

## Waters Touts Importance of Wall Street Watchdog

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**WASHINGTON, D.C.** – At today's full committee hearing to discuss the Financial Stability Oversight Council (FSOC) with Treasury Secretary Jack Lew, **Congresswoman Maxine Waters (D-CA)** highlighted the important work of the Council in identifying systemic risk and protecting American homeowners, consumers, and the economy.

Specifically, the Ranking Member of the Committee on Financial Services reminded FSOC's critics that a contributing factor to the severity of the crisis was a lack of oversight throughout the entire system. In response, FSOC was created as part of the Dodd-Frank Wall Street Reform Act, and is now the sole entity charged with looking at the whole system for possible vulnerabilities. Waters also criticized ongoing Republican efforts to undercut the FSOC's important work.

Waters delivered these remarks during today's hearing on the "The Annual Report of the Financial Stability Oversight Council."

"Thank you, Mr. Chairman and welcome back, Secretary Lew.

Today, we once again gather to receive the annual report of the Financial Stability Oversight Council (FSOC) as required by the Dodd-Frank Act.

To be honest, I'm surprised to see so many of my colleagues on the other side of the aisle with us today. Given that the FSOC has joined the ranks of the Consumer Financial Protection Bureau, the Export-Import Bank, and the Terrorism Risk Insurance Act in becoming the latest target in a relentless Republican effort to tear down important engines of job creation, economic growth and consumer protection, I didn't think my colleagues on the other side of the aisle would have any interest in hearing about the Council's progress or in your views of the financial stability of the U.S.

In fact, just last week this Committee approved two measures that – under the guise of "transparency" – would compromise the FSOC and erode the important role it plays. These partisan bills were nothing more than an effort to derail this cornerstone of the Dodd Frank Wall Street Reform Act.

Mr. Chairman, the economic collapse of 2008 resulted in the greatest loss of wealth in a generation. Starting with the bankruptcy of Lehman Brothers, our economy quickly ground to a halt, leaving the American taxpayers to clean up the mess.

All told, the financial crisis resulted in the destruction of more than \$9 trillion dollars in wealth and cost each American household approximately \$50,000, while unemployment exploded throughout the country.

One problem leading up to the crisis was that no one in the private sector or in government saw the big picture – or had the responsibility to deal with emerging threats before they caused damage to our economy.

That is why Democrats created the Financial Stability Oversight Council, to fill that void and serve as an advance warning system to identify and address systemic risks posed by large, complex companies, products, and activities before they threaten the economy.

In plain English, FSOC is charged with looking at every aspect of our financial system for possible weaknesses and risk – something that did not happen in the lead up to the crisis.

The Council's work is critical to ensuring that our financial regulators are working collaboratively to identify and respond to emerging threats to financial stability.

It remains a mystery to me why Republicans are spending the few legislative days we have left this session pushing partisan legislation that would hamstring the FSOC's ability to protect homeowners, consumers and the American economy.

And it's obvious that, like with CFPB, Ex-Im and TRIA, Republicans' goal is to stop the program from its important work – even if that means ending important protections for the American people and our economy.

Secretary Lew, I look forward to your insight on areas of systemic risk the Council has identified, particularly related to mortgage servicing, alternatives to reference rates like LIBOR, and perceptions of “too-big-to-fail.”

As we hear additional details from you about the risks identified in this year's report, I will be interested to hear whether Republicans believe FSOC should take action to mitigate those risks, or turn a blind eye and invite another crisis.

Finally, Mr. Chairman I am looking forward to hearing more from you about how we address concerns that I – and other members of Congress – have raised regarding the transparency of the FSOC designation process. I am sympathetic to these concerns – and would like to hear what steps you have taken – and your suggestions on how to increase transparency in a way that continues to carry out FSOC's mission.

I look forward to the Secretary's testimony and his insight on all of these issues – as well as what the FSOC is currently doing to monitor systemic risk and promote financial stability.

I yield back the balance of my time.”