Brown Closing Floor Speech On S.2155, The Dodd-Frank Roll Back Bill

March 14, 2018

WASHINGTON, D.C. — U.S. Sen. Sherrod Brown (D-OH) – ranking member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs – delivered the following closing speech on the Senate floor today on S.2155, The Dodd-Frank Roll Back Bill.

Brown's remarks, as prepared for delivery, follow.

Ten years ago today – March 14th – Bear Stearns was on the verge of collapse. Despite its 85 year history, despite its relationship with nearly every bank on Wall Street, the bank suddenly found itself on the brink.

On this very day – March 14th – Bear Stearns lost 3.5 billion dollars in market value. The bank was in the midst of a free fall. In the course of one week, Bear Stearns went from trading for 65 dollars per share, to being bought for just two dollars a share in a sweetheart deal orchestrated by the Fed over the course of a weekend.

Nearly overnight, one of Wall Street's most prestigious banks fell apart.

Across the country, families sat at kitchen tables and started to wonder – will one of us lose our job? Will we have to move? Will we be able to retire? Will we be able to send our kids to college this fall?

On this day, ten years ago – March 14th, 2008 – a headline from *CNN* read, "Job Losses: the Worst in Five Years." The story talked about how the economy was hemorrhaging jobs. The article warned that the crisis was building, quoting one analyst who said the real estate and credit crunch was "whipping its way through the U.S. economy like a Midwestern tornado."

In hindsight, we know that things would get a lot worse before they got better.

Some people say that no one could have seen this coming. Some people say that the 2008 financial crisis was like the weather, like a Midwestern tornado – something out of our control. But we know better.

Advocates in communities – the people who were actually dealing with the consequences of this crisis – were sounding the alarm. For years before the crisis, they predicted what would happen if Washington didn't rein in Wall Street, and they were right.

And a few people in Washington, like Ned Gramlich, saw the problem for what it was.

Though Washington didn't stop the crisis, Congress at least responded. We passed a law that created important protections for the financial system, for taxpayers, and for homeowners, to hold banks and watchdogs accountable to prevent another crisis.

But Wall Street wasn't ready to quit. On the day President Obama signed Wall Street Reform into law, a top Wall Street lobbyist said it was "halftime."

And now big banks and their lobbyists are about to score a touchdown at the expense of hardworking families across the country.

Not long ago, another bank lobbyist told us their game plan. “We don’t want a seat at the table,” he said. “We want the whole table.”

This bill gives them the whole table.

The same groups that warned us about the last crisis are opposed to the bill the Senate is considering today.

And the people who cleaned up the last crisis are warning us not to pass this bill.

Experts from both parties are warning us. The authors of Wall Street reform have made it clear that this bill rolls back important protections for our economy. Barney Frank has said he’d vote “no” if he were in the Senate. And in an oped today, Chris Dodd writes that the bill’s changes amount to “chipping away at the ability to conduct comprehensive and effective oversight.”

Experts like Paul Volcker, Sheila Bair, Dan Tarullo, Sarah Bloom Raskin, Gary Gensler, Tom Hoenig, Antonio Weiss, Paul Tucker, and Phil Angelides wrote to the Senate and outlined a combined 28 pages worth of concerns about this bill.

Why are we ignoring their pleas?

Let’s recap all the problems with this legislation.

First, this bill puts American taxpayers at risk of another bank bailout.

It weakens stress tests for all large banks, even Wall Street megabanks like JPMorgan Chase ($2.5T assets), Bank of America ($2.3T), Wells Fargo ($1.9T), and Citigroup ($1.9T). Together these banks hold 51 percent ($8.6T) – more than half – of all industry assets.

Together, all of the country’s biggest banks took about 239 billion dollars in taxpayer bailouts. Without rigorous, annual stress tests, taxpayers could once again be on the hook if “too big to fail” banks collapse and we don’t have the right tools in place to see it coming.

Second, this bill opens the door to weaker oversight of foreign megabanks operating in the U.S. – the same banks that have repeatedly violated U.S. laws.

These are banks like Deutsche Bank and Santander and Barclays and Credit Suisse and UBS.

Third, with the change of just one word, this bill forces the Fed to weaken the rules even for the largest banks with more than 250 billion dollars in assets. As former CFTC Chair Gary Gensler wrote to the Senate this month, this change “may subject the government to additional lobbying and possible litigation from individual banks seeking specially tailored rules.”

