



The Golden Apple

Reporting on the latest discord from Capitol Hill

In classic Greek mythology, a golden apple of discord inscribed "For the fairest" was awarded to Aphrodite, beginning a chain of events that led to the Trojan War. GrayRobinson's newsletter reports on the most recent issues, individuals, and discourse deemed fairest in Washington.

June 14, 2019

House Financial Services Committee votes to reauthorize, reform flood insurance

The House Financial Services Committee (HFSC) voted unanimously this week to approve a five-year reauthorization of the National Flood Insurance Program (NFIP) with significant reforms to improve affordability, mapping, mitigation, and the NFIP's appeals process. [HR 3167](#), the National Flood Insurance Program Reauthorization Act of 2019, would create an affordability demonstration program for low-income policyholders; increase funding for up-to-date mapping technology; and increase funding for mitigation assistance, including expanded opportunities for buyouts and targeted resources for high-risk properties. [HR 3111](#), the National Flood Insurance Program Administrative Reform Act of 2019 introduced by Rep. Nydia Velázquez (D-NY), would create a pilot program for investigating pre-existing structural conditions, impose new penalties for fraud, and create an appeals process for homeowners whose claims are denied.

Beneficial ownership legislation passes in committee

The House Financial Services Committee also approved [HR 2513](#), the Corporate Transparency Act of 2019, introduced by Rep. Carolyn Maloney (D-NY), with a bipartisan vote of 43 to 16. HR 2513 would require corporations and limited liability companies, upon incorporation, to identify their beneficial owners by full legal name, date of birth, residential address, and unique identifying number (Social Security number, passport number, etc.). Existing companies would have two years after enactment to provide this information to FinCEN, and all companies would be required to update this information annually. HR 2513 does not yet have a Senate companion.

HFSC approves housing legislation

[HR 2162](#), Rep. Joyce Beatty (D-OH)'s Housing Financial Literacy Act of 2019, also received bipartisan support on Wednesday, passing in the House Financial Services Committee by a vote of 53-6. It would require that HUD provide a 25-basis point discount on FHA mortgage insurance premiums for first-time homebuyers who complete a housing counseling program. Votes on four other housing bills largely followed party lines, as the panel approved legislation to block HUD from terminating housing benefits for families with mixed immigration status; block HUD from denying transgender and gender non-conforming people access to homeless shelters; clarify that DACA recipients cannot be denied federally-backed mortgages on the basis of their immigration status; and repeal the requirement that FHA borrowers pay mortgage insurance premiums for the full life of the loan.

Gonzalez introduces bill to postpone CECL

Rep. Vicente Gonzalez (D-TX) and [nine bipartisan co-sponsors](#) introduced a bill this week to postpone the implementation of the Financial Accounting Standards Board's current expected credit loss (CECL) standard. [HR 3182](#) would require the SEC and other agencies to conduct a study of the effects of this standard on the financial services industry. "Our financial system craves certainty," Gonzalez said. "It is important that our rules and laws are not constructed in a vacuum or merely react to the changing climate."

Senate Banking Committee's hearing on data brokers includes no data brokers

Continuing its investigation into the collection and use of personally identifiable information, the Senate Banking Committee held a [hearing Tuesday](#) on the role of data brokers that collect and store billions of data elements about consumers, generally without their knowledge. Pam Dixon, Executive Director of the World Privacy Forum, described the move from a "digital era" to a "predictive era," in which artificial intelligence can use all types of data to predict behavior, while the GAO's Director of Financial Markets and Community Investments, Dr. Alicia Cackley, described wide gaps in the federal privacy framework. Senators paid almost as much attention, however, to the absence of witnesses from the data brokerage industry. Chairman Mike Crapo (R-ID) and ranking member Senator Sherrod Brown (D-OH) both expressed frustration that no representatives of the industry had agreed to appear before the Committee, with Brown saying some might "define this as cowardice" and Senator Tim Scott (R-SC) suggesting that industry representatives might be compelled to testify.

