

Biden to Withdraw Nomination for Fed's Top Bank Cop

Sarah Bloom Raskin did not appear to have the votes for Senate confirmation as Fed vice chair for supervision after a key Democrat withheld his support.

By Jeanna Smialek and Emily Cochrane, The Washington Post, March 15, 2022

President Biden will [withdraw his nomination](#) of Sarah Bloom Raskin to serve as the Federal Reserve's top bank regulator on Tuesday, after a Democratic senator said he would join Republicans in voting against her, most likely dooming her chances of confirmation.

Ms. Raskin earlier on Tuesday sent a letter to the White House asking to withdraw her name from consideration to be the Fed's vice chair for supervision, according to two people familiar with the decision. The New Yorker [earlier reported](#) the existence of the letter.

"Sarah was subject to baseless attacks from industry and conservative interest groups," Mr. Biden said in a statement released on Tuesday afternoon.

While the end of Ms. Raskin's candidacy will leave the Biden administration without the regulatory voice it was hoping for at the Fed Board, which oversees the nation's largest banks, it could pave the way toward confirmation for the White House's other Fed picks. Republicans had been stonewalling Ms. Raskin's nomination, and in the process they were holding up the White House's four other Fed nominees, including Jerome H. Powell, who is seeking confirmation to a second term as Fed chair.

Besides Mr. Powell, Mr. Biden has nominated [Lael Brainard](#) to be the Fed's vice chair and two academic economists — Philip N. Jefferson and Lisa D. Cook — to serve as governors.

"I urge the Senate Banking Committee to move swiftly to confirm the four eminently qualified nominees for the Board of Governors," Mr. Biden wrote in his statement.

Ms. Raskin almost certainly lacked sufficient support to pass the Senate. Republicans opposed her nomination to be vice chair for bank supervision and Senator Joe Manchin III, Democrat of West Virginia, said on Monday that he would not vote to confirm her.

In deciding to withhold support for Ms. Raskin, Mr. Manchin essentially doomed her chances in an evenly divided Senate. Democrats most likely needed all 50 lawmakers who caucus with their party to vote for Ms. Raskin, with Vice President Kamala Harris able to break ties.

Republicans had shown little appetite for placing a supporter of tougher bank regulation into a powerful regulatory role at the Fed and had also boycotted her nomination

over [her work in the private sector](#). Lawmakers refused to show up to a key committee vote to advance her nomination to the full Senate.

They had also seized on Ms. Raskin's [writings](#), saying her statements showed that she would be too aggressive in policing climate risks within the financial system and would overstep the unelected central bank's boundaries.

"President Biden was literally asking for senators to support a central banker who wanted to usurp the Senate's policymaking power for herself," Senator Mitch McConnell of Kentucky, the minority leader, said on Tuesday. He added: "It is past time the White House admit their mistake and send us someone suitable."

Mr. Manchin, who represents a coal state and [has close ties to the fossil fuel industry](#), cited Ms. Raskin's climate comments in explaining his opposition.

Ms. Raskin had written an opinion piece in September 2021 arguing that "U.S. regulators can — and should — be looking at their existing powers and considering how they might be brought to bear on efforts to mitigate climate risk."

She did not argue that the Fed push beyond its legal boundaries, and the fierce backlash underlined that the issue of climate-related regulation is politically fraught territory in the United States.

The White House "may want to take some time, lick their wounds, and make sure they carefully think about who to nominate next," said Ian Katz, a managing director at Capital Alpha Partners. He noted that he would expect the White House to name a new nominee before the midterm elections in November. "They're not having success with candidates who do not sit well with moderate Democrats."

Saule Omarova, a Cornell Law School professor whom critics painted as a communist after Mr. Biden picked her to lead the Office of the Comptroller of the Currency, [withdrew her candidacy](#) late last year.

Opponents to Ms. Raskin's confirmation targeted more than just her climate views. They also took issue with work she did in the private sector — and the way she answered questions about that work.

Republicans had [specifically cited concerns](#) about Ms. Raskin's time on the board of directors of a financial technology firm. The company, Reserve Trust, secured a coveted account with the Fed — giving it access to services that it now prominently advertises — after Ms. Raskin reportedly called a central bank official to intervene on its behalf.

It is unclear how much Ms. Raskin's involvement actually helped. But the episode raised questions because she previously worked at the Fed and because she made about \$1.5 million from the stock she earned for her Reserve Trust work. Democrats regularly denounce the revolving door between regulators and financial firms.

Republicans had demanded that Ms. Raskin provide more details about what happened while she was on the company's board, but she had largely said she could not remember. Senator Patrick J. Toomey of Pennsylvania, the top Republican on the committee, led his colleagues in refusing to show up to vote on Ms. Raskin and the other Fed nominees until she provided more answers.

Mr. Toomey signaled on Monday that he would favor allowing the other Fed nominees to proceed.

Sherrod Brown, Democrat from Ohio and the chairman of the Senate Banking Committee, said in a statement on Tuesday that he would hold a markup for the other nominees, and later told reporters that he might move them as soon as this week.

"Sadly, the American people will be denied a thoughtful, experienced public servant who was ready to fight inflation, stand up to Wall Street and corporate special interests, and protect our economy from foreign cyberattacks and climate change," Mr. Brown said in his statement.

Several more progressive Democrats expressed disappointment that Ms. Raskin would not be confirmed.

"The lobbyists have power on Capitol Hill, and when they see their power threatened, they fight back hard — Sarah Bloom Raskin is just the latest casualty," Senator Elizabeth Warren, Democrat of Massachusetts, said in response to the news.