

NOMINATION OF DEBORAH MATZ

HEARING

BEFORE THE

COMMITTEE ON

BANKING, HOUSING, AND URBAN AFFAIRS

UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

ON

THE NOMINATION OF DEBORAH MATZ, OF VIRGINIA, TO BE CHAIR OF
THE BOARD OF THE NATIONAL CREDIT UNION ADMINISTRATION

JULY 22, 2009

Printed for the use of the Committee on Banking, Housing, and Urban Affairs



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C O N T E N T S

WEDNESDAY, JULY 22, 2009

	Page
Opening statement of Senator Johnson	1
Prepared statement	8
Opening statements, comments, or prepared statements of:	
Senator Shelby	2

NOMINEE

Deborah Matz, of Virginia, to be Chair of the Board of the National Credit	
Union Administration	2
Prepared statement	8
Biographical sketch of nominee	10
Responses to written questions of:	
Chairman Dodd	21
Senator Vitter	21

NOMINATION OF DEBORAH MATZ, OF VIRGINIA, TO BE CHAIR OF THE BOARD OF THE NATIONAL CREDIT UNION ADMINISTRATION

WEDNESDAY, JULY 22, 2009

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 3:02 p.m., in room SD-538, Dirksen Senate Office Building, Senator Tim Johnson, presiding.

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. I would like to call this hearing to order.

Today the Committee considers President Obama's nominee-designee to chair the National Credit Union Administration Board. The NCUA charters and supervises Federal credit unions and insures the deposits of over 89 million account holders in all Federal credit unions and many State-chartered credit unions.

As we face extraordinary stress and volatility in our economy, we need strong, qualified, and competent regulators on the job, especially as credit unions tackle unprecedented challenges. I am pleased to introduce to the Committee the President's nominee for this job, Deborah Matz.

When Debbie was last before us, she had been nominated to serve on the NCUA Board as the minority member. She served with distinction in that capacity from January of 2002 to October of 2005. When Debbie completed her last term, the *Credit Union Times* wrote: "Debbie Matz has proven to be one of the more effective persons to ever wear an NCUA Board member hat. She never stops looking for ways to make credit unions stronger and better, . . . whomever replaces her . . . will have big shoes to fill."

Mrs. Matz has had a distinguished public and private career. Among other positions, she served at the Department of Agriculture where she was Deputy Assistant Secretary for Administration and also chaired their Loan Resolution Task Force, which was charged with the responsibility of resolving over \$1 billion in delinquent farm loans. Prior to her service at USDA, Mrs. Matz was an economist with the Joint Economic Committee of Congress.

In the private sector, Mrs. Matz was the Executive Vice President and Chief Operating Officer of a large Federal credit union.

I have known Debbie and her husband, Marshall, for over 20 years. While Debbie hails from New York, I think of her as an honorary South Dakotan not just because of the amount of time she

spent in the State, but because of the heartland values she embodies.

Debbie will provide extraordinary leadership as the Chair of NCUA. President Obama has nominated a very qualified candidate to protect the safety and soundness of the Nation's credit unions during this difficult economic time. I urge the Committee to support her nomination and to report it to the full Senate for approval.

Let me now turn to Ranking Member for comments. Senator Shelby.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Mr. Chairman, thank you. This is not the first time Ms. Matz has been before this Committee, and I believe she is highly qualified, and I would think that the sooner the Senate got through the hearing and confirmed her to the credit union, somebody would be in control over there. So I look forward to trying to help her get confirmed.

Thanks.

Senator JOHNSON. Thank you.

Will the witness please stand and raise your right hand while I administer the oath? Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Ms. MATZ. Yes.

Senator JOHNSON. Do you agree to appear and testify before any duly constituted committee of the Senate?

Ms. MATZ. Yes.

Senator JOHNSON. Thank you. Please take your seat.

Before you begin, please be assured that your written statement will be part of the record. So if you could confine your remarks to 5 to 8 minutes, that would be greatly appreciated.

Please also note that the Members of this Committee may submit written questions to you for the record, and you need to respond to those questions promptly in order that the Committee will proceed on your nomination.

Ms. Matz, thank you for joining us today. I would invite you to introduce your family and friends in attendance before beginning with your statement.

Ms. MATZ. Thank you. My husband of 31 years, Marshall, is here, as is our daughter, Hayley, who used to work for the Senate and is now the press secretary at SBA; our son, Peter, is in California, but I believe he is watching online. Hi, Peter. And we have some cousins here: Jack and Rhoda and Mark Berson and Dan and Sandy Krivit.

Senator JOHNSON. Thank you. Proceed with your statement.

STATEMENT OF DEBORAH MATZ, OF VIRGINIA, TO BE CHAIR OF THE BOARD OF THE NATIONAL CREDIT UNION ADMINISTRATION

Ms. MATZ. Senator Johnson and Senator Shelby, thank you very much for holding this hearing. Probably the best compliment I could have gotten was being called an "honorary South Dakotan." I really appreciate that.

