

Ranking Member Tim Scott (R-S.C.)
Opening Statement
Full Committee Hearing
June 21, 2023 at 9:30 AM

Thank you, Chairman, and thank you for your hard work on this legislation, and frankly, thank you to your staff and certainly my staff is amazing. I know that [as] this legislation came together, we were working on the amendment process as late as 3:30 in the morning, and I thank my staff for their hard work, their dedication, and certainly their willingness to take into consideration not Republicans or Democrats, but the American people. At the end of the day both of these pieces of legislation, the goal of the legislation, is to make sure we A) have a more responsible response from bank execs, B) that the 70,000 Americans who lost their lives to fentanyl, that their families understand that we're serious about stopping the flow of fentanyl.

I'll say that this is our first markup since 2019. Since becoming Ranking Member, I've repeatedly underscored the importance of regular order – of allowing our committee to debate and negotiate bills under our jurisdiction. This return to regular order is long overdue, sorely needed, and certainly celebrated.

Today, we consider two commonsense pieces of legislation. First, my FEND (Fentanyl Eradication and Narcotics Deterrence), or FEND Off Fentanyl Act. This bill will direct the Department of Treasury to use our economic sanctions tools to choke off the profits of the Chinese precursor manufacturers and the Mexican cartels that push fentanyl across our border, leading to the deaths of more than 70,000 Americans.

I talk a lot about opportunity in this country, because it provided me with remarkable opportunities. But the deaths represent the loss of opportunity to fulfill one's purpose, to contribute to their own communities, and to achieve their version of the American Dream.

That is why I'm especially proud that the Committee will take up my FEND Off Fentanyl bill because it is past time we sanction the manufacturers, the exporters, and the cartels that traffic and sell this poison by hitting them where it hurts the most – their bank accounts.

Over 70,000 Americans died just last year, an all-time high, fueled by Mexican cartels trafficking these drugs across the wide-open southern border that this administration refuses to close. Again, these precursors come from China are manufactured in labs in Mexico, and are smuggled across our southern border and ports of entry by the Mexican cartels.

Virtually all of us in this room know family members and/or families in our communities who have lost a loved one. I have often spoken about my friend Alan Shao, former business dean at the College of Charleston whose son at 27 years old, Alan Shao II, lost his life to fentanyl. It's a pain that no parent should ever experience, the pain of bearing your kids. While nothing we can do here will bring back those we've lost, we should do something and everything we can to stop the flow of fentanyl into our communities so other families don't have to experience the same pain of the Shao family.

So, I want to thank the Chairman and all the members of this committee for joining me in this effort. Today we get one step closer to getting FEND Off Fentanyl across the finish line, and hopefully saving thousands upon thousands of American lives.

Moving on to the second bill today, the RECOUP Act. This bill represents a commonsense solution that will protect the American taxpayer from holding the bag when bank mismanagement runs rampant and seeks to hold the leadership of failed banks accountable by requiring commonsense corporate good governance requirements. And as we saw in the failures earlier this year, the bill would penalize bad actors for their gross negligence.

Immediately after SVB and Signature Bank failed in March, I said that this was nothing short of a failure in three parts. First, the bank executives certainly mismanaged their banks. Second, a failure of the supervisors to do their jobs. And third, a failure of the Biden administration to curb their reckless spending which fueled the highest inflation we've seen in forty years. That historic inflation led to ten interest rate hikes in a little more than a year. And soaring costs for everyday families.

As I understand it, shortly after the collapse of SVB, the CEO, Greg Becker fled to Hawaii while the American people were left holding the bag for billions. And now our institutions who did nothing wrong, are having to pay the price for it. That's not right.

There is little disagreement that these banks' executives were completely derelict in their duties. In order to hold bank executives who act in a grossly negligent manner accountable, the claw-back authority in this bill is tailored in that it applies to incentive and equity-based compensation, in the event - and hopefully there won't be - another grossly negligent failed bank, thereby incentivizing bank executives to run their institutions in a prudent manner so the American taxpayer is not left footing the bill. There was a lot of press about these executives selling their stocks and taking bonuses days before the failures. That can't become the standard.

But that only addresses part of the issue. Through the adoption of our Managers Amendment, this bill will also shine a light into the black box of our regulators and how they operate in by bringing much-needed transparency and accountability for the American people so that they can be confident that their bank supervisors aren't asleep at the wheel again.

The RECOUP Act is a commonsense solution to address accountability, and it is tailored to protect the American taxpayer. I look forward to discussing and marking up both of these bills, which are important and timely legislation.

###