



May 5, 2025

Representative Lisa McClain  
562 Cannon House Office Building  
Washington, DC 20515

Dear Representative McClain,

The ESOP Association is proud to endorse the EBSA Investigations Transparency Act (HR 2869), legislation that would require the Employee Benefits Security Administration (EBSA) to report to Congress annually on the status of any longstanding active investigations. This important bill helps ensure transparency and oversight of EBSA's current investigatory tactics and supports Congress's longstanding and bipartisan intent to promote and expand employee ownership in the United States.

The ESOP Association is the largest organization in the world supporting employee-owned companies, the nearly 11 million U.S. employee owners who participate in employee stock ownership plans (ESOPs), and the professionals who serve them. We conduct and fund academic research, provide comprehensive services to employee-owned businesses, and represent employee owners and their companies before federal and state lawmakers.

Evidence of EBSA's lengthy investigatory tactics is not speculation or anecdotal. Reports from the Government Accountability Office (GAO) show that EBSA is failing to conduct enforcement in a timely fashion. The May 2021 GAO report found that 17% of all investigations opened in 2017 were still open four years later. Plan sponsors often share that investigations lack specificity or purpose and drag on for years at great cost to ESOP companies and their professional advisors. The needed and overdue annual reporting required by HR 2869 coupled with continued congressional oversight would help limit these abuses.

For years, The ESOP Association's members have noted EBSA's investigations have been not just lengthy, but unspecific and disproportionately focused on ESOP companies and plan sponsors. Since 2005 the Department of Labor (DOL) has engaged in a National Enforcement Project focused on ESOPs. Past Office of the Inspector General (OIG) reports have shown that EBSA spent about 7% of its time on this effort, while the ESOP community represents <1% of qualified retirement plans. In 2013 EBSA focused "more investigative resources on professional fiduciaries and service providers with responsibility for large amounts of plan assets and the administration of large amounts of plan benefits." The targeting of ESOP companies via a two-decade-old National Enforcement Project, along with seemingly perpetual EBSA investigations, should end. The chilling effect on ESOP formation is undeniable.

**The International Employee Ownership Center**

200 Massachusetts Avenue, NW • Suite 410 • Washington, D.C. 20001

**Phone:** (202) 293-2971 • **Fax:** (202) 293-7568 • **E-mail:** [esop@esopassociation.org](mailto:esop@esopassociation.org) • **Website:** [www.esopassociation.org](http://www.esopassociation.org)

Congress consistently demonstrates bipartisan support for ESOPs and employee ownership due to their broad societal benefits. Research consistently shows employee-owned companies exhibit higher productivity and stronger resilience during economic downturns. Employees at these companies enjoy enhanced financial security, with substantially higher retirement savings compared to their peers at non-employee-owned companies. Furthermore, employee-owned companies anchor jobs within local communities, preventing job losses from closures or foreign acquisitions and preserving the legacy of family-owned businesses. Yet the investigatory tactics of EBSA, including lengthy investigations that hamper businesses for many years at great cost, have caused a distinct chilling effect on ESOPs and their formation, denying millions of workers these potential benefits.

For these reasons, The ESOP Association appreciates continual congressional oversight of EBSA, strongly supports the EBSA Investigations Transparency Act (HR 2869), and urges swift action by Congress to enact this legislation.

We appreciate your leadership on this important issue. If you have any questions, please contact Greg Facchiano at 202-293-2971 or via email at [gfacchiano@esopassociation.org](mailto:gfacchiano@esopassociation.org). Thank you for your continued support of ESOPs and employee ownership.

Sincerely,

A handwritten signature in black ink, appearing to read "James J. Bonham", written in a cursive style.

James J. Bonham  
President & CEO  
The ESOP Association