

Ranking Member Tim Scott (R-S.C.)
Opening Statement
Full Committee Hearing
July 11, 2024 at 10:00 AM

Thank you, Mr. Chairman. And thank you to the nominees for being here with us this morning.

While I appreciate the Senate's important role in the nominations process, unfortunately, what bring us here today is a classic case of stubbornness.

This administration wants to safeguard its progressive agenda no matter the cost.

Not the employees of the FDIC, and not the people are they are supposed to serve.

Chairman Gruenberg has been at the helm of the FDIC for nearly two decades. And under his leadership tenure, he's allowed rampant harassment, discrimination, and vile behavior, to continue to flourish.

That's why I've said it several times before this committee, Mr. Gruenberg should resign immediately, and not wait for someone to replace him, but start the culture of healing at the FDIC.

Without that action, it is frustrating to the American people, frustrating to the employees of the FDIC, that Mr. Gruenberg refused to do the right thing in spite a bipartisan coalition asking him to do so.

But Mr. Gruenberg and his allies in the White House have decided to play politics instead.

Chair Gruenberg is refusing to step down until a Biden nominee is confirmed. No matter the timeline.

That's like having a leak in your roof. Instead of fixing it, you just put a bucket underneath it and wait and wait and wait.

Commonsense reminds me that the first step for restoration is stopping the leak and cutting out the damage so that repairs can begin.

And it's clear, President Biden is not interested in cutting out the damage. And not interested in accountability.

Instead, the White House has taken this opportunity to try and make lemonade out of lemons by putting forward three additional nominees selected for the purpose of advancing his progressive regulatory agenda.

And, while I firmly believe we are here under a false sense of urgency—we will do our very best to evaluate the nominees before us today on their merit and fulfill our constitutional responsibility.

So, let's start with Commissioner Goldsmith Romero.

Commissioner, I enjoyed you taking the time meeting you with me a few days ago and having a serious conversation about what it takes to change the culture of the FDIC.

While you've had a long career in public service, your background lacks the bank regulatory experience necessary to carry out the critical responsibilities of the FDIC and fulfill the requirements of the FDI Act.

The foremost mission of the FDIC is to maintain stability and confidence in our financial system.

An important task that was front and center just last year as we watched SVB fail last year.

The FDIC must insure deposits, examine and supervise financial institutions for safety and soundness, and consumer protections, while standing ready to manage receiverships of failed institutions.

This is no small task.

You have little experience with bank supervision or prudential policymaking, let alone managing the world's largest deposit insurer.

The next Chair needs to be prepared to lead, because not only are we going to have to confront the magnitude of Basel III Endgame, but as I said a few times already, correcting the culture of the FDIC is so important. And it makes it challenging to have on the job training, from my perspective.

Turning to the management challenges at the FDIC, as we've discussed, I am concerned with your ability to lead a much-needed culture change.

We talked in my office about the number of whistleblowers who have come forward and talked about your management approach as well. And I look

forward to having an opportunity for you to share your responses during the question-and-answer part of this meeting today.

Our next nominee, Ms. Caroline Crenshaw, has been re-nominated for an additional 5-year term, ending in June of 2029, to serve as a member of the [Securities and Exchange Commission.]

Commissioner Crenshaw, while I respect your deep knowledge of the capital markets, I have significant reservations over your nomination based on your views of what appears to be the limitless authority of the SEC.

Take for example, the SEC's Climate Disclosure Rule, which the SEC has received nearly 24,000 letters on since its proposal.

Despite widespread concern from the public—including from myself, as well as both Democrats and Republicans on this committee, you expressed frustration that the SEC didn't go far enough in its final rule.

Furthermore, you've urged the SEC to contort its authority over the private markets, praising the finalization of the Private Fund Advisers Rule as an "important step in the name of investor protection, competition and market integrity".

We now know that the Fifth Circuit disagrees, ruling that the SEC went beyond the power granted to it by Congress in the Investment Advisers Act.

Our capital markets should not be a testing ground for the expansion of the administrative state, and your past actions give me serious pause for considering your nomination.

I will close with this. I find it incredibly frustrating that find ourselves here today—as this is a prime example of the Biden administration’s M.O. of politics over people.

While I look forward to hearing from the nominees, I must reiterate that real, meaningful change could be brought to the employees at the FDIC today, if Marty Gruenberg would simply step down.