



Thursday, March 27, 2025

## U.S. Senate Committee on Banking, Housing and Urban Affairs



### *Hearing on the Nomination of:*

- *Mr. Paul Atkins to be a member of the U.S. Securities and Exchange Commission;*
- *Mr. Jonathan Gould, to be Comptroller of the Currency,*
- *Mr. Luke Pettit, to be an Assistant Secretary of the Treasury,*
- *The Honorable Marcus Molinaro, to be Federal Transit Administrator*

### **SPEAKERS**

*Sen. Tim Scott (R-SC, Chair), Sen. Elizabeth Warren (D-MA, Ranking Member), Sen. Mike Crapo (R-ID), Sen. Catherine Cortez Masto (D-NV) Sen. Lisa Blunt Rochester, (D-DE), Sen. Bill Hagerty (R-TN), Sen. Jim Banks (R-IN), Sen. Raphael Warnock (D-GA) , Sen. Chris Van Hollen, (D-MD), Sen. Katie Britt (R-AL), Sen. John Kennedy (R-LA), Sen. Andy Kim (D-NJ), Sen. Thom Tillis (R-NC), Sen. Angela Alsobrooks (D-MD), Sen. Chris Van Hollen (D-MD), Sen. Tina Smith (D-MN), Sen. Bernie Moreno (R-OH)*

*Mr. Paul Atkins, Mr. Jonathan Gould, Mr. Luke Pettit, Mr. Marcus Molinaro.*



## The Empowering Main Street Act

The legislation Chair Scott is referring to was announced on September 24, 2024. It includes the following provisions: (1)

**EGC extension.** Extends the JOBS Act emerging growth company exemption status to companies with annual gross revenues of \$2 billion or less while extending the qualifying runway to 10 years. (2) **Micro-offering exemption.** Creates a new micro-offering exemption, allowing a company to raise capital without being subjected to the extensive filing requirements of a registered offering, up to \$500,000 during a 12-month period. (3) **Investment companies.** Increases the permitted capital funds to be raised by a qualified venture capital fund from \$10 million to \$50 million and expands the permitted number of investors that can participate in such a fund from 250 investors to 500 investors. (4) **Public float.** Requires the SEC to amend regulations to revise thresholds for smaller reporting companies to account for a 12-month rolling average of \$700 million or less for their public float. (5) **Crowdfunding.** Requires the SEC to amend regulations for offerings under Regulation Crowdfunding to allow an issuer, when offering \$500k or less of securities, to certify their statements of the issuer and certain information from the issuer's Federal income tax returns, by the principal executive officer. It also allows investment companies under Section 3(b) and 3(c) of the Investment Company Act to invest in crowdfunding. (6) **Regulatory definition of venture capital fund.** Amends the venture capital fund definition to permit venture capital funds to invest in other venture capital funds as a qualifying investment without triggering the 20% non-qualifying investment limitation. (7) **Unlocking capital for small businesses.** Allows small businesses to raise capital more easily by creating a safe harbor for finders. (8) **Expands the SEC's Office of the Advocate for Small Business Capital Formation (OASB)** to include rural small businesses among the entities it studies to better address capital formation challenges rural businesses face. (9) **Requires the SEC, every 5 years, to study the definition of a "small entity,"** ensuring the SEC's regulations reflect Congress's goal of minimizing burdens on small entities. The SEC will submit its findings to Congress, include recommendations to amend the definition of small entity, including inflation adjustments, and revise its rules to be consistent with findings (10) **Equal opportunity for all investors.** Expands the definition of accredited investor to include individuals that successfully pass a qualitative examination established by the SEC, a state securities commission, or FINRA. It also permits self-certification of accredited status and allows anyone to invest up to 10% of their income in private securities. (11) **Encouraging investments in Main Street.** Requires Treasury's Financial Literacy and Education Commission, in coordination with the SEC's Office of Investor Education and Advocacy and the Office of Investor Advocate, to study the level of investor inclusion, education, and confidence of the capital markets system, and submit recommendations to Congress to enhance financial literacy programs, inclusion, and confidence for retail investors. (12) **Increasing investor opportunities.** Allowed closed-end funds to increase investment in private investment funds. (13) **Enhancement of 403(b) plans.** Allows 403(b) plans to invest in collective investment trusts.



## OPENING STATEMENTS

### 1. Sen. Tim Scott (R-SC) - Chairman

“The Committee will come to order. Today, we have an opportunity to take another step toward reigniting President Trump's blue collar come back.

That starts with preferring the four well qualified nominees before us today, [Mr. Paul Atkins](#), to be a Member, Securities and Exchange Commission; [Mr. Jonathan Gould](#), to be Comptroller of the Currency, Department of the Treasury; and [Mr. Luke Pettit](#), to be an Assistant Secretary of the Treasury, Department of the Treasury; and [The Honorable Marcus Molinaro](#), to be Federal Transit Administrator, Department of Transportation.

While the title of this committee is the Senate Banking, Housing and Urban Affairs Committee, I view our work as all encompassing: it's our responsibility to solve the kitchen table problems and issues that are causing so much anxiety for hard working American families.

The issues we oversee – housing affordability, increasing access to capital, and bolstering our economic and national security - impact everyone's wallets, and their pocketbooks.

The Biden administration stifled innovation and economic growth through its heavy-handed ideological approach to regulation. [Nowhere was this clearer than at SEC, under chair Gary Gensler.](#)

**Paul Atkins**, President Trump’s nominee to lead the SEC, has the experience necessary to return the SEC to its core mission.

Mr. Atkins is a former SEC commissioner who has dedicated his career to ensuring that our capital markets remain envy of the world.

He will roll back the Biden administration's disastrous policies. He will promote capital formation and retail investment opportunities and provide long overdue clarity for digital assets, ensuring that American innovation does not fall further behind.

I look forward to working with Mr. Atkins to open our capital markets to all Americans through [my legislation](#), the [Empowering Main Street in America Act](#).

**My** bill will [improve access to capital entrepreneurs nationwide](#), right size regulations for small and newly public companies and create new avenues for hard working Americans to invest in their own communities.

Next, we have **Jonathan Gould**, who was nominated as a comptroller of currency.

Mr. Gould is no stranger to the OCC he has firsthand experience at the agency. Understands his critical mission, ensuring the “safety and soundness” of our banking system and ensuring banks provide fair access to financial services, not pushing a far-left political agenda.

First under President Obama, we saw [operation choke point](#). Then under President Biden, regulators weaponized their authority to de bank politically disabled industries and individuals and most recently, the crypto firms and what we now call choke point two point and return the OCC to its true purpose, targeting and supervising banks to ensure they serve all credit worthy customers, not just those who fit in particular. Before I continue, let me thank **Rodney Hood**, the acting OCC Counsel of the OCC He's done a great job from the foundation and strong common sense pro-growth reforms that we need to return. Notably, Mr. Hood has [removed references to reputational risk](#), consistent with my [FIRM Act](#), from the OCC bank examination guidance and instructing examiners to no longer examine for reputational risk.

My bill aims to curb the power of regulators who use “reputational risk” as a justification to de-bank businesses and individuals. The bill, which is headed to the Senate floor, has support from banking and industry trade groups.

**Luke Pettit**, nominated to be the Assistant Secretary of the Treasury for Financial Institutions, brings key experience to this role, including serving on this committee. Mr. Pettit understands the challenges facing American families and businesses, and he knows how to build consensus and compromise when necessary to solve tough financial policy issues.

Finally, former Congress member [Marcus Molinaro](#), nominated for Federal Transit Administration, brings critical experience from his time in house on the House Transportation Infrastructure Committee, and a long career in local government, making him well qualified for this role. His experience as Dutchess County's executive reinforced his belief that transit infrastructure challenges require local solutions, and I am confident that he will propose common sense, pragmatic solutions to the agency, ensure that our mass transit is affected and safe, and connect communities with new opportunities, especially new housing opportunities for all Americans.

By confirming these nominees, we can unleash a golden age of prosperity where families can once again afford to buy a home, save for the future, and achieve the American dream. Let's get to work.

Let's get these noms confirmed, and let's make America great again.

Thank you. Ranking member Warren?

## **2. Sen. Elizabeth Warren (MA, Ranking Dem)**

So....we have another [JAM PACKED](#) panel of greatly important regulators to consider today, and only 80 seconds per nominee to question each of them. I believe we need more time, one more question period, multiple rounds of questions. But since that's not happening - *[I'll just jump right in!](#)*

Co-presidents [Trump](#) and Musk are in the midst of a dangerous purge of the federal government. They've shut down CFPB, they've laid off or bought out thousands of other financial regulators, and just last week, they tried to handcuff the Federal Trade Commission (FTC) by attempting to fire the two Democratic commissioners. This is plainly illegal, and if it's allowed to stand, it will do grave damage to millions of families that will get scam all for the benefit of Donald Trump's campaign donors. Why are they trying to dismantle the federal government? Elon Musk gave us one really good example. He said that he intends for his Company X money, to, quote [,"become half of the global financial system."](#)

When financial regulators like the CFPB and the FTC enforce the law, Elon could be stopped cold, and that's why President Trump, Elon Musk and the [DOGE team](#) are taking a chainsaw to the people in government who enforce the laws they want to make themselves even richer and more powerful.

So apart from the "bread and butter" policy questions I have for these nominees, under normal circumstances, I have very serious concerns about their willingness to aid and abet illegal ransack of our government.

Mr. Molinaro, if confirmed, you will be the head of the [Federal Transit Administration](#) (FTA).

I know you believe in the mission of the agency that you want to lead in our conversation. You promised to advocate within the administration for public transportation, and you pledged to advocate for the FTA career staff and front-line workers at our transit agencies.

We need a strong FTA that can deliver projects on time, so riders in Boston and Charleston and in your hometown bar hope County, Dutchess County, have better, safer service.

Mr. Petitt, you have been nominated to be the Assistant Treasury Secretary for Financial Institutions, which is responsible for coordinating financial regulatory and Consumer Policy, monitoring the insurance market and protecting critical financial infrastructure.

I am concerned that you intend to support the Trump Administration's next round of big bank deregulation and bailouts while Elon Musk's DOGE tightens its grip on the Treasury Department.

Mr. Gould you would serve as a Comptroller of the Currency, which is responsible for ensuring "safety and soundness" of the national banking system and supervising some of the biggest banks in the country.

Unfortunately, your track record, including as Chief Counsel at the OCC during the first Trump Administration, and as a lawyer for the big banks, [suggests that you may see this new role as a new perch to help out your Wall Street friends by further weakening bank regulations](#) and by letting big banks off the hook when they violate the law.

And then there is Mr. Atkins, who is the nominee to be chair of the Securities and Exchange Commission.

It is the SEC 's job to ensure that our capital markets remain an engine for economic growth and innovation.


That requires stamping out fraud and self-dealing in our markets so that giant corporations don't scam average investors out of their retirement savings.



Mr. Atkins has spent almost his entire career helping billionaire CEOs like [Sam Bankman-Fried](#) , who committed on the biggest financial frauds in US history as the CEO of the failed crypto platform FTX, he's been working with those folks to help them get even richer.

