Experts Agree: Dodd-Frank Rollback Contributed To Recent Bank Failures

SUMMARY: On March 10, 2023 Silicon Valley Bank (SVB)—the 16th largest U.S. bank—was shut down by the Federal Deposit Insurance Corporation (FDIC) following an "old-fashioned bank run." The collapse of SVB was the second largest bank failure in U.S. history, behind the 2008 collapse of Washington Mutual. Just days later, Signature Bank—the 26th largest bank—became the third largest bank to collapse. In the aftermath of SVB's collapse, many attributed the Federal Reserve's "rapid increase in interest rates" as a contributing factor due to SVB's deposits being held in Treasury securities that had been devalued due to rate increases, causing a liquidity crisis.

In 2018, then-President Donald Trump signed S. 2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act into law, which raised the threshold for enhanced prudential standards from $50 billion to $250 billion. By raising this threshold, banks like Silicon Valley Bank and Signature Bank could avoid "stronger capital and liquidity rules, enhanced risk management standards, living-will requirements, some stress testing requirements, and more."

In the aftermath of SVB and Signature Bank's collapse, at least ten economic experts have called the collapse "a 100 percent avoidable problem," blaming weakened banking regulations for "allowing banks like SVB and Signature to increase deposits" in the absence of stress tests. These experts include:

- **Robert Reich**—former Secretary of Labor and current professor at the University of California Berkeley—blamed the rollback of Dodd-Frank protections for allowing banks like SVB and Signature to increase deposits and make more money for their shareholders.

- **Hillary J. Allen**—a law professor at American University and an "internationally recognized expert on financial stability regulation"—argued that reductions to "regulatory requirements for banks like Silicon Valley Bank" likely contributed to its collapse.

- **Lawrence G. Baxter**—a law professor at Duke University and Director of its Global Financial Markets Center—asserted that "'relaxing some of the regulation for regional banks sent a signal that they were not a threat to economic stability, which is naive.'"

- **Mike Konczal**—a Roosevelt Institute economist who previously warned that S. 2155 "'weakens regulations on the biggest players and encourages them to manipulate regulations for their benefit'"—explained that increasing the threshold to $250 billion made things "'much more complex in the risks of failure compounds.'"

- **William A. Galston**—a senior fellow at the Brookings Institution's Governance Studies Program—justified the need for regulations in a Wall Street Journal op-ed, writing that "some are essential to prevent bad things from happening, as in this case" with Silicon Valley Bank.

- **Dean Baker**—co-founder of the Center for Economic and Policy Research (CEPR)—argued that SVB's collapse was "a 100 percent avoidable problem," blaming the Dodd-Frank repeal bill for removing stress tests that would have detected SVB's risks.

- **Joseph Stiglitz**—a Nobel Laureate and professor at Columbia University—wrote in an op-ed that the work Donald Trump's regulatory team, including Jerome Powell, did to weaken Dodd-Frank regulations for "'smaller banks'" was the wrong course of action as SVB wasn't "small in the lives of millions who depend on it."

- **Paul Krugman**—a Nobel Prize winner in economics and professor at the City University of New York Graduate Center—argued in an op-ed that SVB's collapse "probably" would have been prevented if

"S.V.B. and others in the industry hadn't successfully lobbied the Trump administration and Congress for a relaxation of bank regulations."

- **John Coffee**—a law professor at Columbia University and expert in corporate governance—argued SVB may have been "'less exposed to a bank run' under the Dodd-Frank rules from 2010**.**"

- **Todd Philips**—a Roosevelt Institute fellow and former Director of Financial Regulation and Corporate Governance at the Center for American Progress—wrote in a blog post that "enacting S. 2155 was a mistake," and "the Fed should subject all banks above $100 billion in assets to annual supervisory tests," while "restor[ing] the modified liquidity coverage ratio for banks between $100 billion and $250 billion."

In March 2023, Silicon Valley Bank And Signature Bank Collapsed Due To Inadequate Capitalization, Triggering A Series Of Regulatory Actions To Ensure Depositors Remain Whole In What Were The 2nd And 3rd Largest Bank Failures In American History.

