S. HRG. 115–241

NOMINATIONS OF JELENA McWILLIAMS, MARVIN GOODFRIEND, AND THOMAS E. WORKMAN

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

ON

THE NOMINATIONS OF:

JELENA MCWILLIAMS, OF OHIO, TO BE CHAIRPERSON AND A MEMBER, BOARD OF DIRECTORS, FEDERAL DEPOSIT INSURANCE CORPORATION

MARVIN GOODFRIEND, OF PENNSYLVANIA, TO BE A MEMBER, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

THOMAS E. WORKMAN, OF NEW YORK, TO BE A MEMBER, FINANCIAL STABILITY OVERSIGHT COUNCIL

JANUARY 23, 2018

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C O N T E N T S

TUESDAY, JANUARY 23, 2018

NOMINEES

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

NOMINATIONS OF JELENA McWILLIAMS, MARVIN GOODFRIEND, AND THOMAS E. WORKMAN

TUESDAY, JANUARY 23, 2018

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10:05 a.m. in room SD–538, Dirksen Senate Office Building, Hon. Mike Crapo, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN MIKE CRAPO

Chairman CRAPO. This hearing will come to order.

This morning we will consider the nominations of Ms. Jelena McWilliams to be the Chairperson of the Federal Deposit Insurance Corporation; Dr. Marvin Goodfriend to be a Member of the Board of Governors of the Federal Reserve System; and Mr. Thomas Workman to be a Member of the Financial Stability Oversight Council.

Welcome to all of you and congratulations to you on your nominations.

I see friends and family sitting behind you, and I welcome them here as well today.

We are fortunate to have three highly qualified individuals to consider for these positions, which are critical to ensuring a safe, sound, and vibrant financial system and a healthy, growing economy.

I am particularly excited that one of these nominees, Ms. McWilliams, is a former staffer of mine, and is no stranger to the Members of this Committee who have been on this Committee over the past several years. Ms. McWilliams did outstanding work while she was at the Committee, and I am fully confident she will bring the same diligence, work ethic, and intellect to the FDIC that she showed here.

In addition to working at the Committee, Ms. McWilliams also worked as an attorney at the Federal Reserve during the financial crisis, and she currently is the Chief Legal Officer, Corporate Secretary, and Executive Vice President of Fifth Third Bank.

These varied experiences have provided her with the particular background and expertise needed to run the FDIC. As head of the FDIC, Ms. McWilliams would be in charge of administering the Deposit Insurance Fund. Additionally, in its role as a prudential regulator, the FDIC plays a critical role in ensuring the safety and soundness of the financial system while also promoting economic growth.

Dr. Goodfriend also has an impressive background, having worked at the Federal Reserve Bank of Richmond for close to 30 years. He has written extensively about monetary and regulatory policy, and he testified before this Committee in 2016.

The Fed is currently in the midst of normalizing monetary policy by winding down its balance sheet and raising interest rates after years at the zero lower bound.

With respect to regulatory policy, the Federal Reserve is reviewing many of the rules put in place following the crisis. If confirmed, I look forward to working with Dr. Goodfriend on further regulatory and monetary policy improvements.

Finally, we will consider Mr. Workman to serve as the independent insurance expert on the Financial Stability Oversight Council. The Council is charged with identifying risks and responding to emerging threats to financial stability, which has significant implications for both banks and nonbank financial companies.

Mr. Workman will be well equipped and is well equipped to fill the insurance expert role, bringing over four decades of practical insurance industry experience, including serving as the head of a major New York State insurance trade group, representing over 70 life insurance companies.

During my meeting with Mr. Workman, I was encouraged by his commitment to independence and his desire to facilitate better collaboration between regulators and with regulated entities.

At this time, I ask unanimous consent to enter into the record 17 letters endorsing the witnesses. Without objection, so ordered.

Chairman CRAPO. Congratulations again on your nominations and thank you and your families for your willingness to serve.

Senator Brown.

STATEMENT OF SENATOR SHERROD BROWN

Senator BROWN. Thank you, Mr. Chairman, for convening this hearing. Thanks to the three nominees. I had interesting discussions with each of you. Thank you. Thanks for your willingness to serve the public. Thank you to your families for being willing to support you during this.

Ten years ago, in January 2008, Bank of America announced it would buy Countrywide, which at the height of the bubble was financing one out of every five mortgages in America.

At that time Wall Street thought it was a rare business opportunity. But it only took Countrywide a few months to go from a darling of bank analysts to an anchor around the Nation's largest bank and a threat to our economy. Though consumer advocates knew that Countrywide was peddling predatory loans, Wall Street and regulators all failed to see how a large regional mortgage lender could pose a threat to a $1.7 trillion bank and to the wider financial system.

That is why we passed Wall Street Reform—to hold watchdogs and large banks to a higher standard, especially when things appear to be rosy.

Now, 10 years later, the crisis has faded from memory. Bank profits are back to record levels. Big tax cuts, especially for large financial institutions, are on the way. But at the same time, though the same consumer advocates that warned us about Countrywide are cautioning us not to roll back the rules, too many policymakers have forgotten the lessons of the last crash. I talk often in this Committee about the collective amnesia we have about what happened a decade ago.

But Ohioans have not forgotten. While banks got bailed out and executives made off with golden parachutes, families at kitchen tables in Cleveland, in Mr. Workman's Columbus, in Ms. McWilliams' Cincinnati, families at kitchen table across Ohio, were left with impossible choices: Should we pay our mortgage or our medical bills? Should we buy our prescription drugs or make our car payment?

Ms. McWilliams, if confirmed, you will be in a key position to ensure that this never happens again. You will follow in the footsteps of two dedicated public servants—Marty Gruenberg, a Democrat; Sheila Bair, a Republican—who led the FDIC through the most challenging period since the Great Depression. You know that. I hope you take their counsel. I hope you listen to their counsel and take it seriously.

You will be charged with stewardship of our Nation's community banking system. We know that when Wall Street creates a crisis, small banks are dragged down with a sinking economy. During the last crisis, we lost community banks across Ohio—in Lakeview, in Cleveland, in Milford, and Parma and West Chester. This Committee has heard a number of times my recalling the year 2007 in the ZIP Code where I live, 44105, in Cleveland, Ohio, the first half of that year there were more foreclosures than any other ZIP Code in America. At the same time financial crises are a large part of why there are so many fewer community banks serving small businesses and families today then there were 30 years ago.

Dr. Goodfriend, I appreciated our amiable conversation in my office, but I am troubled by your long-held views on our Nation's monetary and regulatory policies. You have questioned the Fed's mandate to fight unemployment. You have suggested a regressive tax on the cash in workers' wallets. You have endorsed legislation that would gut the CFPB and undermine the institution for which you work.

I am worried that, if confirmed, you would not defend the independence of our central bank. You seem to be more concerned with threats of inflation than you are with people losing jobs and livelihoods.

Mr. Workman, thank you for your service and your long career in Ohio and your service to our country. Many people back home expressed their appreciation for your qualifications. You made quite an impact when you were in Ohio. I am interested in learning about how you would shift to this new watchdog role, how you will protect our economy when FSOC is dismantling our post-crisis reforms. Look at the Treasury reports coming out of Secretary Mnuchin's office, all about deregulation. From deregulating AIG, whose toxic credit default swaps amplified the crisis, to dropping its effort to regulate MetLife, I am concerned that FSOC is abandoning its mission in only 12 months of the Trump administration. Hardly clearing the swamp, the White House looks more like a retreat for Goldman Sachs executives.

Much like the run-up to the 2008 crisis, Wall Street profits and household debts are at record highs, and corporations and the wealthy are enjoying windfall tax cuts. Meanwhile, working families have not seen a real raise in 15 years. As policymakers, I expect each of you to resist the collective, all too present amnesia that has settled in across Washington, DC. I expect you to use your positions to make the economy work better for American families.

Thank you.

Chairman CRAPO. Thank you, Senator Brown.

At this point we will administer the oath. Would each of you please rise and raise your right hands? Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Ms. MCWILLIAMS. I do.

Mr. GOODFRIEND. I do.

Mr. WORKMAN. I do.

Chairman CRAPO. And do you agree to appear and testify before any duly constituted Committee of the Senate?

Ms. MCWILLIAMS. I do.

Mr. GOODFRIEND. I do.

Mr. WORKMAN. I do.

Chairman CRAPO. Thank you. You may be seated.

Your written statements will be made a part of the record in its entirety, and as I always do, I encourage you to remember to follow the clock. We have allocated each of you 5 minutes. We would like you to stick to that for your oral presentation so we have plenty of time for questions from the Senators.

And, with that, Ms. McWilliams, you may proceed.

STATEMENT OF JELENA MCWILLIAMS, OF OHIO, TO BE CHAIRPERSON AND A MEMBER, BOARD OF DIRECTORS, FEDERAL DEPOSIT INSURANCE CORPORATION

Ms. MCWILLIAMS. Thank you, Senator. Chairman Crapo, Ranking Member Brown, Members of the Committee, as a former staff member, it is my privilege to appear before you today. I am truly honored and humbled to be the President's nominee to lead the Federal Deposit Insurance Corporation. I am grateful to the President for this nomination and grateful to Senators Crapo, Shelby, and Olympia Snowe for the opportunity to serve our country. I am forever indebted to these public servants for their trust and confidence.

I am also grateful to my family; they are sitting behind me today: my father, Obrad Obrenic, a World War II veteran who taught me that nothing can substitute personal integrity and hard work; my mother, Branka, who taught me that I can do anything I aspire to do; my daughter, Maya, whose humility reminds me every day to be a better person; and my brother, Nenad, a beekeeper and a great father. Without them, I would not be here today.

My father was born in 1925 in impoverished Montenegro. He was born in a kingdom, fought fascism and Nazism in his youth, survived communism and socialism in adulthood, and is now finally living out his golden years in a democracy. It was his difficult journey that was pivotal in my decision to leave the former

Yugoslavia for a system built upon the rule of law. In 1991, on my 18th birthday, with $500, I left the former Yugoslavia and arrived in the United States. Appearing before you 26½ years later is nothing short of an American Dream.

The FDIC is an independent agency created by the act of Congress to maintain financial stability and public trust by insuring deposits; examining, regulating, and resolving financial institutions; and managing receiverships.

I believe that my background and professional experience have prepared me well for this challenge ahead. I currently serve as the Chief Legal Officer, Executive Vice President, and Corporate Secretary of Fifth Third Bancorp in Cincinnati, Ohio. I serve on the bank's executive committee and advise the senior management and the board of directors on legal, compliance, and regulatory matters. In addition, I oversee a staff of over 70 attorneys and support staff.

Prior to joining Fifth Third, I had the honor and the privilege to serve on this Committee under then-Chairman Shelby and Chairman Crapo in various capacities, most recently as Chief Counsel and Deputy Staff Director. My experiences on this Committee and as a staff attorney at the Federal Reserve Board of Governors have prepared me uniquely for the challenge ahead, to lead the FDIC in its mission, to protect the financial stability of the United States, while making sure that consumer products are available to a broad swath of consumers, focusing on consumer protection, and making sure that the Deposit Insurance Fund is equally protected.

Also, having served as a corporate officer of a regulated entity, I have a 360-degree view of our regulatory system and the entities that regulate it. If confirmed, I am confident that I can execute the FDIC's mission effectively.

One of the side effects of the civil war that broke apart the former Yugoslavia was a total collapse of its financial system. My parents' meager savings were wiped out overnight when a local bank closed its doors. Yugoslavia did not have deposit insurance, and as a result, my then-68-year-old father went to work as a day laborer. I can assure you that the FDIC's mission resonates profoundly with me on a personal level, and if confirmed, I will not take this mission or my duties lightly.

Thank you.

Chairman CRAPO. Thank you.

Dr. Goodfriend.

STATEMENT OF MARVIN GOODFRIEND, PH.D., OF PENNSYLVANIA, TO BE A MEMBER, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. GOODFRIEND. Chairman Crapo, Ranking Member Brown, and Members of the Committee, thank you for the opportunity to appear before you today. I am honored to have been nominated by President Trump to serve as a Member of the Board of Governors of the Federal Reserve System. None of this would have been possible without the support of my best friend and wife, Marsha, who is sitting behind me, and without the support of my sister Miriam, who is watching at home. I would also like to recognize my parents for developing in me at an early age a keen interest in public policy.

As the Nation's central bank, the Federal Reserve has many responsibilities that are at the foundation of our economic prosperity and well-being. Guided by the goals of maximum sustainable employment, price stability, and financial stability, and with lessons from its past, the Federal Reserve must be alert to future challenges.

I have spent my 40-year career as an economist focused on central banking in general and the Federal Reserve in particular. The Federal Reserve Bank of Richmond had been my primary place of employment for more than 25 years when, in 2005, I joined the faculty of Carnegie Mellon University in Pittsburgh. I have written about and contributed to the policy debate from both "inside" and "outside" the Fed. If confirmed, I look forward to putting my knowledge and judgment—developed as both an academic and practitioner—to work as a Governor and to contributing my voice and experience to addressing current policy issues. I intend to draw on my academic and professional experience to promote policies that would further increase transparency and accountability at the Fed.

My years at the Federal Reserve Bank of Richmond gave me a deep appreciation of the role of a regional Reserve banks in the Federal Reserve System. The regional system encourages diverse perspectives and innovative thinking. As a Member of the Board of Governors, I would look forward to hearing and considering this diversity of views in making policy.

I have also gained policy experience at other Government and central banking institutions. These experiences ranged from being a staff economist for the Council of Economic Advisers in the Reagan administration, to serving in central bank advisory roles, and participating in external reviews of several central banks abroad.

My publications use monetary theory, central bank practice, and Federal Reserve history to investigate policy issues. I have enjoyed my past 12 years teaching courses in monetary policy, money and banking, and international trade and finance at Carnegie Mellon's Tepper School of Business.

I would like to thank the Committee for the opportunity to appear before you today and for considering my nomination. If confirmed, I look forward to working with you in the years ahead. I would be pleased to answer any questions you have.

Thank you.

Chairman CRAPO. Thank you.

Mr. Workman.

STATEMENT OF THOMAS E. WORKMAN, OF NEW YORK, TO BE A MEMBER, FINANCIAL STABILITY OVERSIGHT COUNCIL

Mr. WORKMAN. Chairman Crapo, Ranking Member Brown, and Members of the Committee, it is my honor to appear before you today. I am grateful to be President Trump's nominee for Independent Member with Insurance Expertise of the Financial Stability Oversight Council, and I thank you and your staffs for helping me prepare for this hearing.

First, I would like to introduce my wife, Pam, who is here behind me, and our son, Chris, who is also here today. Pam, my forever friend and life partner of 52 years, is a professional artist who paints still lives and portraits of strangers. She is a lifetime mother and educator as well. Our son, Chris, is a partner at MSD Capital and a U.S. Army veteran who served as a tank platoon leader in the First Armored Division. His wife, Catherine, is a developmental pediatrician and neonatologist. They have two children and live in New York City. Our daughter, Sarah, is the mother of four. She is a lawyer and the founder and leader of Post-Partum Society of Florida helping mothers suffering with post-partum depression. Her husband, Mark, is a facial plastic surgeon, and they live in Sarasota.

I would also like to recognize Roy Woodall, the current Independent Member of FSOC, right behind me here—he is also a former Kentucky insurance commissioner—and our good friend, Lee Covington, a former Ohio insurance director.

I grew up in north-central Ohio, 2 miles from the Leesville Rural School that I attended. My father had a small Chevrolet dealership, and my mother worked as a mother, secretary, and bookkeeper. My sister, Elaine, and I both graduated from The Ohio State University. And after law school there, I served nearly 4 years as a captain in the U.S. Army Judge Advocate General's Corps. Then I returned to Columbus to practice law at Bricker & Eckler, the firm founded by John W. Bricker from Ohio. He was a three-term Governor and two-term United States Senator. With my office next to his for many years——

Senator BROWN. If I could interrupt, the Vice Presidential nominee in 1944, causing the only time Ohio did not vote for the winner in the 1944 Presidential election.

[Laughter.]

Senator BROWN. Sorry to interrupt. I would never interrupt a witness in the middle, but I had to.

Mr. WORKMAN. Thank you, Senator. That is very helpful. I thought about adding that, but, you know, there is a limitation on time.

Chairman CRAPO. We will give you a few extra seconds.

[Laughter.]

Mr. WORKMAN. OK, good. Thank you so much.

With my office next to his for many years, I am certain that he would be delighted that I am before you today.

The first question I was asked at the firm was: Would you do some insurance work? I spent the next 26 years doing insurance regulatory, legislative, and business-related work including many areas—formation of companies, licensing, admission, sale, acquisition, rehabilitation, liquidation, reserving, State taxation, agent licensing, governance, underwriting, claims, admitted and non-admitted assets, and more. I also represented the Association of Ohio Life Insurance Companies and developed the firm's insurance law practice.

I served on the Board of the Ohio Farmers Insurance Company for 24 years. Formed in 1848, it is a leading Midwestern, multi-line property/casualty insurance company. I chaired the Governance & Nominating Committee, served on the Compensation Committee, and twice served on the committee to select a CEO.

In 1999, I was recruited to become President and CEO of the Life Insurance Council of New York. For the next 17 years, I was involved in nearly all regulatory and legislative issues related to life insurers in New York State and, to a large degree, nationally.

With 43 years of working with insurers, regulators, and legislators in New York, Ohio, and other States, I have, in effect, prepared to be the FSOC Independent Member with Insurance Expertise all my life. I know insurance and how vital it is to families and businesses and to our economy. I have great respect for insurers and the regulators and legislators who wrestle with insurance issues. They all share the same objectives: to assure promises are kept and customers are treated fairly.

The purposes of FSOC are to identify risks to the stability of the U.S. economy, to promote market discipline, and to respond to emerging threats. The Independent Member exists to make sure someone with substantial insurance knowledge takes part in FSOC deliberations affecting insurers and insureds. I am grateful for the support of Roy Woodall, and I aspire to perform this duty as masterfully as he has.

I am also grateful to report that yesterday the officers of the National Association of Insurance Commissioners authorized me to tell you that they believe I am a well-qualified candidate for this position, and they look forward to working with me.

I would greatly appreciate this opportunity. If confirmed, I would be dedicated to the highest level of honorable public service. Thank you, Mr. Chairman, Ranking Member Brown, and Members of the Committee. I look forward to answering any questions you may have.

Chairman CRAPO. Thank you, Mr. Workman.

I will start the questioning, and first I would like to go to you, Ms. McWilliams. Improving economic growth has been one of the key priorities for Congress over the past year, and one way to improve economic growth is by addressing areas where financial regulations can be improved. Financial regulations should promote a vibrant, growing economy while still assuring a safe and sound financial system. If confirmed, what will be some of your key priorities?

Ms. MCWILLIAMS. Thank you, Senator, for that question. If confirmed, I would like to focus on the regulatory burden on community banks. There has been a tremendous trend in consolidation of the community banking sector over the past three decades, and especially since the financial crisis. I would like to also focus on *de novo* charters for community banks. The only way to aid in the formation of the community banking sector and its expansion is to create more banks. From 2000 to 2008, the FDIC has chartered a number of FDIC-insured *de novo* banks, and since 2009, there have been only eight. That is a problem because we lost hundreds and thousands over the last 30 years.

Additionally, I would like to focus on the cybersecurity issues and how they impact the banking sector in general, and especially community banks. And I would also like to take a look at how some of the international regulatory framework, like Basel regulations, affect community banking sector.

Chairman CRAPO. Thank you very much.

Dr. Goodfriend, what are some of the ways to improve the transparency, accountability, and communications at the Federal Reserve?

Mr. GOODFRIEND. Thank you for the question. There are three ways in which I think transparency could be improved. One of them would be—and we can talk about this in more detail—around the stress tests. The second one would be around a reference rule which we might consider. And the third would be around what I call the boundaries and clarification of resolution policy.

Chairman CRAPO. Well, thank you. And if we have time, we will get into that. But we are limited to 5 minutes up here ourselves, so I want to move on to Mr. Workman.

In your opening statement, Mr. Workman, you stated, "The Independent Member exists to make sure someone with substantial insurance knowledge takes part in FSOC deliberations affecting insurers and insureds." Can you discuss in more detail how you envision your role on FSOC and what type of expertise you bring to the Council?

Mr. WORKMAN. Mr. Chairman, I would begin by just saying that the first duty in my view is in this role to be independent, to be truly independent, and also in that role to be working diligently for the public interest. My only interest would be the public interest. Having 40 years of experience in insurance, I can put that to work in the interest of Americans.

As far as steps that I would like to take, I believe that there is a continuing need for more transparency in the process. I recognize that much of the activity of FSOC cannot be public. It has to be kept private. However, I think more knowledge among regulators and among the insureds and insurers is helpful.

Also, I believe more engagement with the primary regulators—and in America, we are talking about State insurance regulators—more collaboration with them and with the entities that are under consideration, and also I think attention to particularly in the area of designations, considering a cost-benefit analysis.

And then, last, what occurs is I think an overarching interest in promoting a level playing field in the marketplace.

Chairman CRAPO. Well, thank you, and I will finish with you, Mr. Workman. I have got about 30 seconds left. But as you know, FSOC has designated four nonbank financial companies as systemically important financial institutions and subsequently voted to rescind designations on two of those companies. In November, the Treasury Department published a report with a series of recommendations to improve the designation process.

What are your thoughts on the current designation process for nonbank SIFIs? And I apologize, you are going to need to do that in about 15 or 20 seconds.

Mr. WORKMAN. Sure. Mr. Chairman, I think the key point I would make is that the Treasury put forth the concept of considering an activities-based or an industry-based approach, looking at products and activities. That is something that the IAIS is also doing. I think that is an area that does deserve consideration.

Chairman CRAPO. Senator Brown.

Senator BROWN. Thank you, Mr. Chairman.

Mr. Goodfriend, you have previously dismissed financial regulations saying, "The only way that consumers' households can be protected against finance, against purchasing consumer products, against anything in the market is by being demanding shoppers. The whole philosophy of regulation," still your words, "seems to be that the Government can protect consumers from themselves. I think that is wrong. If we turn that around, that would do a lot to move us in another direction from the European Socialist model that the Government needs to be our protectors."

So I guess you are saying we should let demanding shoppers decide which banks are sound and which are the next Countrywide. So does that mean you think that the job Ms. McWilliams, the agency she has been nominated to is just a bad idea, should not exist?

Mr. GOODFRIEND. Let me start again with what I think about these matters. I think protection of consumers is incredibly important, not only for consumers but for the market economy. And what I meant in that context was that regulation, to the extent that it focuses on firms, which is a good thing to create standards and——

Senator BROWN. Well, I am not going to let you filibuster this. I am sorry but—and you can tell me your whole philosophy. But I am reading your words, and you are saying that consumers should be demanding shoppers. So does that mean that the FDIC is simply not necessary because consumers should figure out which of these banks are about to go under?

Mr. GOODFRIEND. Absolutely not. Consumers need to be informed. And the other half of regulation is informing consumers about the products that they are choosing between. That was the point that I was making in that comment. And consumers——

Senator BROWN. OK, well, do you think—I am sorry. Do you think that we are on a path to the European Socialist model in this country?

Mr. GOODFRIEND. No, I do not.

Senator BROWN. OK. Because it sounds like you might sort of think that. Maybe this nomination has illuminated some things.

If we gut regulations and consumers are supposed to use their purchasing power to demand safer financial products, shouldn't we prohibit mandatory arbitration agreements that deny consumers their day in court?

Mr. GOODFRIEND. So, if confirmed, as a Governor I will look into that matter. It is not something that I have thought about.

Senator BROWN. OK. In 2011, you told the Wall Street Journal that, "Inflation scares are likely to recur and become more severe." You remember, amnesia around here aside, just 2 years earlier when President Obama took office we were losing 800,000 jobs a month. It began to turn around with the auto rescue in 2010. We have had month after month, consecutive months, and through this first year of the Trump administration of economic growth. So that was the state of the economy. So keep that in mind when you said—and I know you have studied the risks and drivers of inflation. But you stated also many times you believe the Fed would be better off with a single mandated focused just on inflation rather than a dual mandate, which includes full employment. In a May 2012 interview, you called the idea of getting the unemployment rate, then at 8.1 percent, to below 7 percent a "Herculean task that could lead to rising inflation that would be disastrous to the economy." At the end of 2017, unemployment was 4.1 percent. The inflation rate remains below 2 percent.

Why were you so wrong so many times?

Mr. GOODFRIEND. Senator, throughout this period of the last 10 years, I have been commenting on monetary policy. I am not going to—the essence of the Federal Reserve's position to stimulate the economy was based on years of generated credibility for anchoring long-run inflation. That credibility was critically important in order for the Federal Reserve to keep stimulus in place for the last few years without generating inflation until we brought the unemployment rate down to something in the vicinity of——

Senator BROWN. So would they have done so well if they had listened to your warnings that we should not have a dual mandate, we should only focus on inflation? Would this economy be in this good a shape if they had listened to Marvin Goodfriend during this period?

Mr. GOODFRIEND. The questions that I was answering were academic. The dual mandate is large—is very well—it works because the two goals of low unemployment and low inflation are complementary, and that is exactly what was the case in the last——

Senator BROWN. That is what you say now, but you say they were academic. You were in an academic setting. But now you are in a policymaking setting if you are confirmed, and you still seem to hold this view—or do you reject that view that there should not be a dual mandate? Will you say to us absolutely there should be a dual mandate with equal emphasis on inflation and unemployment?

Mr. GOODFRIEND. I absolutely agree to that. In fact, I talk about inflation because the key to getting the unemployment rate down over the past 40 years in the United States has been credibility for low long-run inflation, and that again is why we were able to keep stimulus in place for the last 5 years, 10 years.

Senator BROWN. OK. Last question. Discussing inequality, you said you need to at all times talk about what is good for the country as a whole. You cannot worry about how to help people who have less unless you try to make the pie as big as possible. It is a fairly easy question for me to answer about basic indifference or unconcern about addressing inequality. We know the recent tax cuts, 81 percent of the recent tax cuts go to the wealthiest 1 percent in this country. Doesn't your view have the potential to make inequality worse?

Mr. GOODFRIEND. Senator, I do not believe the things that I say about monetary policy have bearing on income inequality. What the Federal Reserve wants to do is to create the lowest unemployment rate that is consistent with price stability. That is what our tools are designed to do, and that is what I would do if confirmed as a Governor.

Senator BROWN. Thank you, Mr. Chairman.

Chairman CRAPO. Senator Shelby.

Senator SHELBY. Thank you. Mr. Chairman, I think all three of these nominees are eminently qualified by their experience and education and everything. Of course, we both know and a lot of us know more than a little bit about Ms. McWilliams, who served ably, honorably, in this Committee. Welcome back.

Ms. MCWILLIAMS. Thank you.

Senator SHELBY. I also congratulate on your nomination because you are going to take a big pay cut. All of you will.

Ms. MCWILLIAMS. I am used to it, Senator. Thank you.

[Laughter.]

Senator SHELBY. She worked for us, both of us, so your money was not forthcoming. I can tell you that.

I have long been an advocate, as, Ms. McWilliams, you know, of cost-benefit analysis—Senator Crapo got into that a minute ago—for all Government rulemaking and regulations. Right now we are focused on the financial regulation authority. How important is cost-benefit analysis in the decisions that come before the FDIC? I am going to pose this to all three nominees. Ms. McWilliams?

Ms. MCWILLIAMS. Thank you, Senator, for that question, and thank you for your words.

I believe the cost-benefit analysis is crucial for an agency, and here is why. While I was at the Federal Reserve, we worked on consumer protection regulations, and if we did not do an appropriate cost-benefit analysis, we would not know how a consumer would in the end be affected by the regulation. And I was taught at that point in time that consumer credit is like a balloon. If you squeeze it here, it will come out there. And before you squeeze it, you better know who is going to pay for it, how it is going to come out, and are you comfortable with the outcome. So I do believe that proper cost-benefit analysis benefits the consumer as well as the ability of the financial institutions to provide the lowest-cost products and services to their base.

Senator SHELBY. Dr. Goodfriend, the Federal Reserve, as you well know, we have been talking about cost stability and full employment, stability of the monetary system and full employment. But the Federal Reserve is also a huge bank regulator. What about your view on cost-benefit analysis? Should it be done? And should it be done right? And should it be transparent, too?

Mr. GOODFRIEND. Absolutely, I think cost-benefit analysis is important to decide which regulations to be put in place, which are deserving, which are not. I think the—my impression is that the Federal Reserve has moved in this direction, and if I am confirmed as Governor, I would help it move in this direction even further.

Senator SHELBY. Mr. Workman, your work will be a little different from theirs, but in some ways overlap. What about cost-benefit analysis?

Mr. WORKMAN. Yes, Senator, that is, I think, a critically important element of the analysis that I would want to make, and hopefully the Council would as well.

Senator SHELBY. Dr. Goodfriend, we talked about this a little earlier. Could you elaborate before the Committee today how the modern economy may have changed the way global indicators are viewed? And could you describe your views on the Federal Reserve's objective regarding price stability?

Mr. WORKMAN. Yeah, you know, the global economy has become much more integrated over the last 10, 20 years, and many people think that that may impact the Fed's ability to stabilize the U.S.

economy. My view is that that is not really the case. We have what we call a "flexible exchange rate system," which I believe gives the Federal Reserve the independence to act on domestic issues irrespective of globalization, at least for monetary policy and price stability.

Senator SHELBY. Mr. Workman, I am trying to move on because I have just got a few more seconds in my time, but do you agree with me that banks are one entity, insurance companies are another, their structure is different, their role is different, their obligations are different and so forth?

Mr. WORKMAN. Yes, Senator, they are functionally different. They have a lot of similarities, of course. However, the significant difference is the duration of the risk. For example, a life insurance company could have 40 years, 50 years of bearing risk, and it is not as able to be subject to a run much like a depository bank would.

