

Statement by

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To Be Member and Chairperson of The Board of Directors

Federal Deposit Insurance Corporation

Before the

Committee on Banking, Housing, and Urban Affairs

United States Senate

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Chairman Brown, Ranking Member Scott, and Members of the Committee, thank you for this opportunity and your consideration. I am honored to be nominated by President Biden to serve as the Chair of the Federal Deposit Insurance Corporation.

Thank you, Senator Warner for your gracious words and support.

I want to introduce my wife Adrienne and my daughters Chelsea, Brooke, and Julia. I am incredibly grateful for their love and support. I also want to thank my parents, my in-laws, son-in-law, grandsons, and siblings, for their love and support. Yes, I said grandsons. I am a very happy grandmother.

I grew up in a military family where my parents raised me to be respectful and kind. My Mom was a homemaker and later a schoolteacher. My Dad came from the Philippines, and became a U.S. citizen after joining the U.S. Navy, where he served for 20 years.

He inspired my own service—22 years under four Presidents—at the Securities and Exchange Commission, Department of Treasury, and the Commodity Futures Trading Commission. This nomination and your consideration are a testament to the American dream my parents worked to achieve.

I have dedicated my career to the stability of our nation's financial system so that it can serve families and businesses in search of their American Dream. At the SEC, I protected investors and markets. I was counsel to SEC Chairman Chris Cox and later Chair Mary Schapiro during the financial crisis.

After witnessing how a crisis on Wall Street can take a toll on Main Street, I wanted to be part of the solution. I helped build an independent office at Treasury called the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP). Congress created TARP to provide \$442 billion during the crisis for more than 700 banks, housing, the auto industry, insurance, and derivatives markets.

Secretary Paulson said TARP was necessary to restore confidence in the banking system, and that is how we at SIGTARP viewed our mission. I was privileged to lead SIGTARP for 11 years, where everyone pulled together to accomplish this massive mission.

SIGTARP was successful. We brought transparency and oversight through reporting and recommendations. We protected TARP funds, recovering more than \$11 billion—27 times our cost. SIGTARP was known for its ability to uncover hidden fraud in banks. I credit that to a proactive, analytics-based system that we developed, working within the bank supervisory privilege of the FDIC and other regulators. We brought accountability through civil actions against large financial institutions, and criminal convictions of more than 400 individuals including 95 bankers and more than 90 bank borrowers, often related to failed banks. Courts sentenced 75 bankers to prison.

I gained a great appreciation for community banks, as 625 banks in TARP were less than \$100 million in size. As I told Congress in 2011, “small and medium-size banks play an important role in our nation’s economy and are the lifeblood of many communities across the country. They provide credit to small businesses and farms and serve customers in rural areas and small metropolitan areas not served by big banks.”

My experience at the SEC and SIGTARP, as well as at the CFTC regulating derivatives, including at large banks, will be invaluable if confirmed. Derivatives are an important tool to manage risk, particularly for the agricultural sector. At the same time, derivatives substantially contributed to the 2008 crisis. The FDIC recently found shortcomings in the living wills of four large banks related to derivatives. So, there is more to do.

If confirmed, I will keep top of mind the significance of leading an agency so tied to the financial well-being of every American, and would prioritize maintaining stability and confidence in the U.S. financial system. As employees need to be supported in the FDIC’s critical mission, I would prioritize a complete overhaul of the FDIC’s workplace culture. The reporting is deeply disturbing and describes deep-seated cultural issues that have caused pain for many employees. It must not continue, and I would bring accountability.

I would also focus on ensuring that banks of all sizes can provide depository services and loans to businesses and households, which is necessary for the U.S. economy. I would also focus on ensuring that banks appropriately manage emerging risk, and that the government keeps pace as banking has modernized.

If confirmed, I look forward to working with Congress on these issues.

To be entrusted with leading the FDIC in this mission, and at this moment, would be a great honor. Thank you.