In March 2023, Silicon Valley Bank, The 16th Largest Bank In The Country, Quickly Collapsed After A Bank Run Left It Unable To Pay Deposits Due To Funds Being Tied Up In Long-Term Treasury Securities That Had Lost Market Value As A Result Of Recent Interest Rate Hikes.

March 10, 2023: Silicon Valley Bank, The 16th Largest Bank In The Country, Was Shut Down And Put Into Federal Deposit Insurance Corporation Receivership Following An "Old-Fashioned Bank Run." "Silicon Valley Bank, which catered to the tech industry for three decades, collapsed on March 10, 2023, after the Santa Clara, California-based lender suffered from an old-fashioned bank run. State regulators seized the bank and made the Federal Deposit Insurance Corporation its receiver. SVB, as it's known, was the biggest U.S. lender to fail since the 2008 global financial crisis – and the second-biggest ever." [PBS, 03/13/23]

- **Silicon Valley Bank Was The 16th Largest Bank In The Country As Of December 31, 2022.** [Federal Reserve, accessed 03/13/23]

- **Silicon Valley Bank Was The 2nd Biggest Bank Failure In American History Behind The 2008 Collapse Of Washington Mutual.** "The Second-Biggest Bank Failure [...] Silicon Valley Bank on Friday became the biggest American bank to fail since the collapse of Washington Mutual in 2008, at the height of the global financial crisis." [New York Times, 03/10/23]

Silicon Valley Bank's Collapse Was Due To The Value Of Its Deposits Being Held In Long-Term U.S. Treasury Securities That Had Decreased In Market Value Due To The "Rapid Increase In Interest Rates" In 2022 And 2023. "Why did Silicon Valley Bank collapse so suddenly? The short answer is that SVB did not have enough cash to pay depositors so the regulators closed the bank. The longer answer begins during in the pandemic, when SVB and many other banks were raking in more deposits than they could lend out to borrowers. In 2021, deposits at SVB doubled. But they had to do something with all that money. So, what they could not lend out, they invested in ultra-safe U.S. Treasury securities. The problem is the rapid increase in interest rates in 2022 and 2023 caused the value of these securities to plunge." [PBS, 03/13/23]

- **"A Characteristic Of Bonds And Similar Securities Is That When Yields Or Interest Rates Go Up, Prices Go Down, And Vice Versa."** [PBS, 03/13/23]

- **During The COVID-19 Pandemic, Silicon Valley Bank Saw Its Total Deposits Jump From "$60 Billion In Total Deposits At The End Of The First Quarter 2020 To Nearly $200 Billion Two Years Later."** "After the tech industry grew during the pandemic, SVB's clients deposited billions, bringing the bank from $60 billion in total deposits at the end of the first quarter 2020 to nearly $200 billion two years later. While deposits came in, SVB invested in debt like U.S. Treasuries and mortgage-backed securities, but as the Federal Reserve began to increase interest rates to combat inflation, the value of SVB's investments fell." [Forbes, 03/13/23]

Silicon Valley Bank Reportedly Experienced A $1.8 Billion Loss From The Early Sale Of Some Of Its Treasury Securities And Was "Unable To Raise Capital To Offset The Loss As Their Stock Began Dropping," Causing More And More Investors To Pull Their Deposits. "The bank recently said it took a US$1.8 billion hit on the sale of some of those securities and they were unable to raise capital to offset the loss as their stock began dropping. That prompted prominent venture capital firms to advise the companies they invest in to pull their business from Silicon Valley Bank. This had a snowball effect that led a growing number of SVB depositors to withdraw their money too." [PBS, 03/13/23]

Silicon Valley Bank Had An Estimated $209 Billion In Assets At The Time Of Its Failure. "At the time of its failure, Silicon Valley Bank, which is based in Santa Clara, California, had $209 billion in total assets, the FDIC said. It was unclear how many of its deposits were above the $250,000 insurance limit, but previous regulatory reports showed that lots of accounts exceeded that amount." [The Associated Press, 03/10/23]

- **Silicon Valley Bank Was Considered A Category IV Financial Institution Due To Its Amount Of Assets.** [Federal Reserve, accessed 03/13/23]

Signature Bank, The 29th Largest Bank In The Country With $110 Billion In Total Assets, Collapsed Just Days After The Collapse Of Silicon Valley Bank In The "Third Largest Failure In U.S. Banking History."