Senator SHELBY. Should that all be taken into account when you are making a designation?

Mr. WORKMAN. Senator, indeed, and I think that is part of the role that I would need to play.

Senator SHELBY. You will be playing.

Mr. WORKMAN. Yes.

Senator SHELBY. Thank you.

Thank you, Mr. Chairman.

Chairman CRAPO. Thank you.

Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman.

Dr. Goodfriend, during a hearing last May, you called the Federal Reserve's dual mandate "incoherent," and you suggested eliminating the full employment mandate. You said that, "Whether or not unemployment is 1 percent or 20 percent over a sustained period of time is largely due to factors outside of monetary policy control."

However, in a speech last June, Governor Powell said, "The problems that some commentators predicted have not come to pass. Accommodative policy did not generate high inflation or expensive credit growth; rather, it helped restore full employment and return inflation closer to the 2 percent goal."

So do you disagree with Governor Powell's assessment?

Mr. GOODFRIEND. No, I do not.

Senator MENENDEZ. And so then your analysis was incorrect then?

Mr. GOODFRIEND. No. I would like to say that I regret the word "incoherent." What I was talking about was in the long run it is inconsistent for the Federal Reserve to control both employment and inflation. The Federal Reserve has agreed, most central bank economists agree that over the long run central banks can control only inflation. But that is not a statement against the dual mandated. Again, what I believe is true is it is critically important to anchor long-run inflation in order to get the capacity for monetary stimulus to drive the unemployment rate down to the natural rate or to the vicinity of full employment.

Senator MENENDEZ. But let me just take—let me follow up on Senator Brown's questions about your Bloomberg quote when you said: “It is really doubtful whether or not the Fed can achieve 7 percent unemployment. Even if the Fed did succeed, it would give rise to a rising inflation rate in the next few years, which would be disastrous for the economy.” However, today—that is your quote. I am taking it straight from Bloomberg. However, today unemployment is 4.1 percent, inflation is still running below 2 percent, despite the fact that the Fed waited more than 3 years after that interview to increase rates.

So knowing what we know today, do you honestly still think the Fed should have followed your advice in 2012 and raised rates before inflation neared its target?

Mr. GOODFRIEND. No, I do not. But those statements are out of context. What I was warning about was in the past the Fed has had trouble getting unemployment down, and the reason was we had zero interest, and we had lost the stimulative power, the ordinarily stimulative power of monetary policy. My point was in the context of that conversation, and I——

Senator MENENDEZ. Can you point out any—you know, with all due respect—and I am sure academically there is no question that you are a very bright person. But how am I not to hear everything you have said in the past and then what you are saying today as a confirmation conversion about the dual mandate obligation of——

Mr. GOODFRIEND. Again, it is not my—what I am saying is that the history and thinking about monetary policy has said if we want to get unemployment down to the natural rate to the vicinity of full employment, we as central banks need to stabilize long-run inflation but——

Senator MENENDEZ. Can you give me——

Mr. GOODFRIEND. That is all I am saying.

Senator MENENDEZ. Can you give me anything, show me, direct me to anything that you have said in the past that suggests that you support and affirm the dual mandate of the Federal Reserve?

Mr. GOODFRIEND. I can show you some publications in which the point of my work was to say we—our goal is to get unemployment down to the natural rate, and, therefore, I am supportive of a long-run inflation target. I have worked on that for decades. It has proven to be the case that that has worked in the last decade, and I will stand by that. Whether or not I have talked about the dual mandate, I totally support it. In fact, the reason for stabilizing inflation over the long run is exactly to make the economy operate at full employment.

Senator MENENDEZ. All right. Let me turn to Ms. McWilliams. The Administration is actively searching for ways to diminish banks’ responsibilities to serve those very communities through undermining the Community Reinvestment Act, something that many of us strongly support. Shouldn’t the Administration be focused on strengthening, not weakening, a tool that ensures banks are held accountable for serving low- and moderate-income communities? And what assurances can you give us that the FDIC under your leadership will guarantee banks are meeting the home mortgage, small business, and other credit needs of low- and moderate-income communities?

Ms. MCWILLIAMS. Senator, thank you for that question. The Community Reinvestment Act is the law of the land, and it is the duty of the Federal Deposit Insurance Corporation to follow the law of the land. The unbanked and underbanked communities are a vital part of our economy, and I can tell you for a fact that a number of banks are seeking opportunities to bank those communities not only for the purposes of the CRA, but also because they need to expand their customer base, and that is the organic way to grow the company.

I can also assure you on a personal level, as somebody who was a part of the low- and moderate-income community, that the mission of the CRA resonates profoundly with me on a personal level as well, and I can give you my commitment that I will ensure that the FDIC fully executes the mandate of the CRA.

Senator MENENDEZ. Thank you for that.

Thank you, Mr. Chairman.

Chairman CRAPO. Thank you.

Senator Toomey.

Senator TOOMEY. Thanks, Mr. Chairman.

Dr. Goodfriend, would you agree with the characterization that a stable currency—in our case, obviously the dollar—a long-term stability in the currency is a very, very important condition for maximizing employment?

Mr. GOODFRIEND. Absolutely.

Senator TOOMEY. And, therefore, if you had a sustained policy where you deviated from that stability, for whatever reason, even if it were for a good intention like maybe lowering the unemployment rate, but if in the process you undermined the stability of the dollar, wouldn't it actually be counterproductive for employment?

Mr. GOODFRIEND. I do believe that that is true.

Senator TOOMEY. The last time in the United States that we had an extended period of very high inflation I believe was the 1970s and early 1980s. What was the unemployment rate like during that period?

Mr. GOODFRIEND. On average, 2 or 3 percentage points higher than it has been since price stability.

Senator TOOMEY. Yeah, so I think it is an important point that we should all keep in mind. Price stability is a necessary condition for maximizing employment.

With respect to the recent history of the Fed's behavior, you know, I have been concerned about what the Fed has done, the completely unprecedented history of the monetary policy, including monetizing the debt of our Government, which I think is a fair characterization, increasing our balance sheet to over $4 trillion. And it is true, there has been no recent huge run-up in inflation, but can anybody say with certainty that we are not right now living with some asset prices that could be vulnerable? Sovereign debt prices are pretty hard to explain, actually. Equity prices are extremely high, some real estate markets. Can you be certain that there are no bubbles out there?

Mr. GOODFRIEND. No, and what I hope to do, if I am confirmed as Governor, is worry about exactly this kind of issue and to try to do the best I can to guide interest rate policy on the basis of incoming data, to balance the goals of sustainable maximum employment, which is kind of where we are, keeping inflation low, and also worrying about financial stability because that is an equally complementary part of the Fed's mandate.

Senator TOOMEY. And I would also like to suggest one other consideration, which is just that it strikes me as a dangerous idea for the central bank to be purchasing assets like mortgage-backed securities, which end up being an allocation-of-credit decision, which should be left to the market and not to the central bank, in my view.

Mr. GOODFRIEND. I agree with that, and the Fed, to my understanding, has a policy of aiming to get its balance sheet back to what we call "all Treasurys."

Senator TOOMEY. All right. Thank you.

Ms. McWilliams, thanks for taking the time to have a chat recently. I enjoyed our discussion in my office. I wanted to follow up on the issue that you raised regarding *de novo* banks.

Ms. MCWILLIAMS. Yes.

Senator TOOMEY. As we discussed briefly, it used to be routine in America that 100 or more community banks would be launched every year, and it struck me as a wonderful mechanism to bring credit to growing communities wherever it was needed. But as you pointed out, for something like the last 9 or 10 years, I think we have averaged about 1 per year as opposed to over 100 per year.

Now, some have suggested that is just because interest rates have been low, and I will concede that that may have contributed to discouraging new startups. But I am also convinced, as someone who has a community banking background, that the regulatory burden has also contributed to the lack of new banks.

Is that your view? And do you have any specific ideas on how we might be able to relieve that burden, keeping in mind that these institutions are not systemically important even to their community, much less the country?

Ms. MCWILLIAMS. Senator, thank you for that question, and thank you for our discussion as well. I absolutely agree with you that the *de novo* charter banking has been an issue that has been on my mind for a long time because we need to replenish the banks that closed down because of various circumstances.

I do believe that the regulatory burden plays a key component in the consolidation of the community banking industry, and if confirmed, that is something that I would like to take a look at. Especially, I would like to take a look at the capital and liquidity requirements on community banks and understand how the Basel framework applies to those banks. A number of Basel requirements are not applicable to community banks, but, nonetheless, while I served on this Committee, I have heard from a significant number of community banks that the Basel requirements do apply to them; even if it is not by regulation, it is by a trickle-down effect.

So I can commit to you that it is something that I will willingly and gladly take a look at and take under consideration if confirmed as Chair.

Senator TOOMEY. Thank you very much.

Mr. Chairman, thank you, and I would just observe I think we have three terrific nominees here.

Chairman CRAPO. Thank you, and I agree.

Senator Tester.

Senator TESTER. Thank you, Mr. Chairman.

The first question is for you, Ms. McWilliams. The FDIC completes the EGRPRA process last year. A portion of that review talked about synchronization and streamlining, and I believe it is key that regulators do work together to make sure that regulations are not duplicative. It is a major complaint that I have heard from my community banks.

As FDIC head, what would you do to ensure that the examination process is modernized and that duplication is eliminated as much as possible?

Ms. MCWILLIAMS. Thank you, Senator Tester, for that question. The FDIC Chair also sits on the Federal Financial Institutions Examination Council, which is a great venue to be able to streamline banking examination, both in terms of the relaxation of duplicative requirements by different agencies and to provide uniformity in how prudential banking regulators approach examination and regulation of banks. We need to have uniformity. The Federal Deposit Insurance Corporation has the largest number of community banks under its primary supervision among the three regulators, but the Federal Reserve, if I recall correctly, has about 800 and the OCC has a significant number as well. So it is crucial that they have uniform standards that are applicable across all three banking regulators.

Senator TESTER. And I have got it, and you are right. And so as FDIC, you would be encouraging communication. How would you do that?

Ms. MCWILLIAMS. Well, I would want to take a look at what has been done at the FFIEC in terms of uniformity and standardization of the examination process and regulatory approach to community banks, as well as have the FDIC, if necessary, go through the interagency working group to better understand what can the agencies do.

Senator TESTER. So you would commit to reducing duplication where you can without harming safety and soundness of financial——

Ms. MCWILLIAMS. Absolutely, Senator.

Senator TESTER. OK. Mr. Workman, this was addressed a little bit earlier about transparency with the FSOC. The FSOC underwent a number of changes last Congress. Those included notifying companies when they moved between stages, making public the calculation for Stage 1 evaluation, providing more information to companies as they go through the annual review. I assume that you agree with those changes?

Mr. WORKMAN. Mr. Chairman, those sound very good. I am not absolutely certain of each one, but they sound like they are certainly consistent with my view, yes.

Senator TESTER. So once you get into this position, assuming you will be confirmed, and you look at these changes and you think they are positive, do you think it would be necessary to codify the changes?

Mr. WORKMAN. Mr. Chairman and Senator, that is sort of slipping into the area of policy and congressional responsibility, so——

Senator TESTER. You are right. You are not going to do it. We would do it. But assuming they work, I mean assuming you think they are good—I do not want to put any words in your mouth, but assuming that they are a step in the right direction, because I think the process does need to be as transparent as possible, your support for codifying those laws could make a difference.

Mr. WORKMAN. Senator, it is something I would certainly give serious consideration to.

Senator TESTER. All right. There has been much discussion on on-ramp and off-ramp for companies as they go through the FSOC process. Would you share your thoughts with me on that, if you think it is a good idea to have on-ramps and off-ramps, and where you would apply them?

Mr. WORKMAN. Yes, Senator, I do believe that, in fact, this has been articulated in a recent report of Treasury on designations and the deliberations of FSOC. And I think it is important for entities that are being considered for designation and those entities that are already designated, that they have the opportunity to understand exactly what the Council is thinking and have good collaboration and engagement.

Senator TESTER. Thank you for that.

Dr. Goodfriend, I will just keep this question very, very simple, and it is an easy one. Do you believe that we need a Government guarantee and the continuing existence of a 30-year fixed-rate mortgage for housing purposes?

Mr. GOODFRIEND. I think the 30-year mortgage is a very popular and useful instrument. I do not believe it needs a Government guarantee. Banks should be regulated and the economy should be stabilized in a way that these mortgages work.

Senator TESTER. Do you think banks would put a 30-year mortgage out without a Government guarantee?

Mr. GOODFRIEND. To the extent that we have in place Government guarantees, if you want to call it that way, it is something that the Congress needs to decide. A Government guarantee is not a matter for the Federal Reserve. So I am happy with that at this point.

Senator TESTER. OK. Thank you.

Thank you, Mr. Chairman.

Senator BROWN. [Presiding.] Senator Heller.

Senator HELLER. Thank you, Mr. Chairman, and I appreciate our list of panelists. I appreciate you being here, and I am very grateful to your families for lending you to this process. And I do want to tell the Chairman how pleased I am that we have such a highly qualified group of panelists with us today.

There was no State that got hit harder—and I have said that numerous times here on this Committee—during the economic meltdown than the State of Nevada, both in housing and in banking. We had at one point 60 percent of all the homes in Nevada underwater, and we lost half of our community banks in our State.

Fortunately, that has bounced back. Our underwater is 10, 15 percent, and yet we still do not see a growth of community banks in our State.

There has been a massive consolidation of banking in the State, and it has led and coincided to the fact that Nevada is probably one of the most underbanked or unbanked States in the country.

That brings me to you, Ms. McWilliams, and we talked about this in our offices about ILCs. The industrial loan companies have played an important role in the State of Nevada. I think there has been a real lack of leadership under the FDIC under previous leadership. I am hoping that under your watch that will change.

Give me your thoughts on ILCs and the expansion of them.

Ms. McWilliams. Thank you, Senator, for that question. If I can first tell you that I used to live in Stockton, California, which, during the foreclosure crisis, when 1 in 33 homes were foreclosed in the United States, had about 1 in 11, so I fully understand the impact of the crisis and the foreclosures in the State of Nevada.

With respect to the ILCs, the law of the land is that the ILCs exist. It is a statutory mandate. And the job of the FDIC is to give each ILC application due consideration and, if appropriate, proceed with the approval.

I do not know how much work has been done on the ILCs in the last few years. I assume not a lot because I have not seen any new charters. I have a list of the ILC chartered institutions, and if confirmed, I am happy to work with your office to understand where the holdup has been in the approval process.

Senator HELLER. And I appreciate that. Do you share the same viewpoint of former Chairman of the FDIC that ILCs pose no greater safety or soundness risk than any other charter type?

Ms. MCWILLIAMS. I do.

Senator HELLER. OK. And will you encourage new applications for ILC charter?

Ms. MCWILLIAMS. I will certainly make sure that the FDIC moves swiftly in due consideration, and if that encourages more applicants to send the applications in, then I guess my answer is yes.

Senator HELLER. If an ILC meets FDIC standards, will you support the approval of that ILC charter?

Ms. MCWILLIAMS. If it means the ILC standards as currently set up by the FDIC, I believe there should be no obstacles in the application program.

Senator HELLER. Thank you. Moving to community banks, you talked about regulations. Senator Toomey proposed to you what you would do to make necessary changes to allow and to help support and encouraging the chartering of these community banks. And you also talked a little bit about Basel requirements.

What would you do to stop the consolidation, the consolidations that have been occurring amongst these small- and mid-sized banks?

Ms. MCWILLIAMS. Senator, I am actually quite concerned about the consolidation, especially in rural counties. Currently, out of 1,049 rural counties in the United States, 625 do not have a locally chartered community bank. And I believe that 35 counties do not have a single banking presence, which is quite concerning because you have small businesses and consumers who have to drive 20, 30, 40 miles to the nearby county to get small dollar bills and other banking services. So it is something I would like to take a look at.

In terms of what specifically I would do, I would like to take a look at how the FDIC has structured the regulatory framework around capital and liquidity requirements for small banks. Some of the requirements, I believe, are not applicable, and I would like to revisit them within the statutory mandates currently set up. One example I can give you is the Volcker Rule. Community banks do not do proprietary trading. Nonetheless, they have to do compliance, which, for a bank of the size of my current employer, is quite comprehensive. I can only imagine for a bank that has $500 million in assets and two or three people in the compliance department, it is probably nearly impossible to do an appropriate amount of work to respond to the regulatory burden. So that is something I would like to focus on.

Senator HELLER. Ms. McWilliams, thank you, and to our panelists, again, sorry I did not get to ask questions, but I want to thank you again for being here and for showing your support.

Mr. Chairman, thank you. My time has run out.

Senator BROWN. Senator Warren.

Senator WARREN. Thank you, Mr. Chairman. And thank you to each of our nominees for being here and for your willingness to serve.

Dr. Goodfriend, as you know, the Fed has a dual mandate to maximize employment while keeping inflation in check. And if you are confirmed as a Fed Governor, then one of your main responsibilities will be to set interest rates that satisfy that dual mandate, which means you are going to need to make accurate projections about inflation. So I think it is time to take a look at your track record on how you have done making inflation projections in the past.

In July 2011, you told the Wall Street Journal that the Fed should not be reluctant to "move interest rates up preemptively against inflation at this stage in the business cycle."

You also said, "The Fed needs to restore positive real short-term interest rates fairly soon." That was 2011. "Otherwise, higher trend inflation and inflation scares will force the Fed in the future to more than reverse any short-run gains in employment that it might otherwise achieve in the present."

Now, we are almost 7 years past that statement. Meanwhile, real short-term interest rates are still negative, and inflation is undershooting the Fed's 2-percent target. So do you agree that you got that projection wrong?

Mr. GOODFRIEND. Absolutely.

Senator WARREN. OK. That is good. Let us take a look at another one. Senator Menendez raised this, but I think it is worth repeating. In May 2012, you said:

> Even if the Fed did succeed in the Herculean task for getting the unemployment rate down to 7 percent, we could never be sure that the unemployment rate was below what we call the 'natural rate,' in which case it would give rise to a rising inflation rate in the next few years, which would be disastrous for the economy.

Now, as you know, the Fed did succeed in getting the unemployment rate below 7 percent, and in the 5-plus years since you made that statement, the unemployment rate has steadily fallen, and now it is about 4 percent. Meanwhile, inflation remains below the Fed's 2-percent target.

So I did not hear a clear answer in response to Senator Menendez, so let me just ask it directly. You got that one wrong, too, right?

Mr. GOODFRIEND. Let me remember the context. The context was, I think, for this comment that I was saying if you look at only the unemployment rate and not the inflation rate, you could make a mistake. But as long as the inflation rate was low, I would be in favor of maintaining monetary stimulus.

Senator WARREN. Well, but you actually said just the opposite in the past, and you have talked about preemptively raising interest rates. You know, I am concerned about this because these wrong predictions are not outliers for you. They have been part of your overall approach to monetary policy, which effectively ignores the Fed's full employment mandate and instead focuses solely on speculative concerns about inflation. This matters because focusing only on inflation does enormous harm to the economy and to working families.

You know, you were talking about raising interest rates back in 2011 when the unemployment rate was 9 percent. A year later you worried about the Fed letting unemployment drop below 7 percent. You know, the difference between that 9 percent unemployment rate or that 7 percent unemployment rate, the 4 percent unemployment rate we have got now is millions and millions of jobs, millions of families that have those jobs and are out there working and able to support themselves and their families.

I think based on the kind of judgment that you have demonstrated, American families are very lucky that you were not on the Fed Board over the past several years, and I think it would be a mistake to put you on the Fed Board now.

Thank you, Mr. Chairman.

Senator BROWN. Senator Kennedy.

Senator KENNEDY. Thank you, Mr. Chairman. Congratulations to all three of you.

Would any of you disagree with the assertion that we are excessively regulating community banks, defined as banks of $10 billion or less of assets? Would any of you disagree with that assertion?

Ms. MCWILLIAMS. No, Senator.

Mr. GOODFRIEND. Not at all.

Senator KENNEDY. OK. Dr. Goodfriend, do you believe at this moment in time we have financial institutions in America that are too big to fail?

Mr. GOODFRIEND. I hope not, and I think given the progress we have made——

Senator KENNEDY. Well, I hope not, too, but do you believe they exist?

Mr. GOODFRIEND. No, I really do not.

Senator KENNEDY. OK. What do you think would happen or should happen if, God forbid, JPMorgan Chase knocked on Secretary Mnuchin's door this afternoon and said, "We are about to go under, and I need money, I need liquidity"? What do you think would be Government's proper role? And what do you think should be Government's proper role?

Mr. GOODFRIEND. Let me say, Senator, that I think the issue—you have put your finger on a critical issue, and I would hope that the procedures that we put in place where you would try to go for bankruptcy first and then only to come to the Government with some kind of orderly liquidation have been clarified, and the boundaries of responsibility have been put in place already——

Senator KENNEDY. Do you think they have been?

Mr. GOODFRIEND. Frankly, I think there is reason to go look again and make sure that they are in the right place. This is such an important issue——

Senator KENNEDY. I am trying to understand. Not to interrupt, but do you think they are in the right place?

Mr. GOODFRIEND. You know, I have not looked at the details of the proposal, of the clarity, of boundaries, but should I be confirmed as Governor, this would be one of the issues that I would like to make sure we are in the right place, because without clarity, without boundaries, we do not have accountability, and that is how we got the Great Recession.

Senator KENNEDY. OK. Do you believe in quantitative easing?

Mr. GOODFRIEND. Well, it depends when and where it was used. In the crisis——

Senator KENNEDY. Well, let me put it this way. Do you think the quantitative easing pursued by the Fed over the last few years, in light of the Great Recession of 2008, was appropriate?

Mr. GOODFRIEND. I think so-called QE1 and 2, that was during the crisis, and given that we had not had the clarity beforehand that I just spoke of, I think it was OK to do that to save the system. QE3 was not an emergency, and it was more or less used as a routine tool for stabilization. I think that was not called for.

Senator KENNEDY. OK. Why is inflation so low?

Mr. GOODFRIEND. It takes some time to talk about that, but basically——

Senator KENNEDY. How about 30 seconds?

[Laughter.]

Mr. GOODFRIEND. You know, I think it is a puzzle, first of all, around the world, so I would not be here and be able to give you the answer. But one reason is that the central banks around the world have put in place a credibility for rising inflation that has cutoff the inflation tail, if you will, and plus central banks with policy that is near zero interest have lost some of the punch of monetary policy in that direction. So that would be my short answer.

Senator KENNEDY. If the Federal Reserve did nothing, where do you think inflation in the United States would be a year from now?

Mr. GOODFRIEND. My view is that inflation is slowly rising, the Fed is more or less on the right path going forward, and I have every reason to think that we could get to 2 percent, which is the target, in a year or so.

Senator KENNEDY. OK. If you were—I am trying to understand your overall philosophy. If you were advising Prime Minister Abe about how to revive the Japanese economy, what would you tell him?

Mr. GOODFRIEND. I have been supportive of Japanese efforts to keep monetary stimulus in place until the inflation rate has risen to their target, which is around 2. And, in fact, I have been an adviser for the Bank of Japan for years and years.

Senator KENNEDY. Have you?

Mr. GOODFRIEND. And basically on that side of that argument. So, you know, they need to do that.

Senator KENNEDY. Did you advise the Bank of Japan on the quantitative easing?

Mr. GOODFRIEND. I did not advise the bank, but I was an honorary adviser to the Bank of Japan.

Senator KENNEDY. OK. And you think they are on the right track there, or you disagree with their approach?

Mr. GOODFRIEND. No, I think they—you know, in the circumstance they need to stimulate the economy, get the inflation rate up, and they have been doing well, and now employment is doing much better than before.

Senator KENNEDY. OK. Thank you for that.

Ms. McWilliams, what role, if any, do you think the FDIC has in helping us establish a National Flood Insurance Program that looks like somebody put it together on purpose?

Ms. MCWILLIAMS. Senator, the National Flood Program is a creature of Congress. It is not to the agencies to decide what is appropriate or not. It is for Congress to decide and for agencies to implement——

Senator KENNEDY. Right, but I am asking your opinion. Let me be more specific. Many of our financial institutions do a great job enforcing the requirement of flood insurance. Some do not. And when some get caught, they just get a minor fine, which sends the signal—if you believe in the deterrence paradigm of compliance, which sends the signal that it is cheaper just to ignore the rule. What do you think we can do about that, if anything?

Ms. MCWILLIAMS. Well, I believe the banks should be supervised appropriately, and if the flood insurance is not required on certain loans, I think that is a problem——

Senator KENNEDY. What if it is required?

Ms. MCWILLIAMS.——if they are in a flood zone.

Senator KENNEDY. What if it is required and some aspects of the financial system are not enforcing the requirement? What, if anything, should the FDIC do?

Ms. MCWILLIAMS. It should regulate those banks appropriately, which is to find them in disobedience of the regulatory requirements.

Senator KENNEDY. OK. Mr. Workman, why do you think—Senator Toomey made this point. Why do you think over the last, let us say, 9 or 10 years—am I over, Mr. Chairman?

[Laughter.]

Chairman CRAPO. [Presiding.] Only by 2 ½ minutes.

Senator KENNEDY. I am sorry.

Senator BROWN. Senator Kennedy, I would not dare cut you off during your discussion of flood insurance.

Senator KENNEDY. I looked at my—I apologize. I was looking at——

Chairman CRAPO. I was going to hand this down the aisle there.

[Laughter.]

Senator BROWN. Mr. Chairman, when he talks about flood insurance, he does not know when to stop.

Senator KENNEDY. Please, my apologies. I really did not mean to—it was going up instead of down.

[Laughter.]

Chairman CRAPO. It was not up to 5 yes, was it?

Senator KENNEDY. I am sorry.

Chairman CRAPO. Thank you, Senator.

Senator Cortez Masto.

Senator KENNEDY. I was having fun.

Senator CORTEZ MASTO. Thank you. Welcome to all of you. Thank you for your willingness to serve. Welcome to your families. It is great to see you all here.

I only have 5 minutes, so I am going to get right into it, and I am going to start with Mr. Goodfriend. In your writings you recommend taxing currency by placing magnetic strips on dollar bills. You argue that in order to keep bills in circulation, the Government should tax people who hold money in a disaster kit or safe deposit box. If you are appointed to a 14-year term on the Federal Reserve, will you seek to tax people who choose to maintain a cash reserve?

Mr. GOODFRIEND. Absolutely not.

Senator CORTEZ MASTO. Do you want to explain your discussion?

Mr. GOODFRIEND. Briefly, yes. I wrote a paper in 1999 for a Federal Reserve System conference which was asked what happens if interest rates go to zero and what could the Federal Reserve do. And in that paper there are two ways the Federal Reserve could have gone. It could do quantitative easing. That was the first place that was put out. Or it could make interest rates negative. That would also be an option. I did not propose that. That was an academic paper showing what could be done, and that was forward-looking in the sense that the world went to zero rates and negative rates in some——

Senator CORTEZ MASTO. If you had the opportunity to tax people based on your policy discussion, would you do so?

Mr. GOODFRIEND. No. I do not support—that is not a proposal. It was an emergency measure we considered just as a matter of first thinking on these things before anybody had ever imagined anything would happen like that.

Senator CORTEZ MASTO. OK. In 2014, the Federal Reserve published research refuting that Freddie Mac and Fannie Mae's affordable housing goals played no role in the crisis. After the financial crisis, analysis by staff of the Fed's Board of Governors found that, and I quote, "The available evidence to date does not lend support to the argument that the Community Reinvestment Act is a root cause of the subprime crisis."

It appears you disagree with the Fed's conclusion. Is that true?

Mr. GOODFRIEND. No, I do not—I think——

Senator CORTEZ MASTO. Do you agree with the Fed's conclusion?

Mr. GOODFRIEND. I am not—I have not—if you can repeat the question, because I——

Senator CORTEZ MASTO. Sure. The Federal Reserve published research refuting that Freddie Mac and Fannie Mae's affordable housing goals played no role in the crisis.

Mr. GOODFRIEND. It is not a subject that I have had much professional expertise on, so I would rather not comment.

Senator CORTEZ MASTO. OK. Thank you.

Mr. Workman, the November report from the Treasury Department essentially called for abandoning nonbank SIFI designations, and the Treasury's General Counsel said that the FSOC would reduce such oversight. Do you think nonbank SIFI designations should be tossed out as a tool?

Mr. WORKMAN. Senator, I have looked at the Treasury report, and among the areas of recommendation, one is going to, as I mentioned earlier, an activities-based approach. But, in addition, there is a line of thought that I think still stands in that recommendation, and I am reading it as someone who has been studying it of late. But, essentially, it indicates that FSOC ought to first look at the marketplace, look at what the concerns may be, and then go to the primary regulators, which in the case of insurance are the State insurance regulators.

Senator CORTEZ MASTO. Right, and for that reason—I am sorry to cut you off. I only have so much time. But you talk about an activities-based approach, but is the FSOC really prepared to force other Federal regulators to adopt those rules?

Mr. WORKMAN. Senator, I am not sure. I do not know about that.

Senator CORTEZ MASTO. Because isn't it true that FSOC would really have little power to constrain risky activities in the insurance industry since it is regulated at the State level?

Mr. WORKMAN. Well, certainly the State insurance regulators are expressly considered to be primary regulators for purposes of FSOC actions.

Senator CORTEZ MASTO. OK. Thank you.

Ms. McWilliams, what will you do as head of the FDIC to encourage sustainable home ownership for Latinos, African Americans, and millennials whose access continues to lag?

Ms. MCWILLIAMS. Senator, thank you for that question. As I mentioned, I lived in the State of California where the Latino community in particular is almost as prevalent as it is in the State of Nevada. I do believe that the agency's duties are to ensure that banking products are available to everybody. The question that I would like to tackle is: How much have the agencies done to encourage home ownership and what is the appropriate role for the FDIC to partake in that? And if confirmed and I realize that something has not been done, I am happy to bring you the initiatives and technical assistance should you choose to pursue other venues.

