

Senator Maria Cantwell

Floor Speech on the Nomination of Steven Mnuchin for Treasury Secretary

February 10, 2017

Ms. Cantwell: Madam President, I come to the floor this afternoon to join my colleagues and speak about the nomination of Steve Mnuchin for the Secretary of Treasury. We all know that this is a very important economic position in our federal government, but it is also a position of great importance for the entire world economy. That Secretary of Treasury is a key presidential advisor across the United States, but most importantly, the Secretary will also be on the front lines of protecting and restoring our economy from the unbelievable economic crisis that we faced in 2008. I like to say that this crisis, at least according to the Dallas Fed, which said it cost us \$14 trillion, is not over. That is that average Americans still have not recovered from that crisis when it comes to looking at their 401ks or their pensions or the opportunity to send their kids to school or perhaps even homeownership. So it's very important that we have a Treasury Secretary who not only is saying that 'I will protect the United States in the future from another financial crisis,' but they are on the job making sure we restore economic opportunity for everyday Americans.

I would have to say that Mr. Mnuchin certainly has lived the American dream. You would say that he is a man who has achieved financial success. But is he going to fight for the average American who has not achieved that success because of the economic downturn of 2008? Is he going to make sure that our resources and dollars not only grow the economy but make sure that those who have been impacted most are restored in some way? I personally do not support the bailout of the banks. I did not give the keys of the Treasury to those big organizations. And I think many of the people in the state of Washington, and I think many people across America during this last campaign wanted to know why they did not receive the financial help during that downturn, but people were so willing to bail out these large organizations. So it's very important that we look at the nomination today in light of what's transpired and in light of what we're going to do moving forward to help the economic security of so many Americans.

This position, which includes chairing the financial stability oversight council and monitoring systemic risk to our financial system is a very big job. It requires someone with both expertise in policy and I believe in public service as well, because you're balancing the issues of the public. I find it sometimes very difficult to explain in detail those policies to people about balancing the public interest when all they want to do is give the keys to the Treasury to those large financial organizations. So, there is a lot to talk about here today. In my opinion, the Treasury needs a seasoned and experienced public servant who understands the ship of what we have been sailing through in turbulent waters and to make sure that we are focusing on making sure Americans return to economic stability.

I had the opportunity to meet with the Treasury Secretary nominee. He has admitted throughout his confirmation hearing that he was a chief fund-raiser for President Trump during his election. In fact, when asked why he wanted to be Treasury Secretary, he told me that he had spent many hours campaigning with the President-elect around the United States, and he wanted to continue that relationship. So this isn't exactly the type of experience that I am looking for. I want somebody who's going to continue to help us dig out of those economic problems that playing so many average

Americans, so many issues, whether it is pensions or investing in education or growing our economy at a robust rate that brings everybody up to a higher economic standard of living.

But one issue really plagued me most in thinking about this particular nominee, and that is the issue of Glass-Steagall: the separation of commercial and investment banking. Now why would that issue be so important? It's so important because this was the law of the land for more than 60 years in the United States of America after the Great Depression. Why? Because people understood we should not be putting individual savings, taxpayer savings at risk when you have a financial crisis. So we implemented that law of the land. And I have not been shy about trying to work with my colleagues on both sides of the aisle to reinstate Glass-Steagall and fought during the time of the financial rate reform debate to make sure that we were putting strong laws on the books.

I always felt that there would be a time when average Americans really could look back on all that Congress had done and say they were satisfied or dissatisfied with the rules that were in place. Well, I think that time happened during the last election, and there was a lot of discussion, while we had passed what was called then Dodd-Frank, the regulatory issues that this Congress passed. I felt like we could do more. A lot of discussion was that Dodd-Frank didn't go far enough, that somehow we needed to do more. And yet, the compromise shaped here in the United States Senate was to allow some people to say that Dodd-Frank was as much as we could do, and we should let those rules be put in place and see how they worked for the U.S. economy.

