Opening Statement of Ranking Member Sherrod Brown
Nomination Hearing for
Members of the U.S. Securities and Exchange Commission
and
Member of the National Credit Union Administration
July 21, 2020

Thank you, Chairman Crapo, for holding today's nomination hearing.

First, I want to take a brief moment to remember my friend and colleague, Representative John Lewis. Let us honor his legacy by following his example of leadership, courage, and unrelenting fight for justice.

Welcome to today’s nominees. Congratulations to the three of you and your families. The Committee will consider two nominees to the Securities and Exchange Commission—Commissioner Hester Peirce for a second term, and Ms. Caroline Crenshaw, and Mr. Kyle Hauptman as a nominee to be a Board Member of the National Credit Union Administration.

Today also marks the ten-year anniversary of the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act. We passed Wall Street reform to prevent another financial crisis.

Right now, we face an even greater, more complex public health and economic crisis. Families are making impossible decisions about how to pay their rent and put food on the kitchen table, or are grieving the loss of a mother or a father or a child. And we know one of this pandemic’s tragedies is people dying alone.

It’s Black and brown Americans disproportionately affected – working on the frontlines to get us through this and helping to save lives, while grieving lost ones.

Wall Street reform was meant to prevent catastrophe in our financial system. We need to aim higher than that today – yet Wall Street has spent years trying to dismantle the basic, important protections put in place through Dodd-Frank.

And Republicans and the Trump Administration have been all too happy to oblige. It didn’t take long for Wall Street to recover from the crisis. They were making record profits while refusing to pay their workers a living wage. This ultimately caused the wealth gap to grow further.

The current coronavirus crisis is showing us what happens when we don’t protect working Americans. We can’t leave them behind again.

And leadership matters. We see that every day – over 140,000 Americans dead on the president’s watch. We’re just five percent of the world’s population, yet we have 30 percent of the deaths. That’s not because we don’t have good doctors and smart scientists and hard workers. It’s because of leadership.

And those who this body confirms to leadership posts also matter.

All of the nominees, if confirmed, can support and forward policies that protect these working families – families who are consumers and investors and credit union members. You can encourage companies and credit unions to offer fair products to Americans left out of our financial system and make sure our markets and economy work for everyone.

The question facing us today is: will you show that leadership and make those choices?

If confirmed, Ms. Peirce would continue her work as a Commissioner for five more years and further her commitment to public service. Ms. Crenshaw brings the experience of working for the last two Democratic Commissioners, fighting for investors. Her continued service in the military allows her to bring a very different perspective to the table. If confirmed, she would be the first Commissioner in modern times to be in the active reserve -- joining a handful of Commissioners over the history of the SEC who have served in the Armed Forces.

Commissioner Peirce and Ms. Crenshaw, you will be called upon to tackle market swings and investment scams related to the pandemic, and you must also keep your eyes on existing problems that are getting worse.

As the biggest companies, and banks in particular, have grown and become more powerful, we've seen corporate executives pay themselves with stock buybacks while laying off workers, cutting their pay, and underinvesting in their communities – all while avoiding any accountability.

The SEC has a role in addressing each of these issues.

Executives must be responsible to stakeholders, including workers and communities. That means the SEC shouldn't be changing its rules if it will take away smaller investors' ability to hold management accountable and raise important issues to other shareholders. Shareholder democracy isn't just for the big guys.

The COVID pandemic has also shown how important essential workers are to our economy and how little information companies disclose about their workers. The public needs more information about how a company engages with its workers, because that helps investors understand how that company will deal with a crisis.

And soon enough, corporate executives will want to reward themselves and their biggest investors again with stock buybacks. The safe harbor for stock buybacks has barely been touched in 40 years, but it seems investor and market protections are chipped away at year after year.

When we've seen companies spend as much as 100 percent of their profits on their own stock, instead of capital investments or workers' wages, it's clear that stock buyback rules need an overhaul.

The COVID pandemic has also shown us how important it is to have local financial institutions that serve their communities. We've seen credit unions –like the ones in my home state of Ohio – work with their members to get through this crisis.

The NCUA is key to making sure that our credit unions are resilient in good times and bad.

Yet the NCUA under the Trump Administration has been chipping away at the very protections we put in place after the last financial crisis – rules that protect homeowners and that set strong capital and loan reserve standards that allow credit unions to lend in their communities during a downturn, much like the one we are facing right now.

Mr. Hauptman was a trader at Lehman Brothers when it failed, accelerating the financial crisis. You'd think he'd understand what a financial crisis can mean, yet he has spent his career railing against the Dodd-Frank Act.

Credit unions were created when other financial institutions weren't serving all their customers, and we've often seen them help those that big banks leave behind, including workers, including Black and brown communities. Now is the time to implement even stronger protections that safeguard consumers and our financial system. If confirmed to the NCUA Board, Mr. Hauptman will need to make sure that the credit union system continues to serve these communities, which means doing more to protect credit union members, not rolling back regulations.

Mr. Hauptman has no credit union experience. He says he wants this job because people who love their financial institution are usually credit union members. But being glad that credit unions serve their customers isn't a reason that he is qualified to be one of the three top credit union regulators, it means he should be a credit union customer.

Later today, this Committee will mark up the nomination of Judy Shelton to be a member of the Federal Reserve Board. Even before the pandemic, my colleagues and I were concerned about Dr. Shelton's qualifications and commitment to helping working families, and her independence from the President.

She has advocated for failed Depression-era policies like a return to the gold standard and the removal of deposit insurance. And, at her nomination hearing, she failed to explain how she would handle an economic crisis.

That hypothetical economic crisis is now a reality, but we have no idea how Dr. Shelton would respond.

This is why it is so important to carefully evaluate nominees – based on their record, experience, and service to the American people – that is who you all ultimately serve.

A regulator's job is not to do favors for Wall Street firms and corporate interest groups or revive debunked economic theories. We entrust regulators to make sure that all Americans can prosper in a safe financial system and a fair economy. Today we need to hear from you how you will help and protect the people that make our economy work.

Thank you, Mr. Chairman.