Senator CORTEZ MASTO. Thank you. I appreciate that. Thank you all for answering my questions.

I notice my time is up. Thank you.

Chairman CRAPO. Thank you, and thanks for getting us back on track.

Senator Tillis.

Senator TILLIS. Thank you, Mr. Chair. I will keep all my questions——

Chairman CRAPO. You only have 3 minutes.

Senator TILLIS.——to Senator Kennedy's standard.

Chairman CRAPO. Just kidding.

[Laughter.]

Senator TILLIS. Mr. Goodfriend, it is ironic that somebody whose last name is Goodfriend is getting so many unfriendly questions, but I have a question for you, and it is really just can you give me your thoughts on what you think is more corrosive on the middle class—low growth or low inflation?

Mr. GOODFRIEND. Low growth is probably the more corrosive in the sense that growth enables a lot of things to get done. People can live their lives. The country can do more. And low inflation, unless it is too low, is, I do not think, anywhere near as corrosive.

Senator TILLIS. Thank you.

Ms. McWilliams, I have got a hypothetical situation. You mentioned, I think, in response to Senator Toomey's questions that community banks or smaller banks are not subject to the Volcker Rule if they do not do proprietary trading?

Ms. MCWILLIAMS. They are subject, but they should not be because they do not engage in proprietary trading.

Senator TILLIS. Well, let me give you a hypothetical situation. Let us say that there is a bank out there that wants to go green, and it is going to take a little while for them to get there. And so in the process of coming up with a viable strategy for a community bank, they all of a sudden get involved in a business activity which makes perfect sense for them to go green, but it actually make them wade into something that falls under Volcker. Can you give me maybe a scenario where we talk about the—I am trying to also interpret that in terms of the regulatory cost impacts on smaller institutions.

Ms. MCWILLIAMS. Certainly, Senator. I am actually aware of financial institutions that are trying to go "green" and made a commitment on being fully "green" by a certain period in time. They would change the light bulbs, windows, *et cetera,* but they may have hundreds plus or just five branches, and getting branches to the point of a "green" standard is a costly and a multi-year effort. So some of the banks have engaged in purchasing "green" credits, basically renewable energy purchase agreements, and in order for a bank to actually engage in that discussion, it needs to do an appropriate Volcker compliance analysis. I am aware of a bank that had to comprise a committee of 22 people and have multiple meetings on whether the purchase of "green" energy, the renewable energy contract, would in fact, trigger proprietary trading under Volcker, which I believe undermines the purpose of the act.

Senator TILLIS. Yeah, and I think it undermines the objective of the industry trying to go green. To me, it is a good working example of why we need to right-size regulations and remove some of these impediments that simply do not make any sense. So thank you for that.

Also, on the cost-benefit analysis, has there been—when we talk about cost-benefit—and I think the Chair and Senator Shelby asked the question—I do not think we really do a good job of explaining at the atomic level, the consumer level, the price that they are paying for regulations. I was just using—there was one example that was in the Wall Street Journal earlier this week that one of the major banks is now going to not allow free checking for certain accounts that fall below a certain level. In some ways I have got to believe that has been stimulated by pressure on the cost of doing operations. They have got to find revenues somewhere. They have a fiduciary responsibility to their investors to try and provide a return on their equity.

Has there been much work done at that atomic level to say when you implement these additional regulations, which may go further than you need to, beyond the right size of a regulation, the real individual impacts, do we ever do cost-benefit analysis at an atomic level, and should we?

Ms. McWILLIAMS. Senator, I believe that we should. How much has been done is difficult for me to ascertain because a lot of that work is behind the scenes. So what you would see in the Federal Register in terms of the proposed rulemaking or the final rulemaking is just the tip of the iceberg. I know for a fact when I was at the Federal Reserve we struggled at times to ascertain how a certain regulation would impact consumers, but it is a task that should be undertaken anyway. The regulators should not shrink from their responsibilities, because it is an easy thing to do. I believe that they need to engage on a deep level, to understand who is going to pay for this, how it is going to affect the communities, and are we willing to live with the consequences.

Senator TILLIS. Thank you.

Mr. Workman, I did not have an opportunity to meet with you in my office. I do know that you met with my staff, and I know it was a productive meeting. And you have answered a lot of the questions that I have had for you, so I will not ask them again. We are working on a bill, particularly around Fed supervision, about savings and loan holding companies and getting them right-sized. I look forward, after you are confirmed, to working with you and have you in my office. I want to congratulate all three of you. You are outstanding nominees. I look forward to supporting your nomination, and congratulations to your family and friends. This should be a very proud moment for you.

Ms. McWILLIAMS. Thank you.

Mr. GOODFRIEND. Thank you.

Mr. WORKMAN. Thank you.

Senator TILLIS. Thank you, Mr. Chair.

Chairman CRAPO. Thank you.

Senator Jones.

Senator JONES. Mr. Chairman, thank you very much, and thank you for the nominees to be here. Congratulations to you and your families. Ms. McWilliams, I am especially appreciative of you being here with your role with my colleague Senator Shelby and your work with him. I know that you probably also learned a lot about something else very dear to Senator Shelby's heart, but I am going to resist the urge to give you a pop quiz about University of Alabama football.

[Laughter.]

Ms. McWILLIAMS. Thank you.

Senator JONES. I do appreciate your comments and your answers to previous questions about community banks in underserved areas. That was an issue, and I appreciate your answers to that very much.

So let me move to Dr. Goodfriend. I would like to go back briefly to comments you alluded to earlier and some earlier comments in 2010 where you referred to consumer protection as a false premise and essentially said that consumers should be left to police themselves. I agree with you that consumers need to take personal responsibility, but I also think there are some kind of bad actors out there.

The Federal Reserve has a Division of Consumer and Community Affairs, known as DCCA. In reading from the mission statement from DCCA, it says, "It is to support the board's efforts to implement Federal laws intended to protect and inform consumers in credit and other financial service transactions, ensuring that consumers receive comprehensive information and fair treatment and promoting economic development and community lending in historically underserved areas." And I will tell you, Dr. Goodfriend, Alabama has a lot of those underserved areas.

So my question is: If you are confirmed by the Senate, would you continue to support the DCCA's efforts to not only inform but to protect consumers? And would you recommend any changes to the Division's mission?

Mr. GOODFRIEND. I would absolutely support that mission. I think consumers need to have regulation on the product side, and they need to be informed. These are two halves of making consumers protected, and I absolutely support the Federal Reserve's mission.

Senator JONES. And the DCCA mission as written, you would not make any changes to that to lessen anything?

Mr. GOODFRIEND. Well, if confirmed as a Governor, I would like to look into this, because I think it is so important that we maintain confidence in consumers, confidence in the market system. The ability to make that system work absolutely depends on consumers feeling confident in the way as demanding customers and feel safe in markets. That is absolutely a goal that I would support.

Senator JONES. OK. Fair enough. I also have seen comments that seem to be a little bit conflicting in the past, Dr. Goodfriend, in which at one point you had talked about that you seemed to advocate for a very independent, activist Fed that should push back against Congress, but in recent years you seem to have pushed back for less independence of the Fed, including Congress appropriating the Fed's budget.

In my view, independence is important, especially in our current economic and political climate. So can you give me your view now, how important is the Fed to be an independent body?

Mr. GOODFRIEND. Absolutely, the Fed needs to be absolutely independent of politics so we can do monetary policy, financial regulation, and in order to support the dual mandate. That is something I completely believe in, and I have said so many times in many papers in the past.

Senator JONES. Do you still favor Congress appropriating the budget for the Fed?

Mr. GOODFRIEND. I do not favor that.

Senator JONES. OK. Have you ever favored that?

Mr. GOODFRIEND. No.

Senator JONES. OK. Maybe I am mistaken.

That is, I think, all the questions I have, Mr. Chairman. Thank you. Thank you to each of the nominees. I appreciate your being here.

Chairman CRAPO. Thank you, Senator.

Senator Cotton.

Senator COTTON. Thank you all to the nominees for your appearance. Congratulations on your nomination. Congratulations to your families as well.

Ms. McWilliams, the FDIC recently proposed a new rule for high volatility, acquisition, development, and construction loans, also known as HVADC. That would replace the current rule on high volatility commercial real estate loans. I am concerned that the proposed rule would remove contributed equity exemptions for future acquisition, development, and construction loans and would instead treat them all virtually the same in terms of the risk assessment, and it strikes me, therefore, that the regulators would be ignoring the proactive steps that lenders are taking to in essence get a bigger downpayment, to put it in layman's terms, to reduce risk and, therefore, increase safety and soundness.

The House has already acted on this measure. The House Financial Services Committee passed a bill 59–1. It passed the House chamber by a voice vote. I suspect the Senate will soon. Could you commit that you will take a look at this issue and perhaps hit the pause button until the Congress has a chance to review it this year.

Ms. MCWILLIAMS. Senator, thank you for that question. Since the rule is at the proposed rulemaking stage, I am not sure when, if I am so fortunate to be confirmed, I would be able to take a look at the rule to understand what work the FDIC has done behind the scenes. But if it does happen that I am confirmed before the rule is finalized, I would certainly like to know what the staff at the FDIC has done. As you know, the rules are subject to the Administrative Procedures Act, so there is a notice and comment period during which the FDIC rulemaking process will be informed based on comments from various stakeholders and affected entities, including consumers and users of this type of credit.

So I can assure you that, if I get confirmed in time, I would like to take a look at those comment letters as well and understand what is going on.

Senator COTTON. Good. Thank you, because there is both a process point and a substantive point. The process is if Congress does finally get its act together and take legislative action on this, I do not think we would want to go through the whole rigmarole of notice and comment rulemaking with a final rule that will simply modified or overturned, therefore the substance of the point I made about not, you know, discouraging lenders from entering into these loans with, you know, high equity contributions by making them be treated in the same fashion in terms of the risk assessment.

Second topic. FDIC obviously plays a large role in the supervision and enforcement of the Bank Secrecy Act and anti-money-laundering regulations. That is a topic that this Committee has increasingly scrutinized over the last month. How right now would you assess the division of responsibility for anti-money-laundering regulations and the Bank Secrecy Act compliance between the FDIC, FinCEN, other regulators, and financial institutions?

Ms. MCWILLIAMS. So the BSA and AML regulations are promulgated by FinCEN in conjunction with their regulatory agencies. It is the job of the regulatory agencies—in this case, the FDIC—to examine and ensure compliance with both BSA and AML. So the actual work gets done at the FDIC level while the rulemakings and the requirements get set up in a multi-agency effort.

Senator COTTON. Are you open to reviewing those processes and trying to find ways that we can both still be strict and prevent, you know, intelligence officers, terrorists, drug runners, deadbeat ex-husbands from manipulating our banking system, but at the same time reducing the costs that we are imposing on gigantic and tiny institutions alike?

Ms. MCWILLIAMS. Senator, absolutely. And I can tell you from my current experience, banks are required to file a suspicious activity report, or SAR, every time there is a dollar threshold or they suspect a certain activity is taking place. I think this is making it more difficult under the current regime for the regulatory bodies to examine effectively and efficient for SARs compliance and AML and BSA violations when you have as many SARs filed as we do under the current framework. So I would like to take a look if it is possible to streamline while maintaining safety and soundness of the system.

Senator COTTON. Good. Thank you.

Ms. MCWILLIAMS. Thank you.

Senator COTTON. Mr. Workman, the FSOC's process to designate systemically important financial institutions has been a topic of conversation here to include about nonbanks. I would like to ask, at a philosophical level, given the criticism the FSOC has received about the opacity of that process, do you think the criteria by which the FSOC makes these judgments should be more like a posted speed limit, encouraging people to stay on whichever side of the line they want to be, or a speed trap, hiding in the trees to catch someone once they cross unstated criteria?

Mr. WORKMAN. Senator, I like the posted speed limit.

Senator COTTON. I do like the posted speed limit as well. I think it is consistent with the rule of law and a well-functioning market-based economy.

My time has exactly expired.

Chairman CRAPO. Good timing.

Senator Reed.

Senator REED. Well, thank you, Mr. Chairman. And welcome to the witnesses, and I apologize for my tardiness. Senator Cotton and I were at a classified hearing on the nuclear posture review, so nice to be out here with you all.

Let me ask a question to each one, beginning with Ms. McWilliams. Cybersecurity is becoming increasingly critical to every aspect of American life, and so in your different roles—FDIC, Federal Reserve, and FSOC—can you give a brief statement about what you think you can do and should do immediately with respect to cybersecurity?

Ms. MCWILLIAMS. Thank you for that question, Senator. I can tell you for a fact now that I work for a regulated entity that it is one of the foremost issues on the mind of the governing body at the bank as well as the board of directors. I believe that the regulator's job is to provide a blueprint for how banks are supposed to handle cybersecurity breaches in terms of notifications and just give a sense to the public and to Congress what regulated entities are supposed to do if there is a cyber breach.

I understand that in 2016 there was an Advanced Notice of Proposed Rulemaking by the Federal Reserve, OCC, and FDIC seeking comments and input on how the cybersecurity framework should be structured, and I would like to follow up, if confirmed, to understand what kind of comments have been received and what the FDIC can do.

Senator REED. Thank you.

Dr. Goodfriend.

Mr. GOODFRIEND. I completely agree. This is a very important issue, and I will do what I can, if confirmed, to lend my support and whatever expertise I can to this.

Senator REED. One of the things that we have done, several my colleagues and I have legislation that would require a simple disclosure in publicly reporting companies that they either have someone on the board or they have made arrangements to deal with the issue of cybersecurity so that it is an action-forcing device for every company. Does that make sense to you?

Mr. GOODFRIEND. As a principle, it makes sense to me.

Senator REED. Thank you. And, Mr. Workman, please?

Mr. WORKMAN. Yes. Senator, certainly cybersecurity is a critically important element in the insurance world. I would just observe two actions that have been taken, one by the New York Department of Financial Services. I am sure you are well aware of that. But they acted early, put together a proposal, took it to the NAIC, and it to a very large degree influenced the NAIC action just this past year. The New York reg. is nearing completion of implementation, and the States now have a model from the NAIC. So I think much has been done, but never enough.

Senator REED. Thank you very much. And the Rhode Island superintendent of insurance supports our approach, too, so they are very bright in Rhode Island. I cannot explain it, but they are.

Turning quickly, Dr. Goodfriend—when Governor Powell was here, he testified in response to my questions about the orderly liquidation authority, and he said that his preferred option is bankruptcy. However, he indicated there may come a time when bankruptcy is not going to work in a very stressful situation that really threatens the economic health of the country, just like what happened in 2007, 2008, and 2009. In that case we would really need a backup in the form of something like orderly liquidation authority. What is your view of the orderly liquidation authority?

Mr. GOODFRIEND. I agree with Governor Powell's statement, and I think this is a very important matter. It deserves, I think, reconsideration given how important it was that there was lack of clarity and boundaries when we had the last crisis. This is so important that I think it deserves another look-see, and if I am confirmed as Governor, I would certainly make this a priority.

Senator REED. We have an orderly liquidation authority in place, so the look would be to——

Mr. GOODFRIEND. To make sure that it would work in practice. I have not seen it in detail. I think there is plenty of opportunity to kind of model this thing in various ways and check whether there is clarity. There are boundaries that make accountability for all the actors that would get involved in this orderly liquidation authority to think through scenarios in which that would work.

And this is so important, again, that I think it deserves another look.

Senator REED. And the look would be, as I presume from your comments, to ensure it works in practice, not that it be abandoned or ignored?

Mr. GOODFRIEND. Right. I have no predilections one way or the other, but I do believe, knowing what I know about the subject in general, these things are complicated. And I think we have not gotten to the end of the line yet on where we want to be.

Senator REED. Thank you very much. Thank you all.

Ms. MCWILLIAMS. Thank you.

Chairman CRAPO. Thank you, Senator Reed, and we are going to have a short second round. I am going to yield my 5 minutes and turn to Senator Shelby.

Senator SHELBY. Thank you.

I want to follow up just for a minute on the area that Senator Tillis was going to earlier, cost-benefit analysis, explaining what regulation costs, what are the benefits for it to the consumer, because we are all consumers. I agree with him; I do not believe that has been explained. Oftentimes the regulators—you all would be regulators—come up with regulations, and we say, "Gosh, they make no sense," or at least some of us, maybe we are laymen and we do not know. But how do we actually develop the methodology, which is important—Dr. Goodfriend, you understand this well. The methodology is important in arriving at something.

Mr. GOODFRIEND. That is right.

Senator SHELBY. And what are you trying to do? You are trying to arrive at the truth. How can we help consumers make good choices? We know we cannot do everything. How can we put cost on a regulation that increases the cost of doing business and it ultimately falls on them?

Mr. GOODFRIEND. In terms of principles, I agree completely with your description of the issues. There has been a tendency in some quarters to think—well, first of all, I should say I think consumer protection is critical, so to me it is a question of where we want to put the emphasis. We want to balance, we want to put some of it on the firms, but we also, I think, need to really focus better than my sense is on consumer knowledge, educating consumers, because that would mean that consumers could be in charge of their own lives. And really the only way to prevent a consumer from really being exploited is to put them in the driver's seat, make sure that they are aware of what products are doing, and that is where I would be in principle. My sense is that we have been doing some of that at the Fed, but I think there is scope for doing more of that.

Senator SHELBY. Ms. McWilliams, do you have any comments on that?

Ms. MCWILLIAMS. Senator, I can give you my commitment that, if confirmed, the cost-benefit analysis is something I would like to take a close look at while at the FDIC. As somebody who worked on regulations and had to take into account in some rulemakings thousands and thousands of comment letters, it is crucial that we understand how our regulations are going to impact consumers before we promulgate them. So, yes, you have my commitment that I will take a look at that.

Senator SHELBY. Thank you, Mr. Chairman.

Chairman CRAPO. Thank you.

Senator Brown.

Senator BROWN. Thank you, and I will make this as brief as I can.

Mr. Workman, again, welcome. Based on the $50 billion bank threshold in the Wall Street Reform Act, the FSOC uses a $50 billion threshold as a factor to determine if a shadow bank could cause systemic risk, as you know. If the Chairman's bank deregulation bill is enacted, would you recommend that FSOC also raise its threshold fivefold to the $250 billion that the Chairman is suggesting?

Mr. WORKMAN. Senator, I can just say that is treading into an area I have not yet adequately learned about, so I cannot really speak on that issue.

Senator BROWN. OK. Thank you for your candor. There is a reasonable chance that you will be asked to at some point.

Mr. WORKMAN. Yes, indeed.

Senator BROWN. You understand that, OK.

Ms. McWilliams, it was an honor to speak to you, and I look forward to meeting your Cincinnati family in a few minutes after we are done.

Ms. MCWILLIAMS. Thank you.

Senator BROWN. Vice Chair Quarles last week promised to the largest banks that the Fed would soon weaken leverage rules. Reportedly, this is despite resistance from FDIC. The Chairman's bank deregulation bill would undercut the leverage ratio for some of the Nation's largest banks. Democratic, Republican, and Independent FDIC officials—Chair Gruenberg, Chair Bair, Vice Chair Hoenig—have all warned about undermining capital standards that, like leverage limits, harm financial stability. If confirmed, will you protect the Deposit Insurance Fund by continuing the FDIC's opposition to weakening leverage rules for the largest banks?

Ms. MCWILLIAMS. Senator, thank you for that question. If confirmed, it is going to be my mandate and my duty to protect the DIF. I would like to take a look at the leverage rules. As you know, the Federal Deposit Insurance Corporation does not have large banks as its primary supervisory entities. The largest bank in the FDIC portfolio does not rise to the advanced approaches level currently set at $250 billion. The leverage rules for smaller banks should look a little bit different than the rules for the largest participants. I can assure you that I would like to take a look at that and make sure they are applicably and appropriately calibrated for the size, scope, and risk of the bank.

Senator BROWN. Would you agree that a central cause of the 2008 crisis was too much leverage at the largest banks and a failure of risk-weighted capital standards?

Ms. MCWILLIAMS. Senator, I do not know that I can agree with that statement wholly. I would want to understand the context in which it is made.

Senator BROWN. Well, the context was what happened a decade ago. Was a central cause of the 2008 crisis too much leverage at the largest banks?

Ms. MCWILLIAMS. The FDIC just recently issued a report on the crisis, and its outcome, and I have to tell you I have not gotten through the entire report fully in preparation for the hearing, but I am happy to circle back on that question with you when I am done.

Senator BROWN. The Minnesota Fed recently recommended a leverage ratio of 15 percent to protect Americans from future bailouts. Dr. Goodfriend had said he does not think there are banks that are too big to fail. Some here think that, some do not. I just want to urge you to look into the fact that weakening the leverage ratio for the largest banks can be problematic. Our job here collectively is to protect the safety and soundness of our banking institutions—I am not accusing you for sure—but not to protect the largest banks and not to enhance the profitability of America's largest banks.

Thank you to the three of you.

Chairman CRAPO. Thank you, and that concludes the questioning and the hearing with the exception of final announcements.

Before I do that, though, I want to thank all of you again for coming and participating today and for being willing to serve your country. And, again, I extend thanks to your families for supporting you and helping you to be able to do that.

For all Senators, follow-on questions need to be submitted by Tuesday, January 30th. And for our witnesses, responses to those questions are due by the following Monday morning, February 5th. So please respond quickly when you receive questions.

With that, this hearing is adjourned.

[Whereupon, at 11:52 a.m., the hearing was adjourned.]

[Prepared statements, responses to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF CHAIRMAN MIKE CRAPO

JANUARY 23, 2018

This morning, we will consider the nominations of Ms. Jelena McWilliams to be Chairperson of the Federal Deposit Insurance Corporation; Dr. Marvin Goodfriend to be a Member of the Board of Governors of the Federal Reserve System; and Mr. Thomas Workman to be a Member of the Financial Stability Oversight Council.

Welcome to all of you and congratulations on your nominations to these important offices.

I see friends and family sitting behind you and I welcome them here today, as well.

We are fortunate to have three highly-qualified individuals to consider for these positions, which are critical to ensuring a safe, sound, and vibrant financial system and a healthy, growing economy.

I am particularly excited that one of these nominees, Ms. McWilliams, is a former staffer of mine, and is no stranger to Members who have been on this Committee over the past several years.

Ms. McWilliams did outstanding work while she was at the Committee, and I am fully confident she will bring the same diligence, work ethic, and intellect to the FDIC that she showed here.

In addition to working at the Committee, Ms. McWilliams also worked as an attorney at the Federal Reserve during the financial crisis, and she currently is the Chief Legal Officer, Corporate Secretary, and Executive Vice President of Fifth Third Bank.

These varied experiences have provided her with the particular background and expertise needed to run the FDIC.

As head of the FDIC, Ms. McWilliams would be in charge of administering the Deposit Insurance Fund.

Additionally, in its role as a prudential regulator, the FDIC plays a critical role in ensuring the safety and soundness of the financial system, while also promoting economic growth.

Dr. Goodfriend also has an impressive background, having worked at the Federal Reserve Bank of Richmond for close to 30 years.

He has written extensively about monetary and regulatory policy, and he testified before this Committee in 2016.

His appointment comes at a critical time for the Federal Reserve.

The Fed is currently in the midst of normalizing monetary policy by winding down its balance sheet and raising interest rates after years at the zero lower bound.

With respect to regulatory policy, the Federal Reserve is reviewing many of the rules put in place following the crisis.

If confirmed, I look forward to working with Dr. Goodfriend on further regulatory and monetary policy improvements.

Finally, we will consider Mr. Workman to serve as the independent insurance expert on the Financial Stability Oversight Council.

The Council is charged with identifying risks and responding to emerging threats to financial stability, which has significant implications for both banks and nonbank financial companies.

Mr. Workman is well-equipped to fill the insurance expert role, bringing over four decades of practical insurance-industry experience, including serving as the head of a major New York State insurance trade group, representing over 70 life insurance companies.

During my meeting with Mr. Workman, I was encouraged by his commitment to independence and desire to facilitate better collaboration between regulators and with regulated entities.

At this time, I ask unanimous consent to enter into the record 14 letters endorsing the witnesses. Without objection, so ordered.

Congratulations again on your nominations and thank you and your families for your willingness to serve.

PREPARED STATEMENT OF JELENA MCWILLIAMS

TO BE CHAIRPERSON AND A MEMBER, BOARD OF DIRECTORS, FEDERAL DEPOSIT INSURANCE CORPORATION

JANUARY 23, 2018

Chairman Crapo, Ranking Member Brown, and Members of the Committee, as a former staff member, it is my privilege to appear before you today. I am truly honored and humbled to be nominated to lead the Federal Deposit Insurance Corporation (FDIC). I would like to thank the President for entrusting me with this nomination, and Senators Crapo, Shelby and Olympia Snowe for giving me an opportunity to serve our country.

I would also like to thank my father, Obrad Obrenic, a World War II veteran who taught me there is no substitute for personal integrity and hard work; my mother, Branka, who always believed in me; my brother, Nenad, a beekeeper and a great father; and my daughter, Maya McWilliams, whose humility reminds me every day to be a better person.

My father was born in 1925 in impoverished Montenegro. He was born in a kingdom, fought fascism and Nazism in his youth, survived communism and socialism as an adult, and is now living out his golden years in democracy. His difficult journey was pivotal in my decision to leave the former Yugoslavia for a system built upon the rule of law. I arrived in the United States by myself on my 18th birthday with $500. Appearing before you 26 ½ years later as the nominee to lead a historic Federal agency is nothing short of an American Dream.

The FDIC is an independent agency created by the Congress to maintain financial stability and public confidence by insuring deposits; examining, supervising and resolving financial institutions; and managing receiverships.

I believe that my background and professional experience have prepared me well for this challenge. I currently serve as the Chief Legal Officer, Corporate Secretary, and Executive Vice President of Fifth Third Bancorp, a regional bank headquartered in Cincinnati, Ohio. I serve on the bank's executive committee and advise the senior management and the Board of Directors on legal, compliance, and regulatory matters. I oversee over 70 attorneys and support staff.

Prior to joining Fifth Third, I had the honor and privilege to serve on this Committee under Chairman Crapo's and former Chairman Shelby's leadership, most recently as Chief Counsel and Deputy Staff Director. My experiences on this Committee and as a staff attorney at the Federal Reserve Board of Governors have uniquely prepared me to oversee the FDIC and to coordinate its multi-agency initiatives in the United States and abroad.

Also, having served as a corporate officer of a regulated entity, the totality of my experiences has afforded me a 360-degree view of our financial system and the institutions that regulate it. If confirmed, I am confident that I can effectively lead the FDIC in its mission to ensure the safety and soundness of insured depositories while balancing consumer protection and the need for available credit to grow the economy.

One of the side effects of the civil war that broke apart the former Yugoslavia was a collapse of its financial system. My parents' meager savings disappeared overnight when a local bank closed its doors. Yugoslavia had no deposit insurance and my then 68-year old father returned to work as a day laborer. I can assure you that the core mission of the FDIC resonates profoundly with me and, if confirmed, I will not take its mission or my duties lightly. Thank you.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name:	McWilliams	Jelena	
	(Last)	(First)	(Other)

Position to which nominated: Board Member and Chairman, FDIC

Date of nomination: 12/1/2017

Date of birth: 27 July 1973 (Day) (Month) (Year) **Place of birth:** Belgrade, Serbia

Marital Status: Divorced **Full name of spouse:** n/a

Name and ages of children: Gabriela Maya McWilliams (16)

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Berkeley School of Law (Boalt Hall) University of California at Berkeley	08/1999-05/2002	J.D.	05/2002
University of California at Berkeley	08/1997-05/1999	B.A.	05/1999
San Joaquin Delta College	08/1992-12/1994	A.A.	12/1994

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

"Top 12 Business Women in Ohio 2017" by the National Diversity Council (2017)
U.C. Berkeley Alumni Scholar (1997-1999)
U.C. Berkeley Dean's List (1997-1999)
Golden Key International Honour Society (1997-1999)
Kosovac Prize for the Senior Thesis, U.C. Berkeley (1999)

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
California Bar Association	Bar license	2002 – present

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

1/2017 – present	Fifth Third Bank, Cincinnati, OH Executive Vice President, Chief Legal Officer and Corporate Secretary
7/2012 – 12/2016	U.S. Senate Committee on Banking, Housing and Urban Affairs, Washington, DC Chief Counsel and Deputy Staff Director (09/2016-12/2016) Chief Counsel (1/2015-09/2016) Senior Counsel (7/2012-12/2015)
8/2010 – 6/2012	U.S. Senate Committee on Small Business and Entrepreneurship, Washington, DC Assistant Chief Counsel (08/2011-6/2012) Senior Counsel (08/2010-8/2011) *[on detail from the Federal Reserve]*
4/2007 – 8/2010	Board of Governors of the Federal Reserve System, Washington, DC Attorney, Division of Consumer and Community Affairs
5/2005 – 3/2007	Hogan & Hartson LLP (now Hogan Lovells LLP), Washington, DC Associate, Corporate and Business Finance Group
9/2002-4/2005	Morrison & Foerster LLP, Palo Alto, CA Associate, Corporate Group

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Formerly employed by:
(1) U.S. Senate Committee on Banking, Housing and Urban Affairs (7/2012-12/2016)
(2) U.S. Senate Committee on Small Business and Entrepreneurship (8/2010-6/2012)
(3) The Board of Governors of the Federal Reserve System (4/2007-8/2010)

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

NONE

Political Affiliations and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

NONE

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

NONE

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

PLEASE REFERENCE THE ATTACHED RESUME

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

   YES

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

   NO

3. Has anybody made you a commitment to a job after you leave government?

   NO

4. Do you expect to serve the full term for which you have been appointed?

   YES

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

   NONE

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

   I currently hold unvested common stock, restricted stock units, and stock appreciation rights of Fifth Third Bank. If I resign after February 3, 2018, one-third of the shares of restricted stock units and stock appreciation rights will vest. My restricted stock units and stock appreciation rights will be paid in cash upon resignation from Fifth Third. Upon resignation, I will forfeit all unvested common stock, and any remaining unvested restricted stock units and stock appreciation rights, as stipulated in my letter from the Office of Government Ethics.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

NONE

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

NONE

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

N/A

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

NONE

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

NONE

JELENA MCWILLIAMS

3530 Michigan Avenue, Cincinnati, OH 45208; jelena37@yahoo.com; 202.230.6776

PROFESSIONAL EXPERIENCE

Fifth Third Bank ***January 2017 – Present***

Executive Vice President, Chief Legal Officer and Corporate Secretary

Fifth Third Bank (NASDAQ:FITB) has approx. $142B in assets and 19,000 employees with presence in 10 states.

