

**Statement of Thomas M. Hoenig
Confirmation Hearing
November 17, 2011**

Thank you. Chairman Johnson, Ranking Member Shelby, members of the committee, it is my honor and privilege to come before you as the President's nominee to serve as vice-chairman and member of the board for the Federal Deposit Insurance Corporation.

I recognize that the job as vice-chair for the FDIC is an important responsibility. I believe my experience in bank supervision and regulation within the Federal Reserve System for the past 38 years has prepared me for this role.

I started my career as an analyst at the Federal Reserve Bank of Kansas City, working in the areas of research and policy. During that time, I also shared responsibility as part of a team that analyzed bank holding company merger applications.

Later, I was assigned responsibility for the Federal Reserve Bank of Kansas City's discount window lending and led the Bank's examination work for the supervision of bank holding companies and State member banks. In 1986, I was given the opportunity to lead the bank's Division of Bank Supervision and Structure, directing the oversight of over 1,000 banks and bank holding companies ranging in size of less than \$100 million to \$20 billion in assets. Finally, I served as President of the Federal Reserve Bank of Kansas City for twenty years from October 1991 until October of this year.

During my career, I was involved with the banking crisis of the decade of the eighties that involved agriculture, energy and commercial real estate. In the Tenth Federal Reserve District, we dealt with 350 banks in the Midwest and Mountain states that either failed or required assistance between 1982 and 1992, including the failure of Penn Square Bank that later contributed to the failure of Continental Illinois National Bank And Trust.

As a member of the Federal Open Market Committee, I was involved in an indirect manner in the efforts to mitigate the effects of the financial panics in Asia, South America, Russia and Mexico that occurred with regularity during the decade of the 90s. Finally, I worked with financial and non-financial firms in the Midwest through the recent financial crisis and recession.

Each one of these unfortunate events was difficult on Americans. Each of these events provided me with experience in dealing with financial crises. I have observed how distorted financial incentives encourage institutions to take on excessive risk. Just as importantly, I understand the difficulties of managing a crisis and restoring confidence to an economy that involves both Main Street and Wall Street.

Should the Senate choose to confirm me, I would serve with commitment and with the best interest of the country as my first priority as we continue to face national and global financial and economic challenges.

Thank you for the opportunity to appear before you today and I look forward to answering any questions.