

Statement of
Scott A. Shay
before the
Subcommittee on Financial Institutions and Monetary Policy
Subcommittee on Oversight and Investigations
Committee on Financial Services
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Chairman Barr, Chairman Huizenga, Ranking Member Foster, Ranking Member Green, and Members of the Subcommittees, thank you for the opportunity to be here today to discuss Signature Bank and my role as Chairman of the Board.

In 2000, I co-founded Signature Bank. At the time, the banking industry was experiencing many mergers, and many big banks were not serving the needs of middle market customers. I felt that a mid-sized bank would provide an important commercial service to businesses that preferred a smaller, more personal experience. Signature Bank followed a single-point-of-contact approach, in which the bank's client teams personally served the needs of small and medium-sized businesses.

Our bank had a diverse group of clients, including industrial companies, commercial real estate firms, health care providers, professional service firms, non-profits, and many others. We placed a priority on providing financing to affordable housing providers in low and moderate income areas, and did so for many years.

Through the hard work and dedication of our employees, we went from a small bank with \$40 million of start-up funds to a successful middle-market bank with more than \$100 billion in deposits. We were a solid and thriving bank that played an important role in our client's businesses, and I was enormously proud of our success.

In 2018, we began accepting deposits from businesses in the digital asset sector. I supported this effort because I believed that digital asset payment systems can make financial transactions faster, easier, and cheaper – with funds moving from place to place in minutes, rather than hours or days, and at a much lower cost than traditional payment systems.

I was not alone in my enthusiasm for digital assets. Over the years, many other banks and financial institutions have entered the market for digital assets, and governments – both state and federal – have expressed support as well.

As with other parts of Signature Bank's business, digital deposits grew over time. Nonetheless, because this was a relatively new sector, Signature Bank carefully monitored the business in an effort to ensure that clients met our internal standards, including for compliance with anti-money laundering laws.

We also limited the kind of business we would do. Signature Bank's digital asset business was focused on accepting U.S. dollar deposits from businesses in this sector.

Additionally, I publicly supported increased government regulation of the digital asset sector, in order to ensure that businesses operating within the sector had regulatory oversight.

In the latter part of 2022, the digital asset sector experienced increased volatility and regulators expressed concern. Signature Bank took these developments seriously and, in just a few months, significantly reduced its digital asset deposits.

Unfortunately, a series of truly extraordinary and unprecedented events unfolded quickly. On March 7, a bank with strong ties to the digital asset sector announced it was going out of business, and three days later, on March 10, a second bank was seized by regulators. And then, within just a few hours, our depositors withdrew \$16 billion from the bank.

Nonetheless, I was confident that Signature Bank could withstand the economic earthquake that occurred on that day. The bank was well-capitalized. The bank was solvent – indeed, it was always solvent, with assets well in excess of liabilities even at the very end. And the bank had a well-defined and solid plan to continue in operation and withstand additional withdrawals.

Although I believed that the bank was in a strong position to weather the storm, regulators evidently saw things differently. On Sunday, March 12, regulators seized Signature Bank.

Although I disagreed with this decision, I recognize the important role that bank regulators play in our financial system. My first priority in helping to build Signature Bank was providing excellent service to our customers. I was therefore pleased that the government guaranteed the full amount of our customers' deposits.

Helping build a bank that, for 22 years, played an important role in the middle-market sector of our economy was the pinnacle of my professional life. For that reason, March 12, 2023 was a devastating day for me.