Restoring American Financial Stability Act of 2010
Senator Jon Tester
Statement for the Record 3/22/10

Thank you Mr. Chairman.

Over the past two years we have lived through tumultuous times that have impacted nearly every family, business, investor and market. The economic crisis left families across the country fearing that a banking collapse would threaten the security of their long-term savings, mortgages, kids' tuition accounts and even their ability to pay their monthly bills.

We all know that we need targeted, common sense solutions to close gaps in the regulation and supervision of financial firms that present challenges to our ability to monitor, prevent, and address risks. We need to end the era of "too big to fail" once and for all, put the referees back on Wall Street and put Main Street ahead of Wall Street.

As we emerged from the immediate crisis, this Committee held countless hearings in an attempt to learn what went wrong and to determine the best way to prevent it from happening again. Chairman Dodd took the first step towards finding solutions to address these problems when he released legislation in November.

Today, we take the next step with what I think is a very good bill crafted by our Chairman, taking into account many of the recommendations made by our Republican colleagues. I want to commend Chairman Dodd and my colleagues on the Committee – on both sides of the aisle – for all of the good work that has gone into this bill.

I believe that this legislation takes great strides toward crafting the kind of bipartisan legislation that we can all be proud of. Additionally, this bill addresses many of the concerns that I articulated at our last mark up.

As I have said countless times before in this room, I do not believe Montana's community banks and credit unions caused the economic crisis and I do not believe they should have to pay for the sins of Wall Street.

I believe that this bill achieves a careful balance between the need for strong consumer protection, and ensuring that those small banks and credit unions are not overly burdened with unnecessary red tape and bureaucracy. This bill accomplishes this by providing rule-writing authority to the new consumer protection bureau while keeping examination and enforcement powers with the prudential regulators of community banks and credit unions.

This bill also ensures that a new consumer protection bureau will not overly burden an important sector of our economy still reeling from the credit crunch – auto dealerships. Instead, the bill focuses the resources of new consumer protection bureau on the largest non-bank financial institutions.

Additionally, this bill does take into consideration the unique needs of rural America and will prevent the unintended consequences of minimizing choice in rural and frontier parts of our country where access to financial services providers and professionals is limited.

While I think that we have made great strides with this bill, I do have a few outstanding concerns that I will continue to work with the Committee to address.

I voted against both the bailouts of Wall Street and the U.S. auto industry. This bill will make sure that we never put taxpayer dollars at risk again. I am pleased with the strong resolution authority created in this bill and the tightening of language to prevent “backdoor bailouts.” However, I will continue to monitor this bill to make sure that the emergency powers provided to the Fed and the FDIC are only used in actual emergencies.

I am encouraged by what I have heard about the work of Senator Reed and Senator Gregg on derivatives and I look forward to seeing the final product. We need a derivatives title that ensures transparency, sets clear rules and protects end users who legitimately use derivatives to hedge risk.

Finally, I will continue to work with the Committee to ensure that we create a level playing field for the community banks and credit unions in Montana relative to the larger banks and non-bank financial institutions. I also want to ensure that the big banks are paying their fair share into the FDIC's deposit insurance fund and that community banks aren't saddled with costs as a result of the risky behavior of big banks.

On process, let me say that time is not on our side but we must continue our work to move a bipartisan bill to the floor. I certainly appreciate the thoughtful ideas offered by my friends on the other side of the aisle and welcome the constructive comments offered by industry groups.

But let me be clear – to the groups spending millions of dollars to obstruct this bill and spreading misinformation about what this bill does – offer constructive solutions or get out of the way.

The American people are watching. A lot of my constituents in Montana are still steaming mad about the $700 billion bailout – and they can't understand why we haven't set rules to prevent the risky behavior that got us into this mess nearly two years ago.

Now that doesn't mean that Democrats – or Republicans should get everything that they want in a bill but we simply cannot afford to wait any longer.

Thank you, Mr. Chairman.