Opening Statement
Ranking Member Sherrod Brown
"Oversight of the U.S. Securities and Exchange Commission"
SEC Chair Jay Clayton
November 17, 2020

Thank you Chairman Crapo, and welcome Chair Clayton. Thank you for your service.

In this election, voters rejected this Administration and its Wall Street first attitude. Across the country, it is clear that people want financial watchdogs who look out for them, not make life easier for CEOs. It's time to turn the page on this failed administration, and work together to build an economy that actually works for everyone.

That means an economy where all workers can save and invest their hard-earned money for a down payment, and to help their kids go to college or community college, and to retire with dignity. That's how we grow the middle class – and it's time that everyone had the chance to join it.

That means finally working in a real way to eliminate the racial wealth gap. And it means we have to enlist everyone in our government in that project, including the SEC.

This year the dedicated public servants at the Commission have done important work in the middle of a public health crisis and an economic crisis, monitoring for fraud and misconduct related to the pandemic while continuing their work to protect investors, maintain orderly markets and promote capital formation.

Those efforts help working families saving and investing today, and build confidence in our markets for the future.

But I believe we can aim higher than simply making sure markets are stable. We can do better than just preventing crashes and outright fraud – we need to make markets actually work for working people.

Over the years, I have raised many concerns about how your leadership has left behind the people whose savings are stake in our markets—denying them the ability to hold executives accountable and withholding critical information about how companies are run and how they affect the environment and their communities.

You've tried to reduce transparency and undermine the protections we do have—even in the face of strong opposition from large and small investors, advocates, and experts.

From employees across the country scrimping and saving in their retirement accounts, to pension managers investing for a generation of workers, they are all in a worse place since you've been in office. That doesn't even include those who want to save for their family and retirement, but just can't because their paycheck isn't enough.

You pushed for what you call "Regulation Best Interest," a new standard that applies when brokers give advice to clients, but it doesn't put mom and pop customers first. A few weeks ago, you discussed the SEC's initial reviews after the standard went into effect in June.

Even though you said firms are making "good faith efforts", your staff reported shortcomings in compliance and failures to fully disclose disciplinary history to clients. In fact, it doesn't seem like you have any way to tell if this rule will help at all. Not a very auspicious beginning.

The SEC's final rules on proxy advisors and shareholder proposals are also clear examples of the Administration taking the side of corporate interests over Americans saving and investing for their future.

Over the years, shareholder engagement has forced important conversations to happen in boardrooms across America. We need to push companies to focus on improving diversity, implementing better governance, and addressing climate change risks. Yet your agenda has attempted to stifle these important conversations.

And I'm not the only one who's worried about your agenda. Last week, the North American Securities Administrators Association wrote you because 30 of its members—state watchdogs, including from Ohio—are concerned about a recent, broad rule proposal with few safeguards that in their words, "would facilitate unlicensed intermediaries in the private market".

That's a polite way of saying they are afraid of rampant fraud.

Not only are they worried that you're putting their constituents at risk, they are upset that they didn't even get a heads-up.

While you were advancing one bad rule after another, you didn't take the opportunity to make sure public companies disclose the risks climate change poses to their businesses. You did the opposite, watering down corporate financial disclosures.

And when you tried to improve corporate workforce disclosure—it still fell short, failing to address basic concepts like employee turnover or to identify the numbers of full-time workers compared to part time.

We are never going to be able to undo the corporate business model that treats workers expendable, if we can't even get companies to put out accurate information on the workers who make their businesses successful.

While the pandemic posed challenges for the Commission's enforcement work, it also revealed how applying additional resources to the whistleblower program delivers results. By reallocating staff to review whistleblower tips, you managed record results. I hope that my concerns about the uncertainty created by your recent changes to the rules don't undermine the obvious success of the program.

More broadly on enforcement, although the SEC has aggressively pursued COVID-related scams and frauds, the last year of enforcement shows more of the same—a few big cases create a big topline number, but looking under the hood, you see too many cases without individual accountability.

Last week's announcement that the SEC charged Wells Fargo's former CEO and consumer bank head for deceiving investors as part of the fake account scandal that was uncovered in 2016 is a rare and long overdue case where your agency has actually held someone accountable for breaking the law and ripping people off at a big bank or corporation.

Back when you were a nominee, you assured us that "individual accountability drives behavior more than corporate accountability". Well, you don't get better behavior by taking years to hold top executives individually accountable for intentional deception.

American voters sent a clear message in this election: they're tired of an economy where big corporations and their wealthy CEOs play by a different set of rules than people who work for a living.

With each rollback of important safeguards or disenfranchisement of shareholders, you claimed to be reforming, modernizing or updating the rules.

People are tired of that political spin. When you say "reform," what you mean is: Make things a little easier for the biggest corporations. When you say "modernize," what you mean is: Make it that much harder to actually hold powerful CEOs accountable. When you say “update,” what you mean is: Further entrench the Wall Street business model that exploits workers.

Eighty million Americans rejected your agenda in this election, and I hope we can reverse it.

As you prepare to leave the Commission, you have changed the rules so much, even you’ll need to relearn fundamental elements of securities law when you return to private practice.

I’ve said it before--protecting workers’ hard-earned savings should begin with a simple concept: putting their interests first.

I’m disappointed you don’t see it that way, but a decisive majority of the country does.

Thank you, Mr. Chairman.

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