Senator SHELBY. Especially right now.

[Laughter.]

Ms. MATZ. I appreciate this opportunity to come before you as President Obama's nominee to chair the Board of the National Credit Union Administration. It is an honor to have been nominated by the President and a privilege to appear before this Committee.

As you indicated, this is an extraordinary time in the history of financial institutions—including the credit union industry. The current challenge has demonstrated the need for financial regulators to be independent, insightful, and innovative; to value transparency and accountability. Financial regulators need to be visionary, strong leaders and adept at implementing systemic change. These are traits that permitted me to accomplish a great deal when I previously served as an NCUA Board member, from January 2002 until October 2005, and will be even more important as Board Chair in these difficult times. During my term, I worked diligently to fairly and thoughtfully implement the Federal Credit Union Act and to ensure the safety and soundness of the Nation's federally insured credit unions.

If I am fortunate enough to be confirmed, my top priority will continue to be ensuring the safe and sound operation of federally insured credit unions. Closely related goals will be to make certain that NCUA thoroughly applies all relevant consumer protections, promotes tools such as improved financial education, and encourages credit unions to reach out to serve all eligible consumers.

Perhaps my most notable accomplishment during my previous service was encouraging credit unions to reach out to those in their field of membership who may fall prey to unscrupulous lenders. Through a series of workshops which I initiated called Partnering and Leadership Successes, we taught thousands of credit union officials best practices for serving these populations. Credit union leaders learned that providing an alternative to predatory lenders is not just the right thing to do, it is good business.

It was also through my efforts that NCUA established an Office of Small Credit Union Initiatives. This office serves as a resource to provide technical and financial assistance to small credit unions, which tend to serve the lowest-income populations.

After my service from 2006 to 2008, I served as Executive Vice President and Chief Operating Officer at a Maryland credit union, where I experienced firsthand the effect of regulations on credit union operations. This sensitized me to the need for effective, rather than excessive, regulation. My 26-year Government career includes 10 years on Capitol Hill as an economist with the Joint Economic Committee and 8 years as a senior executive at the Department of Agriculture.

Recently, as I know you are aware, corporate credit unions experienced problems with mortgage-backed securities that significantly affected their balance sheets. This necessitated the conservatorship by NCUA of the two largest corporates. While the severe economic downturn which propelled the corporate credit union crisis was not predictable, there are steps that could have been taken which might have mitigated or prevented its effect on these institutions. In 2002, the last time NCUA wrote a corporate regulation, I cast the lone vote against it. I did not believe the crucial issue of risk

concentration was adequately addressed. I also believed that the investment authority being granted was overly broad and permissive, particularly in light of the complexity of the financial instruments that were available to the corporates.

I mention this to underscore my view of the role of a regulator as someone who listens, gets the facts and makes independent judgments. If I am confirmed and assume the chairmanship, I will apply these principles as NCUA begins a new round of corporate rule making to address the current problems. It is my commitment to you that, during the rule-making process, I will consider all viewpoints, insist on thorough analyses of data, be deliberative in approach, and develop a rule that provides both appropriate safeguards and sufficient opportunities for credit unions to thrive.

The stress and uncertainty of the corporate situation has been difficult for the credit union industry. However, throughout their history, credit unions have proven to be the consumer's best friend. If confirmed as their regulator, I hope to establish a strong working partnership with the industry while maintaining the critical arm's-length relationship between a regulator and the regulated. I assure that I will regulate and supervise credit unions closely, guide them where appropriate, make forceful suggestions, and to always appeal to their commitment to their members. This is the promise that a strong and credible Federal regulatory voice can and should help credit unions fulfill.

I appreciate the chance to appear before you today and look forward to working with Congress if I am confirmed. Thank you.

Senator JOHNSON. Thank you, Ms. Matz.

What do you see as your biggest challenge at NCUA? What do you see as the biggest opportunities and challenges for credit unions?

Ms. MATZ. The biggest challenge right now is dealing with the effects of the national economy, both in terms of the retail credit unions and the corporates. As I indicated, two of the largest corporates are in conservatorship, and one of the challenges will be developing a rule that is fair and provides flexibility, but at the same time provides sufficient parameters to prevent these events from occurring in the future.

I am told that we have not experienced the end of the effects of the economy on the retail credit unions, and we will have to monitor them closely and try to minimize the damage so that credit unions can go forward and continue making loans and serving the 89 million consumers that they do.

Senator JOHNSON. Would a new Consumer Financial Protection Agency impact costs and lending for credit unions?

Ms. MATZ. Well, one of the lessons that I think we have learned is that there was no agency charged with the authority to oversee consumer products and services, and as a result, there are people who have lost their homes and are losing their life savings. So I think it is important to have a central agency to perform that purpose.

