

Congressman Peter King (R-NY), Statement for the Record in Support of H.R. 3128
Financial Institutions and Consumer Credit Subcommittee Hearing
May 18, 2012

Mr. Chairman, thank you for calling today's hearing. I would also like to thank Congressman Grimm and Congresswoman Maloney for introducing H.R. 3128, which would make a technical change to the Dodd-Frank Wall Street Reform and Consumer Protection Act. As a cosponsor of this bill and a Senior Member of the House Financial Services Committee, I would like to go on record in full support of this legislation.

H.R. 3128 would simply adjust the date when financial institutions with assets of \$15 billion or more are required to phase out certain forms of capital. This is important because, as currently written, Dodd-Frank captures a smaller, family-owned bank in these regulations. Emigrant Savings Bank is the largest privately-owned bank in the U.S., and typically has assets well below the \$15 billion threshold. However, when the financial crisis hit, Emigrant made the prudent decision to take out a \$2.3 billion loan to ensure their depositors were secure and the firm was safely liquid. Emigrant did the responsible thing in protecting its clients, but as a result is being severely penalized with new regulations. Because the loan (which was never used) temporarily put the Bank over the \$15 billion threshold when Dodd-Frank went into effect, Emigrant now must phase out Trust-Preferred securities to comply with the new law. While public banks can issue stocks or bonds to replace those securities, as a private family-owned business, Emigrant must fund the new capital requirements out of the family's own pocket – at a cost of hundreds of millions of dollars.

Dodd-Frank was enacted to strengthen financial institutions and prevent high-risk behavior, not weaken banks that acted responsibly before, during, and after the crisis. For Emigrant, this new regulation will only hamper the bank's ability to grow and serve customers in the future. It is the only private bank that is being impacted by this regulation, and the date change in H.R. 3128 would only affect this one financial institution that was inadvertently captured. The FDIC, whose jurisdiction this falls under, is comfortable with the date change in Grimm-Maloney bill. Senator Collins, who authored the provision to phase out Trust-Preferred securities for large financial institutions, has also expressed no concerns with the legislation. I hope today's hearing continues to shed light on the need for H.R. 3128, so that it can be passed out of Committee and enacted without delay.