

CONGRESSIONAL OVERSIGHT PANEL

Elizabeth Warren, Chair | Sen. John E. Sununu | Rep. Jeb Hensarling | Richard H. Neiman | Damon Silvers

Opening Statement of Elizabeth Warren

Chair, Congressional Oversight Panel

April 29, 2009

Good morning. Welcome to today's hearing of the Congressional Oversight Panel, "The Credit Crisis and Small Business Lending."

I want to thank Common Council President Willie Hines, Jr. for joining us today. He will give remarks before we hear from our witnesses. Also, I also thank JoAnn Anton with Senator Kohl's office for her assistance to the Panel in putting together this hearing. In addition, I want to acknowledge the help of Brady Williamson, a senior partner in the Godfrey & Kahn law firm in Madison, Wisconsin, both for his help in setting up this hearing and for his good counsel in many things.

My name is Elizabeth Warren, and I am the Chair of the Congressional Oversight Panel.

Last fall, Congress established this Panel to oversee the expenditure of funds from the so-called Troubled Asset Relief Program, or TARP. We are here this morning in the spirit of one of the most famous native sons of Wisconsin, Fighting Bob LaFollette, who expressed the idea that this Panel tries to live by, "Government must be made more responsible to the people."

Since our first report last December, we have asked Treasury a number of tough questions on behalf of taxpayers. When we've been unsatisfied with Treasury's answers, we've pressed them for better ones.

The Panel's questions have covered a lot of ground, but we have consistently pushed for three things: greater transparency, more accountability, and greater clarity in Treasury's programs.

Treasury has announced multiple programs intended to restart consumer and small business lending, but are those programs working? For all the billions and billions of taxpayer dollars spent on the various programs, is the average family or small business in Milwaukee feeling the effect?

These questions are important not only because of the scale of the taxpayer's investment, but also because of the scale of economic slowdown and uncertainty all across this country.

Families from coast to coast are feeling the impact of the economic crisis, but it is important to study Milwaukee in part because it has not been swept into the boom-and-bust cycle that has hit some areas. But it has felt the impact of the slowdown nonetheless. Last month, unemployment here surpassed 11 percent – almost twice the unemployment rate just a year ago. At the same time, the *Journal Sentinel* has recently reported that mortgage delinquency rates have continued to rise across the state, and home values here in Milwaukee have fallen 7.2 percent in value just over the past year.

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The convergence of unemployment, foreclosure, and falling home values has reduced the confidence of families and led to a vicious economic cycle – one that is understood here as well as it is anywhere.

While Milwaukee has important perspectives on a wide range of economic issues, we have come here today for a specific purpose: to learn more about the impact of the credit crisis on small business lending here and across the state of Wisconsin.

As everyone in this room knows, small businesses are vital to our economy and will be vital precondition to economic recovery. They are not only the engine of innovation in this country, but they also produce more than half of our nonfarm GDP and have produced more than half of new jobs over the past decade. The challenges of small businesses are many, but the acquisition of credit is a vitally important one – especially in times of economic slowdown.

Today, we have invited small business owners and bank officers to testify about the impact of the credit crisis on small business lending in Milwaukee. Their take on the local economy offers an important context for policymaking happening in Washington.

Our witnesses today include:

- **Tom Klink**, President, Jefferson Electric, Incorporated. Jefferson Electric has been designing and manufacturing transformers in the Milwaukee area since 1915 and has grown from \$9 million to \$27 million in value over the past five years.
- **Robert Atwell**, Chairman and CEO, Nicolet National Bank. Nicolet National Bank operates six branches in Northeast Wisconsin, holds approximately \$700 million in assets, has been a recipient of TARP funds, and has reported lending \$54 million in new loans in the time since.
- **Wayne Perrins**, General Manager, Badger Trailer and Equipment Corporation. Badger Trailer and Equipment makes refrigeration systems for trucks and other vehicles and has been family-owned and operated in the Milwaukee area since 1916.
- **Peter Prickett**, President and CEO, First National Bank-Fox Valley. First National Bank Fox Valley is based about 100 miles north of Milwaukee and operates four branches in the region. The bank's assets total more than \$200 million, and it is a recipient of TARP funds.
- **David Griffith**, Owner and CEO, Cross Towne Machining. Cross Towne Machining manufactures precision machinery for clients in the Milwaukee area. Although the company has qualified for a 7(a) SBA loan, it has been unable to find a bank willing to lend.

Thank you each for being here. I look forward to hearing more about your businesses and your perspective on the economic challenges that Wisconsin – and the nation – are facing.

I also want to note that Richard Neiman, one of our panel members who is also the New York Superintendent of Banks, wanted to express his deep regret that he could not attend this hearing. Consumer and small business lending is a topic that is of great importance to Mr. Neiman and ensuring access to safe and affordable credit is a top priority for him. He asked that I convey his gratitude to the witnesses for their testimony today and he is looking forward to reviewing our discussion from the Q&A session.

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I now yield to my colleague Mr. Silvers for any remarks he would like to make at this time.

Mr. Silvers?