I think it will be successful if, in fact, it streamlines the regulations and eliminates duplication and redundancy. I do not know how the cost structure will work, but I am hoping that it will not require additional assessments on credit unions because some of

the credit unions are seeing their retained earnings decline right now, through no fault of their own, and it would be difficult for some credit unions to pay an additional assessment.

Senator JOHNSON. In the past several months, the NCUA has faced many challenges with the corporate credit unions. The NCUA has continued to work on its corporate stabilization plan.

How do you think this process is going so far? And will you bring any new suggestions to the process once you are confirmed?

Ms. MATZ. The Corporate Credit Union Stabilization Fund, which was initiated by this Committee and signed into law in May has gone a long way toward stabilizing the credit union system. It has permitted NCUA to assess credit unions over the course of 7 years instead of in one lump sum, and that has been a tremendous assistance to the entire system. So I think that was a very necessary step.

The next big hurdle for NCUA will be drafting the corporate credit union rule that I mentioned in my statement, and I am hopeful that after meeting with the industry and talking to the staff and all other relevant stakeholders, that we will have a proposed rule by the end of the calendar year.

Senator JOHNSON. In today's economy, we need more mainstream financial institutions providing access to short-term lending. I hear from many credit unions in my State that they are offering short-term credit products to their customers with much success, yet we continue to hear of the need for smaller-dollar loans.

How do you view credit unions being the solution to BD lending in America? Do you have any specific ideas on how to make short-term products work for consumers without encouraging a cycle of debt?

Ms. MATZ. That is an issue that has been near and dear to my heart, and when I started the initiative that I mentioned called "Partnering and Leadership Successes," that was really one of the goals—to demonstrate to credit union officials how they can serve low-income people and those who are subject to unscrupulous lenders. We spent a lot of time providing training and best practices for alternatives to payday loans that credit unions could provide. I believe a number of credit unions now are offering these loans. A number of credit union leagues, State leagues, have put together programs that the credit unions in their State can participate in to offer these loans.

I felt so strongly about it and was so committed to this idea that when I went to work as an officer at a credit union, I initiated a program there that we called "Cash To Go." It was a credit union that served a large military population and a large low-income population, and it was a wildly popular program. It has to be done carefully, and it is not one that credit unions are going to make profit on, at least initially. But it is a good source of new members for them, and it is the right thing to do. But it also needs to be combined with financial education, because the people who are going to payday lenders and pawnshops and rent-to-own shops really do not understand the cycle of debt that they are getting into. And it is very hard to break out of it once they get these loans, and they just keep rolling them over.

And so I think credit unions are playing an important role in educating their members, and even members of the community who may not be credit union members, about why it is important to do business with a credit union, because credit unions have a cap of 18 percent on their loans. That is statutory. That is the most they can charge.

But I think that there are plenty of opportunities for credit unions to get more involved in that arena, and I certainly will continue to encourage them to do so.

Senator JOHNSON. Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

Credit unions, as I understand them, are by design set up to serve the needs of their members. They do not have profit motives, as I understand it. They have membership service as their paramount goal. As such, why would a consumer protection agency that has been proposed in the white paper by the Obama administration be needed for them? You know, that has already come under fire, the consumer protection agency under fire by the Members of this Committee on both sides of the aisle, under fire by the Federal Reserve Board, by the Federal Deposit Insurance Corporation, by the Comptroller of the Currency. So why would you need that in a situation like a credit union, which are created for the members?

I belong to a credit union here, and, gosh, I do not know why we would want a consumer protection agency that would be the super czar over whatever you did and what products you offer, as opposed to what products you could think of that might meet the needs of some of your members, and you will have a different membership.

Ms. MATZ. Well, as a former and hopefully future Federal regulator of credit unions, I think NCUA does a great job of regulating the consumer products that the credit unions issue.

Senator SHELBY. Who does this, now?

Ms. MATZ. NCUA.

Senator SHELBY. Yes. Well, they are your parent, so to speak, where you are going—where you are now.

Ms. MATZ. Yes, correct. Correct.

Senator SHELBY. They are kind of the parent of the credit unions.

Ms. MATZ. I would not personally object if credit unions were not included in this umbrella organization.

Senator SHELBY. That is what I was getting at. I do not know why you would need it. In other words, I was saying it was perplexing to me why a credit union, which was created for its members, serves its members, no profit, you know, nobody looking at the edge and so forth, would need a consumer protection agency, because your credit union in a sense is all about consumers, is it not?

Ms. MATZ. I could not agree more. The only caveat I would say is that if this agency comes into existence and credit unions are included, I think that credit unions should be represented on the governing board, and the way it is set up now, there—

Senator SHELBY. I think it is a long way from being and coming into existence. I hope.

Ms. MATZ. OK.

