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## With GOP Win, Bachus Expected to Chair Financial Services

By Stacy Kaper, *American Banker*

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WASHINGTON — Rep. Spencer Bachus, R-Ala., who just a few months ago was seen as unlikely to assume the top spot on the House Financial Services Committee now that Republicans have won control of the House, is now the odds-on favorite to become chairman.

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With the GOP's sweeping victory late Tuesday, the party will take a few months before they formally name leadership posts, including committee chairs. But Bachus, who has served as the panel's ranking member for the last four years, now appears to have the upper hand on any potential challengers.

He remains well-liked by his caucus and the business community, and has earned the good-will of his colleagues by his prolific fundraising, amassing more than \$1.8 million this election cycle for fellow Republicans.

"I think Bachus has it," said Anthony Plath, an associate professor of finance at the Belk College of Business at UNC Charlotte. "He is the ranking Republican. He has been really vigorous in terms of championing bank rights. He's been an objector to Dodd- Frank. If anything, I think he's the guy to beat."

Despite his leadership role, Bachus was not always seen as the likely choice. Some Republicans felt he was not aggressive or agile enough in rebutting Chairman Barney Frank, who was well known for his quick wit and sometimes brusque manner. Even though he will now be in the minority, Frank is likely to be a tough opponent for Bachus.

Bachus has also taken heat from conservative members for supporting a mortgage lending reform bill in 2007, and was replaced in 2008 as the top House Republican representative for the Financial Services Committee to negotiate the \$700 billion Troubled Asset Relief Program.

Still, Bachus has proven adept already at overcoming those hurdles and many now see the Alabama Republican as a lock for the top job.

"Spencer Bachus is capable, he knows the issues and he is philosophically aligned with the GOP conference," said Dan Crowley a partner with K&L Gates.

Others agreed.

"I know that there was all that talk a few weeks ago about someone trying to bump him out but I think by virtue of seniority and the fact he's been the ranking member, I would think that he'll get it," said Bert Ely, an independent analyst in Virginia. "There are no certainties to this game... Maybe someone will mount a challenge, but I would bet he'll be the chairman."

Ely said part of the reason why Bachus appears to be on top is because of how passionately he beat down speculation to the contrary.

Late this summer, when rumors began circulating that his rise to chairmanship was in doubt, he came out swinging in the press, proclaiming himself to be the next chairman and daring reporters to go "ask John" — referring to House Minority Leader John Boehner — who is expected to become Speaker.

"It is because of how aggressively he fought back," said Ely. "I mean there was no equivocation on his part." Other observers agreed that Bachus has helped head off any potential challengers by giving possible alternatives plenty of running room to advance their own agendas with him at the helm. Both Reps. Jeb Hensarling of Texas and Scott Garrett, who were seen as potential replacements for Bachus, were given wide latitude to pursue their own agendas while serving as the ranking members of key subcommittees.

"You are going to see Bachus let subcommittee chairs play a really big role," said Mark Calabria, the director of financial regulation studies at the Cato Institute. "So I think that is one of his ways for keeping everyone on board and keeping that support is to give them a fair amount of leeway... That is one of the things Bachus has done to solidify his support is that he has started to essentially share power with these guys. I think that has essentially brought them into it."

But Bachus' term may not last that long. Under current Republican rules, members are term limited to serve in the senior slot on a committee for six years, including time in the minority and majority. Since Bachus has been

ranking member for nearly four years, he would have to seek a waiver to continue as chairman after 2012 (assuming Republicans are still in charge).

"He is going to have to prove himself both to leadership and to the freshmen that he is capable of doing this job in a way that is aggressive," said Calabria. "The waivers are all going to be discretionary based on member and it's going to be based on what kind of job has he done and how has he behaved."

But Bachus has the charm offensive on his side. Besides raising a ton of money for his party, which particularly helps garner the allegiance of party leaders, he is personable. For example, he is well known for being a model train enthusiast (since his grandfather was an engineer on the old Southern Railway) and he has been known to personally send trains to people who have asked him about his collection.

A former state senator and lawyer, Bachus was first elected to Congress in 1992. His popularity helped him beat out the more senior and wonkish former Rep. Richard Baker of Louisiana to become ranking member in 2007 after the top Republican Rep. Michael Oxley retired.

James Barth, the Lowder Eminent Scholar in Finance at Auburn University and a senior fellow at the Milken Institute, said Bachus' style appeals to colleagues.

"He's very gentlemanly," he said. "He doesn't appear to have any sort of temper. He doesn't seem to hold grudges or anything like that. He strikes me as a very even-keeled individual, quite polite and respectful of the views of others but quite willing to disagree with others as well."

To be sure, the choices for chairmen are far from set. Leadership races will not be held until later this month when Congress resumes. The Republican Steering Committee (which is made up of members of leadership who have weighted votes and other members representing geographic regions) are slated to hear pitches and vote for committee chairmen in December, which will have to be approved by the caucus.

Speculation about other potential choices include Rep. David Dreier, of California who maintains the most seniority on the committee but who has taken a leave from it for the last several years to serve as the top Republican on the Rules Committee, and is not expected to want to return.

Still, not everyone is betting on Bachus.

"While he fully deserves the position, I don't think that the ranking minority member of the committee Spencer Bachus will get the nod from the House Republican leadership," said Kenneth Guenther, the former head of the Independent Community Bankers of America. "He is viewed as not being savage enough... He isn't partisan enough and has been viewed, fairly or unfairly, as not being able to take on Barney Frank who will become the ranking minority member."

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