In the six years that Mr. Atkins wasn't making millions of dollars off clients like Sam Bankman Freed, he was a Commissioner at the SEC in the lead up to the 2008 financial crash, when he voted to loosen the reins on big investment banks like Lehman Brothers and Bear Stearns.

Mr. Atkins has an almost perfect track record. He got pretty much everything wrong in the run up to the biggest financial crash since the Great Depression. That is not a record that deserves a promotion.

We have a lot of ground to cover today, Mr. Chairman.  ready!

### **3. Sen. Mike Crapo (R-ID)**

Mr. Chairman, it's my honor to introduce Jonathan Gould, President Trump's nominee to serve as Comptroller of the Currency. Jonathan has spent nearly 24 years in the financial services industry, [including serving as my chief counsel](#) when I was the chairman of this Committee.

From 2018 to 2021 he served as the OCC Senior Deputy Comptroller and Chief Counsel, where he led the law and licensing departments and played a significant role in managing the entire agency and oversaw the implementation of the [Economic Growth Act of 2018](#).

In addition to public service, his significant private sector experience as a consultant and lawyer as recently as in the Law Firm of Jones Day, which will give him valuable perspective when considering the cost of potential rules.

And in addition to this impressive background, Jonathan is also well liked and respected by colleagues, and has the demeanor and character to be an effective control President Trump made an excellent choice in selecting him for this position, and I look forward to supporting his nomination.

### **4. Sen. Bill Hagerty (R-TN)**

Thank you, Mr. Chairman, and it's a great honor for me to be with such a wonderful group of nominees today. I have a particular pleasure today, though, to introduce a long-time friend - [we were roommates in law school](#). When I talked to President Trump about Paul, when he was considering his nomination, I begged him not to hold that against Paul, and he certainly didn't.

But as I said, I've known him for a very long time, and since before I met Paul, I knew about him. He's been known forever for his character, for his intellect and his unrelenting work ethic.

Today, those qualities are going to serve the American people, exceptionally well.

Given the many years of private practice his prior service as an SEC Commissioner, Paul has developed an unmatched understanding of financial markets and their regulatory challenges.

And I've known Paul, not only as a friend, but as a client, because I've called Paul and his team in to help the companies that I've invested in, navigate some of the great challenges of the financial services regulatory environment. And his skills have been unwavering.

Paul knows better than anyone that our nation's global competitiveness fundamentally rests on the strength of our capital markets. He's a true public servant and a great American.

If you have the opportunity to meet his three sons, two of them are here today that he and Sarah have raised together, you'll know that Paul is a man of the highest caliber character.

Our nation deserves a man of Paul's caliber steering the SEC.

I urge all my colleagues to support his confirmation.

**Sen. Tim Scott (R-SC, Chair)**

Senator Britt,

#### **5. Sen. Katie Britt (R-AL)**

Thank you so much. Chairman Scott, Ranking Member Warren, and all of my colleagues here on the committee, I appreciate the opportunity to introduce an exceptional nominee for the Federal Transit Administrator and my friend Mark Monaro.

As chair of the subcommittee on housing, transportation and community development, with jurisdiction over the Federal Transit Administration. Transit Administration, I am particularly honored to welcome you to this committee today. I want to thank you for your willingness to serve and oversee so many important issues.

Mark brings to this role a rare blend of executive experience, bipartisan leadership and an unwavering commitment to public service. Given his experiences, Mark possesses the existential qualities for this role, a proven ability to build consensus on both sides of the aisle and a strong understanding of the complex transportation policy, both at federal and local levels.

As a former county executive of Dutchess County New York and as a member of Congress, he has demonstrated time and again how to deliver real results for communities both urban and rural

Mark understands that transit isn't just about busses and rail lines, that it's about connecting Americans to opportunity and ultimately helping them achieve their American dream.

He also knows first-hand, the importance of making thoughtful and effective investments in infrastructure that supporting economic growth and enhancing the lives of everyday Americans and working families should be the priority.

I am confident that under Mark leadership, the Federal Transit Administration will prioritize safety, innovation and accountability and will ensure that the transit infrastructure serves all Americans. It is my honor to introduce Mark Molinaro today, and I urge this committee to confirm his nomination.

## **6. Sen. Bill Hagerty (R-TN)**

Thank you, Mr. Chairman, and again, I hope everybody that is sitting along the walls here today take special note, because all the staff does such a wonderful job of supporting our efforts.

Today, it's my great privilege to introduce one of my staff, someone who I think the world of, Luke Pettit.

For more than three years, Luke has been an indispensable member of my staff, and on so many levels, he's not only been a great advisor, but a wonderful friend.

His service at the Federal Reserve and in the United States Senate has given him a deep understanding of financial institutions and of our policies.

To unlock our economy's full potential, we need leaders who will maximize the competitiveness of our financial system. For this task there is no one better suited. Beyond his many qualifications, Luke is a leader, in common sense, and Luke, from a very personal level, I want to thank you for the leadership that you provide to my sons. They think this guy walks on water.

He is admired not only for what he knows, but for how he carries himself. He carries himself with humility, with selfless dedication to the mission at hand. This kind of leadership is exactly what our government needs. Luke will bring exceptional commitment and capability to the role he's being considered for today. And I urge my colleagues to support his confirmation.

**Sen. Tim Scott (R-SC, Chair)**



Please stand. I'll swear you in. Please raise your right hand. Please swear or affirm that the testimony that you are about to give us the truth he agreed to. And testify before any duly constituted committee of Senate. Thank you very much. Written statements will be made part of the record in its entirety. Please keep your oral comments to five minutes, and I will hold myself and my colleagues to five minutes.

## **ORAL TESTIMONY**

### **1. Paul Atkins (SEC Chair Nominee)**

Thank you very much for the opportunity to be here today as President Trump's nominee to be chairman of the United States Securities and Exchange Commission.

I greatly enjoyed meeting with many of you staff over the past few weeks, hearing your priorities for the SEC and the United States financial markets. I look forward to working with members of this committee to pursue of this committee to pursue the SEC's [three-part mission](#): protecting investors, maintaining fair, orderly and efficient markets, and facilitating that capital formation.

And I need to thank Senator Haggerty for those warm and generous words of introduction, and he summarized some of the things I've done, at the SEC and elsewhere.

I'm grateful to my family members here today, Sarah, my dear wife of 35 years and my son, Stuart, and Henry and I cannot leave out my third son, Peter, who is watching this hearing from West Coast

Senate confirmations of public servants are real challenges, and I greatly appreciate their encouragement. Love and support

To President Trump. Thank you very much for the trust and confidence that you're placing in me to lead this agency.

To my fellow Commissioners and members of this committee and SEC staff, I look forward to working to ensure that the United States is well positioned to see us on a new excitement for investment and economic opportunity that President Trump's leadership and progress policies have inspired.

I'm fortunate to have served previously at the SEC; first on the staff of [Chairman Richard Breeden](#), as attorney-fellow, and ultimately as Chief of Staff.

I then served as counsel to [Chairman Arthur Levitt](#) after his appointment by President Clinton.

From 2002 to 2008 I was honored to serve as an SEC Commissioner. In that time, I advocated for a greater transparency at the agency and [emphasized robust cost benefit analysis when considering new regulations](#).

I thoroughly enjoyed working with my fellow commissioners and staff to tackle those difficult challenges.

After my term as SEC concluded [just before](#) the subprime mortgage crisis of 2008, the Senate called me back to serve on the [Congressional Oversight Panel for TARP](#), where I had pleasure to work with the chair and now Senator and Ranking Member Warren during a very crucial time.

In the private sector. I'm CEO of [Potomac global partners](#), a 70-person strategy, risk management, and compliance and consultancy with people in New York, Chicago, Tokyo and Washington.

My time in public service in the private sector has allowed me to see firsthand how regulations, including those of the SEC, affect markets and investors. They can stoke innovation, facilitate investment goals and create opportunities for burden on businesses, ability to compete and serve their customers.

Implementation of regulations, therefore, is crucial.

It's one thing to write a regulation, quite another for it to achieve its intended goal.

Regulation ideally should be smart, effective and appropriately tailored within the confines of the regulator's statutory authority.

In short, clear rules of the road benefit all market participants.

Unfortunately, lawyers do not speak the same language as businesspeople, compliance professionals, or IT staff. It takes knowledge and experience to translate and anticipate the issues that inevitably arise among these various professionals tasked with implementing regulations appropriately and effectively.

The breadth and depth of my combined experiences over the past decades will inform my approach if I'm fortunate enough to be confirmed by the Senate.

It takes industry experience and focused-application to ensure that customers and investors of financial services firms benefit from efficient, effective and well-designed regulation.

Our goal at the SEC should be to facilitate those efforts, analyze their effectiveness and then use our enforcement power, if necessary, to cure and rectify wayward actions.

Since 2017 I've led industry efforts to develop best practices for the digital asset industry.

I've seen how ambiguous and nonexistent regulation of digital assets create uncertainty in the market and inhibit innovation.

The top priority of my term will be the work of my fellow Commissioners [and Congress](#) to provide a firm regulatory foundation through a rational, coherent and principled approach.

So this is a pivotal moment for our economy.

Entrepreneurs, businesses and individuals here, minimum, across the globe, are eager to invest in America now that President Trump is at the helm.

Yet the current regulatory environment for a financial system inhibits investment and often punishes success. Unclear, overly politicized, complicated burdens and regulations stifling capital formation, while American investors are flooded with disclosures that do the opposite of helping them understand the true risks of an investment.

It is time to reset priorities and return common sense to the SEC.

I'm eager to get to work for American markets and investors. Should I be confirmed, my goal will be to ensure that the United States best and most secure place in the world to do business and for Americans to test their hard earned dollars to save and provide for their future.

So thank you, ladies and gentlemen, and I look forward your questions.

## ***2. Jonathan Gould (Comptroller of the Currency Nominee)***

Thank you Chairman Scott, Ranking Member Warren, and members of the committee, and thank you Senator Crapo for a very kind discussion. It is an honor to appear before you today as President Trump's nominee for Comptroller of the Currency. I am grateful to the President and to [Secretary Bessent](#) for their trust and confidence. If confirmed, I look forward to advancing the President's commitment to broad and sustained economic growth.

I would like to thank my family and friends for their support throughout this process, and I especially thank my wife Piper, and my sons, Christopher Timothy and Thomas, for their love and patience.

It is a pleasure to be back in the hearing room.

It has been 19 years since I last sat before the members of this committee.

I was [counsel for then Chairman Richard Shelby](#) and the committee was marking up a [banking bill that would ultimately become law](#).

My job was to respond to any member questions about the bill provisions or proposed amendments. I remember distinctly the awe I felt sitting before this committee. I feel the same way today.

I am here because I believe in [President Lincoln's vision of a national banking system](#), and in the agency that has made that vision a reality over its 162 year history.

The OCC charters banks, implements the regulatory framework in which they operate, and ensures their safety and soundness, all within parameters set by Congress.

The national banking system is today one of the crown jewels of American Finance, but neither it nor its continued relevance, should be taken for granted, nor should we ever forget that this system exists not for itself, but rather to support the US economy and the financial aspirations of all of us that constitute it, from the entrepreneur seeking to open a bank account to the large US Corporation hedging its interest rate risk.