Senator SHELBY. I would like to move on to something else, because I have just got a minute. As I see it—and Senator Johnson got into a little of this, and you did, too—part of the problem with the corporate credit union problems, which we face with you, is that they concentrate risky assets on the balance sheet of a few firms, and when the economy turns south or sour, like it has, such concentration of assets can cause real problems.

Going forward, how can we restructure the corporates so they can serve without concentrating too much risk? I know they serve a good purpose, but they were in all kinds of risky, risky investments, as you well know.

Ms. MATZ. Yes, and as I said, that is the reason that I voted against the corporate rule in 2002, because I was concerned that there were no caps or other regulations on the investments, the type of investments or the concentration. Although I know the staff has been working on putting together a rule, I have not been briefed on it yet. But I can assure you that this rule will be much different than the former rule was.

Senator SHELBY. It has got to be confronted, has it not, the corporate problem?

Ms. MATZ. Absolutely.

Senator SHELBY. Thank you, Mr. Chairman.

Senator JOHNSON. I want to thank Debbie again for being here today. I look forward to working with the Members of the Banking Committee to report her nomination to the full Senate for approval in a timely manner.

This hearing is now adjourned.

[Whereupon, at 3:25 p.m., the hearing was adjourned.]

[Prepared statements, biographical sketch of nominee, and responses to written questions supplied for the record follow:]

PREPARED STATEMENT OF SENATOR TIM JOHNSON

I would like to call this hearing to order.

Today, the Committee considers President Obama's nominee-designee to Chair the National Credit Union Administration Board. The NCUA charters and supervises Federal credit unions and insures the deposits of over 89 million account holders in all Federal credit unions and many State-chartered credit unions.

As we face extraordinary stress and volatility in our economy, we need strong, qualified, and competent regulators on the job, especially as credit unions tackle unprecedented challenges. I am pleased to introduce to the Committee the President's nominee for this job, Deborah Matz.

When Debbie was last before us, she had been nominated to serve on the NCUA Board as the minority member. She served with distinction in that capacity from January of 2002 to October of 2005. When Debbie completed her last term, the Credit Union Times wrote: "Debbie Matz has proven to be one of the more effective persons to ever wear an NCUA Board member hat. She never stops looking for ways to make credit unions stronger and better, . . . whomever replaces her . . . will have big shoes to fill."

Mrs. Matz has had a distinguished public and private career. Among other positions, she served at the Department of Agriculture where she was the Deputy Assistant Secretary for Administration and also chaired the Loan Resolution Task Force, which was charged with the responsibility of resolving over \$1 billion in delinquent farm loans. Prior to her service at USDA, Mrs. Matz was an economist with the Joint Economic Committee of Congress.

In the private sector, Mrs. Matz was the Executive Vice President and Chief Operating Officer of a large Federal credit union.

I have known Debbie and her husband, Marshall, for over 20 years. While Debbie hails from New York, I think of her as an honorary South Dakotan not just because of the amount of time she has spent in the State, but because of the heartland values she embodies.

Debbie will provide extraordinary leadership as the chair of NCUA. President Obama has nominated a very qualified candidate to protect the safety and soundness of the Nation's credit unions during this difficult economic time. I urge the Committee to support her nomination and report it to the full Senate for approval.

PREPARED STATEMENT OF DEBORAH MATZ

TO BE CHAIR OF THE BOARD OF THE NATIONAL CREDIT UNION ADMINISTRATION

JULY 22, 2009

Thank you Senator Johnson and Members of this Committee for holding this hearing.

I appreciate this opportunity to come before you as President Obama's nominee to Chair the Board of the National Credit Union Administration. It is an honor to have been nominated by the President, and it is a privilege to appear before this Committee. If I could just take a few minutes, I'd like to introduce my family members who have joined me today. Marshall, my husband of 31 years, is here with our daughter, Hayley, who until recently worked for the Senate and is now press secretary at the SBA. Our son, Peter, is working in California and could not join us—but he is watching online!

This is an extraordinary time in the history of financial institutions—including the credit union industry. The current challenge has demonstrated the need for financial regulators to be independent, insightful, and innovative; to value transparency and accountability. Financial regulators need to be visionary, strong leaders and adept at implementing systemic change. These are traits that permitted me to accomplish a great deal when I previously served as an NCUA Board member, from March 2003 until September 2005, and will be even more important as Board Chair in these difficult times.

For the three-and-one-half years of my term, I worked diligently to fairly and thoughtfully implement the Federal Credit Union Act and to ensure the safety and soundness of the Nation's then 9,000+ federally insured credit unions which, at the time, held some \$600 billion in deposits.

If I am fortunate enough to be confirmed, my first priority will continue to be ensuring the safe and sound operation of federally insured credit unions. Closely related goals will be to make certain that NCUA thoroughly applies all relevant consumer protections, promotes tools such as improved financial education, and encourages credit unions to reach out to serve all eligible consumers.