House hearing reviews state action on student loan crisis

At an occasionally contentious [hearing on Tuesday](#), members of the House Financial Services Subcommittee on Oversight and Investigations agreed on one thing: the nation faces a crisis in student loan debt, which has risen by more than \$100 billion since 2017 and now stands at more than \$1.5 trillion. Tuesday's hearing looked specifically at actions the states are taking to enforce consumer protection laws against federal loan servicing companies; the Department of Education and the servicing companies have argued that the federal Higher Education Act preempts these laws. Witnesses and lawmakers did agree that borrowers generally don't have enough information about the consequences of student loan debt or the options available for repayment. Separately, House Majority Whip Rep. James E. Clyburn (D-SC) and Senator Elizabeth Warren (D-MA) [announced plans this week](#) to introduce legislation that would eliminate up to \$50,000 in student loan debt for 42 million Americans.

Customers shouldn't have to pay to block robocalls, Senate panel tells FCC

At an [oversight hearing on Wednesday](#), members of the Senate Commerce Committee made it clear that they do not want telecommunications providers to charge customers for blocking technology used against robocallers. The FCC [ruled last week](#) that voice service providers may block robocalls before they reach consumers' phones. FCC Chairman Ajit Pai said he expected that providers would offer this service for free; Commissioner Geoffrey Starks said that they would pursue rulemaking on this if carriers charge for the service. Robocalls are the single biggest source of complaints to the FCC, and Commissioner Jessica Rosenworcel called for the creation of a division within the FCC to manage a response and help consumers deal with them. The [TRACED Act](#), which the Senate passed last month by a vote of 97-1, would create a forfeiture penalty for violations of the prohibition on robocalls, and require voice service providers to develop call authentication technology.

Calabria calls for more competition, limits on government guarantee for GSEs

In a [speech at this week's Ginnie Mae Summit](#), Federal Housing Finance Agency Director Dr. Mark Calabria called the current housing finance system "fundamentally unstable, unfair, and unacceptable." Earlier in the week, he submitted FHFA's [2018 Report to Congress](#), which recommended that Congress authorize additional competitors in the housing finance system and provide the FHFA chartering authority similar to that of the Office of the Comptroller of the Currency. Calabria also called for stronger powers for the FHFA, comparable to those of the other prudential regulators, and an update to the capital definitions in FHFA's enabling statute. It was up to Congress to determine the

parameters of a federal guarantee, he said, but if they choose to create an explicit guarantee, “it should be limited, clearly defined, and paid for.” While waiting for Congress to act, Calabria said he would move forward with Treasury toward ending the conservatorship of Freddie Mac, require “capital levels commensurate with their risk profiles,” and “put an end to the era of charter creep.”

FDIC looks to the “next chapter of banking,” including small-dollar lending

On Wednesday, FDIC Chairman Jelena McWilliams [told the Cato Summit on Financial Regulation](#) that she has spent much of the past year considering how new technological tools can bring more people into the banking system, and what the FDIC can do to facilitate this process. At best, she said, the current regulatory system is neutral to innovation, but regulators should “encourage banks to leverage technology to reach consumers.” Although the number of unbanked households has declined, more than 8 million households remain unbanked, and another 24.2 million households are underbanked. These households rely on non-bank providers for a variety of services, including small-dollar loans. McWilliams said the FDIC is formulating “a revised policy framework to encourage banks to offer small-dollar loan products to customers in need.” The FDIC is looking at additional ways to help banks compete with nonbank providers, she said, and has invested significant resources in identifying and understanding emerging technology.

CFPB announces symposium on Dodd-Frank prohibitions of abusive practices

The Consumer Financial Protection Bureau will hold a [symposium on June 25](#) to explore the meaning of “abusiveness” as it applies to the Dodd-Frank Act’s authorization of the Bureau to enact rules against unfair, deceptive, or abusive acts and practices (UDAAP). “The meaning of abusiveness is less developed than the meaning of unfair or deceptive, which have been defined substantially by the Federal Trade Commission Act,” the Bureau’s announcement noted; the symposium will feature two panels of UDAAP experts who will discuss the underlying policy and how the standard has been applied in practice. The symposium is open to the public, but registration is full; it will stream online for those who register [here](#).