If banks are to serve their role, supporting the US, they must be allowed to engage in prudent risk taking. But in the years since, 2008 [bank regulators have at times, tried to eliminate rather than manage risk](#), frustrating the ability of banks to fulfill their function.

This blinkered approach to risk management has implications for the cost and availability of credit, the system's ability to absorb shocks and its adoption of new technologies and embrace of innovation.

I have spent my entire professional career and half of my life studying, implementing or advising on financial services regulation as a lawyer, Senate staffer, consultant and regulator.

I have twice served as a lawyer for this committee, both before and after the 2008 financial crisis, including most recently as its Chief Counsel under then Chairman Crapo. In these roles, I assisted the Committee in its important oversight of the agency I have now been nominated to lead.

As the OCC Senior Deputy Comptroller and Chief Counsel. I served under four different agency heads spanning the first comp and Biden administrations.

I led the OCC efforts to implement one of this committee's most significant pieces of recent banking legislation, [The Economic Growth Act of 2018 \(S.2155\)](#), and the regulatory tailoring that it required.

And I have been tested in crisis management, hoping to keep our financial system operating during the COVID 19 induced shutdown of our economy.

My time in the private sector, advising firms on regulation and risk management will also be an asset to the OCC. Should I be confirmed. Seeing the real-world impact that regulations have on financial services firms of all types and sizes is useful perspective for any would be regulator.

If confirmed to lead the OCC, my top priorities will be ensuring national banks support our economy, [depoliticizing the banking system](#), improving bank supervision and embracing innovation within the agency and the banking system.

I will do everything in my power to ensure the continued relevance of our national banking system and its ability to support our national economy consistent with the President's vision.

### **3. Luke Pettit (*Assistant Treasury Secretary for Financial Institutions Nominee*)**

Thank you, Chairman Scott, Ranking Member Warren, and the distinguished members of this committee for the opportunity to appear before you today. I'd also like to thank all your staff, many of which I've had the pleasure of calling my colleagues over the past four years. And I'd like to thank Senator Haggerty for the opportunity over the last three years to serve this body in this country.

It's a profound honor to be nominated for this position, and I'm grateful President Trump and Secretary Bessent for the faith that they placed in me to carry out the important duties of this role. I would not here today, but for the support of my family, several of whom are here today. I am blessed to have the support of my parents, John and Andrea and my brothers Mark and Matthew.

From an early age, my parents experiences instilled in me a deep appreciation for the vast opportunities that are unique to this nation.

My mother was born in St Kitts and Nevis, just a few miles away from where our first federal secretary, Alexander Hamilton, grew up. She immigrated to America at age 21 opening doors to opportunities that have never been possible in any other country.

My father grew up on a turkey farm in rural Washington state, and his father's family was able to persevere and rebuild after they lost everything during the Great Depression in Appalachia.

With this deep appreciation of the opportunities that this country gave them, they raised three kids, all of whom who heeded to call public service. My own public service began at Federal Reserve, where I worked both on supervisory and monetary policy matters.

After a brief stint in the private sector, I joined the Senate, first as Senator Toomey's (R-PA) Committee economist, here on the Banking Committee, and now as Senator Haggerty's Senior Policy Advisor.

These experiences taught me a lesson: Our financial system, in the abstract, may drive investment and economic growth, but in the truest and most important sense, the financial system supports the lives of all Americans and their means for pursuing the American dream. From buying a home, or starting a business, to accessing credit and saving for retirement, a stable and sound financial system ensures that every individual can build their future and a future for their families.

The Assistant Secretary of the Treasury for Financial Institutions carries the important responsibility for promoting the strength of the financial sector that makes all of this possible, and this is not a responsibility that I take lightly. This role also involves guiding Treasury's efforts in critical areas such as financial education, community development and cyber security.

As the case of my current role here in the Senate, it requires balancing the diverse interests of financial institutions, both small and large, above all, ensuring that the interests of the American people are put first.

If confirmed, I will work alongside the members of this committee to uphold the safety and soundness of our financial institutions in support of financial sector that foster economic growth, freedom and opportunity for all Americans.

Thanks once again for the privilege of appearing today. I look forward to answering your questions.

#### **4. Marcus Molinaro (*Federal Transit Administrator Nominee*)**

I'm honored and humbled to appear before you today as President Trump's nominee for Federal Transit Administrator. I'm grateful to the President for his trust in me, and to [Secretary Sean Duffy](#), for his confidence in my leadership. I also like to thank each of you, Republican and Democrat, for your services country and commitment to a stronger, more connected America.

Public service, you know, has been the work of my life. I've had the privilege of serving at every level of government, local, county, state and federal, from village mayor to member of Congress. I've worked to build consensus, bridge divides and deliver solutions that matter to people.

As county executive, I led through crisis to manage complex budgets and embrace accountability, not for its own sake, but to ensure we honor the trust the taxpayers place in each of us.

I've also learned that local decision making does indeed matter in one size rarely fits all.



I'm joined today by my son Jack and extend my love and appreciation my wife are in and our children, Abigail Elias, they all sacrifice much more, as you know, than they should, so that I might serve and I do indeed love them much.

Transit is more than a system of buses, ferries and rails, it is the shared circulatory system of our economy. It connects rural towns and big cities, creates opportunities and drives growth. It revitalizes the centers of community, while Americans, from students to senior veterans, working parents, freedom to move, thrive, to succeed, to meet these challenges and tomorrow's demands.

Transit must embrace technology, modernized systems and leverage investment, housing, commercial and overall economic development.

We must make use of data to improve reliability and safe innovation better serve riders and kids to fully realize this vision, we must drive innovation, streamline permit and boost performance and fully harness technology to transform how we plan, build and operate transit, modern, safe, reliable, accessible transit system urban centers and rural communities, but around over roads and cross water, will advance America and Americans.

In my career, I've had the privilege of focusing on creating opportunities for individuals with disabilities.

As Dutchess County Executive, an initiative I launched in 2015 changed how government serves people, not through rhetoric but through action, to make universal accessibility of core value, and if confirmed, that same commitment to those physical, developmental and intellectual disabilities will shape every aspect of my work at the FTA for daughters like my own and the millions of Americans just like her.

As you know, transit depends on people – at agencies, operators, engineers, maintenance crews, dispatchers and custodians who keep America moving. Their dedication deserves our respect, our investment and a seat at the table. I value the work of the unions that represent them. I see them as partners in building a system as safer, more efficient and future ready to thank my good friend John Samuels, the president of Transport Workers Union, for support and for being here with me today. Senator looming over my right shoulder.

Let me also recognize the great professionals at Federal Transit Administration.

Indeed, Senator Warren, their expertise and dedication are essential to this mission, and I look forward to working alongside them for the results for the American people.

If confirmed, I will advance President Trump's bold [America first agenda for rebuilding our infrastructure](#) and seek to meet Secretary Duffy high standard for leadership, innovation and

accountability, and I will work with each of you, regardless of party, to help build transit systems that deliver for riders, for workers, for taxpayers and for the communities we all serve.

We are indeed at a great moment of possibility - a Golden Age.

Together, we can ensure that transit not only moves Americans, but helps to move America forward, just as our own circulatory system connects every part of the body to sustain life, transit binds our communities together, urban and rural, coastal and heartland, ensuring opportunity, access and resilience flows to every corner of our nation.

Thank you.

## **QUESTION AND ANSWER**

### **1. Sen. Tim Scott (R-SC, Banking Committee Chair)**

Mr. Arkins, you just heard the Congressman (nominee Molinaro) talk about “the Golden Age.”

The one thing I can say about the SEC is that under [your predecessor](#), there was no golden age.

The SEC suffered a series of damaging losses as an agency, and saw [multiple rulemakings overturned in court](#), and had [Staff Attorneys sanctioned for gross abuse of their power by a federal judge](#) in the [DEBT Box case](#), and experienced its [highest attrition rate](#) over a decade.

As SEC chair, how can the SEC recover from these losses in return to its core capabilities as an agency?

### **Paul Atkins**

Thank you, Mr. Chairman, well, I agree with you. I think that both those issues that you raised are very disturbing, and I get to work to try to make sure that we increase the morale of agency, that we do some of the dysfunction that's there, the demoralization of it, to get back to work and get back to basics, get back to its mission.

### **Sen. Tim Scott (R-SC, Chair)**

Mr. Atkins, I'll continue with you – it has long been a priority of mine, and this committee, and frankly the Trump Administration to end the practice of "de banking."

This Congress, the Banking Committee has focused on responding to [Operation Choke Point 2.0](#), where the Biden administration's financial regulators reportedly pressured banks to avoid offering services to crypto industry.

As SEC chairman, will you work to ensure that everyone who wishes to play by the rules, including those in the crypto industry, will be treated fairly?

**Paul Atkins**

Absolutely.

**Sen. Tim Scott (R-SC, Chair)**

A few weeks ago, I introduced [the FIRM Act](#), which would eliminate reputational risk as a consideration during bank examination. And two weeks ago, that bill passed out of this committee.

Then just last week, [the OCC Acting Comptroller Hood took the step to proactively remove reputational risk from the Comptroller's handbook](#), booklets and other OCC guidance, and instructed OCC examiners that they should no longer examine for reputational risk.

Do you support the acting comptroller's decision to remove references to reputational risk?

**Jonathan Gould**

Senator, thank you very much that question. I think it is unacceptable for banks or regulators to discriminate on customers on the basis of a customer's politics or religion or the mere fact that they are engaged in a lawful activity that is, for whatever reason, politically disfavored.

So I applaud the committee's efforts to shine a spotlight on what has been going on for a while.

These are issues Senator with which I have been working since 2018 when I was a lawyer for this committee.

I commit, senator to you and to the committee, to continue to support your oversight efforts, as well as to use the OCC's full powers, consistent with the statutory mission with law, to do whatever I can do, if confirmed, to shine a spotlight on these activities and [to ensure](#) that they are not allowed within the banking system.

**Sen. Tim Scott (R-SC, Chair)**

Thank you very much. One last question for you, as a top priority for me, this committee is Trump Administration foster [digital](#) asset innovation so that the [US can become the crypto capital of the world](#).

In rescinding their [interpretive letter 1179](#) the OCC took a crucial step that limited crypto companies access to the US banking system. Are you supportive of this effort to foster innovation in the US? And if confirmed as controller, what role do you envision the OCC continuing to play, allowing digital asset innovation?

## **Jonathan Gould**

I think, for the question Senator, I believe that many of these activities are clearly legally permissible. And I would hope, if confirmed as Comptroller, to engage on the hard work of determining ways constructively in which these activities that are lawful can be done within the system in a safe and sound fashion. I would hope that over the last four years, the last four years, the agency that is the SEC senator has gotten some experience with respect to these assets, and so we'll be prepared to ensure supervision in state and sound man are going forward.

## **2. Sen. Elizabeth Warren (MA, Ranking Dem)**

So Mr. Atkins, you served as an SEC commissioner from 2000 to 2008, the lead up to the 2008 financial crash that crashed the markets, cost 10 million families their homes, and cost millions more their jobs.

