Senator Tester

Restoring American Financial Stability Act of 2009 – Opening Statement

Thank you Mr. Chairman.

Over the past 18 months we have lived through rough-and-tumble times that have impacted nearly every family, business, investor and marketplace. The economic crisis had families fearing a banking collapse would threaten the security of their long-term savings, their mortgages, their kids' tuition accounts, and even their ability to pay the monthly bills

As we emerged from the immediate crisis over the past many months we have held countless hearings to figure out what went wrong. While not as formal as the Pecora Commission of the Great Depression, our expansive hearing schedule has allowed us to begin gaining a full understanding of the shortcomings in the regulatory structure. And to come up with recommendations on how to prevent another crisis.

Which leads us to the next step – ACTION.

Our task is very clear. This Committee must begin the process today to strengthen the economy. To provide strong regulation. And tough enforcement. To cut greed out of the equation. And to protect consumers.

Our challenge will be to focus on what went wrong. And to use targeted, common-sense solutions to close gaps in regulation and supervision of financial firms. Right now those gaps present challenges to our ability to monitor, prevent, and address risks.

As we begin considering the legislation today, there are folks who are choosing to stand in the way of action. They are standing in the way of the American public. Many Wall Street companies and corporate CEOs and are fighting to stop financial regulatory reform. These are executives of many of the same companies who took billions of taxpayer dollars. They believe that greed for greed's sake should come before the interests of investors and small banks. They are wrong. While there should be a spirited debate on the impact of this nuts-and-bolts proposal, inaction is not an answer.

We need to focus on regulating complex financial transactions like derivatives and ensure they are supervised properly to prevent reckless transactions.

We need to oversee the largest and riskiest financial firms, to make sure that one single institution can no longer pose a risk to the system by regulating for capital, liquidity and risk.

We need to strengthen supervision of credit rating agencies.

We need to ensure hedge fund managers are registered with the SEC and reporting on their fund activity.

We need to strengthen supervision of the securitization markets – ensuring those who securitize a loan keep some skin in the game.

While I believe the Chairman has made tremendous strides in these areas – and many more in his comprehensive legislative draft – I do have a few pressing concerns. And many of them involve the treatment of community banks and credit unions.

As I have said countless times before, 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 the price for someone else's greed.

While I can support the mission of a consumer agency, I do not believe that banks and credit unions should be subject to its supervision and enforcement. Those powers should remain with their appropriate regulators and ensure that those banks and credit unions are not overly burdened with unnecessary red tape and bureaucracy.

I also want to ensure that a consumer agency does not overly burden sectors of our economy that are still reeling – especially in rural America.

We need to tread carefully to make sure provisions in this bill have limited impact on rural America. Certain requirements could have the unintended consequence of minimizing choice in a part of the country where access to financial services professionals is limited.

These are just a few concerns that I hope to mollify by working with the chairman, Ranking Member and the rest of my colleagues on this Committee over the coming weeks to address.

I believe we can take this opportunity to work together – on both sides of the aisle – to restore confidence to investors. And to protect consumers.

While I have only been on this Committee for three years, I have been encouraged by the spirit of cooperation that has almost always served us well in debates over complicated – but critically important – technical matters.

The American people are watching. I hear from Montanans concerned that Congress spent $700 billion in taxpayer bailout funds, but has not yet moved to limit the risky behavior that caused the collapse.

I believe that after a spirited debate and by working together, this Committee can correct imbalance, unfairness and shortcomings in our regulatory structure.

My goal is to work towards common sense reforms that will increase supervision of the financial markets, instill investor confidence, protect consumers and safeguard us from another situation where the greed and neglect penalized hard-working families and threatened our economic stability.

In early September, President Obama delivered an address on Wall Street saying, "We are beginning to return to normalcy," But he warned that "normalcy cannot lead to complacency." I couldn’t agree more.

Thank you.