Perhaps my most notable accomplishment during my previous service was encouraging credit unions to reach out to those in their field of membership who may fall prey to unscrupulous lenders. Through a series of workshops which I initiated called Partnering and Leadership Successes (PALS), we taught thousands of credit union officials best practices for serving these populations. Credit union leaders learned that providing an alternative to predatory lenders is not just the right thing to do, it is good business.

It was also through my efforts that NCUA established an Office of Small Credit Union Initiatives. This office serves as a resource to provide technical and financial assistance to small credit unions, which tend to serve the lowest income populations.

After my NCUA service, from 2006–2008, I served as Executive Vice President and Chief Operating Officer at a Maryland credit union. This permitted me to experience firsthand the effect of regulations on credit union operations. It sensitized me to the need for effective, rather than excessive, regulation. My 26-year Government career, of which I am very proud, includes 10 years on Capitol Hill as an economist with the Joint Economic Committee, and 8 years as a senior executive at the Department of Agriculture; three as Deputy Assistant Secretary for Administration.

Recently, as I know you are aware, corporate credit unions experienced problems with mortgage-backed securities that significantly affected their balance sheets. This necessitated the conservatorship, by NCUA, of the two largest corporates, U.S. Central and WesCorp. While the severe economic downturn which propelled the corporate credit union crisis was not predictable, there are steps that could have been taken which might have mitigated or prevented its effect on these institutions. In 2002, the last time NCUA wrote a corporate regulation, I cast the lone vote against it. I did not believe the crucial issue of risk concentration was adequately addressed. Additionally, I believed that the investment authority being granted was overly broad and permissive, particularly in light of the complexity of the financial instruments that were available to the corporates.

I mention this to underscore my view of the role of a regulator as someone who listens, gets the facts and makes independent judgments. If I am confirmed and assume the Chairmanship, I will apply these principles as NCUA begins a new round of corporate rule making to address the current problems. It is my commitment to you that, during the rule-making process, I will consider all viewpoints, insist on thorough analyses of data, be deliberative in approach and develop a rule that provides both appropriate safeguards and sufficient opportunities for credit unions to thrive.

The stress and uncertainty of the corporate situation has been difficult for the credit union industry. However, Congress has encouraged credit unions to continue to offer quality products to consumers. I want to echo that desire—credit unions have proven throughout their history to be the consumer's best friend. If confirmed as their regulator, I hope to establish a strong working partnership with the industry while maintaining the critical arm's-length relationship between a regulator and the regulated. I assure you that I will regulate and supervise credit unions closely, guide them where appropriate, make forceful suggestions, and always appeal to their commitment to their members. This is the promise that a strong and credible Federal regulatory voice can and should help credit unions fulfill.

I appreciate the chance to appear before you today and look forward to working with Congress if I am confirmed. Thank you.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES
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Name: Matz Deborah
 (Last) (First) (Other)

Position to which nominated: Chair, National Credit Union Administration

Date of nomination: 01 06 2009

Date of birth: 25 08 1950 **Place of birth:** New York City
 (Day) (Month) (Year)

Marital Status: Married **Full name of spouse:** Marshall L. Matz

Name and ages of children: Hayley Matz, 27
 Peter Matz, 23

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	George Washington U.	1975-1977	M.A.	2/1977
	Cornell University	1967-1971	B.S.	1/1971

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

- 1/06 NCUA Distinguished Service Award
- 12/00 Vice President Gore's Golden Hammer Award, Co-recipient with U.S. Department of Agriculture's (USDA) Deputies Capital Planning Working Group
- 6/00 Secretary's Honor Award for Superior Service in Preventing Workplace Violence at USDA
- 6/00 Secretary's Honor Award for Superior Service in Developing a Continuity of Operations Plan for USDA
- 1992 PTA Human Relations Award
- 1970 Dean's List, Cornell University

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Temple Rodef Shalom		1991-present
Women in Housing and Finance		2004-present
Women in Housing and Finance Foundation	Board Secretary	2008-present
President's Council of Cornell Women		2005-present
Smithsonian Institution		1993-present
Cornell Club of DC		1980-present

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

April 2006-June 2008

Executive Vice President and Chief Operations Officer
Andrews Federal Credit Union
Suitland, MD

January 2002-October 2005

Board Member
National Credit Union Administration
Alexandria, VA

September 2001-January 2002

Executive Officer
Liaison Office of Washington
Food and Agriculture Organization of the United Nations
Washington, DC

January-April 2001

Senior Advisor to Chair
Farm Credit Administration
McLean, VA

November 1993-January 2001

Senior Executive Service Member: Presidential Appointee
U.S. Department of Agriculture
Washington, DC
Deputy Assistant Secretary for Administration
Chair, Loan Resolution Task Force
Chief of Staff to Administrators of the Farm Service Agency and Farmers Home Administration and the Dep. Under Sec. for Rural Development

