

Opening Statement of Ranking Member Sherrod Brown
Oversight of Financial Regulators
December 5, 2019

Thank you, Mr. Chairman. I want to start by noting that typically when we have the financial regulators testify, the Comptroller of the Currency is also here. Mr. Otting had a conflict today. He is expected to announce changes to the Community Reinvestment Act shortly, changes that the civil rights community and others are very concerned about. I share those concerns, and I expect that we will have him up before this committee to talk about this proposal and other activities at the OCC soon.

We all saw how Wall Street's financial schemes hurt regular people when they blow up in bankers' faces, like they did in 2008.

You all saw the devastation of the crisis. Whether as a staffer in the Senate, while serving at the agency you now lead, or at a private equity firm after a stint at Treasury—you had a front row seat.

That's why I'm concerned about the collective amnesia you all appear to have as you make changes to the bank rules—changes that allow Wall Street to get back to its old tricks, and that I fear will cost Americans their jobs, homes, and savings the next time complicated bets blow up in bankers' faces.

But what is sometimes harder to see are the schemes that hurt families and the economy even when they work exactly how Wall Street intends.

Unfortunately, Ohio is the setting of one of these Wall Street schemes. Twelve years ago, just before the financial crisis, a giant private equity firm bought a nursing home company based in Toledo that operated facilities nationwide.

Soon that nursing home company was being strangled by debt from risky leveraged loans. It laid off hundreds of staff and let its patients suffer under negligent, horrifying conditions.

According to the Washington Post, staffing cuts meant there weren't enough nurses to respond to patients.

Health code violations rose dramatically.

In Pennsylvania, a patient broke her hip and crashed to the floor when a staffer tried to do a two-person job and move her on his own.

Patients faced other living conditions that no human should have to endure, waiting in soiled clothing and dirty beds for help that was never going to come.

And all the while, that Wall Street private equity firm was extracting more profits.

Last year, the nursing home company went bankrupt. But that didn't stop the private equity firm from making huge profits on their investment.

This is what happens when leveraged loans, collateralized loan obligations, and leveraged buyouts work as designed. Wall Street extracts all the profits out of the company, and the rest of us – workers, patients, our families - we pay for it.

Today Wall Street is looking for profits anywhere it can find them, and these schemes squeeze money out of every part of the economy– from hospitals in Philadelphia, Pennsylvania and Massillon, Ohio, to manufactured home communities in Iowa and New Hampshire—not just harming individual families, but entire communities.

Imagine how bad it will be if these complex financial transactions blow up like the subprime mortgage ones did in 2008.

This is just one of so many challenges working families are facing.

We got a report this week showing that almost half of all American workers are stuck in low-wage jobs. One in four families spend more than half of their income on rent and utilities. Forty percent of Americans are so short on cash they would be forced to borrow money to cover a \$400 expense.

More and more families have to borrow just to get by – credit card debt, student loan debt, and mortgage debt – are all higher than before the crisis. Wall Street squeezes more out of every paycheck, adding to their billions.

If regular Americans are struggling ten years into a so-called recovery—when the stock market is booming—what will happen in a recession?

This can't be how the financial system should work.

The regulators' job isn't to protect profits for big banks and big corporations. It's to protect our economy and our financial system, and the ordinary families that the system is supposed to serve.

I guess when the President says “draining the swamp,” he really means betraying workers and giving Wall Street free rein to prey on them and wring every last cent out of profit of our communities.

This President uses his phony populism – racism, antisemitism, anti-immigrant slander –to divide us, to distract from all the ways he and his hand-picked cronies have betrayed working families and left them struggling.

That's not how a democracy should function, and I am deeply worried that if you don't stand up for workers and families, so much in our economy and our democracy is at risk.

Thank you, Mr. Chairman.