- Responsible for all aspects of the company's legal affairs (regulatory, corporate governance, transactional, litigation, etc.) and public company filings and disclosures; report directly to the CEO.
- Advise CEO, senior management and the Board of Directors on legal, compliance, risk and business matters.
- Oversee and manage Chief Legal Officer organization comprised of approximately 70 attorneys and additional paralegals, government relations and staff responsible for regulatory examination; mentor and develop staff; identify high level staffing needs and hire best talent.
- Serve as a member of the executive (Enterprise) management team and the following bank committees: Management Compliance, Enterprise Risk, Risk and Compliance, Operational Risk, Enterprise Marketing, and Regulatory Change.
- Coordinate closely with Risk and Compliance departments and various business lines on day to day management matters and business decisions affecting safety and soundness, consumers, reputational risk and bank culture; manage relationships with regulatory agencies.
- Represent Fifth Third on the managing board of The Clearing House and as a member of the Financial Services Roundtable, as well as other trade associations.

U.S. Senate Committee on Banking, Housing and Urban Affairs ***July 2012 – December 2016***

Chief Counsel, Chairman Shelby — *January 2015 – December 2016*
Senior Counsel, Ranking Member Crapo — *February 2013 – December 2014*
Senior Counsel, Ranking Member Shelby — *July 2012 – January 2013*

- Provide counsel and draft legislation on prudential banking regulation, systemic risk, consumer protection, SIFI designations, FSOC non-bank designations, assets managers, insurers and general banking issues.
- Organize committee hearings and prepare statements, speeches, hearing documents, policy recommendations.
- Engage in oversight of FSOC, FRB, FDIC, OCC, CFPB, NCUA, SEC, CFTC, FHFA, FHA, HUD, and OFR, as well as DOJ and DOL on appropriate jurisdictional matters.
- Lead discussions with law enforcement and regulatory agencies regarding criminal and civil matters related to banks and non-bank financial institutions, financial and white collar crimes, consumer fraud, market manipulations, mortgage and housing-related settlements; oversee Committee investigations and inquiries.
- Engage with U.S. and foreign regulators on Dodd-Frank and Basel III implementation, capital and liquidity requirements, enhanced prudential regulation of SIFIs, stress testing (CCAR, DFAST, CLAR), G-SIBs and Advanced Approaches, living wills, enforcement actions and settlements, FSOC designations, FSB directives, European Council and Parliament resolutions, cross-border harmonization of regulatory requirements, treatment of U.S. subsidiaries of foreign banking organizations, money laundering, sanctions, cybersecurity, financial services in trade negotiations (TPP and TTIP), and other financial services issues.
- Participate in meetings with members of U.S. Congress, heads of federal regulatory agencies, foreign regulators and members of parliaments, executive level management at regulated entities, trade associations, think tanks, NGOs and foreign delegations.
- Coordinate legislative efforts with Senate leadership and various Senate committees (Appropriations, Finance, Judiciary, Foreign Relations, Small Business, HELP), including drafting, reviewing and analyzing legislation.
- Manage and mentor a team of 10 lawyers and professional staff.

Jelena McWilliams

3530 Michigan Avenue, Cincinnati, OH 45208; jelena37@yahoo.com; 202.230.6776

U.S. Senate Small Business and Entrepreneurship Committee — ***August 2010 – June 2012***
Assistant Chief Counsel, Ranking Member Snowe

- Principal advisor handling financial services, banking regulation and prudential regulators, consumer protection and CFPB, economic and monetary policy, budget, federal debt and deficit, small business issues.
- Prepared memoranda, floor statements, speeches, hearing documents, op-eds, press releases, policy and vote recommendations.
- Staffed the senator for the hearings on the Senate Finance Committee, the Senate Commerce Committee and the Senate Budget Committee in addition to the Senate Small Business Committee.

Federal Reserve Board of Governors (FRB), Washington, DC — ***April 2007 – August 2010***
Attorney, Division of Consumer and Community Affairs, Regulations Section

- Performed legal research and analysis of consumer financial services and banking regulations, including TILA (Reg. Z; open- and closed-end credit), FCRA (Reg. V), GLBA (Reg. P), CARD Act, FACTA, UDAP/UDAAP.
- Drafted consumer protection regulations; reviewed and analyzed comment letters on regulatory proposals; responded to consumer complaints.
- Prepared responses to public and congressional inquiries, organized public hearings, briefed Federal Reserve Governors, attended FOMC and various Board of Governors' meetings.
- Frequently interacted and coordinated with the Legal Division, Division of Bank Supervision and Regulation, and Division of Research and Statistics.
- Managed consumer testing of financial disclosures for home mortgages and home equity lines of credit.
- Developed model consumer disclosures and drafted accompanying regulations and staff commentary.
- Collaborated with FDIC, FTC, NCUA, OCC, OTS and SEC on several interagency rulemakings; negotiated proposed regulatory text; prepared, reviewed and revised the Federal Register notices for publication.

Hogan & Hartson LLP (now Hogan Lovells LLP), Washington, DC — ***May 2005 – March 2007***
Associate, Corporate and Business Finance Group

- Counseled clients on over $12B of mergers and acquisitions and $2B of debt and equity public offerings.
- Participated in all stages of complex negotiations with investment banks and accountants on behalf of issuers.
- Counseled NASDAQ and NYSE-listed companies in corporate, transactional and securities matters.
- Prepared periodic filings and advised management on Sarbanes-Oxley Act compliance.

Morrison & Foerster LLP, Palo Alto, CA — ***September 2002 – April 2005***
Associate, Corporate Group

- Counseled clients on over $1B of public offerings of debt and equity securities.
- Advised management and boards of directors on corporate governance, compliance and reporting requirements under the Securities Act of 1933 and the Securities Exchange Act of 1934.
- Represented publicly- and privately-held companies in mergers and acquisitions, securities offerings, strategic business ventures (U.S. and cross-border), venture capital investments and general corporate matters.

Education

University of California at Berkeley, Boalt Hall School of Law — ***Juris Doctor 2002***
Highest Honors for JD thesis; member of the Federalist Society and Business, Technology and International Law Journals.

University of California at Berkeley — ***Bachelor of Arts (Highest Honors) 1999***
Political Science (major), Mass Communications (minor); Alumni Scholar, Dean's Honor List, High Distinction.

The undersigned certifies that the information contained herein is true and correct.

Signed: Jelena McWilliams Date: 12/4/2017

PREPARED STATEMENT OF MARVIN GOODFRIEND

TO BE A MEMBER, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

JANUARY 23, 2018

Chairman Crapo, Ranking Member Brown, and Members of the Committee, thank you for the opportunity to appear before you today. I am honored to have been nominated by President Trump to serve as a Member of the Board of Governors of the Federal Reserve System. None of this would have been possible without the support of my best friend and wife Marsha, who is sitting behind me, and without the support of my sister Miriam, who is watching at home. I would also like to recognize my parents' for developing in me at an early age a keen interest in public policy.

As the Nation's central bank, the Federal Reserve has many responsibilities that are at the foundation of our economic prosperity and well-being. Guided by the goals of maximum sustainable employment, price stability, and financial stability, and with lessons from its past, the Federal Reserve must be alert to future challenges.

I have spent my 40-year career as an economist focused on central banking in general and the Federal Reserve in particular. The Federal Reserve Bank of Richmond had been my primary place of employment for more than 25 years when, in 2005, I joined the faculty of Carnegie Mellon University in Pittsburgh. I've written about and contributed to the policy debate from both "inside" and "outside" the Fed. If confirmed, I look forward to putting my knowledge and judgment—developed as both an academic and practitioner—to work as a Governor, and to contributing my voice and experience to addressing current policy issues. I intend to draw on my academic and professional experience to promote policies that would further increase transparency and accountability at the Federal Reserve.

My years at the Federal Reserve Bank of Richmond gave me a deep appreciation of the role of the regional Reserve Banks in the Federal Reserve System. The regional system encourages diverse perspectives and innovative thinking. As a Member of the Board of Governors, I would look forward to hearing and considering this diversity of views in making policy.

I have also gained policy experience at other Government and central banking institutions. These experiences ranged from being a staff economist for the Council of Economic Advisers in the Reagan administration, to serving in central bank advisory roles, and participating in external reviews for several central banks abroad.

My publications use monetary theory, central bank practice, and Federal Reserve history to investigate policy issues. I've enjoyed my past 12 years teaching courses in monetary policy, money and banking, and international trade and finance at Carnegie Mellon's Tepper School of Business.

I would like to thank the Committee for the opportunity to appear before you today and for considering my nomination. If confirmed, I look forward to working with you in the years ahead. I would be pleased to answer your questions.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Goodfriend, Marvin Seth

Position to which nominated: Member of the Board of Governors of the Federal Reserve System

Date of nomination: 8 January 2018

Date of Birth: 6 November 1950   Place of birth: New York City

Marital Status: Married (Married on 8 October 2017 to Marsha Stroh Shuler.)

Name and ages of children: None

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Union College	1968-1972	B.S. Mathematics	1972
Brown University	1973-1978	M.A./Ph.D. Economics	1978

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

George Leland Bach Excellence in Teaching Award, MBA Program, Tepper School of Business, Carnegie Mellon University, Pittsburgh, PA, April 2016

Teaching Award for Excellence in the Classroom, Undergraduate Economics Program, Tepper School of Business, Carnegie Mellon University, Pittsburgh, PA, May 2007

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Bank of Japan Institute for Monetary and Economic Studies	Honorary Advisor	2010-Present
Carnegie Rochester NYU Conference Series on Public Policy	Co-editor, Advisory Board Member, Advisory Committee	2010-Present 1998-Present
Shadow Open Market Committee	Member	2009-Present

Organization	Office held (if any)	Dates
Federal Reserve Bank of New York, Economic Advisory Panel	Member	2009-Present
National Bureau of Economic Research, Program on Monetary Economics	Research Associate	2007-Present
American Economic Association	Member	1978-Present
Federal Reserve System, Centennial Advisory Council	Member	2011-2013
Federal Reserve Bank of New York, Monetary Policy Advisory Panel	Member	2008-2009

Employment Record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

Friends of Allan Meltzer Professorship, Tepper School of Business, Carnegie Mellon University, Pittsburgh, Pennsylvania, October 2012-present

Professor of Economics, Tepper School of Business, Carnegie Mellon University, Pittsburgh, Pennsylvania, September 2005-present

Chairman, Gailliot Center for Public Policy, Tepper School of Business, Carnegie Mellon University, Pittsburgh, Pennsylvania, September 2005-2012

Senior Vice President and Policy Advisor, Federal Reserve Bank of Richmond, Richmond, Virginia, 1999 to 2005

Chief Monetary Policy Advisor, Federal Reserve Bank of Richmond, Richmond, Virginia, 1993 to 2005

Senior Vice President and Director of Research, Federal Reserve Bank of Richmond, Richmond, Virginia, 1993 to 1999

Associate Director of Research, Federal Reserve Bank of Richmond, Richmond, Virginia, 1990-1992

Vice President, Federal Reserve Bank of Richmond, Richmond, Virginia, 1984-1990

Research Economist, Federal Reserve Bank of Richmond, Richmond, Virginia, 1978
Officer, 1980

While the Federal Reserve Bank of Richmond was my main employer from 1978 to 2005, I accepted temporary positions away from Richmond, Virginia on the following occasions:

Visiting Professor of Business Economics, Graduate School of Business, University of Chicago, Chicago, Illinois, September1988-to June 1990: Macroeconomics, Money and Banking

Visiting Associate Professor, University of Rochester, Rochester, New York, 1986-87: Intermediate Macroeconomics, Monetary and Banking Policy

Senior Staff Economist, Council of Economic Advisers, White House, Washington, D.C., 1984-1985

Visiting Economist, Econometrics and Computer Applications Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C., 1982-1983

I commuted from my home in Richmond, Virginia to teach at the following institutions:

Adjunct Professor of Economics, Graduate School of Business, University of Chicago, Chicago, Illinois, Fall semester 2001: Money and Banking

Term Professor, University of Virginia, Charlottesville, Virginia, 1995-2000: Graduate Monetary Economics, Undergraduate Macroeconomic Policy

Visiting Professor, University of Virginia, Charlottesville, Virginia, 1993-95: Graduate Monetary Economics

Visiting Associate Professor, University of Virginia, Charlottesville, Virginia, 1987: Macroeconomic Policy

I taught the following courses while in graduate school at Brown University and living in Providence, Rhode Island:

Teaching Associate, Brown University, 1977: International Monetary Relations in the Twentieth Century

Instructor, Wheaton College, Norton, Massachusetts, 1977: Applied Statistics, International Economics, Mathematical Economics

Teaching Assistant, Brown University, 1974-77: International Finance, Macroeconomics, Microeconomics, Public Finance

I was commissioned to do the following external reviews of central banks abroad:

Commissioned by the Swedish Riksdag, with Mervyn King, Governor Bank of England 2003-2013, to undertake an External Review of the Riksbank and Swedish Monetary Policy: Visited Stockholm for extensive interviews in March, June, September 2015, published Review of the Riksbank's Monetary Policy 2010-2015, January 2016 (144 pages), November 2014 to May 2016

Member, Panel for External Review of Swedish Riksbank Research Division (with Lucrezia Reichlin and Greg Udell), October 2008

Member, "Norges Bank Watch 2007" Panel (with Knut Mork and Ulf Soderstrom) to evaluate the conduct of Norwegian monetary policy, December 2006--February 2007

Member, Three-Person Panel (with Otmar Issing and John Murray) for External Review of Research and Policy Support Activities at the Swiss National Bank, Zurich, Switzerland, August-September 2006

Member, Three-Person Panel (with Rafael Repullo and Reiner Konig) for the External Evaluation of Research Activities at the European Central Bank, September 2003–February 2004

I was employed as an Honorary Advisor to the Institute for Monetary and Economic Studies of the Bank of Japan, to help organize and attend the annual spring international conference in Japan, 2011-present

I was paid as a Visiting Scholar or Research Fellow for longer stays on three occasions:

Visiting Scholar, Federal Reserve Bank of New York, 5-weeks, July-August, 2006-2009

Visiting Research Fellow, Institute for International Economic Studies, University of Stockholm, Stockholm, Sweden, November-December 1992

Visiting Scholar, Swiss National Bank, Zurich, Switzerland, May to July 1988

I was paid as a Visiting Scholar or Economic Advisor for shorter stays on the following occasions:

Economic Advisory Panel, Federal Reserve Bank of Cleveland, September 8, 2011

Visiting Scholar, De Nederlandsche Bank, Amsterdam, The Netherlands, June 2010

Visiting Scholar, Bank of Japan, Tokyo, September-October 2010

Visiting Scholar, Federal Reserve Bank of Atlanta, 2007, 2009; Federal Reserve Bank of Kansas City, 2008-2009; Research Associate, Federal Reserve Bank of Cleveland, 2008-2010

Visiting Scholar, Board of Governors of the Federal Reserve System, September 1992, July 1999, and September 2007

Visiting Scholar, International Monetary Fund, Research Department, February 1990, October and December 2005, and March 2006

Visiting Scholar, Centre for Financial Studies, Frankfurt, Germany, June 1999

Technical Assistance Expert, International Monetary Fund, Inflation Targeting Seminar, Central Bank of Brazil, Rio de Janeiro, May 1999 and July 2000

Visiting Scholar, European Central Bank, Frankfurt, Germany, February 1999

Technical Assistance Expert, Saudi Arabian Monetary Agency (SAMA), Riyadh, Saudi Arabia, March 3-11, 1994

I was paid to speak abroad on two occasions:

Guest of United States Studies Center, University of Sydney, Sydney, Australia, June 9-13, 2008

Guest of Reserve Bank of India, Mumbai, India, October 1-10, 2007, and Invited Foundation Day Lecture, Silver Jubilee of the Reserve Bank of India Archives, October 5, 2007

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Member, Economic Advisory Panel, Federal Reserve Bank of New York, 2009-present. (The Federal Reserve Banks were chartered by Congress to fulfil a public purpose and are part of the Federal Reserve System. The Federal Reserve Banks are not, however, considered Federal government agencies and are usually not deemed to be part of the Federal government.)

Member, Monetary Policy Advisory Panel, Federal Reserve Bank of New York, 2008-2009

Member, Federal Reserve System's Centennial Advisory Council, 2011-2013

The Federal Reserve Bank of Richmond was my main employer from 1978 to 2005:

Senior Vice President and Policy Advisor, Federal Reserve Bank of Richmond, 1999 to 2005

Chief Monetary Policy Advisor, Federal Reserve Bank of Richmond, 1993 to 2005

Senior Vice President and Director of Research, Federal Reserve Bank of Richmond, 1993 to 1999

Associate Director of Research, Federal Reserve Bank of Richmond, 1990-1992

Vice President, Federal Reserve Bank of Richmond, 1984-1990

Research Economist, Federal Reserve Bank of Richmond, Richmond, Virginia, 1978; Officer, 1980

While the Federal Reserve Bank of Richmond was my main employer from 1978 to 2005, I accepted two Federal government jobs away from Richmond, Virginia on the following occasions:

Senior Staff Economist, Council of Economic Advisers, White House, Washington, D.C., 1984-1985

Visiting Economist, Econometrics and Computer Applications Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C., 1982-1983

I was visiting scholar at the following Federal Reserve Banks:

Visiting Scholar, Federal Reserve Bank of New York, 5-weeks, July-August, 2006-2009, at the Federal Reserve Bank of New York

And for short stays:

Economic Advisory Panel, Federal Reserve Bank of Cleveland, September 8, 2011

Visiting Scholar, Federal Reserve Bank of Atlanta, 2007, 2009; Federal Reserve Bank of Kansas City, 2008-2009; Research Associate, Federal Reserve Bank of Cleveland, 2008 2010; Economic Advisory Panel, Federal Reserve Bank of Cleveland, September 8, 2011

Visiting Scholar, Board of Governors of the Federal Reserve System, September 1992, July 1999, and September 2007

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

I have done my best to identify titles, publishers, and dates of books, articles, reports, and other published materials, including a thorough review of personal files and searches of publically available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find, or remember. I have located the following:

ACADEMIC JOURNALS:

"A Note on the Neutrality of Temporary Monetary Disturbances," with Robert G. King, Journal of Monetary Economics, May 1981, pp. 371-85

"An Alternate Method of Estimating the Cagan Money Demand Function in Hyperinflation Under Rational Expectations," Journal of Monetary Economics, January 1982, pp. 43-57.

"Discount Window Borrowing, Monetary Policy, and the Post-October 6, 1979 Federal Reserve Operating Procedure," Journal of Monetary Economics, September 1983, pp. 343-56.

Discussion of Preston Miller, "Income Stability and Economic Efficiency Under Alternative Tax Schemes." In Karl Brunner and Allan Meltzer, eds., Carnegie-Rochester Conference Series on Public Policy, Vol. 20 (1984), pp. 143-45.

Book review of Frank Hahn, Money and Inflation, Boston: MIT Press 1983, Journal of Money, Credit, and Banking, August 1984, pp. 382-85.

"Reinterpreting Money Demand Regressions." In Karl Brunner and Allan Meltzer, eds., Carnegie-Rochester Conference Series on Public Policy, Vol. 22 (1985), pp. 207-41.

Book review of C. Goodhart, Monetary Theory and Practice, the U.K. Experience, London: MacMillan Press, 1984, Journal of Monetary Economics, May 1985, pp. 383-88.

"Monetary Mystique: Secrecy and Central Banking." In Contributions in Honor of Karl Brunner, Journal of Monetary Economics, January 1986, pp. 63-92; reprinted in Monetarism, A. Chrystal, ed., London: Edward Elgar Publishing, 1990.

"Interest Rate Smoothing and Price Level Trend-Stationarity," Journal of Monetary Economics, May 1987, pp. 335-48.

Discussion of Mark Gertler, "Financial Structure and Aggregate Economic Activity: An Overview," Conference on Recent Developments in Macroeconomics, Journal of Money, Credit, and Banking, August 1988, part 2, pp. 589-93.

Review Essay on Central Bankers, Bureaucratic Incentives, and Monetary Policy, edited by E.F. Toma and M. Toma, Boston: Kluwer Academic Publishers, 1986; Journal of Monetary Economics, November 1988, pp. 517-22.

"Central Banking Under the Gold Standard." In Money, Cycles, and Exchange Rates: Essays in Honor of Allan H. Meltzer, Karl Brunner and Allan Meltzer, eds., Carnegie-Rochester Conference Series on Public Policy, Vol. 29 (1988), pp. 85-124.

Book review of Jacob Cohen, The Flow of Funds in Theory and Practice, Boston: Kluwer Academic Publishers, 1987, Journal of Economic Literature, September 1989, pp. 1187-88.

Discussion of K. Cuthbertson and M. Taylor, "Money Demand, Expectations, and the Forward-Looking Model," Conference on Understanding Velocity, Journal of Policy Modeling, Summer 1990, pp. 317-22.

"Interest Rates and the Conduct of Monetary Policy." In Allan Meltzer and Charles Plosser, eds., Carnegie-Rochester Conference Series on Public Policy, Vol. 34 (1991), pp. 7-30.

"Information-Aggregation Bias," American Economic Review, June 1992, pp. 508-19.

Book review of The Political Economy of American Monetary Policy, Thomas Mayer, ed., New York: Cambridge University Press, 1990, Journal of Money, Credit, and Banking, May 1992, pp. 274-76.

Book review of James L. Pierce, The Future of Banking, New Haven: Yale University Press, 1991, Journal of Economic Literature, March 1993, pp. 253-4.

Discussion of Alberto Giavannini, "Central Banking in a Monetary Union: Reflections on the Proposed Statute of the European Central Bank." In Allan Meltzer and Charles Plosser, eds., Carnegie-Rochester Conference Series on Public Policy, Vol. 38 (1993), pp. 231-38.

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Political Affiliations and Activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

$505 contributed to the Republican National Committee in 2014

Qualifications: State fully your qualifications to serve in the position to which you have been named.

I have spent my forty-year career as an economist focused on central banking in general and the Federal Reserve in particular. The Federal Reserve Bank of Richmond had been my primary place of employment for more than 25 years when, in 2005, I joined the faculty of Carnegie Mellon, where I hold the Friends of Allan Meltzer Professorship. I've written about and contributed to the policy debate both "inside" and "outside" the Fed. I look forward to putting my knowledge and judgment—at the intersection of academics and practice—to work as a member of the Board of Governors and to contributing my voice and experience to current policy issues. If I am confirmed as a governor, I intend to draw on my extensive academic and professional experiences to promote policies to further increase transparency and accountability at the Federal Reserve.

My years at the Federal Reserve Bank of Richmond gave me a deep appreciation of the role of the regional reserve banks in the Federal Reserve System. From 1993-1999 I served as a senior vice president on the bank's management committee, with responsibly for research, community affairs, public information, and statistics. As the chief monetary adviser, I drafted Federal Open Market Committee (FOMC) policy statements for the bank president and attended FOMC meetings regularly from 1993 to 2005. The regional system encourages diverse perspectives and innovative thinking. As a member of the Board of Governors I would look forward to hearing and considering this diversity of views in making policy.

I have also gained policy experience at other government and central banking institutions. I was a senior staff economist on President Reagan's Council of Economic Advisers. I was a member of the Federal Reserve Bank of New York Monetary Policy Advisory Panel in 2008-2009, a member of its Economic Advisory Panel from 2009-2017, and I was a visiting scholar for five weeks each summer from 2006 through 2009. I have been invited to do external reviews of research at several European central banks including the European Central Bank; in 2015-2016 former Bank of England Governor Mervyn King and I were commissioned by the Swedish Riksdag to review

Riksbank monetary policy from 2010-2015. I have been an adviser to the Bank of Japan since 2011 and a visiting scholar at numerous Federal Reserve banks and at several central banks abroad.

My publications use monetary theory, central bank practice, and Federal Reserve history to investigate policy issues. In many cases I wrote on policy matters well before they were recognized by the Federal Reserve as important and worth practical consideration.

I've enjoyed my past twelve years teaching courses in monetary policy, money and banking, and international trade and finance full-time at Carnegie Mellon's Tepper School of Business. I received excellence in teaching awards for both undergraduate and MBA teaching. Particularly gratifying is that I did so using my own publications and other writings as course readings.

I've put my research and teaching skills to work as a member of the Shadow Open Market Committee since 2009 and as co-editor of the Carnegie Rochester NYU Conference Series on Public Policy since 2010.

I graduated from Union College, Schenectady, New York in 1972 with an BS in mathematics, and from Brown University, Rhode Island in 1980 with a PhD in economics.

Government Experience:

Member, Economic Advisory Panel, Federal Reserve Bank of New York, New York, N.Y., 2009-2017 (As stated previously, the Federal Reserve Banks were chartered by Congress to fulfil a public purpose and are part of the Federal Reserve System. The Federal Reserve Banks are not, however, considered Federal government agencies and are usually not deemed to be part of the Federal government.)

Member, Monetary Policy Advisory Panel, Federal Reserve Bank of New York, New York, N.Y., 2008-2009

Member, Federal Reserve System's Centennial Advisory Council, 2011-2013

Senior Staff Economist, Council of Economic Advisers, White House, Washington, D.C., 1984-1985

Visiting Economist, Econometrics and Computer Applications Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C., 1982-1983

Visiting Scholar, Federal Reserve Bank of New York, July-August, 2006, 2007, 2008, and 2009.

Visiting Scholar for Shorter Stays: Board of Governors of the Federal Reserve System 1992, 1999, and 2007, Federal Reserve Banks of Atlanta 2007, 2009, Cleveland, 2008, 2010, 2011, and Kansas City 2008, 2009.

Other Policy Work:

Commissioned by the Swedish Riksdag, with Mervyn King, Governor Bank of England 2003-2013, to undertake an External Review of the Riksbank and Swedish Monetary Policy: Visited Stockholm for extensive interviews in March, June, September 2015, published Review of the Riksbank's Monetary Policy 2010-2015, January 2016 (144 pages), November 2014 to May 2016

Honorary Advisor to the Institute for Monetary and Economic Studies of the Bank of Japan, to help organize, attend, and speak at annual spring international conferences at the Bank of Japan, 2011-present

Member, Panel for External Review of Swedish Riksbank Research Division (with Lucrezia Reichlin and Greg Udell), October 2008

Member, "Norges Bank Watch 2007" Panel (with Knut Mork and Ulf Soderstrom) to evaluate the conduct of Norwegian monetary policy, December 2006--February 2007

Member, Three-Person Panel (with Otmar Issing and John Murray) for External Review of Research and Policy Support Activities at the Swiss National Bank, Zurich, Switzerland, August-September 2006

Member, Three-Person Panel (with Rafael Repullo and Reiner Konig) for the External Evaluation of Research Activities at the European Central Bank, September 2003 – February 2004

Visiting Scholar for Longer Stays:

Visiting Research Fellow, Institute for International Economic Studies, University of Stockholm, Stockholm, Sweden, November-December 1992

Visiting Scholar, Swiss National Bank, Zurich, Switzerland, May to July 1988

Visiting Scholar for Shorter Stays:

De Nederlandsche June 2010, Bank of Japan September-October 2010, International Monetary Fund, Research Department, February 1990, October 2005, December 2005, and March 2006, Centre for Financial Studies, Frankfurt, Germany, June 1999, Technical Assistance Expert, International Monetary Fund, Inflation Targeting Seminar, Central Bank of Brazil, Rio de Janeiro, May 1999 and July 2000, European Central Bank, Frankfurt, Germany, February 1999, Technical Assistance Expert, Saudi Arabian Monetary Agency (SAMA), Riyadh, Saudi Arabia, March 1994, United States Studies Center, University of Sydney, June 2008, Reserve Bank of India, Mumbai, India, October 2007

Ad Hoc Professional Responsibilities:

Member, Shadow Open Market Committee, spring and fall symposium in New York City, see ShadowFed.org website, 2009-present

Co-editor, Carnegie Rochester NYU Conference Series on Public Policy, organize and host November conferences at the Tepper School every year, and edit papers for publication in the July Journal of Monetary Economics conference volume, 2010-present; during that time also co-principle investigator on National Science Foundation grants awarded to fund the conferences.

Member, Advisory Board, Carnegie Rochester NYU Conference Series on Public Policy, 1998-present
Former member of the editorial boards of the Journal of Money, Credit, and Banking, International Journal of Central Banking, and Journal of Monetary Economics

Research Associate, Program on Monetary Economics, National Bureau of Economic Reserves, Boston, Mass., 2007-present

Ad Hoc Courses Taught:

Full Semester Courses Taught:

Visiting Professor of Business Economics, Graduate School of Business, University of Chicago, Chicago, IL. (September 1988 to June 1990, fall 2001): Macroeconomics, Money and Banking

Visiting Associate Professor, University of Rochester, Rochester, N.Y. (1986-87): Intermediate Macroeconomics, Monetary and Banking Policy

Visiting Professor, Term Professor, University of Virginia, Charlottesville, VA., Graduate Monetary Economics, Macroeconomic Policy, (1987, 1993-2000)

Short Courses Taught:

Monetary Theory and Policy, International Monetary Fund, Washington, D.C., May 2004

Monetary Policy, Stanford Executive Program, Stanford University, Palo Alto, CA, July 2002

Short Courses on Monetary Theory and Policy Taught Overseas: China, Germany, Finland, Japan, Korea, and Switzerland, 18 short courses in all

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I expect to take a leave of absence from Carnegie Mellon University.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

Please see response to question 1, above.

