

*Committee Statement on Regulatory Reform*  
*Remarks of Senator Robert Menendez*  
*Banking Committee – March 22, 2010*

**Introduction – The Need for Reform**

Thank you, Mr. Chairman, for your steadfast leadership on regulatory reform, and for laying the groundwork for aggressive robust consumer protections made necessary by the excesses of Wall Street.

It has now been more than a year and half since the toxic combination of reckless gambling on Wall Street and lax regulation in Washington brought the economy to the brink of a global meltdown. And yet Congress hasn't yet acted to prevent this from happening again. Mr. Chairman, the time to act is now!

In more than 50 hearings before this committee to sort through the damage that was done, the lessons are clear. Washington was protecting Wall Street from sensible, effective regulations when we should have been protecting consumers from Wall Street.

For too long regulators have let big banks write their own rules instead of standing up for the little guy who plays by the rules.

We have now seen the results of the anything-goes policies of the past. And now we know better.

History taught us that a period of sensible and robust safeguards following the Depression was necessary to restore sanity to the market and protect consumers from it ever happening again. Now a similar period of cracking down on Wall Street is called for.

The bill we will vote on today represents thousands of hours of deliberation. It represents your leadership and hard work, Mr. Chairman, and the hard work of the members of this Committee over the last 18 months. It includes many compromises and both Democratic and Republican ideas.

I applaud the Chairman's willingness during this long process to listen to everyone on the Committee and find a way to incorporate a wide range of proposals, including many from my colleagues across the aisle. This long listening period has meant a longer process than many of us expected, but I believe we have a better bill because of it.

### **Provisions of the Bill**

The legislation before us will make our economy safer, stronger, and fairer for consumers.

The new Consumer Financial Protection Bureau in this bill takes a big step toward putting an end to deceptive, predatory schemes and practices that were at the heart of this economic crisis.

Consumers -- who don't have the time to read 30 pages of fine print that only a bank lawyer could understand -- will finally have someone on their side, someone to help level the playing field, someone whose role it is to protect their interests.

I'm also pleased this bill will put an end to the chaos and unfairness of taxpayer bailouts. With the establishment of a resolution authority, we will finally have an orderly process for winding down those large companies that fail. I'm pleased it will create new standards for liquidity, capital, and leverage... that it will bring transparency to the derivative market...

...and that it will put in place mechanisms to ensure regulators take systemic risk seriously.

### **Conclusion – Some Concerns**

I'm confident, Mr. Chairman, that the legislation before us will bring us another step closer to the kind of long-term stability needed to restore the financial sector, which is such an essential foundation of a thriving economy.

Having said that, I do believe there are improvements that could still be made to the bill. I look forward to continuing to work with you, Mr. Chairman, on the important issues of: 1) requiring brokers to act in the best interest of their clients, or that at a minimum the SEC be given the power to impose such uniform standards after conducting a study of the issue; and 2) increasing the orderly liquidation fund to wind down failed firms from the current \$50 billion cap. I firmly believe, and most experts agree, that the \$150 billion cap in the House bill is necessary to minimize the chances that taxpayers are ever on the hook again for big banks' mistakes...

...and while I do hope we can resolve these concerns, I am very proud of the work this committee has done to make this a meaningful piece of legislation. I would only ask that -- as we vote on these reforms -- the choice before us should be quite simple:  
Do we stand up for a banking system that is fair, transparent, and honest or one that takes advantage of consumers and puts the entire economy at risk?

...Do we stand on the side of working families who play by the rules...or on the side of Wall Street and the big banks who have gotten far too comfortable writing their own rules?

I think we can all agree that the choice is clear.

Again, Mr. Chairman, thank you for your steadfast leadership -- sometimes against the odds -- and for the hard work that went into developing a final product that I believe all of us on the Committee can accept.