

Senator Warren Questions Former Fed Regulator Whose Failures Helped Cause the Financial Crisis

Warren Questions Witness About Views on Consumer Protection: "Given your track record at the Fed, why should anyone take you seriously now?"

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Washington, DC - Today, United States Senator Elizabeth Warren attended a Senate Banking Committee hearing about assessing the effects of consumer finance regulations. At the hearing, Senator Warren questioned one of the witnesses chosen by Chairman Richard Shelby (R-Ala.): former Federal Reserve (Fed) regulator Leonard Chanin. From 2005 to 2011, Chanin helped lead the Fed's Division of Consumer and Community Affairs, where he had the responsibility and authority to regulate deceptive mortgages - including the worst forms of subprime lending that helped spark the 2008 financial crisis - but failed to act. The bipartisan Financial Crisis Inquiry Commission found that "the Federal Reserve's pivotal failure to stem the flow of toxic mortgages" was the "prime example" of the kind of hands-off regulatory approach that allowed the 2008 crisis to happen.

Senator Warren noted that the Fed's failure to regulate had devastating consequences. "According to the Dallas Fed, (the) crisis cost the American economy an estimated \$14 trillion. It cost millions of families their homes, their jobs, their savings - devastating communities across America. So when you talk now about how certain regulations are too costly or too difficult to comply with, you sound a lot like you did before the 2008 crisis when you failed to act." She asked Chanin why anyone should take his concerns seriously given his abysmal track record.

Chanin defended his tenure at the Fed and claimed that there were no data provided to the Fed that

suggested that it should further regulate the mortgage market before the crisis hit. "It's not just me or consumer advocates who are calling your Fed tenure a disaster," said Senator Warren. "The bipartisan Financial Crisis Inquiry Commission spent years looking into the causes of the crisis and identified the Fed's failure to regulate subprime mortgages as one of the key drivers of the collapse of 2008. That was you. Even former Chair Greenspan admitted that the Fed made a mistake by failing to regulate subprime mortgages. That was you."

Senator Warren later said, "of all the people who might be called on to advise Congress about how to weigh the costs and benefits of consumer regulations, I am surprised that my Republican colleagues would choose a witness who might have one of the worst track records in history on this issue."

Watch the video [here](#).

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