

Opening Statement for Senator Tester from the January 15th Hearing

On the nomination of Secretary-Designee Mary Schapiro to be Chairman of the Securities and Exchange Commission, Chairman-Designate Christina Romer to be Chair of the Council of Economic Advisers, Member –Designate Dr. Austan Goolsbee and Dr. Cecilia Rouse to be Members of the Council of Economic Advisers, and Member-Designate Mr. Daniel Tarullo to be Member of the Board of Governors of the Federal Reserve System.

Chairman Dodd, Ranking Member Shelby, thank you for convening today's hearing. And I want to thank the witnesses for appearing here today and for their agreement to serve their country.

Ms. Schapiro, you are seeking one of the most important positions in the federal government at a time of economic uncertainty. Very simply – you have a tremendously difficult but important job to do as it is my opinion that the most recent financial regulators have not been steadfast in their duties.

Over the course of the past few months, it seemed that a different titan in the financial sector was facing imminent collapse each week. This committee was being asked to support a bailout and the regulators were left with questions and few answers. That has to change and this Committee is going to need your help.

We need to work with the SEC and the other financial regulators to put in place common sense regulations – regulations that protects the consumer first. As we start tackling legislative initiatives to revamp the patchwork of regulations, your guidance will be critical.

At the same time, you will need to increase the level performance of the enforcement division at the Commission.

Last October, former Chairman of the SEC, Arthur Leavitt told the Senate Banking Committee in written testimony, "Enforcement is so important not because the SEC can catch every cheat and prevent every abuse. It's important because it holds people accountable and serves as a powerful deterrent to bad behavior – and is the most powerful tool a regulator has to keep a market functioning. Indeed, the signals the SEC can send to investors are critical. By bringing a tough enforcement action, making a well-timed public statement, or taking action on a critical need, the SEC builds the investors' confidence that someone is looking out for them which, in turn, builds market trust. Yet at critical moments and on critical issues, the SEC has been reactive at best or has shown no real willingness to stand up for investors."

Thousands of Montanans have told me over these past few months that we need to find the criminals who brought us into this situation and send them to their 8x10 cells. They demand accountability to make sure no crime goes unpunished when American taxpayers are picking up the tabs for their crimes. I agree with them, and I want the SEC to make sure those investigations are a priority.

I look forward to your testimony. Thank you.