



Honorable Member
United States Senate
Washington, DC 20510

April 20, 2026

Re: Oppose the nomination of Kevin Warsh to serve as Chair of the Board of Governors of the Federal Reserve System.

Dear Senator:

Americans for Financial Reform (AFR) urges you to oppose the nomination of Kevin Warsh to serve as Chair of the Board of Governors of the Federal Reserve System (Fed). The role of Fed Chair requires a demonstrated commitment to independent policy-setting, supervisory rigor, and prioritizing financial stability. The Fed Chair must be a steward of the economy unbowed by pressure from the White House or Wall Street. On all these counts, Mr. Warsh falls far short of what is needed, especially during the current tumultuous economic conditions, and is uniquely unsuited to lead the Federal Reserve Board.

AFR is a nonpartisan and nonprofit organization formed by more than 200 civil rights, consumer, labor, small business, investor, faith-based, civic, and community groups in the wake of the 2008 financial crisis. AFR remains dedicated to advocating policies that shape a fair and stable financial sector that serves workers, communities and the real economy, and provides a foundation for advancing economic and racial justice.

Much focus has been given to the powerful role the Fed Chair plays in setting monetary policy, but the Fed — with the Chair at its helm — is also responsible for supervising and regulating banks to protect the safety and soundness of institutions and the U.S. financial system.¹ Deregulation and weak oversight precipitated the 2008 financial crisis, which set back the U.S. economy for years, cost millions of jobs, suppressed household earnings for years, erased retirement and household savings, and destroyed homeownership for millions of families. The stock market lost half its value and total household wealth fell by \$17 trillion by 2011.² The downturn devastated communities across the country, in particular the Black, Latine, and working-class communities that were targeted by predatory lenders in the runup to the crisis.³

The 2008 financial meltdown was the result of political and regulatory choices that prioritized financial profits over systemic stability. The Fed supervises the most systemically important banks. In the aftermath of the crisis, the Fed bailed those and other firms out, providing them over \$29 trillion in bailout money after their excessive risk-taking shattered the economy.⁴ In response, Congress passed the Dodd-Frank Act to

¹ Board of Governors of the Federal Reserve System. “[Supervision and Regulation](#).” April 3, 2026.

² Financial Crisis Inquiry Commission. “[The Financial Crisis Inquiry Report](#).” January 2011 at xviii; Emmons, William R. and Bryan J. Noeth. Federal Reserve Bank of St. Louis. “[Household financial stability](#);

³ Emmons, William R. and Bryan J. Noeth. Federal Reserve Bank of St. Louis. [Who suffered most from the crisis.](#)” *Regional Economist*. July 1, 2012; Greenstone, Michael et al. Brookings Institution. “[Unemployment and Earnings Losses: A Look at Long-Term Impacts of the Great Recession on American Workers](#).” November 4, 2011; Adejumo, Vincent. “[African Americans’ economic setbacks from the Great Recession are ongoing — and could be repeated.](#)” *The Conversation*. February 5, 2019.

⁴ Felkerson, James Andrew. “[\\$29,000,000,000,000: A Detailed Look at the Fed’s Bailout by Funding Facility and Recipient](#).” Levy Economics Institute of Bard College. December 9, 2011.

strengthen the oversight and supervision of banks and other financial institutions, protect consumers, and avoid the mistakes that decimated the economy and transferred trillions of dollars in bailout money from the public to Wall Street.