March 12, 2023: Signature Bank, The 29th Largest Bank In The Country With $110 Billion In Total Assets, Became The "Third Largest Failure In U.S. Banking History" After The FDIC Took Control Of The Bank Just Days After The Collapse Of Silicon Valley Bank. "State regulators closed New York-based Signature Bank (SBNY.O) on Sunday, the third largest failure in U.S. banking history, two days after authorities shuttered Silicon Valley Bank (SIVB.O) in a collapse that stranded billions in deposits. The Federal Deposit Insurance Corporation (FDIC) took control of Signature, which had $110.36 billion in assets and $88.59 billion in deposits at the end of last year, according to New York state's Department of Financial Services." [Reuters, 03/13/23]

- **Signature Bank Was The 29th Largest Bank In The Country With $110 Billion in Total Assets As Of December 31, 2022.** [Federal Reserve, accessed 03/13/23]

Financial Regulators Worked Quickly To Ensure All Depositors Were Made Whole By The Collapse Of Silicon Valley Bank And Signature Bank, Including The Creation Of A "Bank Term Funding Program (BTFP)" To Provide One-Year Loans To Other Depository Institutions Also Using Treasury Secretaries As Collateral For Deposit Liabilities.

March 12, 2023: Treasury Secretary Janet Yellen, Federal Reserve Chair Jerome Powell, And FDIC Chair Martin Gruenberg Released A Joint Statement Highlighting Actions To Address The Failure Of Silicon Valley Bank And Signature Bank, Noting That Depositors From Both Banks Would Be Made Whole And That "No Losses Will Be Borne By The Taxpayer." "After receiving a recommendation from the boards of the FDIC and the Federal Reserve, and consulting with the President, Secretary Yellen approved actions enabling the FDIC to complete its resolution of Silicon Valley Bank, Santa Clara, California, in a manner that fully protects all depositors. Depositors will have access to all of their money starting Monday, March 13. No losses associated with the resolution of Silicon Valley Bank will be borne by the taxpayer. We are also announcing a similar systemic risk exception for Signature Bank, New York, New York, which was closed today by its state chartering authority. All depositors of this institution will be made whole. As with the resolution of Silicon Valley Bank, no losses will be borne by the taxpayer." [FDIC, 03/12/23]

- **March 10, 2023: Silicon Valley Bank's Deposits Were Transferred To The FDIC-Created "Deposit Insurance National Bank Of Santa Clara (DINB)" After The FDIC Was Appointed Receiver Of Silicon Valley Bank By The California Department Of Financial Protection And Innovation.** "Silicon Valley Bank, Santa Clara, California, was closed today by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect insured depositors, the FDIC created the Deposit Insurance National Bank of Santa Clara (DINB). At the time of closing, the FDIC as receiver immediately transferred to the DINB all insured deposits of Silicon Valley Bank. All insured depositors will have full access to their insured deposits no later than Monday morning, March 13, 2023." [FDIC, 03/10/23]

- **March 12, 2023: Signature Bank's Deposits Were Transferred To The FDIC-Operated Signature Bridge Bank After The New York State Department Of Financial Services Appointed The FDIC As Signature Bank's Receiver.** "Signature Bank, New York, NY, was closed today by the New York State Department of Financial Services, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect depositors, the FDIC transferred all the deposits and substantially all of the assets of Signature Bank to Signature Bridge Bank, N.A., a full-service bank that will be operated by the FDIC as it markets the institution to potential bidders. Signature Bank had 40 branches across the country in New York, California, Connecticut, North Carolina, and Nevada. Banking activities will resume Monday, March 13, 2023, including on-line banking." [FDIC, 03/12/23]

March 12, 2023: The Federal Reserve Announced It Would Be Creating A "Bank Term Funding Program (BTFP)" In Order To "Assure Banks Have The Ability To Meet The Needs Of All Their Depositors" By Offering "Loans Of Up To One Year In Length" To Banks And Other Depository Institutions Using U.S. Treasuries Or Other Similar Assets As Collateral. "To support American businesses and households, the Federal Reserve Board on Sunday announced it will make available additional funding to eligible depository institutions to help assure banks have the ability to meet the needs of all their depositors. This action will bolster the capacity of the banking system to safeguard deposits and ensure the ongoing provision of money and credit to the economy. The Federal Reserve is prepared to address any liquidity pressures that may arise. The additional funding will be made available through the creation of a new Bank Term Funding Program (BTFP), offering loans of up to one year in length to banks, savings associations, credit unions, and other eligible depository institutions pledging U.S. Treasuries, agency debt and mortgage-backed securities, and other qualifying assets as collateral." [Federal Reserve, 03/12/23]