Your job was to spot and head off risks that were building up in financial markets. But you showed staggeringly bad judgment. I just have a few examples, since we're limited on time.

In 2004 when Lehman Brothers and Bear Stearns asked the SEC to allow them to reduce their capital buffer by 40% you said yes and voted weaken the rules on investment banks.

In August of 2007, after what was then, quote, The worst week for the American stock market in nearly 50 years or five years, you brag that, quote, "principles of regulatory restraint have been affirmed as the market has continued to demonstrate a capacity to minimize and absorb systemic risk."

Worst week. And you said, great, it shows how strong we are.

And then, days after Bear Stearns class in March of 2008 you made fun of people who thought we needed stronger financial regulations, claiming they were, quote, "wallowing in a period of irrational pessimism," and you said that, quote, "regulators must not stand in the way of investors and market participants sorting this situation out."

Yeah, it's sorted itself out with the biggest crash since the Great Depression.

So simple question, Mr. Atkins, were you wrong?

**Paul Atkins**

Well, Senator Warren, you know, there are many - as we saw the Congressional Oversight Panel for TARP – there were many causes for problems there with a subprime mortgage...

**Sen. Elizabeth Warren (MA, Ranking Dem)**

What about deregulation?

**Paul Atkins**

No, I don't believe so. I think that.

**Sen. Elizabeth Warren (MA, Ranking Dem)**

Well, you know, both the SEC Inspector General and the bipartisan Financial Crisis Inquiry Commission said that the SEC's deregulation of investment banks contributed to the crisis.

If you haven't done it yet, I recommend that you [read this](#), Mr. Atkins.

Look, this job is about judgment and holding up on your resume that you're one of the people on the job to exercise judgment in the run up to the biggest crash since the Great Depression, and now your hindsight side is not 2020 it's 20 zero. You still say that weakening those regulations didn't have anything to do with that crash. I really hope you'll read the bipartisan analysis that says otherwise, because it is very dangerous to have you in charge of the SEC.

Now, one of my other top concerns about your nomination, Mr. Atkins, is that your judgment will be influenced by more than an objective assessment of the data in front of you.

After your step as an SEC Commissioner, you founded a consulting firm called Potomac global partners. Potomac counts every time a kind is financial firm subject to the SEC rules among its clients, banks, asset managers, brokers, exchanges, fintechs and crypto companies, your clients pay more than \$1,200 an hour for advice on how to influence regulators like the SEC and if you're confirmed, you will be in a prime spot to deliver for all those clients who've been paying you millions of dollars for years.

So Mr. Atkins, given how breathtaking your financial conflicts of interest far, [I sent you a letter requesting that you commit to a higher standard of Government Ethics](#). Slow down the revolving door here, several major financial regulators in the previous administration agreed to these higher standards,

but you said your response 10 minutes before this hearing started saying no, you think you've done enough that is deeply concerning to me, but let's focus on just getting one thing straight. Your consultant company is estimated to be worth about \$50 million will you at least disclose you said that you will sell it? If you are confirmed, will you disclose who the buyers are and how much they pay so that we can make certain that these are not people who are just buying access the future Chair of the SEC?

**Paul Atkins**

Senator Warren, I have abided by the office...

**Sen. Elizabeth Warren (MA, Ranking Dem)**

I have questions about selling vital importance to people who will have business in front of the SEC. Front of the SEC? You know, some people might call that a “pre-bribe.”

### **3. Sen. Thom Tillis (R-NC)**

Thank you, Mr. Chairman, someone give you a chance to respond to I actually think that the 2008 crisis had many root causes. You’ve got a minute to explain that.

**Paul Atkins**

Well, thank you, Senator Tillis, you're right exactly. If you read these reports that came out that the Senator Warren reference, you see that the whole panoply, but the what really troubles me is that Congress still has yet to address the real root cause of subprime mortgage crisis, because Fannie Mae and Freddie Mac

**Sen. Thom Tillis (R-NC)**

And how did that happen? What was the root cause of that?

**Paul Atkins**

Well, they basically threw caution to wind. And we were talking about regulation - those two agencies really stoked the fires.

**Sen. Thom Tillis (R-NC)**

II think in some respects we led certain consumers to the slaughter, I’m glad to see you agree with that. Okay, I gave you a minute, Mr. Pettit – there are some people who have suggested that S. 2155 and



regulatory tailoring are the reason SVB failed. Tell me what we should be doing with respect to recovering from SVB's failure?

**Luke Pettit**

Thank you, Senator, SVB's failure was a managerial and supervisor failure, not a regulatory or legislative one. And I think what it should inform us is to reassess the resource deployment that these on-site teams have engaged in. No part of S. 2155 instructed SVB's regulators to assign the highest liquidity ratings to the firm.

**Sen. Thom Tillis (R-NC)**

Do you agree with me that the remaining examiner team on those accounts should just be fired? That it was just malpractice? You can keep on, but I want you to cover that too

**Luke Pettit**

Absolutely, so I think they were asleep at the wheel – full stop. They overlooked the internal liquidity test failure that...

**Sen. Thom Tillis (R-NC)**

Not to mention, all the outstanding MRIs, everything else that the supervisors just chose not to like press, I guess?

**Luke Pettit**

Yes, that's the lesson we should be taking, and we should reassess how these on-site teams engage in their distribution on a daily basis.

**Senator Thom Tillis (R-NC)**

Thank you, Mr. Gould?

**Jonathan Gould**

I agree with Mr. Pettit his comments. I would note just generally, sir, and this is one of the reasons why I think we really need to focus on improving banks supervision is that there seems to have just been a failure to focus on the material financial risk embedded with that banks balance sheet. I mean, this is,

this is “risk management 101,” and the fact that it was overlooked by both the California regulator and San Francisco, Fed, excuse me, is really deeply disturbing.

**Sen. Thom Tillis (R-NC)**

I want to talk briefly in my time remaining having to do with that reputational risk.

I was pleased to see that Acting Comptroller Hood removed all references to reputational risk from the OCC’s handbook on bank supervision and large bank supervision.

Will you commit that no future guidance directive, whether formal or informal, exists at the OCC related to reputational risk from SR 20 or 9551?

**Jonathan Gould**

Yes, sir. I think too often reputation risk is used as a pretext for other motives. And I think the regulators have at their disposal other forms, of more easily quantifiable, and just better understood, more precise, more objective terms, including litigation risk, BSA and AML compliance risk.

**Sen. Thom Tillis (R-NC)**

I think it is rich to think that some government examiner or supervisor could go into a publicly traded banking institution and judge what they think their activities are appropriate or not appropriate based on reputational risk. Reputational risk is foundational to an organization's reputation and longevity, and to think that somebody from the outside should be guessing that is just absurd to me. It really strikes me as somebody's probably never worked a day in business. So I appreciate your answer.

Mr. Monaro, I’m out of time, I just want to let you and all you know, I look forward to supporting your confirmations and to the two former staffers you got a big fan club girl Capitol Hill. Thank you.

**Sen. Tim Scott (R-SC, Chair)**

I ask unanimous consent to enter into the record letters from Mr. Atkins regarding his compliance with all necessary defense requirements.



#### **4. Sen. Chris Van Hollen, (D-MD)**

Mr. Chairman, and welcome everybody. Mr. Atkins, a number of years ago, Senator Kennedy and I teamed up to pass a law entitled “[The Holding Foreign Companies Accountable Act.](#)”

It was designed to protect American investors and actually also American businesses by ensuring that foreign companies that list their shares on US exchanges have to play by the same accounting standards as US companies that list their shares on those exchanges.

And at the time, Chinese companies had been playing by a whole different set of rules, which both put them at a competitive advantage, but also endangered American investors on those exchanges, especially less sophisticated investors, and the entity that is charged with making sure that Chinese companies play by the same rules so they comply with American standards, is the Public Company Accounting Oversight Board – the PCAOB.

So my question to you is, would you commit that if you're confirmed, you will preserve the PCAOB's important role in that mission?

#### **Paul Atkins**

Well, thank you, Senator. The role is crucial - accounting and auditing is really crucial, obviously, to the investor protection into the capital market. So yes, that function is, by law, delegated to the PCAOB. And so I'm going to ensure that it is not politicized anymore, and that it really focuses on its mission to protect investors and follow these rules.

#### **Sen. Chris Van Hollen, D-MD**

I appreciate that, because the reason I ask is I've been looking at “[Project 2025](#),” and I see that you have a special mention in Project 2025 on a chapter that mentions the PCAOB. Is that right?

#### **Paul Atkins**

I participated in a couple phone calls.

**Sen. Chris Van Hollen, D-MD**

Well they listed you as a with a special mention in a chapter that recommends that the PCAOB be abolished. Are you in favor of abolishing the PCAOB?

**Paul Atkins**

Well, that's up to you all. It's part of the statute, and actually it's not even part of the securities...

**Sen. Chris Van Hollen, D-MD**

But - are you in favor of abolishing the PCAOB?

**Paul Atkins**

The function needs to be done – whether by the PCAOB, or whether it's folded back into the SEC, that function is vital, and how best and most efficient it is achieved.

**Sen. Chris Van Hollen, D-MD**

So do you, or do you not subscribe to the recommendation in this chapter of project 2025, that the PCAOB be abolished?

**Paul Atkins**

When I say I described my power to you all, so I mean, I would support whatever Congress decides.

**Sen. Chris Van Hollen, D-MD**

So you do agree that you, neither you nor the President has the ability to unilaterally abolish the PCAOB? I'm assuming from your answer that you agree that the president cannot unilaterally get rid of the PCAOB? Do you agree with that?

**Paul Atkins**

Well, I'm not a Constitutional lawyer.

**Sen. Chris Van Hollen, D-MD**

But you just said it was the Congress, right? I'm assuming from your answer that you agree that the President cannot unilaterally get rid of the PCAOB.

**Paul Atkins**

Well, you have it in the statute. So it's so it's part of that seems to be....

**Sen. Chris Van Hollen, D-MD**

Well, there are lots of things that are in statute right now, Mr. Atkins, the President has decided to ignore, which is why we have so many lawsuits filed about his about his abuse of the separation of powers.

Mr. Molinaro, if you're confirmed, you'll be leading an agency that has 700 employees at the beginning of President Trump's second term, but because of the actions taken by the Musk DOGE operations and others, about 80 probationary employees were initially terminated. My understanding is many of them are now being brought back to the FTA because of court orders that found that those were illegal firings. Is that your understanding that many of them are coming back now?

**Mr. Molinaro**

Only through public reports, Senator.

**Sen. Chris Van Hollen, D-MD**

Got it. And would you agree that haphazardly eliminating employees from the FTA.... So for example, those in the Office of Transit Safety and Oversight – could put people at risk?

**Mr. Molinaro**

I think, as Senator, I can only offer what I've observed publicly. It's my expectation to enter the role with this force, obviously seeking to increase morale. But I assure you, just as Secretary Duffy asserted his hearing, and I hear earlier in my opening comments, public safety, not only the safety of the individual riders across America, workers in the systems, is a priority, and I'll seek to apply the law.