Data breaches put federal ID verification at risk, GAO says

Senators Elizabeth Warren (D-MA) and Ron Wyden (D-OR) and House Oversight and Reform Committee Chairman Elijah Cummings (D-MD) released a [GAO study](#) today that found vulnerabilities in the identification processes of the Department of Veterans Affairs, the Centers for Medicare and Medicaid Services, the Social Security Administration, and

the US Postal Service because of their reliance on questions generated by Equifax and other credit bureaus that have suffered data breaches. While the Internal Revenue Service and the General Services Administration have improved their identity verification processes, the other agencies still use “knowledge-based verification,” with questions derived from information in their credit files. The GAO recommended that the agencies improve their verification practices; that the National Institute of Standards and Technology improve its guidance to agencies in this area; and that the Office of Management and Budget require agencies to report their progress in updating identity verification procedures.

Confirmations, Nominations, Departures

- The Senate Banking Committee will vote Tuesday on the nominations of Thomas Peter Feddo to be Assistant Secretary of the Treasury for Investment Security; Ian Paul Steff to be Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service; The Honorable Michelle Bowman, to be a Governor of the Federal Reserve System; Paul Shmotolokha to be First Vice President of the Export-Import Bank of the United States; and Allison Herren Lee to be a Member of the Securities and Exchange Commission.

Next Week in Washington

- June 18 at 10:15 a.m. Senate Finance Committee holds a hearing on [“The President’s 2019 Trade Policy Agenda and the US-Mexico-Canada Agreement.”](#) US Trade Representative Robert E. Lighthizer will testify.
- June 18 at 10:30 a.m. Senate Banking Committee holds a hearing on [“The Reauthorization of the Terrorism Risk Insurance Program.”](#) The Committee will vote on nominations before the hearing.
- June 19 at 9:30 a.m. House Committee on Ways and Means holds a [hearing on the 2019 Trade Policy Agenda](#): Negotiations with China, Japan, the EU, and UK; new NAFTA/USMCA; US Participation in the WTO; and Other Matters. US Trade Representative Robert E. Lighthizer will testify.
- June 19 at 10:00 a.m. House Financial Services Subcommittee on National Security, International Development, and Monetary Policy holds a hearing on [“Slowing Economic Growth: The Impact of Recent Trade and Tax Policies on the US Economy.”](#)
- July 19 at 10:00 a.m. Senate Judiciary Committee holds a hearing on [“Combating Kleptocracy: Beneficial Ownership, Money Laundering, and Other Reforms.”](#)
- June 19 at 2:00 p.m. House Financial Services Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets holds a hearing on [“Putting](#)

[Investors First: Examining Proposals to Strengthen Enforcement Against Securities Law Violators.](#)"

- June 19 at 2:00 p.m. House Judiciary Subcommittee on Antitrust, Commercial, and Administrative Law holds a hearing on "Oversight of Bankruptcy Law and Legislative Proposals."
- June 20 at 10:00 a.m. House Financial Services Committee holds a hearing on "[Diversity in the Boardroom: Examining Proposals to Increase the Diversity of America's Boards.](#)"
- June 20 at 10:00 a.m. Senate Banking Committee holds a hearing on "[Outside Perspectives on the Collection of Beneficial Ownership Information.](#)"
- June 20 at 2:00 p.m. House Financial Services Subcommittee on Housing, Community Development, and Insurance holds a hearing on "[What's Your Home Worth? A Review of the Appraisal Industry.](#)"

The Ellis Insight

Jim Ellis reports on political news

President

California Poll: The University of California at Berkeley and the Los Angeles Times conducted a survey of the California Democratic electorate (6/4-10; 2,131 CA likely Democratic primary voters from a pool of 4,435 registered voters) and found a surprisingly tight contest. Former Vice President Joe Biden placed first with 22%, while a surging Sen. Elizabeth Warren (D-MA) follows closely behind with 18%. Sen. Bernie Sanders had 16%, and home state Sen. Kamala Harris was next with 13%. California, with its 416 first ballot delegates spread at-large and over 53 congressional districts, is clearly the top prize on the nomination circuit.

