

## CONVERSATIONS WITH MIKE MILKEN



### Maxine Waters

U.S. Representative (D-Calif.); Chairwoman,  
Committee on Financial Services, U.S. House of  
Representatives

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**Mike Milken: Madam Chairwoman, the first ever African-American woman to head the House Financial Services Committee. We are so lucky in this time of crisis that you are in this leadership position to help to create a safety net for our country. Thank you for joining me today.**

Maxine Waters: You certainly are welcome, Mike. Thank you for wanting to spend some time for us to just talk about a number of issues that we care about, issues that we have talked about in the past. Certainly now is the time with the protests that are going on all over the world, and this pandemic that we have; certainly we have a lot to talk about. I'm pleased to be with you today. And let me remind you that I am the first African-American, period, to be the chair of the Financial Services Committee ... and the first woman.

**Well-deserved. And as I said, in times of crisis it's extremely important that a person have experience, vision and integrity leading this effort. Madam Chairwoman, you were a young girl from St. Louis, the fifth of 13 children, who started working in a factory at 13 years of age, who eventually came out to California, and got her degree from Cal**

State [Los Angeles] in 1970. Busing started in Southern California in 1979: there was a question of what was going to happen to these schools in South Central LA and other parts of our city that are part of your district today.

You were elected to the California Assembly at that time. You served for a decade in California and more than 30 years now in the House. I remember seeing you on the news between 1979 and 1982 talking about Eula Love. She was killed arguing over a \$22 electric bill. Let's take our listeners back to that point in time.

Oh, absolutely. Eula Love was a woman raising two children, two daughters. Her husband had passed away, and of course she had limited income and she could not afford to pay her gas bill. They came out to cut off her gas and she would not let them do that. She confronted them. She may have had like a butter knife or something. She waved at them. Anyhow, they called the police and the police came out, and of course, they ended up in this confrontation. They shot her down on her porch with her daughter standing by. I was outraged by that, and many of my friends were outraged about that killing. First of all, just the idea that the police were coming out to enforce collection on a utility bill, which they had no business doing. Secondly, this single woman raising these children needed help. And then of course her daughters witnessing their mom being shot down, just really struck me in such a way that I felt I had to do something.

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I organized a group called a Black Women's Forum. We decided to confront Daryl Gates, the police chief. He was non-cooperative, as a matter of fact, he was dismissive. We decided that we were going to give publicity to the fact that this had happened. Daryl Gates had no concern about trying to really solve the problems of our communities. It turns out that he was dangerous because he was always at the point of confrontation in the community. So I worked very hard in confronting him. We organized, we marched, we went to churches. I wrote editorials. We did everything. We finally got rid of the chokehold and the battering ram. And of course he finally retired. And when he did his reputation was pretty much destroyed because he was identified as being racist as being violent and not being in the best interests of the city.

When I look at what's going on today Mike, and I think about what has happened in the years between when I confronted Daryl Gates until now, and all of the deaths that have taken place of young black males, for the most part and some black women in this country, every time there is a shooting or killing people are told that they shouldn't act out that they should be patient. That they should wait until investigations are done and let the justice system take care of whatever the problem was. Well, as it turns out, no police were

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ever charged. They were never indicted. For the most part, if there was a court decision, it was justifiable homicide. That's kind of basically the way it went.

Even today, as we think about what is happening, there are other names of recent killings. Breonna Taylor, who was a 26-year-old black emergency room technician, was shot eight times by the police in Louisville. She was in her bed and they broke in, no announcement of police. Even as of today, no arrests have been made. And then Ahmaud Arbery, a 25-year-old black man who was pursued and killed by armed white men in Georgia in February. He was the one that was simply jogging. His murderers, not arrested until May when the video footage was released. That's just a couple of them, there's a lot in between.

I think what we see now is something unusual; all of these young people out protesting all over the world is a result of social media and the ability to communicate. It is young people, many of them millennials, who are disgusted with the system, disgusted with their plight. Many of these young millennials who have gone to school have graduated, they're not getting the jobs that they thought they would get. They are not able to get married and have families and buy a home. I think there's a lot of disgust with leadership, with political leadership. And when this latest incident took place, and it created this outpouring, it was because of the very graphic display of a black man pinned down on the sidewalk with the knee of this police officer on his neck for eight minutes and 46 seconds. These young people have responded to the sight of that killing, of that murder. They have commanded attention in cities throughout this country and other countries. So here we are. What does this remind you of Mike? Does this remind you of what you were involved in with the insurrection [in 1992] that was followed by Rebuild LA with [Los Angeles Mayor] Tom Bradley and all that was attempted in that period of time?