1987-1989 and 1977-1984

Economist
U.S. Congress Joint Economic Committee
Washington, DC

1984-1986

Freelance Consultant
Washington, DC Metropolitan Area

1976-1977

Project Leader
U.S. Congress Office of Technology Assessment
Washington, DC

1973-1976

Legislative Assistant
Office of Congressman Peter A. Peyser
Washington, DC

1971-1973

Community Development Representative
U.S. Department of Housing and Urban Development
New York, NY

Government

Experience:

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

December 2005-January 2006

Consultant
Calvert Foundation

January 2002-October 2005

Board Member
National Credit Union Administration
Alexandria, VA

January-April 2001

Senior Advisor to Chair
Farm Credit Administration
McLean, VA

November 1993-January 2001

Senior Executive Service Member: Presidential Appointee
U.S. Department of Agriculture
Washington, DC
Deputy Assistant Secretary for Administration
Chair, Loan Resolution Task Force

Chief of Staff to Administrators of the Farm Service Agency and Farmers
Home Administration and the Dep. Under Sec. for Rural Development

1987-1989 and 1977-1984

Economist
U.S. Congress Joint Economic Committee
Washington, DC

1976-1977

Project Leader
U.S. Congress Office of Technology Assessment
Washington, DC

1973-1976

Legislative Assistant
Office of Congressman Peter A. Peyser
Washington, DC

1971-1973

Community Development Representative
U.S. Department of Housing and Urban Development
New York, NY

Published

Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Books

Industrial Incentives: Public Promotion of Private Enterprises. (With William Hamilton and Larry Ledebur) (Washington, DC: Aslan Press, 1984).

Monographs and Articles

'Generation Debt' Hurts More Than Just The Students, The Credit Union Journal (July 25, 2005).

Combat Payday Lenders, The Credit Union Magazine (June 2005).

Financial Education Reaches New Members From All Walks of Life, Financial Fitness (Summer 2005).

Reaching New Markets: A Visionary Strategy to Build Membership, The Credit Union Times (July 14, 2004).

Credit Unions Can Help Save "Generation Debt," The Credit Union Times (April 4, 2004).

Make Financial Education Part of the Three R's, St. Louis Post-Dispatch (December 9, 2003).

Medical Alert, U.S. Congress, Joint Economic Committee (October 2, 1989).

The Education Deficit, US Congress, Joint Economic Committee (December 14, 1988).

An Analysis of Innovative State Financing Programs, Prepared for the National Association of State Development Agencies. (1986) (Unpublished).

Trends in the Fiscal Condition of Cities, (With John Petersen) U.S. Congress, Joint Economic Committee (annually 1978-1983).

Central City Business: Plans and Problems, U.S. Congress, Joint Economic Committee (1979).

The Current Fiscal Condition of Cities: A Survey of 67 of the 75 Largest Cities, U.S. Congress, Joint Economic Committee (1977).

Political

Affiliations

and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None

Political

Contributions:

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

See Attachment 1.

Qualifications:
(attach sheet)

State fully your qualifications to serve in the position to which you have been named.

See Attachment 2.

Future employment

relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

N/A. I am not currently employed.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

None.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

**Potential conflicts
of interest:**

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the National Credit Union Administration's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the National Credit Union Administration's designated agency ethics official to identify potential conflicts of interest.

I resigned from my position as Executive Vice President/Chief Operating Officer of the Andrews Federal Credit Union on June 16, 2008. For a period of one year from the date of my resignation, I will not participate personally and substantially in any particular matter involving specific parties in which Andrews Federal Credit Union is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

Any other potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any

legislation at the national level of government or affecting the administration and execution of national law or public policy.

None.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

**Civil, criminal and
investigatory
actions:**

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

In 1996, while I chaired the Loan Resolution Task Force at USDA, an employee filed several complaints against me with the EEOC and the IG. The same employee filed numerous complaints against Secretary Glickman, supervisors and other employees. The USDA IG investigated the employee's allegations against me and found them to be without merit.

In 1998 shortly after I became Deputy Assistant Secretary for Administration, an administrative assistant to the Assistant Secretary moved to another agency within USDA. After several months, the employee wanted to return to the old position, which had since been filled. She filed an EEO complaint against me alleging racial discrimination. The complaint was heard by an administrative law judge and dismissed. She did not appeal the decision.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