**Sen. Chris Van Hollen, D-MD**

Well, I appreciate that, because the infrastructure bill had passed, including a measure that I introduced, the [Transit Worker Pedestrian Protection Act](#).

So I look forward to working with you here. Thank you very much

**Sen. Tim Scott (R-SC, Chair)**

Senator, Senator Kennedy,

**5. Sen. John Kennedy (R-LA)**

Mr. Atkins, you were Senator Haggerty's law school roommate? Is it true that Haggerty has a tattoo of the Backstreet Boys on his lower back?

**Paul Atkins**

I wouldn't know.

**Sen. John Kennedy (R-LA)**

Mr. Atkins, you know who Sam Bankman Fried is? He looks like the fourth Warner up in a John Belushi lookalike contest? He's a crook isn't he?

His parents were involved in his company. Weren't they?

Paul Atkins

I guess I report.

**Sen. John Kennedy (R-LA)**

Don't you think the SEC ought to do something about it?

**Paul Atkins**

Well, I look forward to getting to the SEC to find out what has happened.

**Sen. John Kennedy (R-LA)**

Based on what you've read, they made millions of dollars off of their sons and legal activity. Don't you think they ought to be conscious? Don't you think you have to be able to see that one or if they're two sets of standards?



**Paul Atkins**

Well, like you, I'm concerned.

**Sen. John Kennedy (R-LA)**

Well I want you to be more than concerned.

When his parents did all this, they were both chair professors at Stanford Law School. Weren't they?

**Paul Atkins**

Apparently, yes.

**Sen. John Kennedy (R-LA)**

Has SEC been investigating Stanford Law School for its involvement in this? Didn't each of SBF's parents who were involved in the fraud make sizable donations to Stanford University?

**Paul Atkins**

I wouldn't know.

**Sen. John Kennedy (R-LA)**

Did they give the money back?

**Paul Atkins**

I wouldn't know that.

**Sen. John Kennedy (R-LA)**

Well, Mr. Atkins, I'd like you to find out. There shouldn't be two standards of wealth and punishment for people in America. And every time you come to this committee; I'm going to pounce on you like a ninja to find out what the SEC has done. Because I don't think the SEC has done a damn thing. And I read the paper where the Bankman-Fried's are trying to get a pardon. *They're crooks.*

I expect the SEC to do something about it.

If I'm the CEO of an American company, and I want to sell some of my company stock, I've got to file an electronic report with the SEC that becomes public immediately, and then I've got to wait two days.

Now, if I'm the CEO of a Chinese company, it's listed on American exchange. I don't have to do that, do I?

**Paul Atkins**

There are different rules for foreign issuers.

**Sen. John Kennedy (R-LA)**

Why?

**Paul Atkins**

Good question. Things have changed a lot since those bills were put out.

**Sen. John Kennedy (R-LA)**

Senator Van Hollen and [I have a bill](#). I begged Mr. Gensler to do something about something about it.

If I'm the CEO of a Chinese company and I'm also engaged in insider trading, I have to notify the SEC, but there's no time limit, and I'll have to file electronic I can sell them all better, and I'll have to wait.

And CEOs of Chinese companies have done that, haven't they?.

A bunch of these CEOs and Chinese companies listed on American exchanges have sold their stock and sold their stock, and stock immediately went down, and the American investors had to bear the losses, ten billion worth under the SEC nose. I expect something to be done about it.

Mr. Pettit, I understand where the President's coming from on tariffs, don't you?

America is the wealthiest country in all of human history, 70% of our economy is driven by consumer demand, consumer purchases. So why not use our bargaining strength, our economy to get foreign companies to build their plants in Louisiana? I get that.

Theoretically, it'll work. Somebody once said in the long term your dead. The moment you get to watch this kind of what the short-term effects of these stairs are already consumer expectations are going down. By John Goodman, can you tell me what the short-term effects will be? confirmed?

**Luke Pettit**

I look forward to working with you. It's difficult to assess the near-term impacts.

## **6. Senator Catherine Cortez Masto (D-NV)**

Mr. Pettit, talk to me about these tariffs. You know, we have currently imposed tariffs on Canada. What's the short-term impact?

**Luke Pettit**

Thank you, Senator. The impact of tariffs in the short run may increase the prices of the imported goods, but the objective of these tariffs in the long run is to help incentivize more manufacturing here in the United States.

**Senator Catherine Cortez Masto (D-NV)**

And if they impose more cost here for our companies, and companies pass that cost on to the consumers, which I have seen publicly intend to do is that higher cost from your consumer higher prices?

**Luke Pettit**

in the short term, they could lead to higher prices on imported goods.

**Senator Catherine Cortez Masto (D-NV)**

So you would agree with Canada's billboards that are in Nevada and across the country now that say tariffs are tax on your grocery bill? In the short term?

**Luke Pettit**

I'm not sure of the volume of imports of various parties and goods. But I would say that the intent of these tariffs is....

**Senator Catherine Cortez Masto (D-NV)**

I know the intent, but let's talk about short term impacts. Would you agree, along with Canada as a billboard now in Nevada, tariffs are tax on hard working Americans. You just basically said that's the ultimate result. Would you agree?

**Luke Pettit**

The effect of tariffs very different than attacks on Americans, but it could lead to higher prices, uncertainty, avoid goods, if the companies pass it, the cost on to the Americans.

**Senator Catherine Cortez Masto (D-NV)**

Yes. Okay, thank you. Let me ask you this. If you're confirmed, this is the Assistant Secretary of the Treasury, will you respect the independence of the bank regulators?

**Luke Pettit**

Thanks for the question. If confirmed, I look forward to working with regulators who do operate independently.

**Senator Cortez Masto (D-NV)**

And you will respect their independence?

**Luke Pettit**

I will

**Senator Cortez Masto (D-NV)**

Okay. So, explain, if you can, because Secretary Bessent has <sup>announced</sup> back it was a March 6 speech, he stated something to the effect of our financial regulators [“singing in unison from the same song sheet”](#) is what he is looking for.

We need our financial regulators “singing unison from the same song sheet. To be clear, it does not mean consolidation of agencies of coordination via treasury, such that our regular regulators work in parallel with each other.” What does that mean?

**Luke Pettit**

Thanks, Senator, I believe - and not speaking on behalf of Secretary Bessent – the intent of that statement was that we need to avoid the outcome of having regulators telling institutions different things, and so the institutions that are supervised by multiple federal regulators torn between conflicting

**Senator Cortez Masto (D-NV)**

So, regulators should work in conjunction, parallel with the Treasury Department.

**Luke Pettit**

No, I think the objective here is to ensure that there is uncertainty in terms of which rules to follow across different agencies.

**Senator Cortez Masto (D-NV)**

OK, I'm curious to see how this plays out.

Mr. Molinaro, Thanks for meeting with me. I really appreciate the conversation that we had in my office.

One of the things we talked about was transparency, and you called out your own Metropolitan Transit agents and a lack of transparency and accountability. Can you promise that as an administrator, you will provide the public and Congress transparency and job firings and federal funding freezes that are currently being ordered by the Trump Administration and those employed with DOGE?

**Mr. Molinaro**

Senator, I was nearly convinced none of you noticed that I was here,

Obviously. Senator, I don't know the card backs. My expectation and my commitment is to hold the highest standard of accountability and transparency. I had to work with your offices, certainly, to explain both impacts of previous and future decisions within the FDA.

**Senator Cortez Masto (D-NV)**

Thank you. I appreciate that. Let me ask you this - Congress previously worked deliberately in a bipartisan way to pass the infrastructure investment in JOBS Act, and the bill offers up to 108 billion for fiscal years, 2022 and 2026 to support public transit.

Will you commit to dispersing all of the already approved funding and the remaining funding consistent with how it was authorized by Congress?

**Mr. Molinaro**

Senator – and again, I do appreciate the time we spent together. I don't know the status of awarded and contracted grants. I did read I think yesterday morning that there is now some advancement in release of those dollars. As you know, what I said to say publicly, the President and the Secretary have asked me to advocate on behalf of transit systems across this country and the riding public. So my expectation to advocate for the disbursement is contracted and obligated awards.

**Senator Cortez Masto (D-NV)**

Thank you. And then finally, let me just ask you this. We talked a little bit about this rural communities and the challenges that we see for transportation in rural communities. I know your House district covered fast counties in upstate New York, where my husband and his family are from, and you're familiar with the lack of transit access. Can you talk a little bit about, not only the challenges you saw, how you address it, what you intend to do?

**Mr. Molinaro**

In 10 seconds, I will tell you I value working with supporting rural and regional transit systems. I think of hubs and spokes, urban in Dillion city centers, that being a hub those regional rural districts, rural transit systems being spokes, it's important we connect them to move Americans and grow the American economy. Thank you.

**Sen. Tim Scott (R-SC, Chair)**

Thank you. Senator Moreno.



## **7. Senator Bernie Moreno (R-OH)**

Thank you, Mr. Chairman, and thank you all of you for stepping up and willing to serve the country. It's very, very appreciated. I'll tell you, Mr. Atkins, man, you got you just have to be able to breathe and not be a complete raging lunatic and you are going to be greatest SEC Commissioner compared to the last night. I mean, congratulations on coming after Gary Gensler, who, objectively, probably was one of the stupidest people in government.

I would ask you question because there were some comments in my direction that I want to correct for the record. You've met President Trump, right? You've had a chance to interact with him?

**Paul Atkins**

Yes

**Senator Bernie Moreno (R-OH)**

Is he the President? Yes. Is he in charge? Is there a co president, or does President Trump make the decision

**Paul Atkins**

He is the President has an executive Branch.

**Senator Bernie Moreno (R-OH)**

Right. So there's no ambiguity in the White House as to who's in charge. It's Donald J Trump, right? I just find it ironic that my Democrat colleagues like to say this whole talking point of Elon Musk. I thought you guys loved Elon? 70% of EVs are sold by Tesla. What a terrible breakup between the left and Elon Musk. I mean, I'm convinced Taylor Swift is gonna write song about this someday.

But here's my question to you, who was in charge for the last four years? Who was in charge the last four years? When we had no idea who had completely clearly incompetent person was in the White House. It seemed like the most important person in the White House was an auto pen.

But moving beyond that, let's talk about the SEC for a second.

Are you worried about what's going on with American companies [having capital outflows to the Chinese backed companies](#), like corporate technology, limited in a company that sounds very nice and obscure and Western, in reality, it's a fully owned company for the CCP? Are you concerned about that?

Paul Atkins.

Well, Senator, I'm concerned about what I've read in the paper. I'm not in the building yet, and know what SEC is seeing and doing about it, but I know that obviously the work that you all do in Congress, I think, is very important to it.

### **Senator Bernie Moreno (R-OH)**

Well, I don't pretend to jump on you like a Ninja, but if you could please take a look at that, make it certain you look at what we're doing to make certain that US capital flows don't go into that office

Shifting over to you, Mr. Molinaro - I do not want you to feel ignored at all. So let's talk transit for a second. Do you think it makes a lot of sense to spend two or three times as much money for electric busses than for ones, for example, renewable or press, natural desk?