**When I refer to 1992, I refer to it as an insurrection. Something that you called it, not a riot, but an insurrection. It covered a much larger area than the Watts Riots did. And then the creation of Rebuild LA. Peter Ueberroth, who led the Olympics effort in 1984,**

was commissioner of baseball and was on the Milken Family Foundation board for a number of years, became a head of Rebuild LA. In 1993 as I became active with you, that give-and-take between the two of you is vivid in my mind as to what the community needed and what was the right approach.

I think as you've pointed out, during the COVID pandemic, people have been restricted in their movement. It's a different environment. I see a change in the business community realizing how dependent we were on that person that delivers something to your house. How dependent we were on the person working in a Target store, Walmart or a Kroger, coming to work and making sure that you had the goods and services you need. How dependent you were on that person in an emergency room and how all these people risk getting the virus by just going to work. I know you have pushed for this higher minimum wage. I believe as we reevaluate jobs and understand that every job is important, they also understand how fragile their own business was; they were successfully running a restaurant and now they have no customers; they owned a hotel and now there was no customers; they own the service and no one was coming. How they've looked to your leadership and others to find an economic safety net. How in a highly partisan environment in Washington, you've been remarkably successful in working across the aisle, particularly with Secretary [Steve] Mnuchin and others on the passing of the CARES Act. What was the secret in building these ties in this very partisan environment that allowed you to bring this support to our country?

Well, Mike, this pandemic, the likes of which certainly we have not experienced in this country, we've gone through a lot. We had 9/11. We have gone through Katrina and a lot of disasters, but nothing like this health disaster that created the economic disaster. We worked in Washington to try and have a legitimate response to help out small businesses in particular, to help keep employees working or being paid while we get through this. One of the programs is the PPP [Paycheck Protection] program. That is the program that basically was run through SBA [Small Business Administration], with the banks being the facilitators for getting the money out to these businesses. We were very concerned about what was happening to small businesses and wanted a way to have to get past this economic disaster. The PPP program was designed to do that. Well, when you put together a big system over a short period of time, they don't always work the way that you want them to work. The banks were put in a position of dealing with some of their larger clients, and the way that the bill was written, basically it was written for businesses with 500 employees or under. But in the law that was created – it was negotiated between the leadership from both houses – there would be businesses with under 500 employees in multiple locations. We're talking about hotels or motels or restaurants, etc. Some of them received a substantial amounts of money to support their businesses. Some of them gave back the money because when the discussion started about the program, it really wasn't meant to work that way. Some of them decided to return the loans that they had received.

The other problems we had were that many of our small businesses that had never dealt with government before and had to go through the application process, didn't have consultants or lawyers or any of that. They're having a difficult time. And some of our banks were saying, well, we're only going to deal with our existing customers or if you already have an SBA loan. So these were the kinds of kinks in the programs.

Meanwhile, on the administration side, Mr. Mnuchin was in charge of the negotiations, not only for the PPP program, but other aspects of the response like working with the Feds, with [Federal Reserve] Chairman [Jerome] Powell and creating various kinds of facilities to respond in ways that it was felt would be helpful. For example, the Feds came up with what is known as the Main Street program. And it was to provide loans for those businesses that were not small businesses, but they were not the big, big businesses, something in between. And so Mr. Mnuchin was working with Mr. Powell on that. He was working with Nancy Pelosi and [Senator Charles] Schumer and the Senate in the negotiations. And with me, being the chair of the Financial Services committee. I negotiated directly with Mr. Mnuchin. Anybody that keeps up politics kind of knows that early in his service, as the Treasury secretary, there had been an exchange between he and I, where I popularized the phrase 'reclaiming my time.' But when we got to work on how to deal with the MDIs, we call them the Minority Development Institutions, which are basically black banks and the community, financial development institutions, the credit unions and all, we just had a business relationship. He was fair. He was easy to communicate with. I treated him respectfully and we not only created some additional opportunities because of some of what had happened in the first CARES bill – the money ran out before all of the small businesses that needed it had an opportunity to apply for it.

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We created a second kind of CARES bill that was supplemental to the CARES bill. Working with him, I was able to carve out and direct to these minority institutions, a sum of money that would give them the liquidity that they needed in order to lend to these very small businesses in their community.

One good thing about what we did was, we directed this liquidity to the people who absolutely interact with small businesses. They know the community; they know not only who they are and how their businesses operate, but they understand what their needs are. Some of our small community banks are not only here in our area, but over the country, actually help people to fill out their applications and who did not have the

kind of background to really get it done using the computers and all. And so it turned out to be a very good decision and a very good operation that we had working with Mnuchin. And we're still working on some things.

