futures Trading Commission
The Honorable Shaun Donovan, Secretary, U.S. Department of Housing and Urban Development