Now I supported it because it was enough to get on the books to start getting disclosure, to start making sure these transactions would have more oversight. But I never thought, never thought it was the bright line that we needed in separating commercial and investment bank banking. So you could imagine to my delight when I saw last summer the debate between the Democratic and Republican platforms in which the Republican platform actually started to embrace Glass-Steagall. They had a campaign and they had a presidential candidate and they certainly had a presidential campaign manager who were all embracing it and touting it. I don't know if that was an effort to try to distinguish between some of the candidates on the other side of the aisle or my colleague from Vermont who has also been a big supporter of Glass-Steagall, but they clearly put in their platform something that was very unambiguous. It basically said 'we support reinstating Glass-Steagall as the act of 1993 which prohibits commercial banks from being engaged in high-risk investments.' That is what their platform said and that is what the president, our now president's campaign manager also said they were for. That caught my ear because I thought maybe we had finally reached a point with the frustration of the American public about how they had been left behind after the financial crisis, that they finally were seeing two candidates, several campaigns talking about this issue, putting it in their platform and moving ahead. So it was the Trump campaign manager who said "we are supporting the small banks and main street. we talk about legislation that affects, and we know the mistakes that were made in repealing Glass-Steagall."

So I know this was the party platform of the other side of the aisle. In fact, I had to say I almost thought it was probably a better platform than we had on the Democratic side. And I wanted to make sure that my colleagues knew and understood that. But now I see that it was nothing more than a cynical ploy to try to convince the American people that somehow the Trump administration was really going to be on the side of the main street against Wall Street. In fact, one of my first conversations with Secretary nominee Mr. Mnuchin was to ask him whether he in fact supported Glass-Steagall. And he said to me, 'no, that was just a campaign promise in our platform. That's not what we are going to do.' That caught

me by surprise because I really had hoped that maybe President Trump, having been in business, having seen the challenges of working with big banks, maybe really was going to be on the side of Main Street, really was going to fight to make sure that we protected the capital that needed to go into small business, that needed to go into investment, that needed to go into new products and manufacturing and protect us from those kinds of Wall Street shenanigans.

My constituents, Madam President, want to make something in America besides exotic financial instruments. They want those dollars to be invested in small businesses who are creating products and selling them in a worldwide market. So, Mr. Mnuchin instead has come to the finance committee and basically said he's not for that version of what was in the party platform. In fact, he and the president now support rolling back the minimal law that we put on the books known as the Volcker rule within Dodd-Frank. So the fact that not only are they not supporting what we were led to believe they did support, they are now putting someone in the position of being the chief economic officer on these issues who are saying 'let's start rolling back the regulations that already exist.'

So, Madam President, I am very frustrated by that, and I could say just on that point alone I would oppose Mr. Mnuchin's nomination to be Treasury Secretary. I think it's time that we have someone who is not like putting the fox in the hen house, but is instead there to do the job that will protect our investments in the future and hopefully unwind this economic problem from the past.

There are other reasons, though, Madam President. There are other reasons why I don't support Mr. Mnuchin's nomination to Treasury Secretary, and many of my colleagues here this morning have already talked about that as they related to the economic crisis. Onewest Bank, with Mr. Mnuchin as chair, then booked billions of profits on the backs of victims. According to reports, Mr. Mnuchin's investments profited nearly \$4 billion in the time they controlled the bank. They reportedly made \$100 million -- Mr. Mnuchin reportedly made \$100 million when he sold Onewest in 2015 for double of what he paid the government. We saw this in the Northwest, and I can tell you it was a great frustration. These profits were booked on the backs of thousands of struggling Americans, and we know exactly how these people suffered because we know the information. The victims of Onewest are at least 50,000, including 1,600 in the state of Washington. Onewest used ethically troubling and actually illegal methods to seize on those who are struggling homeowners and not give them the fair process. Under the agreement with regulators, they were supposed to just modify mortgages whenever possible and keep people in their homes. However, according to the California Attorney General, Onewest engaged in "widespread misconduct" to kick many people out of their homes, and even Mr. Mnuchin admitted this. In 2011, he signed a consent order with the United States Office of Thrift Supervision that found that Onewest had filed or caused to be filed potentially false affidavits. "Not based on personal knowledge or review of relevant books and records." I, madam president, want to enter into the record one of these actual agreements.