Over 85% Of Silicon Valley Bank's Deposits Were Uninsured By The FDIC Because They Exceeded The $250,000 Threshold For FDIC Insurance, As Many Of Silicon Valley Bank's Clients Were Silicon Valley Startups With "Millions, Or Even Hundreds Of Millions Of Dollars Deposited At The Bank—Money They Used To Run Their Companies And Pay Employees." "But more than 85% of the bank's deposits were uninsured, according to estimates in a recent regulatory filing. That's because FDIC deposit insurance is meant for everyday bank customers and maxes out at $250,000. Many Silicon Valley startups had millions, or even hundreds of millions of dollars deposited at the bank—money they used to run their companies and pay employees. Right now, nobody's sure how much of that cash is left." [Time Magazine, 03/10/23]

2018: Donald Trump Signed The Economic Growth, Regulatory Relief, And Consumer Protection Act Into Law, Exempting Banks With Less Than $250 Billion In Assets—Such As Silicon Valley Bank And Signature Bank—From Enhanced Scrutiny Under Dodd-Frank Financial Reforms.

In May 2018, Then-President Donald Trump Signed The Economic Growth, Regulatory Relief, And Consumer Protection Act Into Law, Which Exempted Banks With Less Than $250 Billion In Assets—Such As Silicon Valley Bank And Signature Bank—From Enhanced Regulatory Scrutiny, Including "Stronger Capital And Liquidity Rules."

May 2018: Then-President Donald Trump Signed Into Law S. 2155, The Economic Growth, Regulatory Relief, And Consumer Protection Act, Exempting "Some Small And Regional Banks From The Most Stringent Regulations And [Loosening] Rules Aimed At Protecting The Biggest Banks From Sudden Collapse." "President Trump on Thursday signed into law a bill that rolls back banking regulations passed in response to the 2008 financial crisis, declaring it a 'big deal for our country.' The measure, which passed the House this week, leaves the central structure of the post-financial-crisis rules in place, but it makes the most significant changes to weaken the Dodd-Frank banking regulations since they were passed in 2010. It exempts some small and regional banks from the most stringent regulations and also loosens rules aimed at protecting the biggest banks from sudden collapse." [Washington Post, 05/24/18]

- **President Donald Trump Had Long-Pledged To "'Dismantle'" Dodd-Frank, And Touted Signing Of The Economic Growth, Regulatory Relief, And Consumer Protection Act As The "First Step In That Process."** "Trump had pledged to 'dismantle' Dodd-Frank, a law long targeted by Republicans, and touted the bill he signed as the first step in that process. While the bill will release dozens of banks from stronger Federal Reserve oversight, it falls well short of the president's vow to repeal and replace Dodd-Frank." [The Hill, 05/24/18]

S. 2155, The Economic Growth, Regulatory Relief, And Consumer Protection Act, "Raised The Threshold For Enhanced Prudential Standards From $50 Billion To $250 Billion And Gave The Federal Reserve Discretion To Determine How Banks With More Than $100 Billion Of Assets Should Be Supervised." "In 2018, lawmakers — led by Sen. Mike Crapo, R-Idaho, then chairman of the Senate Banking Committee — passed S. 2155 with broad support from the banking industry. More than a dozen Senate Democrats joined Republicans in passing the law, which raised the threshold for enhanced prudential standards from $50 billion to $250 billion and gave the Federal Reserve discretion to determine how banks with more than $100 billion of assets should be supervised." [American Banker, 03/13/23]