3. Has anybody made you a commitment to a job after you leave government?

Please see response to question 1, above.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the agency's ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the agency's ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Federal Reserve Board's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the agency's ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

Civil, criminal, and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers.

I have no anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which are expected to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers.

The undersigned certifies that the information contained herein is true and correct.

Signed: Marty Seth Goodfriend Date: JAN 16, 2018

PREPARED STATEMENT OF THOMAS E. WORKMAN

TO BE A MEMBER, FINANCIAL STABILITY OVERSIGHT COUNCIL

JANUARY 23, 2018

Chairman Crapo, Ranking Member Brown, and Members of the Committee, it is my honor to appear before you today. I am grateful to be President Trump's nominee for Independent Member with Insurance Expertise of the Financial Stability Oversight Council, and I thank you and your staffs for helping me prepare for this hearing.

First, I would like to introduce my wife, Pam, and our son, Chris, who are here today. Pam, my forever friend and life partner of 52 years, is a professional artist who paints still lives and portraits of strangers. She is a lifetime mother and educator as well. Our son, Chris, is a partner at MSD Capital, and a U.S. Army veteran who served as a Tank Platoon Leader in the First Armored Division. His wife, Catherine, is a Developmental Pediatrician and Neonatologist. They have two children, and live in New York City. Our daughter, Sarah Checcone, is the mother of four. She is a lawyer and the founder and leader of Post-Partum Society of Florida helping mothers suffering with post-partum depression. Her husband, Mark, is a Facial Plastics Surgeon, and they live in Sarasota.

I would also like to recognize Roy Woodall, Independent Member of FSOC and former Kentucky Insurance Commissioner, and our good friend, Lee Covington, former Ohio Insurance Commissioner.

I grew up in North Central Ohio—two miles from the Leesville Rural School that I attended. My father had a small Chevrolet dealership, and my mother worked as a mother, secretary, and bookkeeper. My sister, Elaine, and I both graduated from The Ohio State University. After law school there, I served nearly 4 years as a Captain in the U.S. Army Judge Advocate General's Corps. Then I returned to Columbus to practice law at Bricker & Eckler, the firm founded by John W. Bricker, the three-term Governor and two-term United States Senator from Ohio. With my office next to his for many years, I am sure he would be delighted that I am before you today.

The first question I was asked at the firm was—would I do some insurance work? I spent the next 26 years doing insurance regulatory, legislative, and business-related work including formation, licensing, admission, sale, acquisition, rehabilitation, liquidation, reserving, State taxation, agent licensing, governance, underwriting, claims, admitted and non-admitted assets, and more. I also represented the Association of Ohio Life Insurance Companies, and developed the firm's insurance law practice.

I served on the Board of the Ohio Farmers Insurance Company for 24 years. Formed in 1848, it is a leading, midwestern, multi-line property/casualty insurance company. I chaired the Governance & Nominating Committee, served on the Compensation Committee, and twice served on the Committee to select a CEO.

In 1999, I was recruited to become President & CEO of the Life Insurance Council of New York. For the next 17 years, I was involved in nearly all regulatory and legislative issues related to life insurers in New York State, and to a large degree, nationally.

With 43 years of working with insurers, regulators and legislators in New York, Ohio, and other States, I have, in effect, prepared to be the FSOC Independent Member with Insurance Expertise all my life. I know insurance, and how vital it is to families and businesses and to our economy. I have great respect for insurers, and the regulators and legislators who wrestle with insurance issues. They share the same objectives—to assure promises are kept and customers are treated fairly.

The purposes of FSOC are to identify risks to the stability of the U.S. economy, to promote market discipline, and to respond to emerging threats. The Independent Member exists to make sure someone with substantial insurance knowledge takes part in FSOC deliberations affecting insurers and insureds. I am grateful for the support of Roy Woodall and I aspire to perform this duty as masterfully as he has.

I would greatly appreciate this opportunity. If confirmed, I would be dedicated to the highest level of honorable, public service.

Thank you, Mr. Chairman, Ranking Member Brown, and Members of the Committee. I look forward to answering any questions you may have.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Workman (Last) Thomas (First) Eldon (Other)

Position to which nominated: Independent Member with Insurance Expertise on the Financial Stability Oversight Council

Date of Nomination: December 1, 2017

Date of Birth: 3 (Day) April (Month) 1944 (Year)

Place of birth: Galion, Ohio

Marital Status: Married

Full name of spouse: Pamela Mulbarger Workman

Name and ages of children: Thomas Christian Workman, 45 and Sarah Workman Checcone, 40

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Ohio State University	1962-1966	B.S. Bus. Admin.	09/1966
Ohio State University	1966-1969	J.D.	06/1969
University of Virginia Law School	09/1971 to 06/1972 (Est)	Extra Law Courses Only (No Degree)	N/A

Honors and Awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

Buist M. Anderson Distinguished Service Award, Association of Life Insurance Counsel
Life Insurance Lifetime Achievement Award, Million Dollar Round Table of New York City
City & State Corporate Social Responsibility Award
Friend of Israel Award, State of Israel Bonds Insurance Division
Citizen of the Year, College of Mount Saint Vincent
The Good Scout Award, Boy Scouts of America, Greater New York Council
33rd Degree Mason, Ancient Accepted Scottish Rite, Valley of Columbus
National Defense Service Medal
Army Commendation Medal
One of the Top Five Outstanding Senior Men at Ohio State University
Student Body President, Ohio State University
Sphinx Senior Class Honorary, Ohio State University
Bucket & Dipper Junior Class Honorary, Ohio State University
Romophos Sophomore Class Honorary, Ohio State University
Pace Setters Award, College of Business Administration, Ohio State University

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates (estimated)
Professional		
Association of Life Insurance Counsel	Member Delegate to the House of Delegates of the American Bar Association Member, Board of Directors Chair, Buist M. Anderson Distinguished Service Award Committee	1995 to Present
Insurance Federation of New York	Member, Board of Directors	2016 to Present
Federation of Regulatory Counsel	Member Chair, Board of Directors (1996)	1990 to Present
American Bar Association	Member Member, Tort Trial & Insurance Practice Section Member, Life Insurance Law Committee Chair, Life Insurance Law Committee Member, Administrative Law Committee	1973 to Present
New York State Bar Association	Member Member, Torts, Insurance & Compensation Law Section	2001 to Present
Ohio State Bar Association	Member Member, Insurance Law Committee	1973 to Present
Association of the Bar of the City of New York	Member Member, Insurance Law Committee	2001 to Present
Columbus Bar Association	Member Chair, Professional Ethics & Grievances Committee Member, Professionalism Committee	1973 to Present
Republican National Lawyers Association	Member	2002 to Present
Federalist Society	Member	2001 to Present
Educational		
Griffith Insurance Education Foundation	Member, Leadership Council Member, Board of Trustees Chair, Public Policymaker Committee	2010 to Present 1987 to 2010
Heritage Foundation	Member	2010 to Present
Friends of the Ashbrook Center	Member, Board of Trustees	1980s to 1990s

Ohio State University Distinguished Teachers Awards Committee	Member	1989

Charitable

Ohio Hunger Task Force	Member, Board of Trustees	1995 to 1999
The Salvation Army of Central Ohio	Member, Advisory Board	1998 to 1999
United Way of Central Ohio	Pacesetter Member	1990s
Friends of WOSU	Member, Board of Trustees	1988 to 1989

Civic

American Legion, New York Department	Member	2000 to Present
Ohio Public Expenditure Council	Treasurer	1988 to 1989
Greater Columbus Year 2000 Information Council	President	1999

Political

Republican National Committee	Member	Many Years
New York State Republican Party	Member	Many Years
Ohio Republican Party	Member General Counsel	Many Years
Franklin County Republican Party	Member, Central Committee	1992 to 1999 (Est)
OSU Law Young Republican Club	Member President	1967 to 1969
Ohio Youth for Nixon	State Chairman	1968
Ohio Youth for Goldwater	State Chairman	1964

Fraternal

New England Lodge No. 4, F&AM	Member	1978 to Present
Ancient Accepted Scottish Rite, Valley of Columbus	Member Thrice Potent Master, Enoch Lodge of Perfection	1978 to Present
Aladdin Temple Shrine	Member	1978 to Present
Delta Tau Delta Fraternity	Member, Beta Phi Alumni Association	1974 to Present

Museums

The Guggenheim Museum	Member	2001 to Present
The Metropolitan Museum of Art	Member	2001 to Present
The Museum of Modern Art	Member	2001 to Present
The Whitney Museum	Member	2001 to Present

Religious

The First Church of Christ, Scientist, Boston	Member	1970 to Present
First Church of Christ, Scientist, NY, NY	Member	2017 to Present
First Church of Christ Scientist, Cols, OH	Member	1970 to 2016

Clubs (Current)

The Metropolitan Club, NY, NY	Member	2001 to Present
Rocky Fork Hunt & Country Club, Cols, OH	Member	2009 to Present

Employment Record:

Member, Board of Directors, Ohio Farmers Insurance Company, Westfield Center, OH, 12/1993 to Present

President & CEO, Life Insurance Council of New York, Inc., New York, NY, 09/1999 to 03/2016

Partner, Bricker & Eckler LLP, Columbus, OH, 01/1977 to 09/1999

Associate, Bricker & Eckler LLP, Columbus, OH, 10/1973 to 12/1976

Captain, Judge Advocate General's Corps, U.S. Army, Charlottesville, VA, 01/1970 to 10/1973

Law Clerk, Bricker & Eckler LLP, Columbus, OH, 09/1969 to 01/1970

Message Clerk, Ohio Senate, Columbus, OH, 09/1968 to 09/1969

Administrative Assistant to Lieutenant Governor John W. Brown, Columbus, OH, 09/1967 to 09/1968

Managed Apartments in University Area, Columbus, OH, 09/1966 to 09/1967

Government Experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or position.

As indicated in the foregoing section of this questionnaire, I served as the Administrative Assistant to Lieutenant Governor John W. Brown during my second year of law school (09/1967 to 09/1968) and as the Message Clerk in the Ohio Senate during my third year of law school (09/1968 to 09/1969).

I also served as a Captain in The Judge Advocate General's Corps of the U.S. Army from 01/1970 to 10/1973. Throughout those years of active duty, I was assigned to serve on the staff at The Judge Advocate General's School, located on the grounds of the University of Virginia in Charlottesville, VA.

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

"An Economic Driver Supporting Families, Businesses, and the American Community," interview of Thomas E. Workman, *LEADERS* Magazine, October, November, December 2015, Vol. 38, No. 4.

"New York State Senate Public Forum on Insurance Regulation," presented on behalf of the Life Insurance Council of New York, Inc., October 8, 2013.

"The Life Insurance Business Has a Noble Purpose," presented at the Round Table of New York 91st Annual Dinner, November 30, 2009.

"How Would Principles-Based Regulation Work As a Practical Matter, In New York and Nationally?" paper presented at 2008 Annual Meeting of the Association of Life Insurance Counsel at The Greenbrier, May 20, 2008.

"The Ramifications of September 11 for Life Insurers," presented at the ABA-TIPS Mid-Winter Meeting Life Insurance Law Committee Seminar at the Boca Raton Resort, January 17, 2003.

"Sale of Insurance by National Banks: The Historical Development of the Law," paper presented to the lawyers in the Office of General Counsel of the New York State Insurance Department in New York City, November, 1999.

Ohio Government Ethics Compliance Manual for Local Public Officials, published by Bricker & Eckler LLP in Columbus, Ohio, January, 1995.

Ohio Government Ethics Compliance Manual for Legislative Agents and Executive Agency Lobbyists and Their Employers, published by Bricker & Eckler LLP in Columbus, Ohio, September/October 1994.

"Plaintiff's Right to the Claim File, Other Claim Files, and Related Information: The Ticket to the Gold Mine," 24 Tort & Ins. L. J. 137 (1988).

Political Affiliations and Activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Republican National Committee, Member
New York State Republican Party, Member
Ohio Republican Party, Member
Manhattan Republican Party, Member

Attended meetings and contributed occasionally to the foregoing political parties, but held no offices in and rendered no services to political parties or election committees during the last 10 years.

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

2009		
2/15	PCI PAC	500
2/15	NAMIC PAC	500
3/6	Miner for Mayor	1,000
3/29	Ohio Republican Party	1,500
10/10	Republican National Committee	1,000
12/17	Dinallo for Attorney General	1,000
12/28	Kasich for Ohio (TEW)	5,000
12/28	Kasich for Ohio (PMW)	5,000
2010		
3/7	Stivers for Congress	500
7/18	PCI PAC	600
7/18	WEFEDPAC	400
10/11	Batchelder for State Representative	1,000
10/11	Kasich for Governor (TEW)	5,000
10/11	Kasich for Governor (PMW)	5,000
10/16	Ohio Republican Party	1,000
10/21	Republican National Committee	1,000
10/25	Batchelder for State Representative	2,500
2011		
3/30	Ted Cruz for Senate	500
4/20	WEFEDPAC	500
4/20	PCI PAC	600
9/17	Romney for President, Inc.	500
10/20	Batchelder for State Representative	1,000
12/4	Ted Cruz for Senate	500
12/29	Allen West for Congress	500
2012		
5/26	PCI PAC	600
5/26	WEFEDPAC	600
5/28	Ohio Republican Party	1,000
5/28	Romney Victory, Inc.	1,000
5/28	Republican National Committee	1,000
5/28	Friends of Boehner	1,000
5/28	Ted Cruz for Senate	500
7/22	Shays for Senate	1,000

7/28	Romney Victory, Inc.	2,500
10/1	Ohio Republican Party	1,000
10/1	Romney for President, Inc.	2,500
10/1	Allen West for Congress	2,500
10/1	Friends of John Boehner	1,000
10/1	Ted Cruz for Senate	500
10/9	Republican National Committee	2,000
10/29	Republican National Committee	1,000
10/15	Ohio House Republican Org Caucus	10,000
11/6	Ohio Republican Party	2,500
2013		
3/8	Dinapoli 2014	500
3/24	PCI PAC	500
3/24	WEFEDPAC	500
3/28	Gueriero for Advocate	500
5/29	New York State Republican Party	1,000
6/9	Batchelder for State Representative	1,000
9/8	Miner for Mayor	1,000
10/10	New York State Republican Party	1,000
10/20	Ohio Republican Party	1,500
10/20	Vernon Parker for Congress	500
10/28	Republican National Committee	1,000
12/16	Dewine for Attorney General	500
12/16	Kasich-Taylor	10,000
2014		
3/23	WEFEDPAC	500
3/23	PCI PAC	600
3/23	Batchelder for State Representative	2,500
6/23	New York State Republican Party	2,000
6/23	Nick Di iorio for New York	500
7/8	Friends of John Cahill for AG	1,000
7/13	Republican National Committee	1,000
9/20	Kasich-Taylor for Ohio	2,000
10/8	Republican National Committee	3,000
2015		
3/7	Right to Rise USA (Super PAC)	5,000
3/28	PCI PAC	600
3/28	WEFEDPAC	500
3/30	New York State Republican Party	1,000
6/14	New York State Republican Party	1,000
6/29	Jeb Bush 2016, Inc.	2,700
7/12	Republican National Committee	3,000
7/23	Kasich for America, Inc.	1,000
8/3	Kasich for America, Inc.	1,700
8/9	CARLY for America (Super PAC)	1,000
8/9	New Day for America(Super PAC)	10,000
11/29	Dinapoli 2018	500
12/6	Marco Rubio for President	2,700

2016		
1/11	New York State Republican Party	1,000
2/19	New Day for America(Super PAC)	10,000
2/27	PCI PAC	600
2/27	WEFEDPAC	600
3/31	New York State Republican Party	1,000
5/29	Committee for Rob Portman	1,000
6/9	New York State Republican Party	1,000
8/19	Trump Make America Great Again	1,000
10/13	Faso for Congress	500
11/3	Trump Make America Great Again	1,000
2017		
3/2	Republican National Committee	1,000
3/31	Republican National Committee	2,000
4/28	New York State Republican Party	5,000
5/19	PCI PAC	500
5/19	WEFEDPAC	500

Qualifications: State fully your qualifications to serve in the position to which you have been named (attach sheet).

I have spent a lifetime being deeply involved in the law, the regulation, and the operations of insurance companies throughout the United States. I spent the first 26 years of my professional life, following nearly four years as a lawyer in the U.S. Army, representing many, many insurance companies, small, medium, and large, in regulatory, legislative, and business matters in Ohio. That work included formation and licensing, admission to do business, sale and acquisition, rehabilitation, liquidation, guaranty associations, reserving, state taxation, agent licensing, governance, compensation disclosure, life settlements, corporate-owned and bank-owned life insurance, underwriting and claims, admitted and non-admitted assets, and many more. In addition to assisting individual insurance and non-insurance companies with insurance-related issues, I was the voice for the life insurance industry in Ohio as Counsel to the Association of Ohio Life Insurance Companies (AOLIC) throughout those 26 years. AOLIC had approximately 15 Ohio domiciled life insurer members and 4 life insurer members domiciled in other states. During these years, I also led the development of the Insurance Law Practice Group at the Bricker & Eckler LLP law firm in Columbus.

Since 1993 I have served as a member of the Board of Directors of the Ohio Farmers Insurance Company headquartered in Westfield Center, Ohio. The Company was formed by an Act of the Ohio General Assembly in 1848. Today it is one of the finest, regional, multi-line property/casualty insurance companies in the United States. As a long-serving Director, I chaired the Governance & Nominating Committee for a number of years, served as a member of the Compensation Committee for many years, and twice served on the Special Committees to select a new Chairman & CEO. This in depth exposure to the business operations of a fine property/casualty company combined with many, many years of involvement in virtually all aspects of the life and annuity business has given me deep practical insight into the financial challenges and operations of these institutions.

In the summer of 1999, I was recruited to come to New York City to serve as the President & CEO of the Life Insurance Council of New York, Inc. (LICONY). For the next nearly 17 years, I was intimately involved in virtually all of the active regulatory and legislative issues related to the operation of life insurers in New York State, and as a practical matter, nationally. Because New York State has the largest concentration of life insurers domiciled in a state and because of the sheer size of the State in terms of population, many of the regulatory issues affecting life insurers nationally are dealt with by New York State financial services regulators. Often the regulatory policies that are established in New York State influence insurance regulators and the industry across the country. Accordingly, for nearly 17 years my work at LICONY was on the leading edge of regulatory challenges that faced the life insurance industry in America. This experience of working with subject experts at all levels of the small, medium, and large life insurers that belonged to LICONY further increased my insight and understanding of the financial and operational matters that confront insurers every day throughout the United States. I was heavily involved in working with leading national insurer trade groups (e.g., American Council of Life Insurers), insurance regulators within the National Association of Insurance Commissioners, and insurance legislators participating in the National Conference of Insurance Legislators. At the time I concluded my work at LICONY, it had 53 New York domiciled life insurer members, 21 life insurer members domiciled in other states, and 22 professional firm members (leading accounting, actuarial, and law firms that serve the life insurance industry).

Throughout the last 43 years of deep, practical experience of analyzing, advising, advocating, and defending insurers of all types and sizes, and interacting with insurance regulators and legislators in New York, Ohio, and many other states, I have, in effect, prepared to serve in this role of Independent Member with Insurance Expertise of FSOC. I understand the unique nature of the insurance mechanism, how vital it is to the successful functioning of our economy at both the micro and macro levels, the culture of the various segments of the insurance industry, the culture in many instances of many, many of the companies, and maybe most important of all, many of the people who lead and manage these great institutions today. I have a great affection for the insurance industry, for the regulators, and for the legislators who wrestle with the ever evolving business and regulatory issues. The truth is that insurers and regulators and legislators share the same objectives—to assure that insurers are able to keep their promises and that they treat their customers fairly. All three are successful if these objectives are achieved.

I would deeply appreciate this opportunity to provide the insurance perspective within the deliberations of the Financial Stability Oversight Council. Like the current occupant of this role, Roy Woodall, a good friend of nearly 40 years, given this assignment, I would give my full and undivided commitment to serve the land that I love—the United States of America—in the highest traditions of honorable, dedicated, public service.

Future Employment Relationships: 1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

In that event I will immediately resign my position as a Member of the Board of Directors of the Ohio Farmers Insurance Company and my position as a Member of the Board of Directors of the Insurance Federation of New York.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have no such plans.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Potential Conflicts Of Interest:

1. Describe any financial arrangement or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

I have never been employed or retained for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

As an individual member of our church, over the past two or three years I have communicated with a few members of Congress to encourage them to support an amendment to the Affordable Care Act that would exempt members of the church from being subject to the requirement to purchase health insurance, similar to other exemptions in the Act for comparable religious groups.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

While I do not believe any of my responses to the foregoing items suggests or discloses in any way any conflict of interest, in the unlikely event a conflict might arise, I will immediately confer with the Department of the Treasury's designated agency ethics officials and the Office of Government Ethics and take all steps necessary to remove any such conflict and any appearance of such conflict.

Civil, Criminal and Investigatory Actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR BROWN FROM JELENA MCWILLIAMS

Q.1. The FDIC has a responsibility to protect the Deposit Insurance Fund (DIF) and has continuous examination authority for insured depository institutions with more than $100 billion in assets. With that mandate and responsibility in mind, do you think that leverage requirements for banks with over $250 billion in consolidated assets should be lowered in the future, versus current requirements? To revisit a question I posed at your nomination hearing, how did large bank and investment bank leverage contribute to the 2008 financial crisis?

A.1. At the hearing you asked whether I agree that "a central cause of the 2008 crisis was too much leverage at the largest banks and a failure of risk-weighted capital standards." The 2008 financial crisis traces its roots to a myriad of causes that created a chain of events which essentially led to the financial crisis. Bank leverage is certainly one of the factors that contributed to the crisis.[1] The leverage requirements at banks with consolidated assets above $250 billion should not be viewed in a vacuum but in conjunction with capital and liquidity requirements, and other safety and soundness mechanisms already at the disposal of regulators.

If confirmed, I will monitor bank leverage and will work with the FDIC staff to understand what has been done in this area, what conclusions have been drawn by agency staff, what requirements are necessary to protect the safety and soundness of our financial system while reducing systemic risk, and learn what relevant knowledge can be gained through the public comment process.

Q.2. Last November, FDIC Chair Gruenberg cautioned that "the seeds of banking crises are sown by the decisions banks and bank policymakers make when they have maximum confidence that the horizon is clear."[2] Bank profits are at a record high, the tax bill just put billions in the coffers of the financial services industry, and policymakers in Congress and in the Administration are again trying to relax the rules for the banking industry. Do you agree with Chair Gruenberg that crises are built by many small decisions made in good times?

A.2. Financial crises trace their roots to a myriad of causes, including decisions made by regulators and financial institutions in good times and bad. Banks and financial institutions are currently well capitalized. However, the fundamental factor in preventing another

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[1] As noted in "The Financial Crisis Inquiry Report: Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States" (*i.e.,* "The Commission concludes that the collapse of the housing bubble began the chain of events that led to the financial crisis. High leverage, inadequate capital, and short-term funding made many financial institutions extraordinarily vulnerable to the downturn in the market in 2007."). See p. 230 at *https://www.gpo.gov/fdsys/pkg/GPO-FCIC/content-detail.html.*

[2] *https://www.brookings.edu/wp-content/uploads/2017/11/es_20171114_fdic_transcript.pdf.*

crisis is a balanced approach to prudential regulation and safety and soundness, while ensuring that financial products and services are widely available. If confirmed, I will continue to maintain a strong FDIC by ensuring that banks operate in a safe and sound manner.

Q.3. Since 2013, the FDIC has had protections in place to prevent banks from offering abusive "deposit advance products" that are similar to payday loans. Keith Noreika, while at the OCC, rolled back those rules for banks regulated by the OCC. And OMB Director Mulvaney is undoing the CFPB's payday lending rules and ending enforcement actions against abusive lenders. Should banks be able to push people into short term loans with high fees? If confirmed, will the FDIC revisit its guidance to regulated entities regarding deposit advance products?

A.3. No customer should be "pushed" or forced into any financial product, regardless of whether it is short- or long-term, high- or low-cost. If confirmed, I intend to review FDIC's regulations and guidance, including in the consumer protection area. It is worth noting that, as the primary regulator for consumer financial issues, the CFPB's rulemaking would be the controlling legal authority for oversight of these products.

Q.4. The single costliest failure for the DIF was a large regional bank—IndyMac. As you know, community banks end up picking up the tab with higher insurance premiums when these big regional banks go down. Under the Chairman Crapo's bill, S. 2155, the Federal Reserve would decide which banks more than $100 billion but less than $250 billion in consolidated assets would still be subject to strict oversight under Dodd-Frank's Section 165 regime. Are you confident that you can trust the Federal Reserve to decide which banks with between $100 billion and $250 billion in consolidated assets are risky enough to warrant subjecting them to Section 165 of Dodd-Frank? Are you sure that the FDIC won't be on the hook for a large regional bank failure? Do you think the FDIC should have joint authority with the Federal Reserve under S. 2155 to decide who escapes stricter requirements?

A.4. Congress enacted section 165 as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). At the time, Congress chose to vest with the Board of Governors of the Federal Reserve System (FRB) sole authority for applying enhanced prudential standards for bank holding companies (BHCs) with consolidated assets equal or greater than $50 billion in section 165.[3] Congress granted similar authority to the FRB for nonbank financial companies supervised by the FRB and recommended for

[3] According to the Senate Banking Committee Majority Staff Report accompanying Dodd-Frank Act: "To narrow the focus of the Federal Reserve to its core functions, the bill strips it of its consumer protection functions, and its role in supervising a relatively small number of State banks, as well as smaller bank holding companies. However, the Committee was persuaded that because of the Federal Reserve's expertise and its other unique functions, it should play an expanded role in maintaining financial stability. Thus, Title III assigns the Federal Reserve the responsibility for the supervision of bank and thrift holding companies with assets over $50 billion. (Other aspects of the bill that address financial stability enhance the Federal Reserve's oversight of systemically important payment systems, direct the Federal Reserve to apply heightened prudential standards to large bank holding companies, and give the Federal Reserve supervisory responsibilities over designated nonbank financial companies.)" See p. 28 at *https://www.congress.gov/111/crpt/srpt176/CRPT-111srpt176.pdf.*

enhanced prudential standards by the Financial Stability Oversight Council (FSOC) under section 115.

In enacting the Dodd-Frank Act, Congress chose not to extend to the FDIC joint authority on enhanced prudential standards, outside of the recommendation process of the FSOC under section 115 and with respect to the resolution plans (*i.e.,* if the FRB and the FDIC jointly determine that the resolution plan of a company is not credible and would not facilitate an orderly resolution under the bankruptcy code, such company would have to resubmit resolution plans to correct deficiencies). Congress entrusted the FRB with the formulation and imposition of enhanced prudential standards for banks with consolidated assets above $50 billion and certain nonbanks, and furthermore chose not to grant joint authority to the FDIC in this area. Should Congress choose to amend the law in this area, it will be my duty, if confirmed, to fulfil FDIC's statutory mandate, in its current form or however it may be revised.

Q.5. In response to Senator Toomey's comments at your nomination hearing, you said that "regulatory burden plays a key component of the consolidation in the community banking industry." A 2014 study by Federal Reserve economists found that, "even without any regulatory changes following the financial crisis, the weak economy and low interest rate environment would have caused 75 to 80 percent of the current decline in new charters."[4] Please describe the relative role played by interest rates, macroeconomic conditions, regulatory requirements and other factors in terms of the trend in community bank consolidation and the decline in *de novo* community bank charters.

A.5. The 2014 Federal Reserve study largely focused on the impact historically low interest rates have had as a barrier to *de novo* bank entry. Indeed, the net interest margin is an important indicator for the entry of new bank applicants. Similarly, a robust economy is nearly equally a factor in the creation of new banks. However, these two factors alone would not explain the current lack of new bank applications given we have over 100 months of consecutive economic growth with interest rates steadily increasing above the historic post-crisis lows.

The Federal Reserve Bank of Richmond issued an economic brief in 2015 indicating that regulatory activity may play a role in declining new bank entry particularly if "*de novos* are absent due to the low interest rate environment and weak economic recovery, then entry should increase as the economy improves and the Fed raises interest rates. If regulatory costs are the driving force behind low entry rates, then future entry will depend on how those costs change over time." Given we are now in a lengthy, sustained economic recovery with interest rates continuing to rise off historic lows, the continued lack of *de novo* applications would support the theory of regulation impacting the entry of new *de novo* bank applications.

Q.6. In response to a question from Senator Heller about whether you will encourage new applications for industrial loan companies (ILC), you said that you will "make sure that the FDIC moves

[4] *https://www.federalreserve.gov/econresdata/feds/2014/files/2014113pap.pdf.*

swiftly in due consideration" of ILC applications, and that "if that encourages more applicants to send the applications in, then I guess my answer is yes." In recent years, financial technology firms have rapidly expanded their presence and products in the financial system. This growth occurred largely after the financial crisis and the pre- and post-crisis moratoria on ILCs imposed by the FDIC and Congress. Some fintech companies are now seeking an ILC charter.

Q.6.a. What additional prudential and consumer protection requirements, if any, would you consider as part of the approval process of an ILC application from a fintech company?