Attachment 1 – Political Contributions

Contributor	Amount	Trans. Date	Committee Name
Matz, Deborah	100	06/08/2009	Mark Warner for Senate
Matz, Deborah	250	01/04/2008	EMILY'S LIST
MATZ, Deborah	500	11/14/2007	TIM JOHNSON FOR SOUTH DAKOTA INC
Matz, Deborah	100	10/07/2009	Margaret Vanderhye for VA Assembly
Matz, Deborah.	2,300	03/21/2007	OBAMA FOR AMERICA
Matz, Deborah	250	01/08/2007	EMILY'S LIST
Matz, Deborah	250	02/09/2004	EMILY'S LIST
MATZ, Deborah	1,000	01/30/2004	JOHN KERRY FOR PRESIDENT INC A LOT OF PEOPLE SUPPORTING TOM
MATZ, Deborah	1,500	01/22/2004	DASCHLE INC A LOT OF PEOPLE SUPPORTING TOM
MATZ, Deborah	500	12/08/2003	DASCHLE INC A LOT OF PEOPLE SUPPORTING TOM
Matz, Deborah	1,000	09/30/2003	DASCHLE INC
MATZ, Deborah	500	09/20/2003	DEAN FOR AMERICA A LOT OF PEOPLE SUPPORTING TOM
Matz, Deborah	1,000	06/02/2003	DASCHLE INC
Matz, Deborah	250	01/09/2003	EMILY'S LIST
MATZ, Deborah	500	08/19/2002	IRA SHAPIRO FOR CONGRESS COMMITTEE
Matz, Deborah	250	06/18/2002	TIM JOHNSON FOR SOUTH DAKOTA INC
Matz, Deborah	500	06/29/2001	JILL LONG THOMPSON COMMITTEE
MATZ, Deborah	500	02/02/2001	IRA SHAPIRO FOR CONGRESS COMMITTEE
Matz, Deborah	250	07/27/2000	TERRY LIERMAN FOR CONGRESS
MATZ, Deborah	250	12/30/1999	GORE 2000 INC
Matz, Deborah	1,000	11/04/1999	TIM JOHNSON FOR SOUTH DAKOTA INC
Matz, Deborah	250	09/14/1999	GORE 2000 INC
Matz, Deborah	250	04/23/1999	GORE 2000 INC

Attachment 2 – Qualifications Statement

QUALIFICATIONS STATEMENT OF DEBORAH MATZ FOR POSITION OF CHAIR, NATIONAL CREDIT UNION ADMINISTRATION

I was honored to have been confirmed by the Senate to serve on the board of the National Credit Union Administration in March 2003 after receiving the recommendation of the Senate Committee on Banking, Housing and Urban Affairs. For the three and one half years of my term, I worked diligently to fairly and thoughtfully implement the Federal Credit Union Act and to ensure the safety and soundness of the nation's 9,000+ federally-insured credit unions which held some \$600 billion in deposits. As a minority member of the board, I developed mutually respectful and collegial relationships with the majority members, which enabled me to play a significant role, not usually afforded minority members, in shaping the agency's agenda and outcomes.

Perhaps my most notable accomplishment was sensitizing credit unions to the need to reach out to those in their field of membership – minorities, military personnel, women, young and senior citizens – who tend to fall prey to unscrupulous lenders. Through a series of 11 workshops which I initiated called Partnering and Leadership Successes (PALS), we taught thousands of credit union officials and staff best practices for serving these populations. Credit union leaders learned that providing an alternative to predatory lenders is not just the right thing to do, it is good business. In a monograph "Low-Cost Payday Loans: Opportunities and Obstacles", published in 2005, Sheila Bair wrote:

As of this writing, the one federal regulator who has been the most vocal supporter of depository institutions developing their own low-cost payday loan alternatives is Deborah Matz, of the National Credit Union Administration.

It was through my efforts that the Office of Small Credit Union Initiatives was established, replacing the Office of Credit Union Development. This office serves as a resource to provide technical and financial assistance to small credit unions, which tend to serve the lowest income populations and struggle for survival.

I fought against staff cutbacks arguing that more complicated investments and business operations required more staff, not less. I feared that in the event of a severe economic downturn, there might not be sufficient examiners to assist troubled credit unions and, moreover, insufficient numbers of examiners could lead to an increase in troubled credit unions. I voted against charter applications which I believed exceeded the field of membership intent of Congress. I insisted that corporate credit unions not be permitted to purchase securities with less than AAA ratings. I was, however, unsuccessful in my attempt to limit the concentration of securities that corporate credit unions could purchase. I was aware that the lack of a concentration cap could have disastrous consequences, which it has.

As a regulator, I was always thorough, questioned staff diligently, and required documentation, analyses and multiple options. I made it a practice not to merely rely on staff for information; doing my own due diligence and research as well.

Times have changed significantly in the financial community. The current challenges have demonstrated the need for financial regulators to be independent, insightful and innovative; to value transparency and

accountability. It requires someone who is visionary, a strong leader and who is adept at implementing systemic change.

