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United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

KOLAN L. DAVIS, *Chief Counsel and Staff Director*
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June 14, 2017

VIA ELECTRONIC TRANSMISSION

The Honorable Jeff Sessions
Attorney General
U.S. Department of Justice
Washington, D.C.

Dear Attorney General Sessions:

I write regarding the directive you issued on June 5, 2017, ending the Department's practice of entering into settlement agreements that direct a payment to a non-governmental person or entity that is not a party to the dispute.¹ I am pleased to see the Department put an end to this practice, which the Obama administration used on multiple occasions to circumvent the congressional appropriations process by funneling money to politically active organizations and thereby effectively restore funding to organizations that Congress deliberately defunded.

As you know, I have written to the Department several times about this practice—most recently on October 27, 2016, concerning the Department's settlements in its mortgage-lending lawsuits in 2013 and 2014 with Bank of America, Citigroup, and JPMorgan Chase.² Pursuant to those settlement agreements, at least \$640 million was directed to third-party organizations instead of being deposited into the U.S. Treasury or paid to individuals who suffered harm.

In that letter, I requested documents related to the Department's communications about the settlements. However, the Committee did not receive a fully responsive document production from the previous administration. As discussed between your office and my staff, the request remains outstanding.

Additionally, please provide a complete list of all settlement agreements reached during the Obama administration that involved payments to non-governmental third parties. For each of these settlements, please provide the following information:

1. A copy of the settlement agreement and any attendant documents directing a settling defendant to pay a sum of money to any non-governmental third party;

¹ Memo from the Attorney General to All Department of Justice Component Heads and United States Attorneys (June 5, 2017).

² Letter from Hon. Charles E. Grassley, Chairman, Senate Judiciary Committee, to Hon. Loretta Lynch, Attorney General, U.S. Department of Justice (Oct. 27, 2016).

2. The total amount required to be paid by a settling defendant to non-governmental third parties;
3. The list of non-governmental third parties from which the settling defendant was allowed to choose as recipients for required payments;
4. Which organizations the settling defendant selected as recipients for the required payments;
5. How much the settling defendant was required or elected to pay to each selected non-governmental third party;
6. To date, a full accounting of what payments have been made to non-governmental third parties; and
7. Any payments that were made to the federal government but which have already been, or are intended for, distribution by the federal government to non-governmental third parties for purposes other than restitution to a victim or directly remedying the harm that is sought to be redressed.

Finally, please provide a detailed explanation as to whether any payments during this time period, as directed by the Department between settling defendants and non-governmental third parties, could lawfully be rescinded and re-directed back into the General Fund of the U.S. Treasury. If such a procedure is consistent with law and the Department's authority, please explain when the Department will commence any such action.

Please respond to the above requests no later than June 28, 2017. Thank you in advance for your cooperation with this request. If you have questions, please contact Samantha Brennan or Kyle McCollum of my Committee staff at (202) 224-5225.

Sincerely,



Charles E. Grassley
Chairman
Senate Judiciary Committee

cc: The Honorable Dianne Feinstein
Ranking Member
Senate Judiciary Committee