In Raising Dodd-Frank's "Threshold For Enhanced Regulatory Standards From $50 Billion To $250 Billion," The Economic Growth, Regulatory Relief, And Consumer Protection Act Allowed Silicon Valley Bank To Avoid "Stronger Capital And Liquidity Rules, Enhanced Risk Management Standards, Living-Will Requirements, Some Stress Testing Requirements, And More." "This bill raises the Dodd-Frank Wall Street Reform and Consumer Protection Act's threshold for enhanced regulatory standards from $50 billion to $250 billion, meaning 25 of the 38 largest banks in the United States would no longer be subject to stronger capital and liquidity rules, enhanced risk management standards, living-will requirements, some stress testing requirements, and more. These rules are vital tools to protect the safety and soundness of banks and the stability of the financial sector." [Center For American Progress, 02/28/18]

- **Silicon Valley Bank Had An Estimated $209 Billion in Total Assets As Of December 31, 2022.** [Federal Reserve, accessed 03/13/23]

- **Signature Bank Had An Estimated $110 Billion in Total Assets As Of December 31, 2022.** [Federal Reserve, accessed 03/13/23]

In The Aftermath Of The Silicon Valley Bank And Signature Bank Collapses, Economic Experts Determined The Bank Failures Were "A 100 Percent Avoidable Problem," Arguing That S. 2155's Reductions To Regulatory Requirements And Increases To Regulatory Thresholds Allowed These Banks To Invest More Of Their Deposits And Make More Money For Their Shareholders.

Robert Reich—Former Secretary Of Labor And Current Professor At The University Of California At Berkeley—Blamed The Rollback Of Dodd-Frank Protections For Allowing Banks Like Silicon Valley Bank And Signature Bank To Invest More Of Their Deposits And Make More Money For Their Shareholders.

March 13, 2023: Robert Reich Blamed The Rollback Of Dodd-Frank Protections For Allowing Banks Like SVB And Signature To Avoid Stress Testing, Freeing Them To "Invest More Of Their Deposits And Make More Money For Their Shareholders." "Because even the milquetoast protections of Dodd-Frank were rolled back by Donald Trump, who in 2018 signed a bill that reduced scrutiny over many regional banks and removed the requirement that banks with assets under $250 billion submit to stress testing and reduced the amount of cash they had to keep on their balance sheets to protect against shock. This freed smaller banks — such as Silicon Valley Bank (and Signature Bank) — to invest more of their deposits and make more money for their shareholders (and for their CEOs, whose pay is linked to profits)." [Robert Reich, 03/13/23]

- **Robert Reich, Who Previously Served As Secretary Of Labor In The Clinton Administration, Is The Chancellor's Professor Of Public Policy At The University Of California At Berkeley And Senior Fellow At The Blum Center.** "He is Chancellor's Professor of Public Policy at the University of California at Berkeley and Senior Fellow at the Blum Center. He served as Secretary of Labor in the Clinton administration, for which Time Magazine named him one of the 10 most effective cabinet secretaries of the twentieth century." [Robert Reich, accessed 03/15/23]

March 13, 2023: Reich Tweeted A Video Entitled "Why Silicon Valley Bank Failed," Adding That "Silicon Valley Bank's Implosion" Was Proof That The "Trump-Era Rollback Of Banking Regulations Was A Big Mistake":

[Twitter, 03/13/23]

Hillary J. Allen—An American University Law Professor And "Internationally Recognized Expert On Financial Stability Regulation"—Argued That Reductions To "'Regulatory Requirements For Banks Like Silicon Valley Bank'" Likely Contributed To The Bank's Collapse.

March 13, 2023: American University Law Professor Hilary J. Allen Argued That Reductions To "'Regulatory Requirements For Banks Like Silicon Valley Bank'" Likely Contributed To The Bank's Collapse. "'It did indeed reduce regulatory requirements for banks like Silicon Valley Bank,' said Hilary Allen, an American University law professor. 'While it is impossible to say categorically that legislative rollback equals the bank's collapse, it does seem that it made it more likely.'" [Politifact, 03/13/23]

- **Professor Allen, An "Internationally Recognized Expert On Financial Stability Regulation And New Financial Technologies," Is A Professor Of Law At The American University Washington College Of Law, Where She Teaches "Courses In Banking Law, Securities Regulation, And Business Associations."** "Professor Hilary J. Allen is a Professor of Law and the Associate Dean for Scholarship at the American University Washington College of Law. She teaches courses in Banking Law, Securities Regulation, and Business Associations. Professor Allen is an internationally recognized expert on financial stability regulation and new financial technologies, and has been invited to share her research and expertise with organizations including the Federal Reserve Board, SEC, CFTC, FSOC, IMF, Bank of England, Australian Securities and Investments Commission, and Financial Stability Board." [American University Washington College of Law, accessed 03/15/23]

Lawrence G. Baxter—A Law Professor At Duke University And Director Of Duke's Global Financial Markets Center—Said That "'Relaxing Some Of The Regulation For Regional Banks Sent A Signal That They Were Not A Threat To Economic Stability, Which Is Naive.'"

