

[Maxine Waters in line to take over from Frank on Financial Services Committee](#) (The Hill – November 28, 2011)

By Bernie Becker and Peter Schroeder

Wall Street executives are bracing for the possibility that Rep. Maxine Waters will take over as the top Democrat on the House Financial Services Committee after Rep. Barney Frank (D-Mass.) retires. Waters, an outspoken California liberal who is considered to the left of Frank on financial and housing issues, suggested in a statement Monday that she is laying the groundwork to become the senior Democrat on the panel. “As the next most senior member of the committee, the current ranking member on the Capital Markets subcommittee and the former chair of the Housing and Community Opportunity subcommittee, I hope to use my experience to continue and expand his work in the committee,” Waters said. Frank, the top Democrat on Financial Services since 2003, has had his fair share of battles with Wall Street. But financial executives and lobbyists also viewed the Massachusetts Democrat as someone they could work with. “Rep. Frank has always been a formidable but fair legislator who understands financial markets and the indispensable role banks play in the broader economy,” Frank Keating, the chief executive of the American Bankers Association, said in a Monday statement. Waters, on the other hand, is seen as more of a hard-line opponent. “She’s not a good face of the issues,” one financial executive said. “She’s too much of a bomb thrower.” Democrats will have a hard time filling the outsized shoes left by Frank, who accrued deep knowledge of the financial sector during his 16 terms in Congress. In making their choice, party leaders will have to face other knotty issues, most notably an ethics investigation centered on Waters and her husband’s business interests. House Minority Leader Nancy Pelosi (D-Calif.) released a statement praising Frank’s three-decade career in the House, but did not comment about the line of succession on Financial Services. Waters has denied any wrongdoing in the congressional inquiry into whether she helped secure federal funding for a bank in which her husband owned stock and previously served as a board member. She says the Ethics Committee’s work on her case has been compromised and should be dismissed. Democratic leaders still have some time to tap Frank’s successor, with swearing-in for the next Congress still more than a year away. Advocates say whoever is tapped to replace Frank will have a hard time replicating the Massachusetts Democrat’s ability to play good cop/bad cop with the financial industry. In his Monday retirement announcement, Frank said protecting the Wall Street reform law that bears his name would be one of his top priorities in his final months in Congress. But with Republicans and the financial sector fighting back against the Dodd-Frank law, the back-and-forth will almost certainly continue into 2013 and beyond. “The financial industry is important, even pivotal, to the economy,” Bartlett Naylor, a financial policy advocate at Public Citizen, told The Hill. “It’s a fine line to walk in taming this beast without harming the overall economy. Whoever takes up the progressive mantle on that will have a challenge.” The 2012 elections could also play a big role in the decision

Democrats that make, as the party seeks to take back the majority in the House. The House Democratic Steering Committee puts forward candidates for top panel slots after the November elections, which are then considered by the full caucus. “It’s impossible to know what the world’s going to look like in 14 months,” Robert Raben, a Democratic lobbyist and former aide to Frank, told The Hill. “If you’re in the minority in the House, messaging is everything. If you’re in the majority, it’s public policy.” The California lawmaker’s ethics case is expected to be wrapped up by the end of next year, and Raben said he doubted the ethics investigation would have much of an impact on Democrats’ decision. “In my experience, the ethics issue is pretextual: If they don’t want her, they’ll raise that as a reason,” he said. “If they do want her, they won’t let that stop them.” Waters is expected to gain the support of the Congressional Black Caucus as she angles for the top spot. If the CBC backed Waters, it would likely be difficult for Rep. **Mel Watt** (D-N.C.), another CBC member, to leapfrog to the lead spot. **Watt’s** office did not respond when asked whether the congressman was interested in the senior position at Financial Services.

Watt

is also behind Reps. Luis Gutierrez (D-Ill.) and Nydia Velázquez (D-N.Y.), two members of the Congressional Hispanic Caucus, and Rep. Carolyn Maloney (D-N.Y.) when it comes to panel seniority. Maloney, who is viewed as being close to Pelosi, is a fervent supporter of the Consumer Financial Protection Bureau, a signature plank of Dodd-Frank, and has taken a hard line against credit-card companies. But like

Watt

, Maloney’s district could hamstring any ambition she has to take the top Financial Services spot during the next Congress. At a time when many Democrats are employing a populist message and have expressed sympathy for the Occupy Wall Street movement, Maloney represents a large chunk of Manhattan. Maloney also released a statement praising Frank on Monday, but did not weigh in on whether she was interested in moving up on Financial Services. **Watt**, meanwhile, represents Charlotte, a major banking center that is home to Bank of America. Naylor said Public Citizen, a consumer advocacy group, had generally given solid marks to both Maloney and **Watt**, adding that whoever replaces Frank will likely take a broader view of financial and housing issues once he or she ascends to the top spot. “It’s totally new territory,” Naylor said. “You become responsible for so much more than your district.”