### **Marcus Molinaro**

I appreciate the question. Senator, I said my comments. I do think that local and regional transit systems need to purchase need and purchasing decisions that make sense for them. And while I embrace all of the above energy approach you're highlighting, renewable energy sources are, in fact, a great way, as I mentioned in addressing centers for your centers, question of marrying the agricultural, rural economy with mass transit. And so while currently the law requires a certain distribution, if you will, of dollars for low and no emission vehicles, you all will debate consider that through reauthorization, our job, I think, is to really encourage local and regional transit systems to make the purchasing decisions. It makes sense for them.

### **Senator Bernie Moreno (R-OH)**

Well again, they certainly make their own purchasing decisions, but not when they're billing the federal government two or three times they can do with something else that certainly accomplishes the mission that I see with my own eyes, trucking companies that put diesel generators in charge electric semis, it seems community the situation in Canada.

Mr. Pettitt, I move on to you because if I go over time the Chairman will electrocute me. We talk about tariffs, which is funny because I thought this was the banking committee and not the finance committee, and the situatuin in Canada.



You have a family and you have family members, do anybody who's ever been killed as a result of federal poisoning?

**Luke Pettit**

Not directly, but I have friends of friends who have been impacted by it.

**Senator Bernie Moreno (R-OH)**

Yeah, it's a life sentence.

Do you think that the President should do nothing? Like we should just continue to let 110,000, plus Americans die every single year of fentanyl poison?

**Luke Pettit**

I do not.

**Senator Bernie Moreno (R-OH)**

Do you think it's acceptable that Canada and Mexico allow that poison to go into this country?

**Luke Pettit**

No, sir.

**Senator Bernie Moreno (R-OH)**

So again, for four years, actually, before that, for decades, we did nothing. And President Trump is simply saying to our partners, hey, we'll let you run this off for \$300 billion you're going to trade surplus, but please don't poison 110,000 Americans. I don't think that's an unreasonable expectation. And I think what we look about there is that just shocked me that we started out these conversations that don't take it at the empathy of what's going on in places like Ohio has been ravaged by fentanyl.

Thank you, Mr. Chair.

**Sen. Tim Scott (R-SC, Chair)**

Senator Reed.

## 8. Sen. Jack Reed (D-RI)



Thank you very much, Mr. Chairman and John and Mr. Gould.

The OCC is charged with the enforcement of the Military Lending Act on federally chartered banks commit to vigorous enforcement of this legislation which protects our service minimum.

**Jonathan Gould**

Yes, sir.

**Sen. Jack Reed (D-RI)**

Thank you very much. As you know, the MLA bars lenders from charging service vendors that exist 36% interest. And I feel that's a good standard, not just for members, but for every American. And in fact, as I understand, the OCC supervision insist that interest rates not gonna be on 36% because doing so will be addictive for poor lending standards. Is that accurate?

**Jonathan Gould**

Senator, I'd be happy to look into that if I'm confirmed and get into the OCC.

**Sen. Jack Reed (D-RI)**

Well, if that, in fact, is correct, then I would hope you would join me in urging that we upon that military standard to all the American people, and we pass legislation with this body in the house to make 36% interest rate cap on all lenders. But I will look forward to working with you on that.

Mr. Atkins, private equity is growing exponentially. It's also becoming more widely available, not just to wealthy individuals, but to retail investors like in tech, the SEC just proved a exchange traded fund containing private credit assets. So there is a possibility that very risky or illiquid assets are now being included for sale to the retail

consumer. So it raises the question of what transparency and investor protection in place for private equity or private market investments?

**Paul Atkins.**

Well, thanks, Senator. It was a pleasure to chat with you in your office a few weeks ago.

Well, the one thing about public markets and ETFs and mutual funds, is that they have to abide by diversification rules, those sorts of things, which is a key investor protection device for those sorts of things with diversity in there, so that you know that one bet or one investment will not take whole thing =down. So I think that's key. And there's a whole process by which SEC Staff approves these securities offerings. And so I look forward to seeing what's, what's the work of SEC society, if I get confirmed and can get there.

**Sen. Jack Reed (D-RI)**

They're just now these private equity funds are large and growing, and they're larger than some of the public we capitalize companies that are regulated very rigorously by the SEC, and I think we are approaching a point where we have to have some regulation of these private equity enterprises, because, if not, we could find ourselves in a situation where the public is buying illiquid assets or - I saw this as we went through the 2008 crisis - not with respect to investments, with respect to housing.

But let me move on, Mr. Atkins.

Currently, the SEC has been a case against the Elon Musk for concealing his intentions while acquiring Twitter stock and one outside commenter said a very serious securities violation. It seems to have saved Musk about \$143 million

Mr. Musk has also had a DOGE, as we know, which has been burrowing into agencies and disrupting agencies. Given that SEC is currently using resources. Musk, what would you do if the DOGE team showed up and Mr. Musk and knocked me on your door?

**Paul Atkins**

Well, I don't know anything about the case other than what I've read in the paper, so I can't speak to that. But you know, as far as you know, if there are people who are who can help out with creating efficiencies and agency or otherwise, you know, I would definitely work with them, and we'll be looking at things going on at the Commission right now to make sure that taxpayer funds are being used properly, that the work of the Commission is being done effectively and efficiently.

**Sen. Jack Reed D-RI)**

Would it be a surprise if the case against Mr. Musk was suddenly dropped?

**Paul Atkins**

I have no way to judge what the merits are.

**Sen. Jack Reed (D-RI)**

Thank you. My time is expired.



**9. Sen. Katie Britt (R-AL)**

Thank you, Mr. Chairman, thank you all for your willingness to be here in your willingness to serve our country at the highest level.

You all are up for very critical roles in effect lives all Americans, which is very important that you all bring transparency. It is important that you all bring transparency and accountability to the agencies that you are going to serve. I am not going to ask you all to comment on the past.

I do want to highlight a couple of the needs of change here.

Over the last few years, we've had agencies that prioritize speed regulation over thoughtful policy making, rushing into policy making without proper due diligence or justification.

In fact, we have regulators sitting in this room and our other committee hearing room in front of us, and one by one, tell me that they believe the US banking sector was the strongest and well capitalized across the world.

I agree. However, immediately calling for higher and more regulation and higher capital standards. Right after that, I mean, I literally asked them after the 2023 banking failures, I said “did you use every tool in their toolbox to prevent this?” Every single one of them locked down and said, “I don't know. I

don't know. I don't know.” I'll get back to you. But then in quick response after that, they all say, more power and more authority to prevent that in the future. That is absolutely not acceptable.

One of the things we also must reinstate is proper “[regulatory tailoring](#).”

So I was able to sit down with Senator Crapo right after these failures and ask him about S. 2155.

My first question is for you, Mr. Green, former staffer or to former staffer, can you speak to the purpose of S. 2155 and how a balanced regulatory framework actually promotes stability and growth? But it is my belief, whether it's capital, liquidity, operational risk management, an Alabama bank with less than a billion dollars in assets should not be subject to the same threshold as a \$3 trillion bank, and I'd probably say the same \$350 billion bank. I think there's purpose in this, and I'd like your thoughts.

### **Jonathan Gould**

Thank you very much for the question.

It's certainly the case that not all banks business models look the same or have the same risks, and as a result, they should not be treated the same way, whether as a matter of regulation or as a matter of supervision, if we want to preserve a diverse banking sector, which is to say a sector in which we have banks that are small banks, and we banks are going to local communities, to the largest banks, and everything in between. Senator, we need to ensure that we, the regulators, if confirmed I would be the comptroller, adhere to both the letter of the Economic Growth Act as well as the spirit of it, and making sure that we are bringing common sense tailoring to both bank supervision and bank regulation.

### **Sen. Katie Britt (R-AL)**

Thank you for that commitment.

Also, in the rulemaking that we've seen over the last couple of years included significant confusion and compliance costs to some of our smallest banks, our community banks, and our businesses in rural America and our main streets that make our state so great.

Mr. Pettit, this question is for you. In your role of overseeing bank policy, will you commit to regular communication with Community Bank sector to ensure that the rules that are going to be considered are taking a look at their unique business model? What is the cumulative impact of these things? How is the actual enforcement mechanism? What is this going to cost? How is this going to affect them and the relationship banking? Will you commit to looking at that before moving forward?

### **Luke Pettit**

Yes. Senator, I've seen first-hand the role community banks play in adding to our banking system in states like Tennessee and Alabama that would be otherwise would be under banked. So I look forward to working with them. Thank

**Sen. Katie Britt (R-AL)**

I only have a minute left and I have two more questions.

Shifting to the SEC, I want to touch on the Consolidated Audit Trail, or CAT. This massive data collection poses serious security privacy risk for consumers. I'm pleased that the agency has recently halted the Cat COLLECTION serving personal identifiable information. However, I still have concerns the data that's already been collected and similar than cat creates a target for bad actors.

Mr. Atkins, will you commit to reevaluating both the necessity of CAT and whether adequate protections are in place to safeguard that data that has already been collected?

**Paul Atkins**

Absolutely.

**Sen. Katie Britt (R-AL)**

Thank you so much for your leadership on that.

And Congressman Molinaro, I see your former colleagues flooding in from the back. You have just immense support for both sides of the aisle and everyone who's had an opportunity to work with you. I'm excited for your leadership in this new role. When you said I'm gonna help America move forward, I couldn't agree more. One of the things you see in Alabama is having many rural communities, sometimes that takes extra effort and extra thought. Do you have anything you want to add or talk about with regards to how you incorporate rural communities into your plans?

**Marcus Molinaro**

Critically important.

Obviously, many of your constituents need to move within their communities, but to other communities for employment. I think the FDA can lean in with technical support, working with regional and smaller transit agencies to provide back office support, really to grow their capacity. But we look forward to

getting on the ground, working with you, your staff and local officials to assist in meeting the needs of rural communities.

**Sen. Katie Britt (R-AL)**

Thank you so much. Thank you all.

**Sen. Tim Scott (R-SC, Chair)**

Senator Smith,

**Sen. Tina Smith (D-MN)**

Thank you. Chair Scott, Ranking Member, welcome to all of you. Thank you for being here. I will actually follow up on the question that my colleague, Senator Britt just asked about world trans Mona and I spoke about this just yesterday afternoon. So I appreciate that that question.

So the FTA is going to be responsible, is responsible for lots of grants and projects that are already in the pipeline. Things are already happening, and contract support materials construction is in process, about engineers and electricians and the whole nine yards showing up to work. And my question is concerned about what the administration has been doing to pause or halt or sometimes cancel projects, even projects that are across all other agencies that are already in process. So can you just talk about how you would approach this leading FDA, and are you able to commit that the funds that we authorize through infrastructure jobs act from those projects will keep moving and the funds keep flowing?

**Marcus Molinaro**

As I said yesterday. I don't know the status of the individual grants, but it is my commitment, as the President has asked and as the Secretary expects, I will continue to advocate for the release of dollars, and certainly meeting the contractual obligations of the FTA.

As I noted a few moments ago, I read yesterday, and this is the only information I have, public notice that some of those grant projects are now moving forward. I believe congressionally directed dollars are starting to flow. And so my commitment to use doing your team to advocate for and hopefully move effectively those dollars. I'm sorry, it is critically important.