We're looking now at the concessionaires and the airports. He had all of the airport money, a big chunk of airport money to maintain the employees there. I put some special attention on the concessionaires. Some of these concessionaires are minority businesses, not all of them, but these are the people with the newsstands, where you buy your

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magazines and your newspapers and all. They have been very successful and having thriving businesses in these airports. So I put some attention on that. Also, we've taken a look at what we could do to put money into these community financial development institutions, the CFIs that had been created some time ago, looking at how we could put lending closer to the communities. We were able to find out what their weaknesses are, what their strengths are, and how are we going to

revitalize those programs and make sure that we have technical assistance. And now I'm thinking about what we're going to do to improve the technology in these small banks and these community development financial institutions. We've learned a lot in working with all of this. And yes, we're working well together on these issues.

Now we continue because those frontline workers that you talked about, will also be in the next Heroes Bill. You're talking about, you know, the delivery persons, grocery clerks, nurses, frontline, people who, you're right, are responsible for us eating, for us being able to have basic services, etc. We're going to work until we do all that we can to stop what has started to happen with some of these businesses, small businesses, closing down that will never reopen again.

This is a huge challenge. The unemployment in this country is over 40 million now. This is scary. We continue to have unprecedented number of infections that are taken place and minorities are dying. And the older people are dying in these nursing homes. So even with what we're doing and with no understanding of when this pandemic is going to end, we are challenged. We are challenged to keep this economy going. We are challenged to deal with coming up with a vaccine. We're challenged with having all of the PPE, that is the equipment that our nurses and our doctors and our clinics need. We are not in Washington D.C. at this point. We're working from our homes. We had to go in and we

have to go in and vote. We created some new systems where some people will vote by proxy, but we're determined that we're not going to allow what is happening to make us dysfunctional, that we're going to do everything that we can to not only help the least of these, but to support our businesses and to create ways by which to keep this economy from absolutely collapsing. And that's kind of where we are, Mike.

**Maxine. When I said we've been joined at the hip for 40 years, this effort you've had to create jobs for small and medium business, find out a way to get capital to these small community banks, minority banks, community development banks. This is not new for you. This is a subject that has dominated your life for decades. I've had that honor to work with you when you were ahead of the Black Caucus. Many people might think that this is something you're coming to today because of what this crisis is, but this has been core to your belief for decades in creating these jobs. I just can never forget your Elmer Gantry speeches at the meetings with Rebuild LA about what needed to be done for these communities.**

**Let's talk about yourself. In many ways, I don't think the public is fully aware of it, but this coronavirus became very personal for you. Tell us about your sister.**

My sister died as a result of COVID-19. She was the first born. She had been in relatively good health. She needed a hip operation. They took her to the hospital. She had the hip operation and they tested her afterwards to find out that she'd been infected with the virus. She died within a less than three weeks after that was discovered. So yes, it came close to home with us, you know, having lost her, but I want to tell you the story of what is happening to these seniors in nursing homes is absolutely unconscionable. Nursing homes in this country are 40% of all of the deaths due to COVID-19.

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**We know there's a correlation between senior citizens and having the virus be far more serious and death. We also know that those with preconditions – diabetes, heart problems, AIDS –this has also hit the minority community more. How has your community reached out to you for help in this area?**



My community calls a lot. When we had PPP in the small businesses, they called an awful lot. 'Ms. Waters, help me.' I had one lady who's had a restaurant in Inglewood for many years and because of gentrification she had to move because she knows those properties are just going up because we have all of the sports teams coming in. Anyhow, we helped her out to get that application in. Then I called together all of the business

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organizations, the Black Chamber of Commerce, the Black Business Association, and a few of those other organizations that have business interests and work with small businesses, only to find out they didn't have liquidity. We had to get Secretary Mnuchin, who has the CDFI fund in the Treasury, focused on getting more money to them in order to get them into these communities. So we work with the business community.

Also, we worked with feeding people. A week or so ago, we had what we call "grab and go," where I worked with millennial entertainers who had backing from some big companies and in order to feed the people. We had 10,000 lunches. We were able to feed these families. Some of them had five and six kids in the family, and we set up an operation where they drive through, and if they needed six lunches or 10 lunches, we gave them to them. We used all of the 10,000 that we had. What I loved about it is we were working with other young people. I love the idea of engaging these young people, these millennials, just as you see them on the street today, they're working on some of these other issues that people don't even know about. That's why I think they're going to be very activated for the elections coming up. They're going to make a significant difference in who gets elected for president and in some of these Congressional and Senatorial offices also.