Lawrence G. Baxter, A Law Professor At Duke University And The Director Of Its Global Financial Markets Center, Said That "'Relaxing Some Of The Regulation For Regional Banks Sent A Signal That They Were Not A Threat To Economic Stability, Which Is Naive.'" "Baxter agreed with Allen. 'Relaxing some of the regulation for regional banks sent a signal that they were not a threat to economic stability, which is naive, as we have seen,' he said." [Politifact, 03/13/23]

- **Baxter Is A Law Professor At Duke University And Directs The Global Financial Markets Center, Where He Focuses His Teaching And Research On "Evolving Regulatory Environment For Financial Services And Beyond."** "Lawrence G. Baxter is the David T. Zhang Professor of the Practice of Law at Duke University where he also directs the Global Financial Markets Center. Baxter is also the Governor's appointee and elected Vice Chair of the North Carolina Innovation Council, and he was a member of the Regenerative Crisis Response Committee He focuses his teaching and scholarly research on the evolving regulatory environment for financial services and beyond." [Duke Law, accessed 03/15/23]

Roosevelt Institute Economist Mike Konczal, Who Previously Warned That S. 2155 "'Weakens Regulations On The Biggest Players And Encourages Them To Manipulate Regulations For Their Benefit," Explained That Increasing The Threshold For Increased Regulatory Scrutiny To $250 Billion Made Things "'Much More Complex In The Risks Of Failure Compounds.'"

March 13, 2023: Roosevelt Institute Economist Mike Konczal Explained That Increasing The Threshold For Increased Regulatory Scrutiny To $250 Billion Made Things "'Much More Complex In The Risks Of Failure Compounds,'" Adding That Banks Would Have Had To "'Pay Attention To Their Balance Sheet In A More Comprehensive And Risk-Planning Way'" Otherwise."'The Trump administration comes in and they begin bipartisan talks to, among other things, increase that limit, but they say, Let's increase it to $250 billion,' Mike Konczal, an economist and director at the progressive Roosevelt Institute, told Yahoo News. 'And it's one of the things like 50, 100, 250, is that really a big number? Is that a big difference? But these things get much more complex in the risks of failure compounds, so 250 is not just a little bit bigger than 100. It's a lot bigger. They would have had to pay attention to their balance sheet in a more comprehensive and risk-planning way.'" [Yahoo News, 03/13/23]

In March 2018, Days Before S. 2155 Passed The Senate, Konczal Warned That The Bill "'Weakens Regulations On The Biggest Players And Encourages Them To Manipulate Regulations For Their Benefit; And Saps Consumer Protections," Predicting That Regulators Won't Enforce Tighter Rules "'Until It Is Too Late.'" "In a March 2018 New York Times op-ed, Konczal wrote, 'This bill goes far beyond the health of community banks and credit unions. It removes protections for 25 of the top 38 banks; weakens regulations on the biggest players and encourages them to manipulate regulations for their benefit; and saps consumer protections. Authors of the bill argue that the regulators could still enforce tighter rules on some of these banks,' Konczal added. 'But history tells us they won't until it is too late.'" [Yahoo News, 03/13/23]

- **S. 2155 Passed The Senate In March 2018.** [The U.S. Senate, accessed 03/15/23]

William A. Galston—A Senior Fellow At The Brookings Institution's Governance Studies Program—Advocated For Financial Regulations In A Wall Street Journal Op-Ed, Writing That "Some Are Essential To Prevent Bad Things From Happening, As In This Case" With Silicon Valley Bank.