A.6.a. ILCs are unique entities as State-chartered financial companies that are supervised by the FDIC and covered by the DIF. As the prudential regulator of ILCs, the FDIC currently applies significant prudential and consumer protections as part of the supervisory process to oversee safety and soundness. I would like to understand what work the FDIC staff has done in this area to date, specifically with respect to prudential and consumer protection requirement imposed on existing ILCs and what prudential and consumer protection issues should be addressed if the nature and scope of ILCs changes over time. If confirmed, I will continue to apply these supervisory authorities and examine whether changes are necessary to ensure the safety and soundness of ILCs on a going forward basis while maintaining the need for consumer protection.

Q.6.b. For purposes of compliance with the Community Reinvestment Act, would you review the lending activities of all affiliates and subsidiaries of a proposed fintech ILC's parent company, or just the activities of the ILC?

A.6.b. ILCs are subject to the Community Reinvestment Act which requires a review of the ILC and not all the affiliates or the subsidiaries of the parent. However, should the parent company undertake activities that call into question the safety and soundness of the ILC or its impact on the DIF, it could warrant a broader review by the FDIC outside of the CRA.

Q.6.c. Are you concerned that approving new ILC charters could weaken the separation between banking and commerce by allowing the intermingling of banking activities with nonbanking activities that are currently impermissible under other bank charters?

A.6.c. ILCs are uniquely structured compared to traditional bank charters and allow the parent company to undertake additional activities not traditionally authorized by BHCs or national associations. This has largely occurred because of the limited nature and number of ILCs. It is worth noting that ILCs are subject to the restrictions imposed on banks by the Volcker rule (*i.e.,* the regulators did not exclude industrial companies with FDIC-insured depository institution subsidiaries). Should we experience a dramatic uptick in new ILC applications, due consideration would be necessary to determine why the increased volume of activity and whether additional safeguards are necessary to properly manage and minimize the risk posed.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR SCOTT FROM JELENA McWILLIAMS

Q.1. Ms. McWilliams, here's a recent Wall Street Journal headline: "As Black-Owned Banks Struggle, a Community Sounds the Alarm." Quote, "Fewer banks serving low-income, minority groups could expand 'financial deserts'—communities with few or no banking institutions." Tax reform included my legislation, the Investing in Opportunity Act, to encourage business formation in economically distressed communities. But these small business owners are going to need a hand every once in a while to meet payroll or stock inventory. That's why the disappearance of minority-owned banks is so concerning. These lenders are a part of their communities and know their customers well. A perfect example is South Carolina Community Bank in Columbia. Please answer the following with specificity:

Q.1.a. Are FDIC examiners attuned to the challenges facing these banks? What will you do as Chair to make sure?

A.1.a. At this time, since I have not been privy to FDIC examiners' work first-hand, I am unable to adequately respond to your questions whether FDIC examiners are attuned to these challenges. If confirmed, I will ensure that FDIC examiners fully understand and are prepared to appropriately address these challenges and look forward to working with your office on any technical assistance your office may seek on these issues.

Q.1.b. Will you commit to updating my office on the FDIC's dealings with South Carolina Community Bank?

A.1.b. Yes.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR ROUNDS FROM JELENA McWILLIAMS

Q.1. The regulation establishing what is considered a brokered deposit is now 26-years old, and is not cognizant of the way most Americans today open deposits with banking organizations. The treatment of a deposit as "brokered" under the regulation is consequential for banks.

Would you be willing to re-examine the regulations involving brokered deposits in light of the structure of deposit markets today?

A.1. Yes.

Q.2. One of the most important strengths of the FDIC is the ability to maintain customers' access to their insured deposits in the event of the failure of their bank. A few years ago, the FDIC proposed changes to its approach to resolving banks with a large number of insured deposits accounts. In practice, however, there is concern that the implementation of the new rules are far more complicated than necessary.

Would you be willing to take a fresh look at relevant regulations and corresponding implementation issues to see if they can be improved?

A.2. Yes.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR MENENDEZ FROM JELENA McWILLIAMS

Q.1.a. It's been more than 4 months since Hurricane Maria hit Puerto Rico, and a third of the island of Puerto Rico remains without power and nearly 10 percent of the island's residents still have no access to clean water. If that wasn't bad enough, the island is on the verge of a potential foreclosure crisis, with approximately one third of the island's homeowners behind on their mortgage payments.

What steps can the FDIC take, pursuant to its safety and soundness responsibilities, to encourage banks to impose or extend a foreclosure moratorium and to extend or modify loan terms for borrowers in distress due to the Hurricane?

A.1.a. The FDIC has at its disposal a number of safety and soundness statutory mandates while most of its consumer protection authorities have transferred over to the CFPB pursuant to the Dodd-Frank Act. In addition, certain accounting rules govern how banks have to treat asset categories deemed nonperforming. While at this time I have not been privy to any internal work the FDIC might have done in this specific area, if confirmed, I will work with the FDIC staff to understand what options are available to the agency to assist borrowers in distress due to the Hurricane.

Q.1.b. Will you commit to examining every available option to ensure banks are assisting distressed borrowers in Puerto Rico?

A.1.b. Yes.

Q.2. Compensation practices at large financial firms prior to the crisis incentivized excessive risk-taking and created a business environment with no guard rails where banks played fast and loose with the savings and investments of hard-working families. Those same families paid the price when the crisis hit and they lost their homes to foreclosure and saw their savings wiped away in the blink of an eye.

Congress passed a law requiring the financial regulators to prohibit payment practices that encourage inappropriate risk-taking-understanding that this is a joint rulemaking, can I have your commitment that you will follow the law and work to finalize the Dodd-Frank Section 956 incentive-based compensation rulemaking?

A.2. The Dodd-Frank Act is the law of the land, and the FDIC should fulfill its statutory duties under that law whether in its current State or as may be amended by Congress. In my experience as a regulatory attorney at the Federal Reserve Board of Governors, joint rulemakings can take longer to prepare and finalize because multiple agencies with varied jurisdictions are involved. If confirmed, I will work to fulfil FDIC's statutory mandates.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR SCHATZ FROM JELENA McWILLIAMS

Q.1. A common refrain from this Administration is that financial regulations are overly costly and burdensome. In fact, the Federal Reserve has staffed a new office to conduct cost-benefit analyses. However, there is little evidence that financial regulations are a drag on the banking industry. On the contrary, the facts show that banks are thriving:

- According to FDIC data, banks had record-breaking profits in 2016 and the highest return on equity in years. Data from 2017 shows banks may do even better this year.
- Across the board, banks have increased their dividends to shareholders by 17 percent.
- Community banks' earnings have also been increasing—they were up almost 10 percent this quarter compared to last year.
- Household credit, such as home loans, car loans, credit cards, has surpassed prerecession highs.
- According to the Fed, sluggish loan growth in the commercial sector is due to a lack of demand.

Q.1.a. How do regulators account for the benefit of avoiding another financial crisis in a cost-benefit analysis?

A.1.a. Regulations are an essential component of our Federal regulatory framework for financial institutions. However, as many scholars have noted, regulations do pose a burden on financial institutions and the economy as a whole. Quite often, the regulators are faced with a difficult task to ascertain how much a particular regulation will cost the economy versus how likely it is to prevent a certain type of conduct, risk, or other action that could lead to a crisis. I believe that just because that task is difficult does not mean the regulators should shy away from it. The best way to ensure that regulations strike preventative balance while ensuring that financial products and services are available to consumers and businesses to grow the economy is by having the regulators engage in a meaningful, objective and empirical analysis. The balance between regulation and constraints on the economy is necessary and, if confirmed, I will work to ensure that proper balance is achieved and maintained.

Q.1.b. If banks are making record profits, and the cost of a financial crisis is enormous to the whole economy, do you think it is appropriate to leave Dodd-Frank financial regulations in place?

A.1.b. The proper balance between regulation and market economics is important and if confirmed, I will ensure the FDIC maintains such balance. The FDIC has a statutory mandate to promulgate rules and regulations pursuant to laws passed by Congress. The Dodd-Frank Wall Street Reform and Consumer Protection Act is the law of the land, and the FDIC should fulfill its statutory duties under that law whether in its current state or as may be amended by Congress.

Q.1.c. Shouldn't we view the costs of complying with financial regulations as banks internalizing the risk of a future financial crisis, rather than leaving that risk on taxpayers' shoulders?

A.1.c. Taxpayers should not bear the consequences of the failure or any financial institution, which is why the DIF is funded by financial institutions and shoulders the burdens of any failed institution. If confirmed, I will ensure the adequate oversight of FDIC-regulated institutions to protect the DIF from taxpayer funded bailouts.

Q.2. In 2009, the FDIC completed a pilot program on small dollar lending demonstrating that banks can profitably offer affordable small-dollar loans as an alternative to predatory payday loans.

Q.2.a. Do you think the FDIC should continue to provide guidance and support to help community banks offer affordable small-dollar loans?

A.2.a. The FDIC's pilot program predated the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act which transferred 17 consumer protection statutes to the CFPB while granting the CFPB additional authority in Title X of that act. Pursuant to the Dodd-Frank Act, banks with more than $10 billion in assets have the CFPB as its primary regulator for consumer protection, whereas safety and soundness regulation continues to be performed by the prudential regulator. For banks with $10 billion or less in assets, the rulemaking, supervisory, and enforcement authorities for consumer protection are divided between the CFPB and the prudential regulators.

If confirmed, I intend to review FDIC's regulations and guidance, including in the consumer protection area.

Q.2.b. If so, will you commit to working with my staff and me to expand the FDIC's work in this area?

A.2.b. Given the Dodd-Frank Act's consolidation and transfer of consumer protection statutes to the CFPB, I would have to defer to the CFPB for general matters of consumer regulation. The FDIC's work in this area should not contradict what has been done by the CFPB in order to ensure regulatory consistency and provide certainty to market participants and consumers alike. If confirmed, I stand ready to offer any technical assistance your office may seek on this and related consumer protection issues, recognizing the CFPB's role in this space.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR CORTEZ MASTO FROM JELENA McWILLIAMS

Q.1. The Financial CHOICE Act, (H.R. 10), which passed the House on a partisan vote, would subject the Federal Deposit Insurance Corporation to the congressional appropriations process.

In your view, how would relying on congressional appropriations impact the FDIC's ability to supervise 4,000 financial banks?

A.1. The FDIC receives no congressional appropriations—it is funded by premiums that banks and thrift institutions pay for deposit insurance coverage and from earnings on investments in U.S. Treasury securities. The FDIC is not unique in this respect as other Federal financial regulators are afforded a unique position in the Federal budget and appropriations process by funding operations outside of the congressional appropriations process. This design has allowed the FDIC and other Federal financial regulators to operate independent from Congress.

Adequate resources are necessary for the FDIC, and other financial regulators, to ensure appropriate staffing and operations. However, this independent financial status should be subject to strict oversight and accountability to ensure that operations utilize only as many funds as necessary to conduct the mission without waste, fraud, or abuse.

I am not sure how the FDIC's operational status, including its supervisory and examination functions, would change if the law were passed to subject the FDIC to congressional appropriations. If confirmed, I would seek guidance from the FDIC staff on the impact of potential congressional appropriations on its operations, including supervisory functions.

Q.2. Financial institutions have had a great deal of good news recently. Financial institutions are making solid profits: $48 billion in the 3rd Quarter of 2017—5 percent increase from the year earlier. Community banks reported $6 billion in net income. An increase of 9 percent from the previous year. They have higher net income. They are generating more loans. The number of unprofitable banks and 'problem banks' continued to fall. However, there are still market gaps. The home ownership rate between whites (73 percent) and African Americans (41 percent) is worse than it was when the Fair Housing Act was enacted in 1968. Only 47 percent of Latinos are homeowners.

Q.2.a. To follow up on our discussion during your confirmation hearing, please share some specific ideas for what will you do as head of the FDIC to encourage sustainable home ownership for Latinos, African Americans and millennials whose access continues to lag?

A.2.a. Home ownership continues to be a challenge in certain communities following the financial crisis, despite being one of the key metrics for financial stability and wealth generation. Regulators continue to utilize tools such as the CRA and fair lending laws to ensure that access to financial products and services is uniform. If confirmed, I would continue to utilize these tools to ensure uniform access to financial products and services, including home mortgages. However, all financial regulators should also continue to assess barriers to market entry for home ownership including a lack of affordable housing, regulatory requirements that can increase the cost of mortgages, the need for robust liquidity and capital requirements, and consumers' access to entry level products such as FHA and VA mortgages, among others.

Q.2.b. How will you ensure the 4,000 or so financial institutes regulated by the FDIC meet their Community Reinvestment Act obligations to provide loans and services in all communities in which they take deposits?

A.2.b. As I stated in the hearing, the Community Reinvestment Act (CRA) is the law of the land and it is the duty of the regulatory agencies tasked with its implementation to ensure full compliance with the law. The FDIC, like other prudential financial regulators, maintains a robust and effective CRA program as part of the supervisory process. If confirmed, I intend to ensure that all of the 4,000 plus institutions are operating safely and soundly while adequately serving their markets.

Q.3. Since 2013, the FDIC has had protections in place to prevent banks from offering abusive "deposit advance products" that are similar to payday loans. Keith Noreika, while at the OCC, rolled back those rules for banks regulated by the OCC. And OMB Director Mulvaney is undoing the CFPB's payday lending rules and ending enforcement actions against abusive lenders.

What will you do to enable banks to provide lower-cost small dollar loans as alternatives to short-term high-fee payday loans?

A.3. If confirmed, I intend to review FDIC's regulations and guidance, including in the consumer protection area. It is worth noting that, as the primary regulator for consumer financial issues, the CFPB's rulemaking would be the controlling legal authority for oversight of these products.

Q.4. Last November, FDIC Chair Gruenberg cautioned that, "the seeds of banking crises are sown by the decisions banks and bank policymakers make when they have maximum confidence that the horizon is clear." Bank profits are at a record high, the tax bill just put billions in the coffers of financial services firms, and policymakers in Congress and in the Administration are again pushing deregulation.

Do you agree with Chair Gruenberg that crises are built by many small decisions made in good times?

A.4. Financial crises trace their roots to a myriad of causes, including decisions made by regulators and financial institutions in good times and bad. Banks and financial institutions are currently well capitalized. However, the fundamental factor in preventing another crisis is a balanced approach to prudential regulation and safety and soundness, while ensuring that financial products and services are widely available. If confirmed, I will continue to maintain a strong FDIC by ensuring that banks operated in a safe and sound manner.

Q.5. The FDIC's 2012 community banking study found that bigger banks grew faster than smaller banks over the last 30 years, in large part because Congress loosened rules and they were able to acquire smaller banks. In fact, the number of banks with more than $10 billion in assets grew eleven-fold since 1984. They now hold more than 80 percent of industry assets.

Will loosening the rules for large regional banks encourage acquisitions that will lead to fewer community banks?

A.5. Industry consolidation continues to be a challenge, particularly among community banks. The Dodd-Frank Act and subsequent regulations have posed a significant implementation challenge for community and mid-sized banking institutions, particularly because they lack the size and the economies of scale compared to larger financial institutions that can spread the cost of compliance over a larger asset base. The key to address this incentive for size and the economies of scale is to properly calibrate and tailor regulations commensurate to the risk of the financial institution. By effectively tailoring regulation, the incentives to increase size (by merger or otherwise) and scale may be limited.

Q.6. The FDIC's 2012 community banking study noted that the worst periods for community bank failures were after periods of deregulation and lax oversight from regulators—the S&L crisis of the late '80s/early '90s, and the 2008 crisis. Congress and regulators are again proposing to pull-back on rules, supervision and enforcement.

Are you concerned that another period of financial instability caused by deregulation could create yet another wave of community bank failures?

A.6. If confirmed, I will ensure the FDIC maintains a robust supervisory and examination process with emphasis on the safety and soundness of supervised institutions. A part of this mandate is to ensure that community banks can function and serve their community in safe and sound manner, while limiting the likelihood of their failure.

Q.7. Even as Congress and regulators are in the process of undoing Wall Street Reform, a whole host of rulemakings remain incomplete. For example, "source of strength" requirements to protect insured deposits and compensation rules to prevent excessive risk-taking.

If confirmed, is the FDIC under your direction going to complete work on these rules?

A.7. If confirmed, I will ensure that the FDIC fulfills its statutory requirements and meet its statutory obligations to conduct necessary rulemakings.

Q.8. Fifth Third Bank spent $1.6 billion on stock buybacks in 2017. By contrast, the bank announced that they'll spend around $23.6 million on employee raises and bonuses because of the tax bill. That's 68 times more spent on buybacks than workers.

Q.8.a. Do you think that stock buybacks are a good use of the windfall from the tax bill?

A.8.a. Fifth Third Bank, like other financial institutions subject to the Federal Reserve's Comprehensive Capital Analysis and Review (CCAR) process, is required by regulation to seek prior approval of any stock buyback and/or capital distribution. As such, the 2017 stock buybacks were approved by the Federal Reserve prior to the passage of the Tax Cuts and Jobs Act. Stock buybacks and shareholder distributions that occur in the normal course of business are necessary for the capital markets to operate efficiently.

The tax reform legislation has allowed Fifth Third Bank to provide additional incentives to employees as part of a comprehensive compensation package to share benefits with the employees, their families, and the communities it serves. Moreover, even before the tax reform legislation, Fifth Third Bank has manifested its commitment to the communities it serves by committing to lend or invest $30 billion to low- and moderate-income (LMI) borrowers and in LMI communities over a 5-year period from 2016 to 2020.

Q.8.b. Do you think that banks will meaningfully raise pay for workers or lower prices for consumers as a result of the tax bill?

A.8.b. As has been reported in the media, many banks and corporations are passing along some of those tax savings to employees and customers through a host of different methods as a direct result of the Tax Cuts and Jobs Act.

Q.8.c. Fifth Third has been profitable for a while—the bank made over $2 billion in profits over the last four quarters. Why did the bank choose now to raise its wages?

A.8.c. The Tax Cuts and Jobs Act provided a unique opportunity for Fifth Third to pass along some of those savings directly to bank employees.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR BROWN FROM MARVIN GOODFRIEND

Q.1. Asked by Senator Cortez Masto about your currency-tax proposal, you claimed that you "didn't propose that," explaining that "it was an academic paper showing what could be done." But in an August 2000 Federal Reserve Bank of Richmond paper, you wrote: "I recommend that a central bank put in place systems to raise the cost of storing money by imposing a carry tax on its monetary liabilities." By offering a concrete policy recommendation, you engaged in more than an abstract academic exploration of ways to overcome the zero bound on interest rate policy. Do you still believe that this proposal is wise policy? Why or why not?

A.1. I have spent my 40-year career thinking, writing, and teaching about issues in the field of economics. On many occasions, I have been asked to consider theoretical issues in order to contribute to the robust debate among central bankers here in the United States and around the world. As an academic-practitioner at the Federal Reserve Bank of Richmond, I presented an academic paper to a Federal Reserve conference in 1999 to imagine monetary policy options that would be available should interest rates hit the zero interest bound. I discussed negative interest rate policy and quantitative easing. Indeed, economists have been studying various aspects of negative interest rates for most of the last century. And today, some major central banks abroad have implemented negative interest rate policy together with other policy initiatives, including quantitative easing. The current focus of U.S. monetary policy is on continuing the path of gradually removing accommodation as the labor market strengthens and there is continued progress toward the 2 percent inflation objective. If confirmed, I would be committed to working with my colleagues on the Federal Open Market Committee (FOMC) to promote the economic well-being of the United States by fostering maximum employment and stable prices.

Q.2. Asked by Senator Jones about your views on Fed independence, you stated that the Fed "absolutely needs to be independent of politics," including with respect to "monetary policy" and "financial regulation." Asked further whether you "still favor Congress appropriating the budget for the Fed," you responded, "I don't favor that."

But you are listed as a supporter [1] of the Financial CHOICE Act of 2017,[2] which includes several provisions that would decrease the Fed's independence. For example, section 365 would bring the non-monetary-related-functions of the Board of Governors into the

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[1] *https://financialservices.house.gov/news/documentsingle.aspx?DocumentID*=400837.
[2] *https://www.congress.gov/bill/115th-congress/house-bill/10?r=1.*

appropriations process; section 1001 would constrain the FOMC's monetary policy, including through a requirement that the FOMC explain to Congress any departure from the Taylor rule; section 1008 would place additional restrictions on the Fed's section 13(3) powers; and section 1010 would require a GAO "audit" of the Fed's monetary policy. Some of these proposals are similar to ideas you have advanced in your own writings. In a 2011 "Shadow Open Market Committee" paper, you advocated more forceful congressional oversight over the Fed, which included proposals similar to sections 1001 and 1008.

Accordingly, I would like to clarify your views on Fed independence.

- Do you support section 365 of the Financial CHOICE Act?
- Do you support sections 1001, 1008, and 1010 of the Financial CHOICE Act? How would these provisions enhance the Fed's independence? Also, how would you envision these provisions working—in practice?
- Do you stand by the proposals described in your 2011 Shadow Open Market Committee paper, "Congressional Oversight of the Federal Reserve"? How would these provisions enhance the Fed's independence?
- If the Fed were faced with the imminent threat of another financial crisis and it determined that the purchase of non-Treasury assets was necessary to stop that crisis or reduce its impact, could a delay in obtaining congressional authorization worsen the crisis?

A.2. The foundational concept of the legislation is that financial firms are given a choice to hold higher levels of capital in exchange for regulatory relief. That is a general principle that I support. Moreover, I strongly support efforts to further tailor regulations so that they are appropriate for the size, complexity, and risk of individual institutions, particularly community banks. If confirmed, I would work with Congress and my colleagues at the Federal Reserve Board (Board) and the other Federal banking agencies to ensure that the regulatory and supervisory frameworks promote sustainable credit availability and economic growth.

Throughout my career, both within the Federal Reserve and in academia, I have been a strong supporter of the independence of the Federal Reserve. As I noted in my hearing, the Federal Reserve must remain insulated from political influences so that it can effectively conduct monetary policy in support of the dual mandate and promote a safe and sound financial system through its regulatory and supervisory responsibilities. Subjecting the Federal Reserve to appropriations would make the conduct of monetary policy and regulatory and supervisory policy vulnerable to political influence. At the same time, the Federal Reserve is accountable to the Congress and the American people. If confirmed, I would work with my colleagues on the Board and the FOMC to further enhance the transparency of the Federal Reserve.

Q.3. Asked by Senator Reed about your view of the Orderly Liquidation Authority (OLA), you testified that you "agree with Governor Powell's statement." Governor Powell had stated: "There may come a time when a bankruptcy is not going to work in a very stressful situation that really threatens the economic health of the country just like what happened in 2007, 2008, and 2009. And in that case we really will need a backup in the form of something like Orderly Liquidation Authority." But you elaborated that you believe the OLA "deserves . . . reconsideration," referring to "lack of clarity and boundaries" during the last crisis. You further explained that it would be important to make sure the OLA "works in practice," and check whether it has enough clarity and boundaries to ensure "accountability." Asked further whether any further "look" would be to ensure that it works in practice rather than "abandoned," you responded that you "have no predilections one way or the other." This comment, which implies that you do not have a view as to whether the OLA should exist, is inconsistent with your support of the Financial CHOICE Act of 2017, which would repeal the OLA. Accordingly, I would like to clarify your views on the OLA.

- Do you believe that Congress should repeal the OLA? Why or why not?
- If confirmed, would you support the use of the OLA in a situation where bankruptcy is not a practicable alternative? Why or why not?
- How would a bankruptcy-oriented resolution system work in practice for large, systemically important financial institutions?
- How would a large, systemically important financial institution obtain debtor-in-possession financing from the private markets in a bankruptcy-oriented resolution system in time to stop a widespread financial crisis?

A.3. I agree with many experts in this area that bankruptcy should be the preferred route for resolving a failing financial company. However, a key lesson of the recent crisis was that the Government needed a better way to deal with the failure of a large financial firm, and in response, Congress created the Orderly Liquidation Authority (OLA). If confirmed, I would certainly consider whether the circumstances of any impending failure of a systemically important financial company warranted resolution under the current OLA rather than the Bankruptcy Code. As a matter of principle, clarity in the boundary of responsibilities around the resolution process is critically important; it must be in place beforehand, so that parties can be accountable for their role in a future crisis. I am aware that Members of Congress are examining this authority. If confirmed, I look forward to studying the issue and helping Congress in any way that I can.

RESPONSE TO WRITTEN QUESTION OF SENATOR MENENDEZ FROM MARVIN GOODFRIEND

Q.1. Compensation practices at large financial firms prior to the crisis incentivized excessive risk-taking and created a business environment with no guard rails where banks played fast and loose with the savings and investments of hard-working families. Those same families paid the price when the crisis hit and they lost their homes to foreclosure and saw their savings wiped away in the blink of an eye.

Congress passed a law requiring the financial regulators to prohibit payment practices that encourage inappropriate risk-taking-understanding that this is a joint rulemaking, can I have your commitment that you will follow the law and work to finalize the Dodd-Frank Section 956 incentive-based compensation rulemaking?

A.1. Incentive compensation is an important tool in successful management of financial institutions and is critical to attracting qualified employees and executives. However, improperly structured incentive-based compensation arrangements may encourage inappropriate risk-taking at financial institutions. If confirmed, I look forward to engaging with Federal Reserve Board members and staff to better understand the impact of incentive compensation practices on the safety and soundness of financial institutions.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR WARNER FROM MARVIN GOODFRIEND

Fed Balance Sheet

Q.1. The FOMC has begun to normalize the Fed balance sheet. At the same time, the European Central Bank has signaled that its support of the European government bond market will eventually decrease.

- Do you think that the resulting material drop in Fed demand for longer-dated Treasuries and agency debt, when combined with the expectations of a significant drop in European Central Bank demand for long-dated European government debt securities due to ECB tapering, will result in a global oversupply of long-dated Government paper that could significantly push up U.S. bond rates?
- Have you been able to quantify how much you think long-end U.S. rates could move up if there is an overlap in ECB and Fed balance sheet normalization?
- As a result, do you think there could be a significant negative effect on U.S. mortgage rates? Housing is an area of the economy that still has room to grow compared to historic norms.

A.1. Last year, the Federal Reserve initiated a plan it described as normalizing the size of its balance sheet. Under the plan, the Federal Reserve stated that it would scale back the extent to which it reinvests principal payments on its existing securities holdings. As a result, the balance sheet will gradually decline over a period of several years. A number of studies have suggested that this process could put some modest upward pressure on longer-term rates over time. That said, many analysts have projected that longer-term interest rates, both here and abroad, will remain quite low for many years to come. If confirmed, analyzing and understanding the Federal Reserve's expectations of the effect of balance sheet normalization will be one of my first priorities. I would also look forward to working with you and continue to discuss any questions or concerns that you might have in this area.

Monetary Policy

Q.2. You have been an advocate for more rules-based approach to monetary policy and have criticized the Fed for increasing uncertainty in the markets.

Q.2.a. How do you think rules-based monetary policy, like the Taylor Rule, would have affected the U.S. economy over the last decade during and since the crisis?

A.2.a. Policy rules, such as the Taylor rule, provide a mechanical link between the setting of the Federal funds rate and a small number of economic variables, such as the inflation rate and an estimate of resource slack in the economy. Such rules embody several key principles of good monetary policy, and the Federal Open Market Committee (FOMC) routinely reviews policy recommendations from a variety of benchmark rules. Such policy rules have provided a useful "focal point" around which current policy actions can be compared and justified against historical circumstances, and in fact have served this purpose during the past decade. However, while policy rules can provide useful guidance, their use requires careful judgments about the measurement of their inputs and the many considerations that such rules do not take into account. If confirmed, I would look forward to working with my colleagues on the FOMC to promote policies that would further increase transparency and accountability at the Federal Reserve, by giving policy rules more prominence in its communications, including a more robust discussion of the use of rules to guide the conduct of monetary policy.

Q.2.b. What do you believe is the purpose of the Fed's dual mandate of targeting inflation and employment? Are you committed to targeting not just inflation but ensuring full employment level in the United States?

A.2.b. Congress set forth the mandate for monetary policy in the Federal Reserve Act, which directs the Federal Reserve to conduct monetary policy so as to promote maximum employment and stable prices. If confirmed, I would be fully committed to pursuing the goals that Congress has given to the Federal Reserve. Both objectives of the dual mandate are critical in promoting the economic well-being of the United States. Economic models have shown that monetary policy that is directed at minimizing deviations of employment from longer-run normal levels and inflation from a low target rate tends to be in the best interest of households and businesses over time. As noted in the FOMC's Statement of Longer-Run Goals and Monetary Policy Strategy, the Federal Reserve's statutory objectives are generally complementary. Recent history provides an example of how the Federal Reserve's commitment to anchoring long-run inflation and inflation expectations enables the Federal Reserve to maintain an accommodative policy until the unemployment rate can be brought down to the vicinity of full employment.

Q.2.c. Given that the U.S. economy is running above potential, would you expect any short-term stimulative effect of the tax proposals will contribute to inflation?

A.2.c. If confirmed, my role as a Member of the FOMC would be to fulfill the Federal Reserve's mandate of maximum employment and price stability. Fiscal policy can certainly affect the economic outlook that FOMC Members consider in setting monetary policy. However, it is one of many considerations. If confirmed, I would certainly be mindful of any factors, including fiscal policy, that might affect the economic outlook.

Q.2.d. Do you believe that the Dodd-Frank Title II Orderly Liquidation Authority should be preserved and used in circumstances in which bankruptcy is inadequate to address the failure of a large financial institution?