I've shortcut a lot of this because there's so much to talk about, but you have had a hand not only in helping to talk with me about some of the concerns that I've engaged you in conversation about. Remember the last conversation we talked about, about lack of capital for some of these small institutions and minority institutions that I'm working with. You talked to me about the subordinated debt, and I talked to you about some of the term sheets that they had experienced when they tried this and it didn't quite work. In addition to that, you have organized in such a way that you have a voice in Washington and many of the public policy discussions that are going on by including people with expertise and knowledge on some of these complicated issues. This community knows you about your involvement with health issue and what you have done in order to help make men more aware of how to deal with cancer. And some of the organizations that you teamed up with in order to get men going to get their



examinations and taking care of problems earlier than being in an emergency room at the last minute. You've made a lot of contributions in your lifetime. Many of the big box operations and stores that we see now would never have been able to come into being had it not been for you and the efforts that you put forward in helping to finance, and to believe in the possibility of some of these new businesses that could not get financing very easily. So your efforts are legendary, Mr. Mike.

**We got to work together in South Central LA. We got to work together in Inglewood over the years. But you chose a path for public service, and who knows what we could have done had we teamed up together in a financial firm. You are a fierce advocate for those that don't have a voice or don't know how to tap into the system.**

**I think one of the most important things that's occurred in the last three to four months of this COVID-19 crisis is that you understand the plight of that small entrepreneur who might own a dry cleaner, or might own a restaurant, or might be making some product. You understand the importance of these community and minority banks in that they actually reach out and interact with these individuals that the larger financial institutions have bypassed. One of the keys I see occurring in the future is how do we get them to these small employers that employ half the people in the country? One of the other things that as I visited parts of your district with Reg Lewis in the late 1980s, we all know if I have a minority-owned business, whether it's a man or a woman who owns it or leads it, they're more likely to hire other minority workers. It was so important to me, and to you to make sure those who could be leaders got access to capital today. I can't thank you enough for your efforts. One of the things you spoke about that I would like you to describe to our listeners is the Heroes Act this new proposed legislation. Give us an overview of what that bill would address in its status in Congress today.**

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*"We have a \$3 trillion Heroes bill. Some people are saying, 'what are we doing? We are creating a further deficit.' But I have been told by Fed Chairman Powell, if you gotta borrow money, this is the time to do it because the interest rates are so desperately low. Go ahead and think big."*

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Well, I certainly can. Our cities and our states must balance their budgets. When the economy is not working well, they don't have the revenue to do many of the things they'd like to do and provide the services. Many of our cities now are preparing for huge layoffs, which will further harm our economy. One part of this bill is to provide substantial sums of money to our heroes. These are the people on the frontline that will be saved by the money that we put into the cities, into the states, into our hospitals. That's the big part of the bill. The other big part of the bill is a rental assistance program that I have created. It's a hundred billion dollar program because some of the cities and states have come up with

no-eviction policies trying to keep people from being put out on the street that have lost their jobs, who have not even gotten the stimulus money that we have given out. Some don't even have unemployment. I have created a fund and I think it will be operated through a facility of the Feds where the landlord can get paid. It's one thing to talk about no evictions, but many of these small landlords who may have four units, five units, six units, what have you, it's retirement income; they still have a mortgage they've got to pay.

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The renters don't pay, they can't keep the property. I am absolutely focused on the fact that we can have the renters not get evicted, but we're going to pay these landlords. I'm going to make sure that they get their back rent so that they are not placing their whole retirement at risk.

We also have some more stimulus money in the bill. I think the stimulus money would go to families at least \$1,200 for each adult, and at least I think \$500 or \$1,000 for each child. The stimulus money has been very, very helpful, particularly for our low-wage employees. They have been able to put food on the table and to get their basic necessities taken care of. There are some other things in that bill, additional support for the minority institutions to be able to make these loans, but it is a \$3 trillion bill altogether. Some people are saying, you know, what are we doing? We are creating a further deficit, etc. But I have been told by Powell, over at Fed, if you gotta borrow money, this is the time to do it because the interest rates are so desperately low. Go ahead and think big. That's what he said. He's in charge of monetary policy and they don't usually tell you that, but that's what he's saying.

**Madam Chairwoman. I want to thank you for joining me today. I want to thank you for a friendship that's lasted for four decades and hopefully both of us will be active for decades to come. I want to thank you for your commitment. And I want to thank you for your wisdom and your bi-partisan efforts to bring financial safety nets to everyone in our country. I want to wish you and Sidney, your children and your grandchildren, good health.**

You're so generous, and I thank you. And you know, there are people who, when they find out that we're friends, they go, 'how did you and Mike Milken get to be friends?' And I just laugh because people don't know our history. But you are my friend. I respect your brilliance. I respect what you created in this country. And I respect you because in addition to being a very successful businessman, you're a humanitarian. We connect in so many of those ways. Thank you Mike.

