

United States Senate
WASHINGTON, DC 20510

May 28, 2014

The Honorable Barack Obama
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

We write regarding your selection of nominees to the Board of Governors of the Federal Reserve System (the Board). With its responsibilities for oversight of the financial system, it is critical that the two remaining nominees for the Board be leaders who possess expertise in financial regulation and have demonstrated a strong commitment to financial reform.

The management of the nation's monetary policy is one of the most important duties of the Board, but missteps on financial stability can overwhelm the careful work that the Federal Reserve engages in on monetary policy and bring about devastating harm to the economy. As the events of 2008 showed, when the Federal Reserve and other financial regulators failed to engage in appropriate financial regulation, the results were the worst financial crisis in 80 years, a massive bailout of the global financial system by U.S. taxpayers, and a Great Recession that left tens of millions unemployed and eliminated \$19 trillion in household wealth.¹ Financial regulation and oversight obligations must be front and central to the Board's work now and going forward, which should be reflected in the new makeup of the Board.

The Dodd-Frank Wall Street Reform and Consumer Protection Act solidified the importance of financial regulation and systemic stability for the work of the Board. Moreover, in the aftermath of this crisis, significant gaps in oversight have meant that few have been held sufficiently accountable. With additional responsibilities and oversight duties, it is now more important than ever that the membership of the Board reflect those priorities. Governor Daniel Tarullo has worked tirelessly to lead the Board's financial reform initiatives under then Chairman Ben Bernanke and now under Chairman Janet Yellen, but he cannot do it alone. Financial stability and regulatory issues are of the highest importance and should have adequate Board membership to give serious attention to those efforts.

Accordingly, we urge that the remaining openings be filled with nominees who possess the expertise and have demonstrated the commitment to address the problems revealed in the crisis and who can advance the work of the Board on financial regulation and oversight. This role

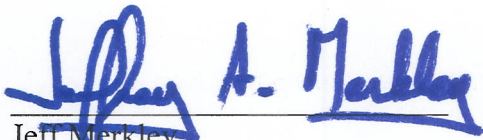
¹ "The Cost of the Wall Street-Caused Financial Collapse and Ongoing Economic Crisis is more than \$12.8 Trillion," Better Markets Foundation, September 15, 2012, available at: http://bettermarkets.com/sites/default/files/Cost%20Of%20The%20Crisis_0.pdf

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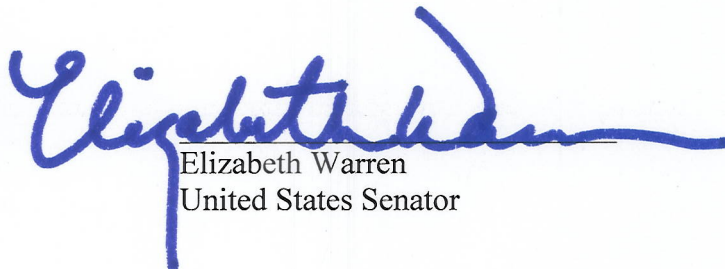
could be filled by a number of qualified candidates who played important roles in investigating, analyzing, and responding in legislation and regulation to the global financial crisis and who, from past work at a regulatory agency, Congressional committee, academia or similar experience, have the vision and leadership skills to advance the crucial reforms the Federal Reserve is now in the process of implementing. A community banker with a strong commitment to a level playing field for the Main Street economy would also be a strong candidate for one of those seats. While recent nominees for other Board seats have strong macroeconomic and international experience, which are undoubtedly important, maintaining a balance of experience in the membership of the Board will help ensure that financial reform and oversight priorities are given adequate attention and continuity and will help build a bench of financial reform leaders who can carry the mantle going forward.

As more time passes since the most recent financial crisis, we must not lose our focus on the importance of financial reform for the stability and growth of our economy and the success of our working families. We appreciate your attention to this critical issue as you consider potential nominees for the Board.

Sincerely,



Jeff Merkley
United States Senator



Elizabeth Warren
United States Senator