While these traits were invaluable to me as an NCUA board member, they were also responsible for the successes I achieved as the Executive Vice President/Chief Operating Officer at Andrews Federal Credit Union where I served from April 2006-June 2008. Brought in to reinvigorate this 60 year-old financial institution with over \$800 million in assets, I implemented strategies which produced record loan growth and reversed years of declining deposits and membership growth. With safety and soundness an ever-present consideration, delinquencies and charge-offs remained extraordinarily low -- approximately 0.2% -- despite a 32% increase in loan growth. As a military credit union with eight branches on bases in three European countries (Germany, Belgium and The Netherlands) and two on U.S. bases, meeting the financial needs of service men and women was central to our mission. Under my leadership, financial education on bases increased significantly as did the introduction and enhancement of products and tools to assist military personnel in achieving financial stability and security.

Prior to serving on the board of the NCUA, I held a number of positions in the legislative and executive branches. At the U.S. Department of Agriculture I served as the Deputy Assistant Secretary of Administration; Chair of the Loan Resolution Task Force and as Chief of Staff to two agency administrators from 1993-2001. In each of these I achieved success in managing large staffs, budgeting, setting and achieving goals and reconciling business operations with the organizational structure.

At the Congressional Joint Economic Committee I served as an economist for 10 years, advising Members of Congress on a wide range of domestic policy issues. These included economic development, state and local government finance, housing and infrastructure. As the senior staff person responsible for these issues, I set the agenda, organized hearings and drafted reports. The surveys I conducted on the fiscal condition of cities were nationally recognized and widely utilized by officials at all levels of government.

With 26 years of government service, I will bring to the position of NCUA Chair an extensive knowledge of the workings of the federal government in addition to a sound understanding of financial regulation and strong management skills. My record as an NCUA board member clearly demonstrates the profound importance I attach to the role of an independent financial regulator. My reputation for high ethical standards and unwavering integrity; for extensive fact-finding and diligence; for opening channels of communication with stakeholders and making tough decisions, for supporting transparency and accountability, are traits that will permit me, if I am confirmed as Chair of NCUA, to steer the agency and the credit unions that it regulates through these difficult times and to ensure the continued safety and soundness of the nearly \$1 trillion credit union system.

**RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN DODD
FROM DEBORAH MATZ**

Q.1. The Administration is proposing to create a separate Consumer Financial Protection Agency (CFPA) which would cover both regulated and unregulated entities in order to ensure consistent, marketwide regulation of mortgage and consumer credit. Do you agree that such consistency in consumer protection regulation for all lenders is important?

A.1. First and foremost, consumer protection should be an absolute priority for all financial institution regulatory entities. During my prior service on the NCUA Board I demonstrated a strong and thorough commitment to making certain that consumers received adequate protections from the NCUA, and I will renew this commitment should I become Chairman. This essential role for financial regulators has assumed greater importance given the complex and rapidly changing nature of financial markets, and the associated events that have caused or exacerbated the current economic difficulties.

I strongly support increased consistency in the consumer protection regime, as contemplated in the proposed CFPA. If Congress decides to consolidate consumer protection functions under a single regulatory entity, as is currently being proposed by President Obama, I would do everything I could as NCUA Chairman to assist in these efforts and provide constructive suggestions as to how to make a new system work better for credit unions and their members. As I stated during my testimony before the Senate Banking Committee, consumer protection must be a principal concern for any financial regulator, and I would encourage Congress and the President to devise a system that improves the effective oversight of consumer protection through streamlined, coherent regulatory processes and elimination of duplication. I also believe that it would be beneficial to construct the new agency in a way that minimizes costs and administrative burdens on the financial institutions themselves, and maximizes the efficient delivery of consumer protection functions.

Q.2. To that end, do you agree that, assuming the CFPA is created, it should have rule-writing authority that covers all regulated and unregulated financial institutions?

A.2. Yes. Consumers will benefit from any enhancements to regulatory authority that tangibly improves consistency and efficiency in the administration of consumer protection regulations. Rule making is an essential part of regulatory oversight; it ensures practical effects in the marketplace. I would favor any improvements to the overall regulatory structure that highlight efficiencies inherent in a consolidated consumer protection-focused entity, while at the same time complement the safety and soundness practices of current functional regulators.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR VITTER
FROM DEBORAH MATZ**

Q.1. Ms. Matz, on July 20, 2009, the *Credit Union Journal* reported that you are preparing to hire your two top staff, and that

that these staffers have been involved with industry groups that lobby the NCUA.

How can you assure this Committee that the NCUA, under your supervision, will be able to remain independent under these circumstances and refrain from showing favoritism for the interest of those groups that previously employed your staff?

A.1. I was not interviewed for this article and do not know the basis for the article. As you may know, I served on the NCUA Board from 2002–2005 and was widely regarded as a person who is judicious, independent and has high ethical standards. If confirmed by the Senate as NCUA Board Chair, I assure you that these traits will once again define my tenure. I have not offered positions to anyone—and will not do so until I am confirmed.