I understand the reality that in order to move massive infrastructure projects, even small transit projects, that commitment from appropriation to ultimate obligation and contract is important.

**10. Sen. Tina Smith (D-MN)**

That's right. I think that's important. And of course, at the end of the day, if you have small rural transit agencies that are in the midst of a project, and then that project is held up because federal government is living up to its commitments, and that's just money out of the pockets of my constituents.

We're gonna have to figure out how to cover the cost otherwise and for Minnesota money to the federal government to get back. So this is a matter of great interest.

Mr. Atkins, I want to talk to you about private funds.

There's growing evidence that private fund managers are taking advantage of their unregulated, unregistered status. Pardon me, unregistered status.

In 2022, the SEC warned that managers are not disclosing the full fees and expenses that their investors are paying and are using cherry picked track records to artificially inflate their funds performance. And in December, The Wall Street Journal reported that private markets as a quote, come at the cost of higher fees, greater risk, more conflicts of interest and less disclosure. And that matters because it means your work pension plans or retirement accounts get saddled with those on higher fees. So Mr. Atkins, do you agree that private fund managers are charging IR fees and expenses to their investors and their public market counterparts?

**Paul Atkins**

Well, Senator, I think there's a whole range of fees for them, but I would - to your point there - as far as you know, the not being truthful in disclosure can be applies whether or not, whether it's public or private security. So that, I think, is one, one way to protect investors. If there be, you know, any disclosure.

**Sen. Tina Smith (D-MN)**

So you're saying that investors shouldn't be protected by making sure that they know what those fees are going to be in advance?

**Paul Atkins**

Well, these are, these are accredited investors, and people who are not, not retail investors, and so they have the means to do investigation. But if they are, if the disclosures are incorrect, then that's materially Correct. That's an action.

**Sen. Tina Smith (D-MN)**



So the typical management fee for private fund can be four times higher under the annual fee for mutual fund, and that doesn't even include the profit supports that those fund managers do for themselves, which push up to 20% in multiple studies have found that private funds rarely, barely, I should say, beat the stock market if they do it all. Do you think that private fund managers, what's your take on what we are doing to make sure that this is fair for people?

**Paul Atkins**

Well, I think people who are investing in these sorts of funds, you know, are more sophisticated in general than others, where they have the will, but they have the ability to hire advisors so they don't need to pay that. There's quite other alternatives. You don't necessarily need instruments.

**Sen. Tina Smith (D-MN)**

I think this is a matter of concern. And I think that as these funds become my constituents that are in response, and it's not a good thing. Thank you,

### **11. Sen. Raphael Warnock, (D-GA)**

Thank you Chairman, to the nominee. Welcome to all of you and your family's president, congratulations on your nominations.

Mr. Atkins, thank you for meeting with me a while ago in my office, and I'd like to follow up on our discussion specifically regarding the 2008 financial crisis, which devastated millions of Americans.

Millions of Americans, as you know, lost their jobs. Families lost families lost their homes, seniors lost their retirement savings, and instead of families getting the help they needed, Americans saw Wall Street get bailed out. You served as a commissioner on the Securities and Exchange Commission under President Bush during the lead up to the crisis, from 2000 to 2008.

In 2009 you were appointed serve on the congressional oversight panel for Trouble Asset Relief Program, which Ranking Member Warren chair, and which oversaw the federal government's response to the financial crisis.

When we met a few weeks ago in my office, one of the questions you might recall that I asked based on your experience, what did you learn from the financial crisis? And you spoke in your answer about the over-regulation of banks and the financial sector. Can you share more on it?

**Paul Atkins**

I don't think senator, well, there are many causes to that financial crisis, and obviously it was really awful, and, and, but what troubles me is that some of the key factors to it are still present, and that is things like Freddie Mac's activities in marketplace, and how that can potentially create problems in the future, similar to what went on 20 years ago, 25 years ago.

**Sen Raphael Warnock, D-GA**

So in meantime, as far as what SEC is doing right before to figure out what the examination show, with respect to that, what do you think was the big takeaway from in terms of lessons learned from the crisis?

**Paul Atkins**

Well, I think that one is over-leveraging is obviously not a good, sound business practice. And I think because of, frankly, because of a lot of the distractions that went on during that time, from the leadership at the SEC, from the chairman and others were making that were not central to the situation at the time, I think that helped to create a distraction.

**Sen Raphael Warnock, D-GA**

One thing that struck me by your answer in my office, and you seem to be Elon as you talk about distractions, was that you felt that over regulation. Is that an accurate characterization of your view that the big problems was "over regulation" that led to the 2008 financial crisis?

**Paul Atkins**

I know about over regulation. I don't recall saying that, but I think focusing on the wrong things to create that crisis, being distracted by ancillary issues and not focused on what's really important.

**Sen Raphael Warnock, D-GA**

Do you think less regulation would help? I think it was misrepresentation.

**Paul Atkins**

Frankly, we said resources are not focused on actual problems.

**Sen Raphael Warnock, D-GA**

Do you think that we were too hard on the banks?

**Paul Atkins**

Well, sec law, banks are securities firms. I think again, the distortions that were created through the regulatory scheme at the time, helps to distract.

**Sen Raphael Warnock, D-GA**

Distract, I some ways, from we were doing hard on the banks.

**Paul Atkins**

No, I don't know about too hard, but just again, focus.

**Sen Raphael Warnock, D-GA**

I'm asking because there are communities in Atlanta, especially communities that I'm close to, folks that I know, and people in my jersey that still haven't recorded, I mean, we saw a huge transfer of wealth as a result of this crisis. The banks got bailed out. Wall Street got bailed out. But consumers didn't get bailed out. And often, and I'm asking you, because you're the nominee at the SEC, and I'm just trying to get an understanding of what you think we need to do different.

Let me press on. Speaking of going easy on Wall Street, you previously been critical of monetary fine against companies charges fraud, and confirm, will SEC continue to find companies that break the law?

**Paul Atkins**

Absolutely. But I obviously depends on the situation, and I was there, the Commission adopted a bipartisan statement on corporate penalties.

**Sen Raphael Warnock, D-GA**

Do you have an issue with penalties as a way of making sure that they comply with the law?

**Paul Atkins**

No.

**Sen Raphael Warnock, D-GA**

Thanks so much.

**Sen. Tim Scott (R-SC, Chair)**

Thank you, Senator Kim.

**12. Sen. Andy Kim (D-NJ)**

Thank you Chair. I wanted to start with you. I know that there was mentioned earlier about the Consolidated Audit Trail. I just wanted to ask you, do you agree that the prospect of prospects of foreign companies manipulating our market presents a national security threat?

**Paul Atkins**

Yes, especially in the day of AI and everything else.

**Senator Andy Kim (D-NJ)**

So I think hopefully all of us can agree upon that. So I guess I wanted to ask about the CAT, it's really our only tool that tracks more manipulation across companies, particularly in foreign companies, what is your thoughts on whether or not we should continue on with CAT?

**Paul Atkins**

Well, so the Consolidated Audit Trail, I look forward to looking into what the status of that whole situation is. It's obviously costs a lot of money and a lot of effort, both by the SEC, but then also with respect to market participants. So is it well coordinated and well calibrated to meet the needs that it's stated hopefully meet. So I think it needs to be a reviewed.

**Sen. Andy Kim (D-NJ)**

So you don't have a position right now that it should be taken away?

**Paul Atkins**

I need to look at what the status is, I only know what I read in the newspaper. FINRA is obviously involved in that, and the SEC, and then the exchanges. A lot of people have spent a lot of money. I hope it's towards a good end, but that's what I intend to find out, should I be confirmed.

**Sen. Andy Kim (D-NJ)**

The reason why I raise this is because I know you were listed as a special contributor to that portion of the party. 2025, portion of the project 2025 project 2025 compilation there, which explicitly calls for the termination of the consolidated audit trail program. So I guess I just wanted to respond - do you then disagree with what you saw in Project 2025 talking about this.?

**Paul Atkins**

Well, actually, I participated in the call or two on that, so I wasn't involved with drafting. So again, I commit to looking at the situation, the way it is now, what the plans are, how efficient it is, what the costs are going to be. They've ballooned a lot from what it started out, and even the mission of it has kind of veered off from the way it was stated from the folks who voted on it back originally. So I think we collect with anything else, things change over time. I think we need to look to see if it's going to be focused on the mission that it's trying to solve.

**Sen. Andy Kim (D-NJ)**

Well, that's a helpful clarification, because I want to get a senses, because I was concerned, because it just seemed like, look, this is an important tool. It's important for us to be able to fight back against that type of manipulation that could occur when it comes to our markets, something that we've seen at a level, we've seen sort of a rise of greater global competition, whether your concerns about Chinese companies or others trying to manipulate so please, you know that's something that I urge you, if you're confirmed, to prioritize and to do everything we can to make sure that these tools are in place.

I personally think that CAT program has been helpful, is important, and is really our only tool when it comes to this. So I just wanted to emphasize that, in particular.

**Sen. Andy Kim (D-NJ)**

Mr. Molinaro, just wanted to be able to turn to you, just be able to ask, when it comes to the FTA, just what your thoughts are in terms of how we consider adequately staffing that at a time when we've seen efforts across this administration to be able to decrease that.

In particular, I was very concerned about just the lack of protections for probationary employees in terms of how they were terminated at FTA, like a response to them.

**Marcus Molinaro**

Sure, as I mentioned earlier, and appreciate our time together. I do want you to know I spent some time talking with Chris Gloria and New Jersey Transit. I don't know the status of those hiring and dismissal

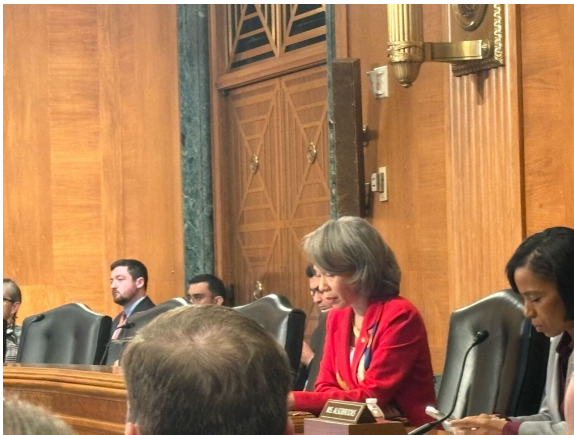
decisions. What I've read, having spent most of my life in local government, I can tell you, any given day, I would wake up and the federal state government would impose a mandate that requires to do more with less. But my goal is to show respect to this career staff. I have a great deal of appreciation for them, assess the impact of those decisions and to really demand and to work with the team to deliver the highest results with the team that's been presented to me.

**Sen. Andy Kim (D-NJ)**

Well, as we talked about when we have chance right now, I think there's no discussion that thinks that we're doing on transit is enough, but there's more that we need to continue to push on and for us to be able to meet that moment and supercharge this. I really think that we need to understand that you willing to take those types of investments you and I talked about as a national priority, prioritize that expertise that can be brought by some of these public servants.

**Marcus Molinaro**

I share that interest, Senator.