Iowa Poll: Selzer & Company released their latest Iowa poll (6/2-5; 600 IA likely Caucus attendees from a universe of 3,776 active registered voters) and finds former Vice President Joe Biden leading Sens. Bernie Sanders (I-VT), Elizabeth Warren (D-MA), and South Bend Mayor Pete Buttigieg, 24-16-15-14% with California Sen. Kamala Harris dropping well behind at 7% support. In this poll, Mr. Biden's support level has dropped below a quarter of the vote, and the combined Sanders-Warren-Buttigieg total of 45% is close to a 2:1 ratio over the top individual percentage.

Nevada Poll: In what is becoming a familiar pattern across the country, former Vice President Joe Biden now leads the Nevada Caucus according to a new Monmouth University survey (6/6-11; 370 NV likely Democratic Caucus attendees). Monmouth projects Mr. Biden placing first with 36% over Sen. Elizabeth Warren (D-MA) who has surged to 19% as Sen. Bernie Sanders (I-VT), who had trouble in Nevada back in 2016, drops to 13 percent. All other candidates are in single digits led by Mayor Pete Buttigieg with 7% and Sen. Kamala Harris (D-CA) with 6%.

If Sen. Harris is going to become a factor before the important California primary on March 3rd, Nevada is one place where she will need to finish strongly

Quinnipiac Poll: The new Quinnipiac University national poll (6/6-10; 1,214 US registered voters; 503 likely Democratic primary voters) returns a poll that delivers particularly negative numbers for President Trump. The survey shows all major Democratic candidates leading the President in isolated ballot test questions, with anywhere from 13 (Joe Biden) to five (Mayor Pete Buttigieg and Sen. Cory Booker) point margins. It also projects Independents breaking away from Mr. Trump in the Biden pairing by a whopping 58-28% margin. These results are more extreme than any other poll recently seen, however.

Suffolk U Poll: Boston-based Suffolk University just completed their new survey of the Massachusetts electorate (6/5-9; 370 likely MA Democratic primary voters) and finds former Vice President Joe Biden, somewhat surprisingly, holding a very comfortable lead over home state Sen. Elizabeth Warren (D). According to Suffolk, Mr. Biden holds a 22-10% lead over Sen. Warren, with Mayor Pete Buttigieg following with 8%, Sen. Bernie Sanders (I-VT) dropping to 6% preference, and Sen. Kamala Harris (D-CA) holding at just 5% support. All others are at 1% or less.

The major surprise is not that Mr. Biden is leading, but that Sen. Warren, in her own state, can muster no more than 10% support.

Texas Poll: On the heels of Quinnipiac University's survey last week (5/29-6/4; 1,159 TX registered voters) that found former Vice President Joe Biden leading Ex-Rep. Beto O'Rourke (D-El Paso) and Sen. Bernie Sanders (I-VT) 30-16-15%, Change Research, from their latest Texas survey, has a different take. Their poll (5/30-6/3; 1,218 TX likely voters) significantly contrasts the Quinnipiac findings. According to Change, it is Mr. O'Rourke, the Texas favorite son, with the advantage: 27-24-13-12% over Mr. Biden, Sen. Sanders, and Sen. Elizabeth Warren (D-MA), respectively.

Senate

Alabama: Former Auburn University head football coach Tommy Tuberville made public his Moore Information survey (6/10-11; 650 AL likely Republican primary voters) and it reveals, somewhat surprisingly, that the first-time candidate is jumping out to a slight lead. Moore Info reports that Mr. Tuberville posts 23% preference, five points ahead of former state Supreme Court Chief Justice Roy Moore, while Rep. Bradley Byrne (R-Mobile) trails at 16 percent. Secretary of State John Merrill, a potential candidate, recorded 7% support, and state Rep. Arnold Mooney (R-Shelby County) was last at 2 percent.