A.2.d. I agree with many experts in this area that bankruptcy should be the preferred route for resolving a failing financial company. However, a key lesson of the recent crisis was that the Government needed a better way to deal with the failure of a large financial firm, and in response, Congress created the Orderly Liquidation Authority (OLA). If confirmed, I would certainly consider whether the circumstances of any impending failure of a systemically important financial company warranted resolution under the current OLA rather than the Bankruptcy Code. As a matter of principle, clarity in the boundary of responsibilities around the resolution process is critically important; it must be in place beforehand, so that parties can be accountable for their role in a future crisis. I am aware that Members of Congress are examining this authority. If confirmed, I look forward to studying the issue and helping Congress in any way that I can.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR SCHATZ FROM MARVIN GOODFRIEND

Q.1. A common refrain from this Administration is that financial regulations are overly costly and burdensome. In fact, the Federal Reserve has staffed a new office to conduct cost-benefit analyses. However, there is little evidence that financial regulations are a drag on the banking industry. On the contrary, the facts show that banks are thriving:

- According to FDIC data, banks had record-breaking profits in 2016 and the highest return on equity in years. Data from 2017 shows banks may do even better this year.
- Across the board, banks have increased their dividends to shareholders by 17 percent.
- Community banks' earnings have also been increasing—they were up almost 10 percent this quarter compared to last year.
- Household credit, such as home loans, car loans, credit cards, has surpassed prerecession highs.
- According to the Fed, sluggish loan growth in the commercial sector is due to a lack of demand.

Q.1.a. How should the Federal Reserve account for the benefit of avoiding another financial crisis in conducting cost-benefit analyses of financial regulation?

Q.1.b. If banks are making record profits and the cost of a financial crisis is enormous to the whole economy, do you think it is appropriate to leave Dodd-Frank financial regulations in place?

Q.1.c. Should we view the costs of complying with financial regulations as banks internalizing the risk of a future financial crisis, rather than leaving that risk on taxpayers' shoulders?

A.1.a.–c. I understand the Federal Reserve generally takes costs and benefits into consideration in developing its rules. I also understand that the Federal Reserve has established a unit to focus on cost-benefit analysis for significant rulemakings, which I believe will be a helpful step in the rulemaking process. In response to the financial crisis, over the past several years, a number of important changes to regulation and supervision have been put in place to improve the resiliency of financial firms and the banking system and to address the weaknesses that contributed to the crisis, as well as enhance the ability of financial firms to withstand economic downturns. As possible changes to the post-crisis structure of regulation and supervision are considered, I agree with the Federal Reserve's stated goals of better tailoring supervision and regulation to be more efficient while maintaining the resilience of the financial system. If confirmed, I look forward to working with my colleagues on the Federal Reserve Board in these efforts.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR CORTEZ MASTO FROM MARVIN GOODFRIEND

The Financial Choice Act (H.R. 10)

Q.1. Your support for the Financial CHOICE Act of 2017, (H.R. 10) concerns me. H.R. 10 repeals many of the Dodd-Frank protections surrounding systemically important financial institutions. The bill allow banks to elect a simple leverage ratio instead of risk-weighted capital requirements. It adds impediments to enforcement (in the name of "due process rights" which would allow banks to avoid accountability for fraud or deceptive practices. It repeals the Orderly Liquidation Authority in favor of less practical bankruptcy provisions. It requires congressional approval before any major financial regulation can take effect restricting the Fed's ability to respond nimbly to markets. Section 1001 would constrain the FOMC's monetary policy, including through a requirement that the FOMC explain any departure from the Taylor rule; and section 1008 would place additional restrictions on the Federal Reserve's section 13(3) powers. It converts the Consumer Financial Protection Bureau, Office of the Comptroller of the Currency, and the Federal Housing Finance Agency into bipartisan commissions more likely to slow actions, and requires the Fed to describe its monetary policy in a more detailed, rule-like manner.

Which of those provisions do you support and why? Which do you oppose and why?

A.1. The foundational concept of the legislation is that financial films are given a choice to hold higher levels of capital in exchange for regulatory relief. That is a general principle that I support. Moreover, I support efforts to further tailor regulations so that they better take into account factors such as the size, complexity, and risk profile of individual institutions, particularly community banks. If confirmed, I would work with Congress and my colleagues at the Federal Reserve Board (Board) and the other Federal banking agencies to ensure that the regulatory and supervisory frameworks promote sustainable credit availability and economic growth as well the safety and soundness of supervised institutions.

Q.2. Despite your comments during the hearing supporting the dual mandate and your statement that you "regret" saying it was "incoherent," you are well known for opposing the Federal Reserve's obligation to reduce unemployment. Extensive evidence strongly support the benefits of having our Nation's Central Bank place weight on both sides of its mandate—full employment and low inflation—resulted in lower unemployment, stronger wage growth, tighter labor markets, and reduced racial economic disparities.

Please explain your current views regarding the Federal Reserve's full employment mandate. Please note your understanding of the civil rights history of the full employment mandate to create an economy where anyone who wants employment can find it.

A.2. Congress established the Federal Reserve more than a century ago to provide a safer and more flexible monetary and financial system. Nearly 40 years ago, Congress directed the Federal Reserve to conduct monetary policy to foster a dual mandate of maximizing employment and maintaining price stability. As you indicated, the maximum employment mandate means all people who want to work either have a job or are likely to find one fairly quickly. The goal of the price stability requirement is to keep inflation low and stable enough that it does not figure into households' and businesses' economic decisions. Both objectives of the dual mandate are critical in promoting the economic well-being of the United States. As noted in the Federal Open Market Committee's (FOMC) Statement of Longer-Run Goals and Monetary Policy Strategy, the maximum level of employment is not directly measurable and may change over time. However, maintaining full employment is important in promoting price stability over time and vice versa. If confirmed I would be fully committed to pursuing the goals that Congress has given to the Federal Reserve.

Q.3. In 2012, you told Bloomberg that "it is really doubtful whether or not the Fed could achieve 7 percent [unemployment.] . . . Even if the Fed did succeed by Herculean task getting the unemployment rate down to 7 percent, we could never be sure whether that unemployment rate was below what we call the natural rate, in which case it would give rise to a rising inflation rate in the next few years, which would be disastrous for the economy." You made similar remarks to the Wall Street Journal in July of 2011 saying that the Federal Reserve should prioritize inflation over unemployment. During that time period, the unemployment rate in Nevada was 12.9 percent—the highest in the country. In your subsequent writings, you continue to urge Congress to eliminate the Federal Reserve's full employment mandate. For example, in July of 2011, you told the Wall Street Journal that the Federal Reserve should prioritize inflation over unemployment. In today's labor market with 4 percent unemployment, we are finally starting to see improvements in the labor force participation rate, and the job market is finally starting to draw in less skilled workers. If the Fed had followed your guidance, they would have begun raising interest rates long before the recovery had a chance to reach these communities.

Why were you so repeatedly wrong about the ability of the Federal Reserve to increase employment and manage inflation in the aftermath of the Financial Crisis?

What have you learned from your miscalculation and how would you respond to future recessions based on your error? Specifically, what benefits do you see to a tight labor market?

A.3. I have been surprised by the absence of inflation in the years following the Great Recession. Economists are divided to this day about the explanation for persistently low inflation. I have taken this episode into account in my current thinking on monetary policy. As noted in the FOMC's Statement of Longer-Run Goals and Monetary Policy Strategy, the Federal Reserve's statutory objectives are generally complementary. Recent history provides an example of how the Federal Reserve's commitment to anchoring long-run inflation and inflation expectations enables the Federal Reserve to maintain an accommodative policy until the unemployment rate is brought down to the vicinity of full employment. If I am confirmed to the Board, I will use that experience to help normalize monetary policy to maintain full employment and low inflation.

Q.4. Both House Financial Services Chair Jeb Hensarling and Ranking Member Maxine Waters have been critical of the Fed's use of interest on excess reserves. The Chairman referred to it as a "subsidy" to Wall Street, and the Ranking Member asked whether the Fed can raise interest rates without relying so heavily on "paying the banks." Each time the Fed raises the Federal funds rate, it also raises the rate that it pays to commercial banks via interest on reserves. After several rate hikes last year, the total amount paid to banks in interest on reserves came to nearly $30 billion.

You have suggested replacing the liquidity coverage ratio that was created by Dodd-Frank with heavier reliance on monetary policy, especially interest on excess reserves. Can you explain your position that we should eliminate the rule aimed at limiting risky investment and instead pay banks larger and larger sums of risk-free money?

A.4. The payment of interest on reserves is a tool widely used by central banks around the world. The payment of interest on reserves encourages banks to hold reserves at the central bank, which facilitates payments and also enhances the liquidity of the banking system. And interest on excess reserves is the critical tool that has allowed the Federal Reserve to raise short-term interest rates before gradually shrinking the balance sheet.

Stronger risk-based capital and liquidity regulations, together with the stress testing regime, help ensure that large U.S. banks are better positioned to continue lending through periods of economic shocks and market turbulence. If confirmed, I would look forward to further studying the interaction of liquidity regulations and monetary policy tools to ensure that we have the appropriate framework in place for protecting safety and soundness, while promoting credit availability and economic growth.

Q.5. During the hearing, you answered my question about your report to tax currency by placing magnetic strips on dollar bills. In the hearing, you explained that taxing currency was an idea you presented in 1999 at a Federal Reserve Conference and that you did not support such an idea. Yet, despite your dismissal, you have promoted variations of this proposal for nearly two decades, including a presentation promoted variations of this proposal for nearly 20 years. At an August 2016 Economic Policy Summit in Jackson Hole, Wyoming, you presented "The Case for Unencumbering Interest Rate Policy at the Zero Bound." When you updated the concept in 2015, you left out the magnetic strips but the concept that a dollar might not be worth a dollar remains the same.

How would your proposal affect savers and low-income depositors? The national savings rate has fallen in the past year, would tax currency discourage low- and middle-income people from building up a nest egg?

You've written that this proposal is essentially a way of achieving negative interest rates. Can you explain why you are a proponent of negative interest rates?

A.5. I have spent my 40-year career thinking, writing, and teaching about issues in the field of economics. On many occasions, I have been asked to consider theoretical issues in order to contribute to the robust debate among central bankers here in the United States and around the world. As an academic-practitioner at the Federal Reserve Bank of Richmond, I presented an academic paper to a Federal Reserve conference in 1999 to imagine monetary policy options that would be available should interest rates hit the zero interest bound. I discussed negative interest rate policy and quantitative easing. Indeed, economists have been studying various aspects of negative interest rates for most of the last century. And today, some major central banks abroad have implemented negative interest rate policy together with other policy initiatives, including quantitative easing. The current focus of U.S. monetary policy is on continuing the path of gradually removing accommodation as the labor market strengthens and there is continued progress toward the 2 percent inflation objective. If confirmed, I would be committed to working with my colleagues on the FOMC to promote the economic well-being of the United States by fostering maximum employment and stable prices.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR BROWN FROM THOMAS E. WORKMAN

Q.1. You've spent your distinguished career in the insurance industry. While that provides you with valuable expertise to bring to the FSOC, you don't have any experience as a regulator.

Putting on a watchdog hat, are there any trends or practices in the insurance industry that you're concerned represent an emerging risk to financial stability?

A.1. If confirmed, I look forward to working with the other FSOC Members to identify emerging risks to financial stability, including any risks related to the insurance industry. FSOC's 2017 annual report discussed potential risks arising from captive reinsurance, cybersecurity threats and the environment of low but rising interest rates, and I look forward to working with FSOC Members on those and other emerging risk issues.

Q.2. Asked by Senator Cortez Masto whether you think that nonbank SIFI designations should be "tossed out as a tool," you mentioned activities-based regulation and suggested that FSOC ought to first "go to the primary regulators," which in the case of insurance are State insurance regulators. Asked whether FSOC would have little power to constrain risky activities in the insurance industry since it's regulated at the State level, you further stated that "insurance regulators are expressly considered to be primary regulators for purposes of FSOC actions." However, FSOC lacks the power to effectively constrain risky activities in the insurance industry through its activities-related powers. Under Section 120 Dodd-Frank, a primary financial regulatory agency need not implement FSOC-recommended standards if it "explain[s] in writing to the Council . . . why the agency has determined not to follow the recommendation of the Council." Additionally, an attempt by FSOC, a Federal agency, to compel a State authority to enforce Federal standards would raise constitutional concerns under the so-called "anti-commandeering" principle.[1]

Do you agree that there are both statutory and constitutional obstacles that would limit FSOC's power to force State insurance regulators to adopt activities-based standards? Why or why not? If so, do you believe that it is still important that FSOC consider designations of entities under Section 113 of Dodd-Frank? Why or why not?

A.2. FSOC has authority under Section 120 of the Dodd-Frank Act to make nonbinding recommendations to primary financial regulatory agencies, including State regulators. FSOC also has other tools to respond to emerging risks, including working collaboratively with regulators to address identified risks and designating individual nonbank financial companies whose distress or activities could threaten financial stability. If confirmed, I look forward to working with the other FSOC Members to identify how to best apply these tools to address risks identified by FSOC.

Q.3. The November Treasury Report on FSOC designations said that the FSOC shouldn't just consider whether a failure of a nonbank would be catastrophic when making a designation decision, but also should consider the "likelihood" of a firm's failure.[2]

How is the FSOC supposed to assess the likelihood of firm failing? Isn't the purpose of a designation to avoid a catastrophic failure, even if it's a remote event?

A.3. If confirmed, I look forward to working with the other FSOC Members to consider this and other recommendations made in Treasury's November 2017 Report on FSOC designations. It is worth noting that the Report "recommends that the Council assess

[1] See *New York v. United States,* 488 U.S. 1041 (1992); *Printz v. United States,* 521 U.S. 898 (1997).

[2] *https://www.treasury.gov/press-center/press-releases/Documents/PM-FSOC-Designations-Memo-11-17.pdf.*

the likelihood of a firm's material financial distress as part of its determination whether designation would promote U.S. financial stability."

RESPONSE TO WRITTEN QUESTION OF SENATOR SCOTT FROM THOMAS E. WORKMAN

Q.1. Mr. Workman, I enjoyed our discussion in my office. We both know that our Nation's system of risk management is critical for millions of Americans dealing with a crisis today or planning for a better tomorrow. When it looked like FSOC would lose its only insurance vote, I rang the alarm. Bank regulators shouldn't be making such consequential decisions about the business of insurance without someone like you in the room. While the heads of the Federal Reserve, NCUA, and OCC are very bright people, they have no insurance experience. Between the President's executive order last spring and Treasury's report last November, the Administration has been moving in the right direction on nonbank SIFI designations. Please answer the following with specificity:

- We've regulated insurance on the State level for 150 years. How will you involve State insurance commissioners in your work?
- What will your role be when it comes to insurance regulation conversations at the international level?

A.1. If confirmed, I would work closely with State insurance commissioners, including the leadership of the National Association of Insurance Commissioners, and others engaged in conversations at the international level, such as at meetings of the International Association of Insurance Supervisors, to most effectively fulfill my responsibilities as the Independent Member with Insurance Expertise of the Council.

RESPONSE TO WRITTEN QUESTION OF SENATOR WARNER FROM THOMAS E. WORKMAN

Q.1. In September of last year, FSOC voted to remove Federal oversight of AIG, and in the last week the Government decided to drop its appeal in the MetLife case, effectively dedesignated MetLife.

Did you agree with these decisions?

A.1. Though I did not have the benefit of taking part in the deliberations regarding designation or dedesignation of AIG or MetLife, it appears that FSOC has taken a rigorous analytical approach in its recent decisions with respect to nonbank financial companies. If confirmed, I look forward to working with FSOC Members in their analysis of nonbank financial companies going forward.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR SCHATZ FROM THOMAS E. WORKMAN

Q.1. Do you believe that when FSOC considers designating a nonbank financial institution as systemically important, it should take into consideration the burden of such a designation on the institution?

A.1. Regulatory requirements can impose substantial costs on companies. I believe it is appropriate for regulators to take actions only when the anticipated benefits exceed the costs.

Q.2. The burden of a SIFI designation on a nonbank institution is not one of the statutory considerations provided in the Wall Street Reform Act.

What would be the statutory basis for FSOC to consider "burden" in making SIFI designations?

A.2. I believe that regulators should be permitted to consider the costs and benefits of their actions. If confirmed, I look forward to working with the other FSOC Members to consider how best to implement FSOC's duties within the scope of its statutory authorities.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR CORTEZ MASTO FROM THOMAS E. WORKMAN

Subjecting FSOC to Appropriations

Q.1. There have been a number of legislative proposals that would subject the Office of Financial Research, and thereby the Financial Stability Oversight Council, to the whims of the congressional appropriations process.

In your view, what concerns do you have about requiring the systemic regular for the Nation's financial system to be subject to congressional appropriations? Would subjecting the FSOC to appropriations potentially impede the independence and the ability of the Council to function?

A.1. It is important for FSOC to conduct its work with an appropriate level of public transparency and congressional oversight, while enabling FSOC to perform its functions effectively and efficiently. It is also worth noting that funding through the appropriations process is similar to that which applies to other vital functions of the Federal Government.

Nonbank Designations: AIG and MetLife

Q.2. FDIC Chair Gruenberg in his dissenting vote on FSOC's determination that the giant insurance firm, AIG, was no longer to be classified as "systemically important" noted, "nothing about the liquidity characteristics of AIG's liabilities and assets has changed to diminish the concerns originally raised by the FSOC."

Do you agree or disagree with FDIC Chairman Gruenberg?

A.2. Though I did not have the benefit of taking part in the deliberations regarding dedesignation of AIG, it appears that FSOC has taken a rigorous analytical approach to its recent determination decisions with respect to nonbank financial companies, and it has provided transparency about the views of individual members. AIG no longer engages in many of the risky activities that led to the firm's near-failure in the financial crisis, and it is half the size it was in 2008. If confirmed, I look forward to working with FSOC Members to conduct required analyses going forward, and assure the maximum transparency possible in doing so.

Q.3. During the Financial Crisis, AIG needed a $182 billion infusion from taxpayers. AIG has paid that back—plus $23 billion in interest—yet it still poses risks if AIG failed again.

What are the risks to investors, employees, partners and the economy if AIG could not fulfill promised insurance claims?

A.3. Insurance companies play a vital role in the U.S. financial system and also provide important services to their customers. Regulators should continue to work to protect insurance customers and to promote the stability of the financial system. Though I do not have firsthand knowledge of the deliberations regarding AIG, it appears FSOC determined that in its current form, AIG's potential distress does not present a substantial risk to U.S. financial stability.

Q.4. Former Federal Reserve Chairman Paul Volcker and Ben Bernanke criticized the decision to designate MetLife saying, "it could, under stress, affect the stability of financial markets more generally." According to publicly available documents, the FSOC found that MetLife—a huge company with more than $900 billion in assets, directly or indirectly guarantees the value of more than $100 billion of investments for large institutions. FSOC found that investors owned more than $130 billion in MetLife debt—of which only $18.6 billion was long-term debt—and that the firm also has 50 million insurance customers and $275 billion in account liabilities. FSOC realized that the magnitude of harm transmitted throughout the financial system arising from a fire-sale of MetLife assets would be greater than the harm caused by fire-sales at all but nine other firms in the Nation.

What are the risks to investors, employees, partners, the financial markets and the economy if MetLife cannot fulfill promised insurance claims?

A.4. Insurance companies play a vital role in the U.S. financial system and also provide important services to their customers. Regulators should continue to work to protect insurance customers and to promote the stability of the financial system.

Q.5. Just because MetLife and AIG were de-designated does not mean they cannot be redesignated.

What analysis would you consider to decide to re-designate MetLife or AIG or designate a new insurance firm as systemically important? At the hearing, you mentioned an activities-based approach as an option. Can you expand on what criteria you would consider? How would you collaborate with State regulators to get a full scope of activities within an insurance firm?

A.5. An activities-based or industry-wide approach should seek to identify activities of financial companies that are widely engaged in, or products that are broadly offered, and that may pose risks to the financial system. FSOC should work with State regulators to identify any such risks, analyze their scope, and to impose any appropriate remedy. Of course, the statutory authority to designate and the related determination standards remain in place as a last resort.

Emerging Trends in the Insurance Industry

Q.6. Mr. Workman, you have spent your career in the insurance industry. While that provides you with valuable expertise to bring to the FSOC, you don't have any experience as a regulator.

Putting on a watchdog hat, are there any trends or practices in the insurance industry that you're concerned represent an emerging risk to financial stability?

A.6. If confirmed, I look forward to working with the other FSOC Members to identify emerging risks to financial stability, including any risks related to the insurance industry. FSOC's 2017 annual report discussed potential risks arising from captive reinsurance, cybersecurity threats and the environment of low but rising interest rates, and I look forward to working with FSOC Members on those and other emerging risk issues.

Pension Risk Transfers

Q.7. Companies are increasingly closing out defined benefit plans and shifting pension risk to the insurance industry.

Are you at all concerned about the volume of liabilities some of the largest life insurance companies are undertaking? Do you have any concerns about whether the State insurance guaranty fund system is capable of handling the failure of a large life insurance company with huge pension plan liabilities?

Are these pension buyouts and associated risks something that the FSOC should look at?

A.7. Pensions play an important role in the U.S. financial system. If confirmed, I look forward to working with the other FSOC Members to identify emerging risks to financial stability, including any risks that may be related to the insurance industry.

Additional Material Supplied for the Record

LETTERS SUBMITTED IN SUPPORT OF THE NOMINATION OF JELENA McWILLIAMS

ICBA
INDEPENDENT COMMUNITY BANKERS *of* AMERICA®

January 22, 2018

The Honorable Mike Crapo	The Honorable Sherrod Brown
Chairman	Ranking Member
Committee on Banking, Housing,	Committee on Banking, Housing,
& Urban Affairs	& Urban Affairs
United States Senate	United States Senate
Washington, D.C. 20510	Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the more than 5,700 community banks represented by ICBA, I write to offer ICBA's enthusiastic support for the nomination of Jelena McWilliams for Federal Deposit Insurance Corporation Chairman.

Ms. McWilliams' extensive financial services experience, and regulatory and policy background in both the public and private sectors, offers the well-balanced and unique perspective necessary for navigating the complex issues facing the community banking sector. Notably, Ms. McWilliams' legal positions with the Federal Reserve Board and the Senate Small Business and Senate Banking Committees provided her with critical insight into the policy issues our nation's community banks deal with every day.

I believe that Ms. McWilliams would make an excellent Chairman of the FDIC and urge all members of the Senate Banking Committee to promptly advance her nomination and confirmation.

Thank you for your consideration.

Sincerely,

/s/

Camden R. Fine
President & CEO

CC: Members of the Senate Committee on Banking, Housing, & Urban Affairs

The Nation's Voice for Community Banks.®

WASHINGTON, DC ▪ SAUK CENTRE, MN ▪ IRVINE, CA ▪ TAMPA, FL ▪ MEMPHIS, TN

1615 L Street NW, Suite 900, Washington, DC 20036-5623 | 800-422-8439 | FAX: 202-659-1413 | Email: info@icba.org | Website: www.icba.org

CSBS SINCE 1902

CONFERENCE OF STATE BANK SUPERVISORS

January 22, 2018

NEWS RELEASE

State Regulators Support McWilliams for FDIC Chair

Washington, D.C. – The Conference of State Bank Supervisors (CSBS) today endorsed the nomination of Jelena McWilliams to lead the Federal Deposit Insurance Corp.

CSBS President and CEO John Ryan: "Jelena McWilliams has demonstrated a deep knowledge of community banking in her previous public policy roles. CSBS and our members have appreciated the opportunity to work with Ms. McWilliams during her time with the Senate Banking Committee. From our work with her, we know she has a great appreciation for the dual banking system and for the roles state charted banks and state regulators play in the U.S. economy. Most state charted banks are FDIC regulated, and we look forward to working with her to ensure safety, soundness and economic development on behalf of the consumer and business alike."

In addition to serving as the chief counsel at the Senate Banking Committee, McWilliams was a Federal Reserve Board of Governors lawyer and currently is chief legal officer at Fifth Third Bank.

Media Contact: Susanna Barnett, 202-407-7156, sbarnett@csbs.org

Twitter: @CSBSNews

The Conference of State Bank Supervisors (CSBS) is the national organization of bank regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. State regulators supervise roughly three-quarters of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.

1129 20th Street, N.W. • Ninth Floor • Washington, DC • 20036
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OLYMPIA J. SNOWE

January 22, 2018

Hon. Mike Crapo, Chairman
Hon. Sherrod Brown, Ranking Member
U.S. Senate Committee on Banking, Housing, & Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

I am writing in strong support of the nomination of Jelena McWilliams to serve as Chair of the Federal Deposit Insurance Corporation.

I was honored when Jelena recently asked me to introduce her to the Committee at her confirmation hearing, and would have enthusiastically done so if not for a previous commitment that I am obligated to attend. Nonetheless, I appreciate this opportunity to express, without reservation, my fervent endorsement of her nomination.

Jelena worked with the minority staff of the U.S. Senate Committee on Small Business and Entrepreneurship as Assistant Chief Counsel when I was ranking member, from August 2010 through June, 2012. She was one of the most impressive staff I had the privilege to work with in 34 years in both the U.S. House and Senate.

For the first year of her tenure with the Committee, Jelena was on detail from the Federal Reserve Board of Governors. My staff and I were seeking to fill a position on the Committee focused on banking issues. We reviewed her resume and conducted an interview and, concluding immediately that she would be a tremendous asset with her experience, knowledge and professionalism, I reached out to the Federal Reserve to inquire if she could serve as a fellow. At the conclusion of her fellowship, given her exemplary work and contributions, we made every effort to ensure that she could continue with the Committee as full-time staff.

Jelena is quite simply a rarity, in that she excelled in all facets and in every responsibility and task that was assigned to her – from memoranda to drafting amendments, floor statements, hearing questions, vote recommendations, or press statements. Her expertise, intellect and unflagging grasp of the issues alone would have made her invaluable. Yet, Jelena combined these talents with foresight,

337 Foreside Road, Falmouth, Maine 04105

strategic thinking, tactical acumen, and an ability to analyze, convey and synthesize complex policies in a manner that was eminently accessible and invariably useful. She was able to prioritize, understand what was important, and untangle interactions between and among differing approaches.

During her tenure, Jelena was principally responsible for the areas of banking, economic and monetary policy, and multiple small business issues. More specifically, she supported my efforts with the Small Business Administration's SBIC, 504 and 7a programs. She staffed me on issues related to the budget, debt and federal deficits, as well as matters associated with the Budget Control Act of 2011, sequestration, and the so-called fiscal cliff.

Jelena was also my primary staffer on the Dodd-Frank Wall Street Reform and Consumer Protection Act. I introduced four amendments to Dodd-Frank, all of which were retained through conference committee and became law. She assisted me with community banks and credit unions, including a request to GAO to examine the impact of Dodd-Frank on community banks which are critical to the vitality of our nation's small businesses.

I relied on Jelena extensively and she consistently earned that trust and confidence. She was unfailingly willing to tackle any problem, develop solutions before being asked, and throughout it all her integrity and work ethic remained unassailable.

Her complete grasp of the relevant facts and issues, along with a depth and breadth of experience both within and outside of government, will make her an outstanding Chair of the FDIC. Perhaps less tangible, but no less significant, is Jelena's profound love for this nation. "The American Dream" is a phrase often employed, but it could not be more applicable to Jelena. She came to this country with few material assets but limitless aspirations and an unremitting drive to excel. In so doing, she has contributed immeasurably to this country. Now, she has the opportunity to do so once again, and I know it is a challenge she fully embraces, and for which she is deeply grateful.

Again, I wholeheartedly support Jelena McWilliam's nomination. Please let me know if I can be of assistance to you in any way as you move forward with her confirmation.

Sincerely,

Olympia J. Snowe
Former U.S. Senator

LETTERS SUBMITTED IN SUPPORT OF THE NOMINATION OF MARVIN GOODFRIEND

AFL-CIO

LEGISLATIVE ALERT

January 3, 2018

Dear Senator:

I am writing to urge you to oppose the nomination of Marvin Goodfriend to the Federal Reserve Bank Board of Governors. As measured against the criteria we have developed to guide the selection and confirmation of Governors, which emphasize commitment to a growing and stable economy that sustains full employment, we think Mr. Goodfriend falls short.

We have four concerns about his nomination. First, since this economic expansion began in June 2009, the predictions of economists regarding inflation, employment, wages, and economic growth have too often proved wrong. Mr. Goodfriend's predictions, in particular, have missed the mark. Rather than reconsider why his predictions have been wrong and be open to the consideration of new data, Mr. Goodfriend has doubled down on his predictions of impending wage growth and inflation. His refusal to reconsider his views in light of data is a serious concern, since a Governor of the Federal Reserve must be led by the data. This is especially important in the current economic environment, given the potential cost of slowing the economy and preventing sustained full employment. We must learn from the mistakes made by Japan, whose economy reached the zero lower bound of interest rates long ago and has not been able to re-inflate.

Second, the Federal Reserve's key failure before the 2008 crisis was the failure to use its regulatory powers to reign in excessive risk in the market. The Fed's deeply rooted belief in the market's ability to regulate itself was unwarranted, as subsequent events have demonstrated. We are concerned that Mr. Goodfriend has not learned this lesson from the crisis and has repeatedly expressed excessive skepticism about the role of financial regulation.

Third, Mr. Goodfriend's actions over the course of his career suggest that he is too close to the banking sector to exercise the authority that Congress granted the Federal Reserve to rein in the excesses in the financial sector. The Federal Reserve does not exist to be a friend of the banks or of the financial sector and must take all actions within its authority to ensure a stable economy.

Fourth, we are concerned that Mr. Goodfriend is too bound by rigid rules whose only purpose is to provide certainty for Wall Street speculators. Given the unpredictability of the global economy, Governors at the Board must be flexible and open-minded to ensure a commitment to a stability and full employment. Because the Federal Reserve has a limited set of tools to affect the economy, one rule cannot always meet the need for stability and full employment. Fixed rules on the setting of rates can easily economic difficulties worse, depending on the reasons for those difficulties. Mr. Goodfriend's inclination to rule-based policy-making is troubling in this regard.