Mr. Warsh opposes crucial post-crisis Dodd-Frank reforms and favors the kinds of financial deregulation that crashed the economy in 2008.⁵ Mr. Warsh would aggressively expand and entrench the Trump administration's deregulatory agenda that will increase the likelihood and severity of another financial crisis and prioritize the Wall Street executive class ahead of working people. If confirmed, Mr. Warsh would join Vice Chair for Supervision Michelle Bowman — who is already reducing staff focused on supervision and regulation by 30 percent and significantly weakening supervisory oversight — in gutting the capacity of the Fed to protect the safety and soundness of the banking system and ultimately the U.S. economy.⁶

Mr. Warsh has a long history of downplaying systemic risks, making him a wholly unsuitable candidate to lead an agency responsible for safeguarding financial stability. Mr. Warsh favored market participants' self-regulation over supervisory oversight even as turmoil in over-the-counter derivatives and subprime residential mortgage backed securities showed signs of threatening the entire financial system. Indeed, as a Fed Governor, in the months preceding the crash he stated that “market discipline appears effective” in the face of increasing market volatility.⁷ Just months before banks' excessive risk-taking thrust the economy into recession, Mr. Warsh claimed that markets themselves could be trusted to limit risk and that they were “functioning well.”⁸

In 2007, then-Governor Warsh told Congress that mounting losses from subprime mortgage loans did not appear to pose systemic risks. “From the perspective of the institutions we oversee,” he testified, “we don't see any immediate systemic risk issues that are brought to bear.”⁹ His opinion proved catastrophically wrong when the subprime mortgage collapse triggered “the most severe financial crisis since the Great Depression,” according to the Federal Deposit Insurance Corporation's account of the crisis.¹⁰ At critical points in his tenure as a Fed Governor, Mr. Warsh had the opportunity to accurately assess threats to financial stability and at every point, he failed. Instead Mr. Warsh used speeches and testimony to defend and promote the risky financial products that undermined the system in the lead up to the crisis.¹¹ After spending months

⁵ Reiter, Aidan. “[The deregulatory push just got a leg up.](#)” *Politico*. February 5, 2026.

⁶ Smith, Colby and Stacy Cowley. “[The Fed is Cutting Oversight. Critics See Risks.](#)” *The New York Times*. November 17, 2025; Johnson, Katanga. “[Fed's Bowman Moves to Reduce Bank-Supervision Unit By About 30%.](#)” *Bloomberg Law*. October 30, 2025.

⁷ Warsh, Kevin M. Board of Governors of the Federal Reserve System. “[Market liquidity – definitions and implications.](#)” March 5, 2007.

⁸ *Ibid.*

⁹ Hearing before the Committee on Financial Services. U.S. House of Representatives. “[Hedge Funds And Systemic Risk: Perspectives of the President's Working Group on Financial Markets.](#)” July 11, 2007.

¹⁰ Federal Deposit Insurance Corporation. “[Origins of the Crisis.](#)” Accessed April 2026.

¹¹ Warsh, Kevin M. Board of Governors of the Federal Reserve System. “[Financial Intermediation and Complete Markets.](#)” June 5, 2007; Governor Kevin M. Warsh speaking at Federal Reserve Board Meeting on Proposed Rule to Amend Home Mortgage Provisions of Regulation Z. “[User Clip: Kevin Warsh speaking at 2007 Fed Meeting on Mortgage rules.](#)” CSPAN. December 18, 2001.

downplaying systemic risk concerns, then-Governor Warsh went on to personally help facilitate billions of dollars in bailouts to several banks, including to his former employer, Morgan Stanley.¹²

Rather than grapple with his failure to recognize the impending banking market and supervisory failure, Mr. Warsh has continued to champion the kinds of deregulatory policies that allowed the crisis to happen in the first place. He has consistently opposed the stronger regulatory and supervisory framework established by the Dodd-Frank Act.¹³ Instead, he has continued to tout market discipline as superior to or in lieu of banking supervision, despite the fact that the “market discipline” he assessed as effective in the lead up to the 2008 crisis was grossly ineffective at managing financial risk.¹⁴ Mr. Warsh currently opposes post-crisis reforms designed to protect financial stability, including raising capital buffers in line with the internationally agreed upon Basel III capital standards.¹⁵