**13. Sen. Lisa Blunt Rochester, D-MD**

Thank you, Mr. Chairman and Ranking Member Warren. I want to start off by saying that for the nominees that are before us, your responsibilities are pivotal, not just for our country, but for the world, and I feel it's unfortunate that you did not each get the requisite time that was commensurate with how important your positions are. I will ask you some questions for the record so that you are not all left out.

**Sen. Lisa Blunt Rochester, D-MD**

But right now, I want to focus my questions on you, Mr. Atkins.

I'm deeply concerned about your record, and even in the course of this hearing, when asked about why the financial crisis happened, I have here SEC distractions. I have ancillary issues. Instead of the question, when it was posed to you, was there over regulation? You said, mis regulation. You mentioned Fannie and Freddie. Was there anything that you wrong?

**Paul Atkins**

Well, Senator, you know, I was one of five commissioners. Obviously I was not in charge. And during that time, you know, there were things that I disagree with which I when I was talking about distractions. I really believe that some of the things that the then-chairman (Christopher Cox) was pushing and that he had a majority on, I do think that distracted staff from focusing on the real problems of leveraging securities industry, which contributed the Bear Stearns issue and then - the underlying issues of Fannie and Freddie were the securitization of subprime mortgages, and distortions that did the marketplace were really critical, and we, and the Congressional oversight panel, found....

**Sen. Lisa Blunt Rochester, D-MD**

But, was there anything that you got wrong - when you look back - was there something you would have done differently?

**Paul Atkins**

Well, I think as far as looking at over leveraging and what the what the staff did or did not do, and I think that that's one thing that I believe SEC should be on top of.

**Sen. Lisa Blunt Rochester, D-MD**

Did you vote for the consolidated supervised entity program?

**Paul Atkins**

I did, it was a unanimous vote of the Commission, but I did ask a crucial question, "do you do you the staff and the resources to effectively take on that burden?" And I was assured by the staff of the chairman, "yes." And I think that was part of the problem.

**Sen. Lisa Blunt Rochester, D-MD**

I think looking back, we know that this allowed the five large investment banks to extremely leveraged positions in mortgage back securities that ultimately failed and bankrupted or seriously destabilized those firms. And the SEC inspector general determined that this program and the poor oversight of these banks by the SEC contributed to the crisis. And as Senator Warnock said, we saw people lose their homes, people lose their jobs and their retirement savings. I hope that we will learn some lessons.

**Sen. Lisa Blunt Rochester, D-MD**

Right now, the administration isn't really waiting to deregulate. It's kind of dismantling day by day operations. It's my understanding that the SEC has shuttered regional offices, including the Philadelphia offices that serves Delaware and offered buyouts, maybe \$50,000, for people to resign or retire. Do you agree with shuttering these regional offices?

**Paul Atkins**

Well Senator, its been now, 15 years since I was at the agency. So I don't, I don't really know what the management is like, or what deficiency is, or how best to make sure that we're using taxpayer money.

**Sen. Lisa Blunt Rochester, D-MD**

Did you think they were overstaffed when you were there?

**Paul Atkins**

Well, I don't really remember, and I wasn't again, commissioners don't have influence, really, over the HR part of the agency, so as German coming in, that will be on my desk.

**Sen. Lisa Blunt Rochester, D-MD**

I think one of the big concerns is that without the staff, it's hard to have oversight. A lot of folks rely on the SEC, the "no action" letters, for example, businesses that are trying to process an IPO. And so I think it's going to be vitally important that there actually be people there that can do the work.

**Paul Atkins**

Very vital.

**Paul Atkins**



Lastly, I would just say, as a person coming from the state where the financial sector is vitally important, you know, your jobs are important. The we have six CDFIs in our state. We have a community bank.

And so these these banks, these institutions, support small businesses. They support our communities. And so there will still be a strong focus on them as well. Thank you, Mr. Chairman,

#### **14. Sen. Angela Alsobrooks (D-MD)**

Thank you so much, Mr. Chair, Ranking Member Warren as well. And to all of the nominees, congratulations on your nominations, and thanks for being here today.

I'm going to try to try to quickly get through just four questions.

And I agree with my colleague that the work we're here to discuss, they literally will undergird the economic success of our country. So these are, these are very, very important questions.

Regarding transit, I want to start with Congressman Molinaro and talk about transit, which has traditionally been bipartisan. That's the approach that's been taken toward transit, advancing transit priorities.

And I look forward to working with this committee and with you have confirmed. The first question is regarding discretionary federal grants that are so important and provide critical funding for public transit projects, and they supplement, often, the formulas that many states use, like Maryland, but unlike formula funding, these competitive grants allow local and regional transit agencies and partners to secure additional resources for projects that address specific community needs. I want to list a few of these important programs, including the capital investment grants program, the busses and bus facilities program, the low or no emission program and the better utilizing investments to leverage development, the build program.

If you are confirmed with an advocate for robust funding for these important programs?

#### **Marcus Molinaro**

Senator, the answer is yes.

Senator, I would offer you, having served in local government, I truly understand the value of making sure that those additional dollars, while discretionary skill written statute are available to regional and smaller transit organizations. I would just say, "mayor" was the title, I enjoyed the most, "county executive" is one where I got done the most. So it's nice to do it with you today.

**Sen. Angela Alsobrooks (D-MD)**

Thank you so much. The second question, Mr. Congressman, is regarding the transit workers union and the work that they do. I know that you mentioned this a few moments ago, the great respect that you have for our civil servants, and as you know, we've seen, it's no secret that many of them are high constituents. And as you are aware, there's been so many firings and such that have millions on ceremonies. I just want to ask you, are you aware of any plans to fire FTA employees? If you are confirmed?

**Marcus Molinaro**

There's no way that I would know that. So I don't.

I would reaffirm my commitment to the both the career staff, but also to the transit workers, whose safety and lives are valuable in moving Americans and we working together with you and your staff to address. I know about the concerns that you have for transit workers.

**Marcus Molinaro**

Well, you know, do you support the reducing of the workforce here? I know that you are not being aware at the moment, but is, Are you supportive of reducing the FDA workforce? I'm going to start showing our survey with those decisions having been made, I will certainly advocate for for the workforce and for the work that they do.

**Marcus Molinaro**

As I said, as a local government official, on any given day, we would have to wake up at the ball, that's the expectation. But you have my commitment to advocate for not only the agency, but the transit organizations and the people who rely on those transit opportunities across America.

**Sen. Angela Alsobrooks (D-MD)**

Thank you. Just so quickly I see the time is totally Mr. Atkins, want to ask you quickly were questioned just a moment ago regarding a case that's happening right now, and acting SEC chairman, Mark Uyeda, effectively asked SEC staff for loyalty pledge when SEC staff were considering an enforcement action against Elon Musk for failing to disclose vital information about Twitter stock price. And I hope you can just answer really quickly Yes, and will you commit to not allowing any political influence from the White House or the Department of government efficiency on the SEC's supervisory and enforcement decisions against companies?

**Paul Atkins**

Well, I think we should call the shots as they....

**Sen. Angela Alsobrooks (D-MD)**

are, any sort of political influence, and you would oppose any political interference, okay? But if there is, you will oppose it.

And then will you commit also to resisting any effort by those to ignore the congressional direction regarding staffing and funding for each division, because you recognize that that funding is set by Congress?

**Paul Atkins**

Well, I will work with Congress, and I will see what the situation is there and take suggestions where they may come from but it will ultimately be my decision.

**Sen. Angela Alsobrooks (D-MD)**

Okay. And finally, Mr. Pettit, just very quickly, I just want to ask you also whether you agree. [Secretary Scott Bessent recently said CDFIs are a key component supporting Main Street America.](#) Do agree with that?

**Luke Pettit**

Yes, Senator.

**Sen. Tim Scott (R-SC, Chair)**

Senator Banks.

## **15. Sen. Jim Banks (R-IN)**

Mr. Atkins, manufacturing relies on intensive capital investments, build plan equipment and develop technology. But capital investment available to companies big and small, has stagnated in recent years. The Jobs Act, which was signed into long decade ago, made it easier for companies to sell stock, but there's still a huge regulatory burden on companies that are trying to go public.

How can the SEC reduce that regulatory burden?

**Paul Atkins**

Well, Senator, there are fewer, [40% or so fewer public companies today than 30 years ago](#), and a lot of that, and very much fewer new companies coming in through ideas. So a lot of that is a regulatory burden. A lot of that is the location issue towards the lawsuits, that sort of thing. So I think all of that needs to be focused on, because that is spreading our capital markets as hurting ability for young companies to get capital they then rely, of course, on private markets, because the public markets are dysfunctional.

**Sen. Jim Banks (R-IN)**

So what can that SEC and you do about it?

**Paul Atkins**

Well, I think part of the problem is that this is the SEC never fully implemented the JOBS Act, and you reference to that. And so I think we need to look at that and re examine it, and work with you all in Congress to maybe have some changes to statutes that could then help determine charge the new issue. Mark on the note, how can we encourage more of the kind of the kind of capital investment companies compete against China's manufacturing economy?

**Paul Atkins**

Well, I think again. I mean, there's, there's a lot of capital out there, but it's just not coming into the public markets because of all of the roadblocks to regulatory so if we can streamline that, and then have encouraged people to utilize public markets to other markets.

**Sen. Jim Banks (R-IN)**

Mr. Chairman, I had like three other committee hearings going on, so I might have missed some of this conversation, and you might already talked about this. But as you know, the last SEC Chairman, Gary Gensler, was a big fan of the so called "ESG investing" and pressured Wall Street to adopt it, and this is basically an attempt to force regular people, like who I represent, Hoosiers, who are hard working Hoosiers represent all, to invest in companies that promote left wing social causes that they often disagree with, instead of companies that build and make great things and sustain this American economy. Do you think ESG investment makes America's economy stronger? And why, or why not get politics out of financial markets and out of how the SEC interacts with the financial markets?

**Paul Atkins**

Unfortunately, there were some out there who are using other people's money to try to influence corporations, through the distortions of the corporate governance process and that sort of thing. So that will end, and we will have procedures in place so that that money managers and others will be focused on actual investment strategy, and talent politics.

**Sen. Jim Banks (R-IN)**

Well, I look forward to working with you. How can we encourage investors and fund companies actually make things, actually make like investing companies actually make things and build, build things. I think about the manufacturing economy in Indiana, the number one manufacturing state per capita in the country. And is it, what can we promote investors to invest there rather than "woke causes," if that makes sense, but that more like we want investors to invest in companies that do and make things, if that makes sense?

**Paul Atkins**

Well, I think some of that is maybe some of the distortions of these companies, these money managers have sold products, but ultimately, the marketplace investors themselves have seen a whole shift here recently, away from the sorts of funds that you're talking about into more mess-able types of things.

I think that's good for America and good for for our economy.

**Sen. Tim Scott (R-SC, Chair)**

That concludes the "question and answer" portion of today's hearing, I'd like to thank our nominees just fine before the committee today, thanks for your country.

All follow on questions for the record must be submitted by noon tomorrow, Friday, March 28 and for our witnesses, please respond by Monday, March 31 at noon as well to the written questions you received in order to facilitate this committee properly processing your nominations.

With that this hearing is adjourned.

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