

Statement of Laura S. Wertheimer
Nominee to be Inspector General of the Federal Housing Finance Agency
Before the Senate Committee on Banking, Housing, and Urban Affairs
June 17, 2014

Chairman Johnson, Ranking Member Crapo and Members of the Committee, thank you for this opportunity to appear before you today. I am honored to be President Obama's nominee for Inspector General of the Federal Housing Finance Agency ("FHFA").

The FHFA plays a critical role in our financial system as the safety and soundness regulator of the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and the Federal Home Loan Bank System, comprised of 12 regional Federal Home Loan Banks ("FHLBanks"). Since September 2008, Fannie Mae and Freddie Mac have been in conservatorship under FHFA, because of concern that their deteriorating financial condition threatened the stability of the financial markets. Fannie Mae and Freddie Mac currently own or guarantee \$5 trillion in mortgages, three out of every four mortgages in this country.

The FHFA Inspector General's mission is to promote the economy, efficiency, and effectiveness of FHFA's programs and operations. To carry out this mission, OIG conducts and coordinates audits and evaluations of FHFA's activities, which includes FHFA's regulation of Fannie Mae, Freddie Mac, and the FHLBanks and its conservatorships of Fannie Mae and Freddie Mac, and investigations involving FHFA, Fannie Mae, Freddie Mac, and the FHLBanks. Strong independent oversight of FHFA programs and operations is critical to safeguard taxpayer dollars and ensure that FHFA programs and the FHFA's conservatorships of Fannie Mae and Freddie Mac are conducted in accordance with the laws enacted by Congress.

Much of my professional career has focused on leading investigations into alleged wrongdoing and counseling clients on improvements to internal controls and processes to prevent and detect violations of governing laws and regulations. I have significant experience running independent investigations for audit committees and committees of independent directors of public companies looking into financial statement reporting and disclosure errors, alleged accounting irregularities, misconduct by corporate officers and employees, possible improper payments to foreign government officials, whistleblower claims, and other significant issues identified by internal or external auditors. These investigations followed the facts wherever they led, without fear or favor; developed remedial measures tailored to the facts found; and monitored implementation of that remediation.

If confirmed as the FHFA Inspector General, I will exercise my duties aggressively and independently. I have a deep appreciation of the critical importance of conducting rigorous, fair and thorough audits, evaluations and investigations, communicating the results to stakeholders clearly and holding individuals and entities accountable for their

actions. I pledge to be responsive to this Committee and to Congress as a whole and will work to develop a good working relationship with the FHFA Director.

After more than thirty years in the private sector, I am honored to have an opportunity for public service. My father was a first generation immigrant who came to this country with his parents in 1938, escaping with the clothes on their backs and speaking only German. My grandparents had to reinvent themselves in a strange, new environment: my grandmother found work as a domestic housecleaner and my grandfather was employed to scrub out cocoa barrels on the New York docks. Together, they earned enough to rent an apartment in Kew Gardens, a community populated with German and Austrian refugees. My father enrolled in New York City public schools, learned to speak unaccented English, and graduated as valedictorian of his high school class.

America has given much to me and to my family. I am eager to give something back to America.

Thank you and the Committee for your consideration of my nomination. I look forward to answering your questions.