Capital standards are essential to maintaining a resilient financial system, with well-capitalized banks investing their own equity into their bank’s assets which makes them more resilient. A 2019 St. Louis Federal Reserve Bank study found that stronger capital levels reduced the likelihood and improved the response to financial crises that could forestall credit crunches, and “in all cases the economic benefits of moderate increases to in capital levels above current levels exceed the economic costs.”¹⁶ Opponents of strengthening capital rules often champion the interests of wealthy shareholders, who benefit when bank capital previously used to absorb losses in the event of financial stress can instead enrich investors in form of dividends or stock buybacks. Wall Street’s profit incentives often run directly counter to the Fed’s mission of promoting financial stability. It is crucial that the next Fed Chair serve that mission – not Wall Street. Mr. Warsh’s past record, personal wealth, and relationships raise concerns about whether he will be able to prioritize financial stability over the enrichment of his friends, allies, and his own fortune.

Mr. Warsh’s financial disclosures raise real conflict of interest concerns about his ability to robustly regulate the financial system. If confirmed, Mr. Warsh would be the richest Fed Chair in decades, holding up to \$209 million in assets, including investments in several digital asset companies, non-bank financial institutions, and artificial intelligence companies.¹⁷ These assets — including stakes in everything from Elon Musk’s SpaceX to the betting platform Polymarket — call into question whether Mr. Warsh would be able to lead the Fed without the appearance of bias or conflicts of interests clouding his chairmanship.¹⁸

His holdings in private funds raise particular concerns, given that the growing stresses in these opaque private credit and private equity funds are deeply connected to regulated financial institutions and can pose a real risk of contagion. Mr. Warsh’s ethics filings fail to provide details on his millions of dollars of investments in

¹² Hilsenrath, John, Damian Paletta, and Aaron Lucchetti. “[Goldman, Morgan Scrap Wall Street Model, Become Banks in Bid to Ride Out Crisis.](#)” *Wall Street Journal*. September 22, 2008; Board of Governors of the Federal Reserve System. “[Kevin M. Warsh.](#)” Accessed April 2026.

¹³ Reiter, Aidan. “[The deregulatory push just got a leg up.](#)” *Politico*. February 5, 2026.

¹⁴ Warsh, Kevin M. Board of Governors of the Federal Reserve System. “[Regulation and Its Discontents.](#)” February 3, 2010.

¹⁵ Warsh, Kevin. “[The Federal Reserve’s Broken Leadership.](#)” *Wall Street Journal*. November 16, 2025.

¹⁶ Firestone, Simon, Amy Lorenc, and Ben Ranish. St. Louis Federal Reserve Bank. “[An Empirical Economic Assessment of the Costs and Benefits of Bank Capital in the United States.](#)” *Federal Reserve Bank of St. Louis Review*. Third Quarter 2019.

¹⁷ Ackerman, Andrew. “Trump’s pick for Fed chair could be the richest in modern times.” *Washington Post*. April 14, 2026.

¹⁸ Timiraos, Nick and Matt Grossman. “[Fed Nominee Kevin Warsh Details More Than \\$100 Million in Financial Holdings.](#)” *Wall Street Journal*. April 14, 2026.

opaque private funds, citing “preexisting confidentiality agreements” as the reason for the secrecy around the funds’ underlying assets.¹⁹ This opacity can conceal real risks and as the Fed itself affirms, “Transparency has become a core principle of modern central banking.”²⁰ Given his refusal to provide the U.S. Senate with a detailed account of his own financial holdings, it is difficult to imagine Mr. Warsh championing transparency on behalf of the Fed.

The Fed Chair must be someone who is committed to the necessary and robust regulatory oversight and supervision to effectively protect the safety and soundness of banking institutions and the resiliency and stability of the financial system. Mr. Warsh’s prior record at the Fed, his risky support of rolling back critical post-crisis guardrails, and the conflicts of interest posed by his considerable investments should disqualify him from serving as Chair of the Federal Reserve Board of Governors. Confirming Mr. Warsh for this position would imperil our financial system and endanger the health and stability of our economy.

Sincerely,

Americans for Financial Reform

¹⁹ *Ibid.*

²⁰ Federal Reserve History. “[Transparency](#).” August 5, 2024.