

Tarullo Stepping Dow, Leaving Three Vacancies on the Fed's Board

By Huan-Ting Wu, JSD Candidate | February 22, 2017

Fed Governor Daniel K. Tarullo, 64, announced he would resign in April in a [two-sentence letter](#) on February 10, 2017 without too much explanation. His term does not end until 2022. Mr. Tarullo's departure would bring the number of vacancies on the Board to three. Senate Republicans have preserved two vacancies by refusing to hold a vote on then-President Obama's nominations — the same tactic they used to hold a seat vacant on the Supreme Court.

Although having no direct control over the Fed, President Trump can nominate individuals to fill vacancies on the Board. If President Trump succeeds in getting three of his nominees confirmed, Republicans will attain four of the seven seats on the Fed's board, including the current Republican governor Jerome H. Powell, who was [appointed by Mr. Obama](#) in 2012 in an effort to placate Senate Republicans. A Republican-dominated Board might speed the Trump administration's explicit [challenge to financial regulations](#), such as Dodd-Frank.

Since joining the Fed in 2009, Mr. Tarullo has been labeled as [the "alpha dog"](#) of financial regulators because of his efforts on [enhancing and overhauling financial regulations](#), such as increased capital, stress testing, liquidity requirements, increased risk-management expectations and resolution regimes. Mr. Tarullo believes those efforts will continue even after he leaves. [But he also acknowledges](#) that "when it comes to smaller institutions and certainly community banks — any institution under \$10 billion — I think we can and should have a substantially simpler capital system."

Tarullo's planned resignation will be just the second major departure by Fed leadership during the Trump administration. [Scott Alvarez](#), the general counsel of the Fed for more than a decade, just announced his planned retirement on February 8.