March 14, 2023: In A *Wall Street Journal Op-Ed*, William A. Galston Advocated For Financial Regulations, Saying That "Some Are Essential To Prevent Bad Things From Happening," Such As In The Case Of Silicon Valley Bank. "The advocacy of Mr. Becker and other like-minded financiers bore fruit in 2018, when Congress enacted an amendment to Dodd-Frank that quintupled the threshold of systemic importance, from $50 billion to $250 billion. Not all regulations are 'burdensome.' Some are essential to prevent bad things from happening, as in this case. Congress and the Fed should rethink their decision to exempt key parts of the financial system from the discipline of oversight." [The Wall Street Journal, 03/14/23]

- **Op-Ed: How Silicon Valley Bank Avoided Oversight.** [The Wall Street Journal, 03/14/23]

- **Galston Is A Senior Fellow At The Brookings Institution's Governance Studies Program.** "William A. Galston holds the Ezra K. Zilkha Chair in the Brookings Institution's Governance Studies Program, where he serves as a Senior Fellow." [Brookings Institute, accessed 03/15/23]

Center For Economic And Policy Research Co-founder Dean Baker Argued That The Silicon Valley Bank Collapse Was "A 100 Percent Avoidable Problem," Pointing To The Dodd-Frank Repeal Bill For Removing Stress Tests That Would Have Allowed SVB To Detect Risks.

March 11, 2023: Economist Dean Baker Argued That SVB's Collapse Was "A 100 Percent Avoidable Problem," Pointing To The Dodd-Frank Repeal Bill For Removing Stress Tests For Banks With Less Than $250 Billion In Assets. "'This was a 100 percent avoidable problem,' economist Dean Baker told The Intercept in an email, pointing to the Dodd-Frank repeal bill. 'That bill raised the asset threshold above which banks have to undergo stress tests from $50 billion to $250 billion." [The Intercept, 03/11/23]

- **Baker Co-Founded The Center For Economic And Policy Research (CEPR).** "Dean Baker co-founded CEPR in 1999." [CEPR, accessed 03/15/23]

Baker Continued That If SVB Had Been Subject To Regular Stress Tests, "'The Risk Would Have Been Detected And They Would Have Been Required To Raise More Capital And/Or Shed Deposits.'" "SVB would have been required to undergo regular stress tests before the revision; among the stresses you look at are sharp rises in interest rates, which is apparently what did in SVB. Presumably, if its books had been subject to this test, the risk would have been detected and they would have been required to raise more capital and/or shed deposits.'" [The Intercept, 03/11/23]

Joseph Stiglitz—A Nobel Laureate In Economics And A Professor At Columbia University—Blamed Former President Donald Trump's Regulatory Team, Including Jerome Powell, For Working To Weaken Dodd-Frank Bank Regulations For "'Smaller' Banks," Despite These Banks Not Being "Small In The Lives Of The Millions Who Depend On It."

March 13, 2023: In An Op-Ed, Joseph E. Stiglitz Blamed Former President Donald Trump's Regulatory Team, Including Fed Chair Jerome Powell, For Working To Weaken Dodd-Frank Bank Regulations And Freeing "'Smaller' Banks From The Standards Applied To The Largest, Systemically Important, Banks," Pointing Out That SVB Is "Not Small In The Lives Of The Millions Who Depend On It." "But, again, Powell assured us not to worry – despite abundant historical experience indicating that we should be worried. Powell was part of Donald Trump's regulatory team that worked to weaken the Dodd-Frank bank regulations enacted after the 2008 financial meltdown, in order to free 'smaller' banks from the standards applied to the largest, systemically important, banks. By the standards of Citibank, SVB is small. But it's not small in the lives of the millions who depend on it." [The Guardian, 03/13/23]

- **Stiglitz—A Former Chief Economist At The World Bank—Is Also A Nobel Laureate In Economics And A Professor At Columbia University.** "Joseph E Stiglitz is a Nobel laureate in economics, university professor at Columbia University and a former chief economist of the World Bank." [The Guardian, 03/13/23]

Paul Krugman—A City University Of New York Graduate Center Professor Who Won The 2008 Nobel Memorial Prize In Economic Sciences—Argued That SVB's Collapse "Probably" Wouldn't Have Happened If SVB And The Banking Industry "Hadn't Successfully Lobbied The Trump Administration And Congress For A Relaxation Of Bank Regulations."