Senator Dodd identified this 250 billion dollar threshold as the number one reason he cannot support this bill.

He said “the $250 billion threshold is too high and raises the danger of a cascading economic effect.”

Fourth, this bill makes another change to allow big banks to borrow more money than they can afford, which once again, puts taxpayers and our economy at risk.

The New York Times described this provision as weakening rules “aimed at keeping banks from being able to take big risks without properly preparing for a disaster.” The *Washington*

Post reported that JPMorgan Chase and Citigroup may get a combined 30 billion dollar windfall if this provision is enacted.

Fifth, this bill chips away at key mortgage rules put in place after the last crisis. It includes several provisions that, when taken together, weaken transparency, inclusiveness, and fairness in mortgage lending.

The bill makes it easier for some lenders to mislead families into mortgages they can't afford – and takes away those families' right to take the bank to court.

The bill also strips away key data used to monitor trends in mortgage lending and spot discrimination against communities of color.

We know that in too many places across the country, people of color are far more likely to be turned down for a loan for no good reason. But without this data, we won't know when that redlining is happening.

Sixth, for reasons I can't even pretend to understand, this bill helps Equifax.

Yes, the same Equifax that let hackers steal 148 million Americans' personal data, including birth dates, Social Security numbers and addresses.

The same Equifax whose former executive was just today charged with insider trading for dumping his stocks just before the company announced its data breach failure.

In exchange for a small provision helping servicemembers watch their credit, the bill forces them to give up their right to take Equifax to court the next time the company's recklessness exposes sensitive financial data.

If that weren't bad enough, the bill also gives Equifax a big new business opportunity, directing our federal housing watchdog to adopt a new credit scoring model that will benefit a company Equifax co-created.

This will give a company that put half the American population at risk of identity theft the power to decide who can get a mortgage.

And what do the American people get in exchange for these goodies to big banks and Equifax?

They get to pick up the check.

The Congressional Budget Office – the independent, non-partisan scorekeeper – confirmed that this bill would increase the probability of a big bank failure and a financial crisis, which would add to the deficit.

Even after the addition of language offsetting some of the costs of the bill, this legislation would increase the deficit by 455 million dollars over ten years.

Let me repeat that – the nonpartisan CBO found that this bill will increase the probability of a big bank failure and a financial crisis. So please, don't tell me that this bill does not roll back Dodd-Frank for the biggest banks.

In this town, no one can ever find a single extra dollar when we need to solve our pension crisis, or invest in infrastructure, or remove toxic lead from kids' homes.

But when the big bank lobbyists come calling, the Senate will waive its budget rules to do Wall Street's bidding.

Let me also remind this chamber how hard it was to enact the reforms we passed after the last crisis. The Senate considered 14 separate Republican amendments to Dodd-Frank, plus another 12 from Democrats. Of those 26, five Republican amendments were adopted, as were 10 from Democrats.

During the Conference Committee – which was televised live on CSPAN for 48 hours – another 17 Senate Republican amendments were accepted, as were 22 amendments from Senate Democrats.

Contrast that open process to what we see on this bill. No substantive amendments were adopted in the Committee, though I credit Chairman Crapo for at least allowing amendments.

On the Senate floor, it was even worse – Democrats and Republicans alike were completely shut down, not able to offer a single amendment. No debate, no deliberation, no changes.

Finally, let me caution my colleagues that if we pass this bill, we're not handing it over to the last Administration. We are not entrusting the clean-up crew from the last crisis to enact this bill.

Instead, we're entrusting the profiteers from the last crisis, the deniers of the last crisis, with implementing these big bank giveaways.

I don't know about others in this chamber, but I'm not willing to place blind trust in the people who have failed us before.

Quarles, Mulvaney, Otting, and Mnuchin – we are expecting these people who have failed us so spectacularly, and with such grave consequences, to protect us the next time? Nothing in their public records has earned them our trust. This is the collective amnesia crowd.

But Ohio families haven't forgotten. People all across this country are still struggling – whether it's rebuilding their savings, or working a lower-paid job it took them two years to find, or paying off student loan debt when a college fund was wiped out.

These are the people we were sent here to serve. What does this bill do for them and the issues facing their lives?

I urge my colleagues to reject this bill. I urge my colleagues to ask themselves – whose side are we on? The side of special interests and Wall Street, or taxpayers and homeowners and students and workers?

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