The Presiding Officer: without objection.

Ms. Cantwell: This is an actual foreclosure documents from one of my constituents. What's most amazing about this is they are basically saying that this property should be seized and foreclosed on saying that there is no one there. But then you actually see the affidavit of the document, and the affidavit of the document shows that it was delivered to an address where somebody answered the door and took the document. So even in and of itself, you can see how ludicrous this operation was just going through a robolist of names, signing documents and putting people out of their home when in

reality they were there to live in them and should not have been foreclosed on. So many of these behaviors have been described by my colleagues, and I hope that we get to the bottom of this issue.

We heard from victims of this foreclosure. A 98-year-old woman who for being 27 cents short on a payment and changing the locks on her home in Minnesota in the middle of a blizzard. Is that what we did for Goldman Sachs? I think we gave -- I don't think so. I think we gave them the keys of the Treasury. This behavior of being callous over this issue is another reason why I cannot support Mr. Mnuchin's nomination for Treasury Secretary.

Mr. Mnuchin's answers to the administration's questions about tax reform are another issue. His tax reform policy and that of the administration just don't add up to me. Those nonpartisan analysis who have looked at president's tax reform plan found that it would do just the opposite than that so I don't think those are the economics that I can support, and I don't think I can support his nomination. And I would just say, Madam President, in concluding that there are other issues that also concern me in this nominee and the amount of responsibility to help us solve our economic challenges. I did have a chance to talk to Mr. Mnuchin about the pension program. One-third of Americans have zero retirement savings or pension plan. One-third. Those that are are not saving nearly enough and the median retirement balance for those nearing retirement is only \$14,500. So this is going to be a crisis for us. According to the National Institute on Retirement Security, our nation's retirement saving is somewhere between \$6.8 trillion and \$14 trillion. That is the gap that we are looking for in the United States. so, yes, when the Dallas Fed says that bailing out Wall Street and the implosion of the Wall Street problems caused our economy \$14 trillion and that just happens to be the same gap in pensions and retirement savings, it makes me furious.

I want to see a Treasury Secretary who has a plan on how we're going to deal with these issues, because the Secretary of the Treasury sits on the board of directors of the Pension Benefit Guarantee Corporation. They make these important decisions as it relates to multiemployer pension plans and the reform act. And the PBGC currently has a deficit of \$76 billion. So these issues are so important not just to mine workers but to average Americans. And when Mr. Mnuchin sat on the board of Sears, he oversaw the finances of the company's pension that was max underfunded and accumulated \$8.3 billion in net losses. We cannot afford that to happen to the PBGC. And if that is not enough, I want a Treasury Secretary who is going to be aggressive in protecting the American taxpayer from further cost and effects of the crisis in Puerto Rico. I was not a fan of the plan that we crafted here in the United States. Why? Because, again, we gave Wall Street all the opportunity and left the taxpayers of the U.S. and Puerto Rico with all the costs. That is going to be a challenge for all of us in the future, and I would hope that we would have a Treasury Secretary who will be aggressive in recouping our losses as taxpayers from Wall Street. So, Madam President, while I know that people here on the other side of the aisle think their minds are made up, I would just ask them to look at this record, to look at what we need to do as a country to move our economy forward, to recoup from the financial crisis and to say that Mr. Mnuchin is not the man to lead us where we need to go. He certainly has realized his financial dreams, but we have not heard enough from him that makes me convinced he's going to help Americans realize theirs. I thank the president, and I yield the floor.