March 13, 2023: In A New York Times Op-Ed, Paul Krugman Argued That SVB's Collapse "Probably" Wouldn't Have Happened If "S.V.B And Others In The Industry Hadn't Successfully Lobbied The Trump Administration And Congress For A Relaxation Of Bank Regulations." "Indeed, probably none of this would have happened if S.V.B. and others in the industry hadn't successfully lobbied the Trump administration and Congress for a relaxation of bank regulations, a move rightly condemned at the time by Lael Brainard, who has just become the Biden administration's top economist." [The New York Times, 03/13/23]

- **Krugman Is A Distinguished Professor At The City University of New York Graduate Center And Won The 2008 Nobel Memorial Prize In Economic Sciences.** "Paul Krugman has been an Opinion columnist since 2000 and is also a distinguished professor at the City University of New York Graduate Center. He won the 2008 Nobel Memorial Prize in Economic Sciences for his work on international trade and economic geography." [The New York Times, 03/13/23]

In A Follow-Up Op-Ed, Krugram Pointed Out That The Government's Rescue Of SVB Is "Infuriating" Because "S.V.B. Was One Of The Midsize Banks That Lobbied Successfully For The Removal Of Regulations That Might Have Prevented This Disaster." "Furthermore, having to rescue this particular bank and this particular group of depositors is infuriating: Just a few years ago, S.V.B. was one of the midsize banks that lobbied successfully for the removal of regulations that might have prevented this disaster, and the tech sector is famously full of libertarians who like to denounce big government right up to the minute they themselves needed government aid." [The New York Times, 03/14/23]

John Coffee, A Columbia University Law Professor And Expert In Corporate Governance, Argued That SVB Might Have Been "'Less Exposed To A Bank Run' Under The Dodd-Frank Rules From 2010."

Columbia University Law Professor And Corporate Governance Expert John Coffee Argued That SVB May Have Been "'Less Exposed To A Bank Run' Under The Dodd-Frank Rules From 2010." "John Coffee, a Columbia University law professor and an expert in corporate governance, said in an email that SVB might well have been 'less exposed to a bank run' under the Dodd-Frank rules from 2010." [CNN, 03/14/23]

Todd Philips—A Fellow At The Roosevelt Institute Who Formerly Served As Director of Financial Regulation And Corporate Governance At The Center For American Progress—Wrote That "Enacting S. 2155 Was A Mistake," Calling On The Federal Reserve To Do "Annual Supervisory Stress Tests" On Any Bank With $100 Billion In Assets.

March 15, 2023: Roosevelt Institute Fellow Todd Phillips Argued "Enacting S. 2155 Was A Mistake," Adding "The Fed Should Subject All Banks Above $100 Billion In Assets To Annual Supervisory Tests." "Enacting S.2155 was a mistake. However, even those legislators who voted for it can help reverse course: Because the bill simply implied that regulators should weaken rules on banks of SVB's size and did not require that result, those representatives and senators should call for regulators to strengthen regulations immediately. The Fed should subject all banks above $100 billion in assets to annual supervisory stress tests, meaning that these institutions will become subject to the stress capital buffer more quickly." [The Roosevelt Institute, 03/15/23]

- **Philips Previously Served As Director Of Financial Regulation And Corporate Governance At the Center for American Progress, As Well As An Attorney For The "Federal Deposit Insurance Corporation, The Administrative Conference Of The United States, And The Oversight And Reform Committee Of The U.S. House Of Representatives."** "Todd Phillips is the director of financial regulation and corporate governance at American Progress. He has worked on issues as diverse as consumer financial protection, derivatives and securities market structure, bank capital and prudential regulation, and the laws governing agency rulemaking and adjudication. Phillips has experience in both Congress and the executive branch, having served as an attorney for the Federal Deposit Insurance Corporation, the Administrative Conference of the United States, and the Oversight and Reform Committee of the U.S. House of Representatives." [Center for American Progress via Internet Archive, accessed 03/16/23]

- **Philips Currently Serves As Principal At Philips Policy Consulting LLC, Where He Helps "Businesses And Advocacy Organizations Push Congress And Financial Regulators To Enact Progressive Public Policy."** [LinkedIn, accessed 03/16/23]