Although the stock market is rising and we have experienced a record run of consecutive months of job growth, our economy is still recovering from the collapse of 2008. We need leadership at the Federal Reserve that is willing to stay the course and focus on employment and wages while avoiding rigid rules. We are concerned that Marvin Goodfriend would not provide such leadership, and we oppose his nomination to be a member of the Federal Reserve Board of Governors.

Sincerely,

William Samuel, Director
Government Affairs Department

WS/GJ/lkr

THE CENTER FOR POPULAR DEMOCRACY

THE NATIONAL CAMPAIGN FOR A STRONG ECONOMY FED UP

449 Troutman Street
Brooklyn, NY 11237

1730 M Street, Suite 1115
Washington, DC 20036

populardemocracy.org
T 347-985-2220
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December 5, 2017

Dear Senator:

On behalf of the Center for Popular Democracy's Fed Up coalition, we write to strongly oppose the confirmation of Marvin Goodfriend, nominee to the Federal Reserve Board of Governors.

Goodfriend's record as a monetary policy adviser and economist suggests that he will not pursue policies that advance the interests of low-income savers and working families. Goodfriend has called for the outright elimination of the Federal Reserve's maximum employment mandate, and he has advocated higher interest rates even when unemployment remained at crisis levels. In urging a singular focus on the Fed's price stability mandate, Goodfriend has shown poor judgment, consistently making incorrect predictions about inflation and the impacts of the Fed's policy actions. Moreover, Goodfriend's extreme views on a range of subjects should give pause to anybody who cares about the safety of our financial system and the financial well-being of the unbanked population and low-income depositors.

For the past forty years, the Federal Reserve has had a statutory mandate to foster maximum employment and price stability, and that dual mandate has served the economy well. As the Fed itself has stated, these dual objectives are "generally complementary."[1] Over the past five years, the Fed's actions have been aimed at keeping inflation close to its 2 percent target while reducing the unemployment rate and promoting job growth that has brought millions of Americans back off the sidelines and into the workforce. And policies to foster full employment have a crucial impact in fostering stronger wage growth and reducing racial and ethnic disparities in the labor market.[2] By contrast, Goodfriend has described the Fed's dual mandate as "incoherent," and has advocated that its full employment objective be abolished.[34] In effect, he would prefer for the Fed to focus single-mindedly on inflation and ignore how its policies affect the job market.

Goodfriend also has a reflexive opposition to any efforts by the Federal Reserve to generate economic growth. He opposed both monetary and fiscal policy stimulus during the last recession, urging "patience" and stressing that the economy "has a way of healing" without intervention from Congress.[5] And he issued a series of dire and incorrect warnings about the Fed's post-crisis policy decisions. For example, in

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[1] "FOMC Statement of Longer-Run Goals and Policy Strategy." *Board of Governors of the Federal Reserve System*, 25 Jan. 2012, www.federalreserve.gov/newsevents/pressreleases/monetary20120125c.htm.

[2] Baker, Dean, et al. *The Full Employment Mandate of the Federal Reserve: Its Origins and Importance*. Center for Popular Democracy, Center for Economic and Policy Research, 2017, *The Full Employment Mandate of the Federal Reserve: Its Origins and Importance*, populardemocracy.org/news/publications/full-employment-mandate-reserve-its-origins-and-importance.

[3] Keene, Tom. "Bloomberg Surveillance Interview With Marvin Goodfriend." *Bloomberg Surveillance*, 4 May 2012, search.proquest.com/docview/1010990203?accountid=12084.

[4] United States, Congress, Cong. House, Subcommittee on Monetary Policy and Trade, and Marvin Goodfriend. "Hearing on Sound Monetary Policy." *Hearing on Sound Monetary Policy*, 16 Mar. 2017. 115th Congress, 1st session, www.youtube.com/watch?v=RcZP4f6IOg8.

[5] Cook, Peter. "Behravesh Says Stimulus May Have Saved 2 Million Jobs." *Bloomberg*, 23 Mar. 2012, www.youtube.com/watch?v=dao9IoX7KNQ&=&t=125s.

2012, when unemployment was still more than 7 percent, Goodfriend argued that the Fed should withdraw its support for the economy. He indicated that reducing unemployment any further would be "Herculean" and spark an outbreak of inflation.[6] He described the Fed's easing actions at that time as "premature and unnecessary."[7] For implementing these policies, he has said that the "leadership of the Fed is very, very poor to say the least." [8]

Goodfriend's own policy prescriptions would be particularly detrimental to low-income households. For example, in one high-profile paper, he advocated the establishment of a draconian tax on the use of cash and for embedding a magnetic strip in every dollar bill so that the government could track its circulation.[9] By Goodfriend's own admission, this would be a regressive policy, disproportionately harming individuals and families who rely on cash for day-to-day purchases.

Goodfriend's views on financial regulation are also alarming. In 2016, he endorsed the Financial CHOICE Act, an extreme piece of legislation that repeals a host of protections put in place by Congress after the financial crisis and cripples financial regulatory institutions' ability to enact new protections.[10] The Financial CHOICE Act also includes concerning provisions related to the Federal Reserve's structure and monetary policy responsibilities, including expanding the policymaking powers of unaccountable Reserve Bank presidents and reducing the Fed's discretion by forcing Fed policymakers to follow a strict, job-constraining rule in setting interest rates.

If the Fed had listened to Goodfriend during the depths of the Great Recession, it would have withdrawn its support for the economy much earlier, thereby choking off the recovery prematurely and depriving millions of Americans the opportunity to return to the labor market. Goodfriend's fundamental belief that the Federal Reserve has no role in reducing joblessness or stimulating economic growth is belied by evidence. This belief, in combination with the poor judgment he has demonstrated since the crisis, should be disqualifying. The Federal Reserve is a vital economic policymaking institution, responsible for monitoring and responding to economic conditions. Americans cannot afford to have someone at the Fed with Goodfriend's poor judgment, lax attitude toward financial regulation, callous views about full employment, and dangerous ideas for a currency tax. We urge you to oppose Marvin Goodfriend's nomination.

Thank you for your consideration. If you have any questions, please reach out to Fed Up Campaign Manager Jordan Haedtler at jhaedtler@populardemocracy.org.

Sincerely,
The Center for Popular Democracy's Fed Up coalition

[6] Keene, Tom. "Bloomberg Surveillance Interview With Marvin Goodfriend." *Bloomberg Surveillance*, 4 May 2012, search.proquest.com/docview/1010990203?accountid=12084.
[7] United States, Congress, Cong. House, Subcommittee on Monetary Policy and Trade. 12 Mar. 2014. 113th Congress, 2nd session , www.gpo.gov/fdsys/pkg/CHRG-113hhrg88532/html/CHRG-113hhrg88532.htm.
[8] The Manhattan Institute. *Shadow Open Market Committee (SOMC) Meeting: The Forgetful Fed.* 25 Mar. 2016, www.youtube.com/watch?v=0p0S9I_vok
[9] "Overcoming the Zero Bound on Interest Rate Policy, Working Paper 00-03." St. Louis Federal Reserve Bank, Aug. 2000, fraser.stlouisfed.org/scribd/?item_id=477100&filepath=/files/docs/historical/frbrich/wp/frbrich_wp00-3.pdf.
[10] "Financial CHOICE Act Released for Public Review, Nobel Prize Winning Economists and Former Treasury Secretaries Announce Support for Reforms," June 23, 2016, https://financialservices.house.gov/news/documentsingle. aspx?DocumentID=400837

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WABASH COLLEGE

December 6, 2017

Chairman Mike Crapo
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510

Via Fax to: (202) 224-5137

Dear Chairman Crapo,

I write with enthusiasm to endorse Marvin Goodfriend's appointment to be a member of the Board of Governors of the Federal Reserve Board. I have known Marvin for over 25 years and have worked with him both when I was an economist at the Federal Reserve Board (Monetary Affairs Division) and as a member of the Shadow Open Market Committee, which advances thinking about prudent central banking, monetary policy, and financial stability.

In all of our work together, I have found Marvin to be an exceptionally ethical individual, and someone who is a thoughtful listener, clear communicator, and capable of collaborating with a broad range of people — policy makers, legislators, academic economists, financial market participants, and governmental appointees. He is in the top handful of economists of his generation who are both world class academics and real-world policymakers. His voice on matters of central banking, monetary policy, and financial stability is respected by every central banker in the world. He has conducted significant research with impeccable professionalism, and in my experience, he has a principled but non-dogmatic approach to policy. Marvin is a trusted and respected colleague whose work in areas that are critical to the Federal Reserve System's success in these areas has been of enormous impact for the American people.

I have great confidence in Marvin's abilities, and would urge the Senate Committee on Banking, Housing, and Urban Affairs to vote favorably on his nomination to be a member of the Board of Governors of the Federal Reserve System.

Sincerely,

Gregory D. Hess
President and Professor of Economics
Member, Shadow Open Market Committee

Office of the President
P.O. Box 352 • Crawfordsville, Indiana 47933-0352 • Phone: 765-361-6221 • Fax: 765-361-6461 • www.wabash.edu

LETTERS SUBMITTED IN SUPPORT OF THE NOMINATION OF THOMAS E. WORKMAN

GUARDIAN

January 17, 2018

The Honorable Michael Crapo
United States Senate
239 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo,

I am very pleased to submit this letter in support of Thomas Workman's nomination to become the independent voting member with insurance expertise on the Financial Stability Oversight Council (FSOC).

Drawing on his 17 years with the Life Insurance Council of New York (LICONY), Tom's deep insurance industry knowledge will be a significant asset to the FSOC's deliberations on systemic risk. Indeed, I have known Tom since I was appointed to be New York State's Superintendent of Insurance in early 2007. We worked together during the Financial Crisis, and I always found Tom's insights to be extremely helpful. Obviously, we did not agree with each other at every turn but, most importantly, I respected Tom and found his leadership of LICONY and his appearances before the Department to be consistently intelligent, forthright, and balanced.

I believe that his invaluable experience will bolster the important work of the FSOC and lend a tested and trusted insurance voice to the Council.

I look forward to the Senate Banking Committee and the full Senate approving his nomination. Thank you for your support.

Respectfully,

Eric Dinallo

Eric R. Dinallo
EVP, General Counsel

The Guardian Life Insurance Company of America

PAUL H. COLEMAN
ATTORNEY AT LAW
1299 HADDON ROAD
COLUMBUS, OHIO 43209

January 3, 2018

The Honorable Sherrod Brown
United States Senate
Washington, D.C.

Dear Senator Brown,

I write today to respectfully request your vote in favor of the candidacy of Tom Workman for the position of Independent Member with Insurance Expertise on the Financial Stability Oversight Council.

I have known Tom for over half a century, and worked closely with him in student government activities where we were in undergraduate and law school together at Ohio State. After graduation, our paths diverged; I went into state government and served in sub cabinet and senior staff positions in the Gilligan and Celeste administrations, while Tom developed a nationally known practice in insurance law; during this time, his reputation for both industry and integrity was of the highest order. He seeks the position of Independent Member with Insurance Expertise, and I can assure you that he will exercise his independent judgment drawing upon a distinguished career in insurance law and administration.

I would be grateful for your support, and would be happy to answer any questions on this matter that you or your staff may have.

Sincerely,

Paul

Paul H. Coleman
Attorney at Law

OFFICE OF THE MAYOR

Stephanie A. Miner, Mayor

December 12, 2017

Honorable Michael Crapo, Chair
US Senate Committee on Banking, Housing & Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Re: Thomas E. Workman

Dear Chairman Crapo:

It is with pleasure that I write to urge your support for the confirmation of Thomas E. Workman as a member of the Financial Stability Oversight Council.

Highly qualified as the former president and CEO of the Life Insurance Council of New York, Inc. for 17 years until his retirement last year, Mr. Workman represented 73 life insurers and 22 law, actuarial, and accounting firms. Prior to that, he was a lawyer with the Columbus, Ohio firm of Bricker & Eckler LLP for 26 years, serving as legislative counsel to the Association of Ohio Life Insurance Companies. Over the years, he has shared his expertise with numerous professional boards, including the Federation of Regulatory Counsel and the Insurance Federation of New York. Mr. Workman received the Buist M. Anderson award for Distinguished Service from the Association of Life Insurance Counsel. He has served as a Captain in the US Army JAG Corps.

An excellent candidate to the position of Independent Member, Mr. Workman has dedicated himself to insurance law and regulation and has a history of acting in a professional and principled manner. He always opts to do what is right even when it may not be easy. His character and work ethic make him an excellent choice for this appointment.

Sincerely,

Stephanie A. Miner, Mayor

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Website: www.SyrGov.net

Mike Stinziano, PhD, WCP

10400 Slough Road, Canal Winchester, Ohio 43110
847-778-3928
mikestinziano@gmail.com

December 23, 2017

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing & Urban Development
713 Hart Senate Office Building
Washington, D.C. 20002

RE: SENATE CONFIRMATION OF TOM WORKMAN AS THE INDEPENDENT MEMBER OF THE FINANCIAL STABILITY OVERSIGHT COUNCIL

Dear Senator Brown:

I write to ask you to support and vote for Senate Confirmation of Tom Workman as the Independent Member of the Financial Stability Oversight Council.

In the early 1960s, when we both served in Undergraduate Student Government at The Ohio State University, Tom and I worked together for the first time. Back then, Tom served as Student Body President and I served in the Student Senate.

Later, for 16 years when I served as Chair of the Insurance Committee in the Ohio House of Representatives and, as Chair of the Insurance Practice at Bricker and Eckler, Tom served as Legislative Council for the Association of Ohio Life Insurance Companies, Tom and I worked together again to enact many laws that benefit insurance consumers in Ohio.

During the more than 50 years that I have known and worked with Tom, I can think of no one more knowledgeable about insurance and am certain that Tom will be an outstanding Independent Member of the Financial Stability Oversight Council.

As the Independent Member with Insurance Expertise of the Financial Stability Oversight Council, Tom will be responsible for providing the Council with the views of an insurance expert regarding matters related to consumers, regulators, legislators and makers of insurance, as well as to participate in the overall deliberations and decisions of the Financial Stability Oversight Council with respect to the U.S. economy as a whole.

Because of Tom's lifetime of insurance regulatory, legislative, and business transactional work, I believe Tom is particularly well-suited for this responsibility. If confirmed as the Independent Member of the Council, Tom will be able to make decisions without needing to seek approvals from anyone.

In working with Tom over the years, I know that Tom has always acted in a professional and principled manner and, since this opportunity arises near the end of Tom's career, everyone can rest assured that Tom will always be focused exclusively on making the correct, responsible decision - every time. Tom will not be looking to leverage his work on the Financial Stability Oversight Council into another opportunity in the future. The only interest Tom will serve is the public interest. Tom's only client will be the American public.

Senator Brown, I would appreciate your support and vote for Tom Workman as the Independent Member of the Financial Stability Oversight Council.

Please don't hesitate to contact me with any questions that you might have.

Sincerely,

Mike Stinziano, PhD, WCP

December 14, 2017

The Honorable Michael D. Crapo
Chair
Committee on Banking, Housing and Urban Development
534 Dirksen Senate Office Building
Washington, DC 20510

Re: Thomas E. Workman, Esq. Nominated for the Independent Member with Insurance Expertise on the Financial Stability Oversight Council (FSOC)

Dear Senator Crapo,

Thomas E. Workman, Tom to those of us who have come to know him during his lifetime of outstanding insurance work, has been nominated for a position on the Financial Stability Oversight Council.

Tom is both a professional associate and personal friend. He has been a strong advocate for life insurance as an industry and life insurance as a fundamental part of America's working families' financial security. He knows the business inside and out and his integrity, acumen and compassion make him uniquely qualified to stand as the life insurance expert on this most important Federal facility. The son of a Chevrolet dealer, military officer, dedicated father, grandfather and husband Tom is not only a consummate professional he is a good person.

Please add your voice to those who support Tom. He will bring only good things to the Council's deliberations and his insight will be invaluable.

Thank you for all you do for New York and the United States of America.

Sincerely,

Patrick A. Mannion
Vice Chair of the Board

Cc: Dirk Kempthorne, American Council of Life Insurers (ACLI) President and CEO
Thomas E. Workman, Esq

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January 2, 2018

The Honorable Michael D. Crapo
Chair
Committee on Banking, Housing & Urban Development
534 Dirksen Office Building
Washington, D.C. 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing & Urban Development
713 Hart Senate Office Building
Washington, D.C. 20002

Re: Thomas E. Workman Nomination for Financial Stability Oversight Council

Dear Chairman Crapo & Ranking Member Brown:

It is with pleasure today that I write to you in the strongest support for the prompt, bipartisan confirmation of Thomas E. Workman to the Financial Stability Oversight Council ("FSOC") as the Independent Member with Insurance Expertise. I have known Tom for 21 years and I can attest both to his independence and his vast insurance expertise.

My dealings with Tom Workman have come at three stages of my career and, symmetrically, three stages of his. I had the good fortune of working with Tom when I was an officer at MetLife, when I served as the Commissioner of Banking & Insurance for the State of New Jersey, and as the CEO of the National Council of Insurance Legislators ("NCOIL"). At various times during those years, Tom served as Legislative Counsel, and *de facto* CEO, to the Association of Ohio Life Insurance Companies while he was with the Bricker & Eckler law firm in Columbus, Ohio. He then moved to the Empire State to become the President & CEO of the Life Insurance Council of New York. Most recently, I have worked with Tom in his role as a Member of the Leadership Council of the Griffith Foundation for Insurance Education, with which NCOIL has a strong alliance. In each of those roles, Tom has performed with the utmost professionalism and unfailing excellence.

Tom Workman is a man of impeccable integrity, superior intellect, exceptional common sense, and an admirable work ethic. Yet he keeps all these wonderful traits wrapped in a wonderful midwestern humility. I could not recommend him more highly or support him more enthusiastically. Please do not hesitate to contact me if I can provide any additional information.

Respectfully,

Tom Considine

Thomas B. Considine
tconsidine@gravilaur.com

December 14, 2017

The Honorable Michael D. Crapo
Chair
Committee on Banking, Housing and Urban Development
534 Dirksen Senate Office Building
Washington, DC 20510

Re: Thomas E. Workman, Esq. Nominated for the Financial Stability Oversight Council

Dear Senator Crapo,

Thomas E. Workman, has been a good friend for the past 16 years. A transplant from Ohio, Tom has been a loud and wise voice for the life insurance industry throughout those years. Though I came to know him professionally I also learned to greatly respect his work ethic, his integrity and his commitment to doing right by all those he represented.

Tom has been nominated to follow Roy Woodall on the FSOC. I've known Roy for decades. Roy has all the most admirable qualities displayed by Tom. They are both consummate gentlemen, and distinguished attorneys. They have dedicated their lives to making life insurance the cornerstone of family financial stability. They are modest while achieving the pinnacle of their chosen profession.

Senator, my career spanned six decades when my insurance company realized great success and I had the privilege to serve on boards like the American Council of Life Insurers, the Life Insurance Council of New York, the Medical Information Bureau and others. Tom Workman represents all that is right and good about service and professionalism. You will be proud to participate in his confirmation.

Sincerely,

John F. X. Mannion

Cc: Thomas E. Workman, Esq

GREG LASHUTKA

January 12, 2018

The Honorable Michael D. Crapo
Chair
Committee on Banking, Housing & Urban Development
534 Dirksen Office Building
Washington, D.C. 20510

Re: Thomas E. Workman

Dear Senator Crapo:

I write in support of Thomas Workman as the Independent Member with Insurance Expertise on the Financial Stability Oversight Council. I base this letter of support on my experience as an attorney who served as the City Attorney and Mayor for Columbus, Ohio, a former Law Partner with Squire, Sanders & Dempsey, a Senior Executive Officer with Nationwide Insurance Company, and a long-time friend of Thomas Workman.

Tom and I have been personal friends and professional colleagues for about 50 years. I first met Tom while we were attending The Ohio State University. We both were involved in campus activities, which allowed me to work with and witness Tom in a wide variety of situations. We again reconnected after we returned to Columbus after we both served in the military for our country. Tom had joined the Bricker & Eckler law firm, where he practiced law for 26 years. Our professional and personal paths crossed often and matured into a firm friendship, which continues today.

Tom was recruited in 1999 to become the CEO of Life Insurance Council of New York, representing 73 life insurance companies and 22 professional firms, and served for 24 years. Tom's leadership was well-respected by many across the country, as the State of New York set the life insurance industry standard for many states. Tom also served as a valued Board Member of the Ohio Farmers Insurance Company for 24 years. Tom's insurance background is rich in experience and quality.

It is my firm opinion that Tom has conducted his professional life with high principles, integrity and competency. I've also known Tom as a dutiful husband, father, and respected member of the community. In all roles, he has been a positive role model for all.

The Financial Stability Oversight Council is most important to our country's economic vitality. The insurance industry plays a key role in our national economy. Tom Workman brings abundant substantive insurance knowledge, a firm understanding of financial fundamentals, character, courage, and a strong love of country to the responsibilities this position requires. Your support and the confirmation of Thomas Workman will serve our country well.

My respectful regards,

Gregory S. Lashutka

cc: The Honorable Sherrod Brown
Thomas E. Workman, Esq.

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THE ASSEMBLY
STATE OF NEW YORK
ALBANY

JOSEPH D. MORELLE
Majority Leader

January 9, 2018

Honorable Chuck Schumer
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Schumer:

It is my distinct pleasure to support the nomination of Thomas E. Workman to the position of Independent Member with Insurance Expertise on the Financial Stability Oversight Council (FSOC).

I have been proud to know Tom personally and professionally for many years. He has spent a lifetime working in insurance law and regulation, most recently as President & CEO of the Life Insurance Council of New York for almost two decades. As the former Chair of the Insurance Committee in the New York State Assembly, I worked with him often in this capacity and can speak firsthand to his unparalleled expertise and knowledge of the industry.

In addition to Tom's outstanding qualifications and experience, and perhaps most importantly, he possesses a deep-seeded commitment to ethical practices and accountability which I am confident will serve him well in this new position. I can think of no one more fitting to serve our country on the FSOC.

Thank you for your consideration. Please do not hesitate to contact me with any questions.

Warmest personal regards,

Joseph D. Morelle

Joseph D. Morelle
Majority Leader, NYS Assembly

KEVIN A. CAHILL
Assemblymember 103rd District
CHAIR
Assembly Insurance Committee

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

COMMITTEES
Ways and Means
Economic Development, Job Creation, Commerce & Industry
Health
Higher Education

December 20, 2017

The Honorable Michael D. Crapo, Chair
Committee on Banking, Housing & Urban Development
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Crapo:

It has been brought to my attention that Thomas E. Workman has been nominated for the position of Independent Member with Insurance Expertise of the Financial Stability Oversight Council. As Chairman of the Assembly Insurance Committee, I have had the privilege of working directly with Tom for a number of years in his role President and Chief Executive Officer of the Life Insurance Council of New York (LICONY). Throughout this time, Mr. Workman led this organization with the utmost respect and consideration of the members that he is representing.

Every year, a number of organizations, associations, firms and individuals petition our offices with legislative recommendations and regulatory changes which serve the interest of member institutions, but are shortsighted in consideration of the general public. One of the hallmarks of LICONY, which Mr. Workman firmly instilled during his tenure, is a commitment to advocacy which balances the needs of industry while respecting consumers. Tom Workman also has a strong grasp on the issues. In a technical field such as insurance, he worked diligently to provide professional guidance allowing legislators and the public to fully comprehend the necessity or appropriateness of the matters before them.

Without reflecting on the politics of the moment or the relative merits of some high level nominees, I can assure you that Thomas E. Workman is a qualified individual and a true leader in the field of life insurance and finance. In addition to his industry work, he has had a distinguished career private practice attorney specializing in Insurance Law. Though I am not familiar first hand with Tom's activities in Ohio, where he called home for many years, I can attest to the undisputed professional reputation he earned while there. Though Tom and his wife Pam have called New York home for many years, colleagues from Ohio speak very highly of Tom and his professional demeanor. He has also served our country with distinction in the United States Army. A favorable nomination will be consistent to this service, employing the skills he has garnered through his distinguished professional career.

While so many aspects of Tom's career and activities are worthy of praise, his involvement with the Griffith Foundation for Insurance Education is one that stands out. Griffith is a non-profit, unaffiliated organization dedicated to providing public officials with unbiased information about

ALBANY OFFICE: Room 716, Legislative Office Building, Albany, New York 12248, 518-455-4436, FAX 518-455-5576
DISTRICT OFFICE: Governor Clinton Building, 1 Albany Avenue, Suite G-4, Kingston, New York 12401, 845-338-9610, FAX 845-338-9590
EMAIL: cahillk@nyassembly.gov

insurance matters. Indeed, Griffith has been at the forefront in assuring basic literacy regarding insurance, risk and professional ethics for hundreds of state legislators. I include myself as one of the fortunate recipients of their great service. Tom has, for many years, provided a guiding hand for Griffith and continues to assure the integrity of this important institution.

I humbly ask give all due consideration of the nomination of Thomas E. Workman to the Council and that you encourage your colleagues to support him as well. Thank you in advance for your consideration. If there is any further information I might provide, feel free to contact me.

Sincerely,

Kevin A. Cahill

Kevin A. Cahill
Member of Assembly

NEW YORK
STATE
SENATE
ALBANY NEW YORK 12247

NEIL D. BRESLIN
SENATOR 44TH DISTRICT

LEGISLATIVE ETHICS COMMISSION

RANKING MINORITY MEMBER
INSURANCE COMMITTEE

COMMITTEES
BANKS
EDUCATION
FINANCE
HIGHER EDUCATION
JUDICIARY
RULES

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December 6, 2017

Senator Charles Schumer
Hart Office Building Room 322
Washington, DC 20510

Dear Senator Schumer:

It is my pleasure to write to you in support of the nomination of Thomas E. Workman to serve as the Independent Member with Insurance Expertise on the Financial Stability Oversight Councel (FSOC).

As the current Ranking Member of the NYS Senate Insurance Committee and the Past President of the National Conference of Insurance Legislators, I have known and worked with Tom for many years. Tom served as the President & CEO of the Life Insurance Council of New York for six years and in that capacity I found him to be extremely knowledgeable, hard-working, and trustworthy. He often provided me with substantial complex information in a clear, concise and informative manner. His ability to articulate complex issues proved to be very helpful in developing legislative positions and strategies.

On a personal note, I consider Tom to be a friend. He is bright and earnest and has devoted his career to understanding the complexities surrounding the regulation of the insurance industry. I believe he would make a tremendous addition to the Financial Stability Oversight Council.

Please do not hesitate to contact me if I may provide any further information.

Sincerely,

Neil

Neil D. Breslin
State Senator

NDB:MC

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THE SENATE
STATE OF NEW YORK

JAMES L. SEWARD
SENATOR, 51ST DISTRICT

CHAIRMAN, MAJORITY PROGRAM DEVELOPMENT COMMITTEE

CHAIRMAN
INSURANCE COMMITTEE

COMMITTEES
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HIGHER EDUCATION
AGRICULTURE
HEALTH
MENTAL HEALTH

January 8, 2018

Hon. Michael D. Crapo
Chairman, U. S. Senate Committeee on Banking, Housing and Urban Development
534 Dirksen Senate Office Building
Washington, D. C. 20510

RE: Thomas E. Workman
Member-designate, Financial Stability Oversight Council

Dear Senator Crapo,

I write to endorse and support the president's nomination of Mr. Thomas Workman to the Financial Stability Oversight Council and to urge the U.S. Senate to confirm him.

As chairman of the N.Y. State Senate Standing Committee on Insurance, I had the privilege and opportunity to partner with Mr. Workman on a variety of financial and insurance issues in New York over the course of nearly two decades. In his capacity as president and CEO of the Life Insurance Council of New York, Mr. Workman proved himself to be an intelligent, diligent, thoughtful, and engaged broker on behalf of businesses in New York's prominent financial services sector. His integrity is unimpeachable.

Mr. Workman showed himself to be willing to encounter others' viewpoints and to work toward a result for which credit could be shared with others. He is a passionate and articulate spokesman for the value that the insurance industry provides to consumers.

I strongly support President Trump's nomination of Mr. Workman, and am enthusiastic about his contributions to the panel. I hope that he will be speedily confirmed.

Please let me know if I can address any questions or issues of concern you may have about this trusted colleague and friend.

With best wishes, I remain

Sincerely yours,

James L. Seward

JAMES L. SEWARD
State Senator

Frederick J. Sievert
211 Coonamessett Circle
East Falmouth, MA 02536
fjsievert@yahoo.com

The Honorable Michael D. Crapo
Chair
Committee on Banking, Housing & Urban Development
534 Dirksen Senate Office Building
Washington, D.C. 20510

January 3, 2018

Senator Crapo:

I am writing to you on behalf of Tom Workman with my endorsement and recommendation for his approval as an independent member (with Insurance Expertise) on the Financial Stability Oversight Council (FSOC).

I am a retired president of the New York Life Insurance Company and in that capacity have known Tom for over 18 years. I'm sure you are aware of his impressive background as a lawyer and as the CEO of the Life Insurance Council of New York (LICONY) since 1999. I was on the board of LICONY and a member of the search committee that hired Tom and I later served as its chair; working closely with Tom during that period.

The extra-territorial regulatory reach of the New York State Department of Financial Services required LICONY to be knowledgeable and proficient in handling issues that extended to companies across the entire country and not simply those domiciled in New York. I can't think of another industry leader who would bring to the FSOC the same breadth of relevant experience and expertise as Tom Workman.

My own service on boards and committees of: The American College, LIMRA, the Actuarial Foundation, the ACLI, and the NAIC, has provided me the honor of interacting with hundreds of industry leaders. In my opinion, Tom Workman is the most knowledgeable executive in the area of financial services of any I've known.

Equally important are his strong character and his remarkable energy, work ethic, integrity and passion for the strength and solvency of the industry. Please feel free to call me at 917-328-9548 if you have any questions.

Fred Sievert

Fred Sievert