Maine: After a series of turndowns from Democrats who the party leadership was attempting to recruit into the 2020 Senate race to oppose Republican incumbent Susan Collins (R), two individuals appear to be surfacing. State House Speaker Sara

Gideon (D-Freeport) is indicating she will announce her candidacy when the Maine legislative session ends at the end of next week. Activist lobbyist Betsy Sweet, who finished fourth in the 2018 Democratic gubernatorial primary, is also expected to soon become a Senatorial candidate.

North Carolina: While thanking President Trump for his encouragement, Rep. Mark Walker (R-Greensboro) announced yesterday that he will not challenge Sen. Thom Tillis in next year's Tar Heel State Republican primary, and instead announced his re-election campaign for a fourth term in the House. Sen. Tillis still has GOP opposition, however. Wealthy business owner Garland Tucker is an announced candidate and expected to run a competitive campaign.

West Virginia: First-term Sen. Shelley Moore Capito (R) now sees her first Democratic opponent come forward. Yesterday, Paula Jean Swearengin, who bills herself as a "Coal Country environmentalist" announced that she will enter the Democratic Senatorial primary. Ms. Swearengin ran before, last year in a primary challenge to Sen. Joe Manchin. She fared poorly, attracting only 30% of the vote and raising slightly more than \$200,000. Sen. Capito should have an easy re-election run if Ms. Swearengin becomes the Democratic nominee.

House

CA-15: Recently, state Sen. Bob Wieckowski (D-Fremont) announced that he would run for Congress directly after incumbent Rep. Eric Swalwell (D-Dublin/Hayward) declared for President. Late last week, however, Sen. Wieckowski did an about-face and pulled out of the congressional race on the heels of Rep. Swalwell making comments conceding that it is conceivable he will return to the House race before the California candidate filing deadline on December 6th.

Remaining in the Democratic primary with a possible Rep. Swalwell return is Hayward City Councilwoman Aisha Wahab, insurance agent and frequent candidate Peter Liu, and Democratic activist Sam Campbell.

GA-7: State Rep. Renee Unterman (R-Buford), lead sponsor of Georgia's heartbeat pro-life legislation, announced that she will enter the open Republican primary in the 7th Congressional District. Sen. Unterman is the eighth Republican to announce, but the first elected official. She is vying to replace retiring Rep. Rob Woodall (R-Lawrenceville).

The 2018 race ended in only a 419-vote victory for Rep. Woodall, as he defeated former state Senate Budget Committee staff director Carolyn Bourdeaux (D). She is running again but has already drawn four Democratic primary opponents including state Rep. Brenda Lopez Romero (D-Gwinnett) and former Fulton County Commission Chairman John Eaves.

MI-3: The Michigan Information & Research Service published a new congressional poll from the Practical Political Consultants firm (6/5-9; 335 MI-3 likely Republican primary voters) testing Rep. Justin Amash (R-Cascade Township/Grand Rapids) after his call for President Trump to be impeached.

The results find the Congressman now trailing badly, which will likely enhance calls for him to run for the Libertarian presidential nomination. According to this latest data, state Rep. James Lower (R-Greenville), an announced congressional candidate, would lead Mr. Amash by a whopping 49-33% among the likely primary voters.

NY-10: More activity appears to be brewing in Manhattan's 10th Congressional District. In addition to former Andrew Cuomo economic advisor Lindsey Boylan entering the Democratic primary against Rep. Jerrold Nadler (D-Manhattan), now we see ex-Hillary Clinton campaign digital aide Peter Daou coming forward to say he is considering a challenge to the 14-term Congressman. Reasoning: Mr. Daou says that Judiciary Committee chairman Nadler is moving too slowly toward filing articles of impeachment against President Trump.

TX-28: Texas Rep. Henry Cuellar (D-Laredo), originally elected in 2004 and who has won with super majorities ever since, was rated early in the year as the leftward Justice Democrats organization's top target. The group claims Mr. Cuellar votes with President Trump more than any other Democrat in the House. Now, they have a candidate. Jessica Cisneros, an immigration attorney and former intern to Mr. Cuellar, yesterday announced her candidacy and indicates she will run an ideological primary campaign against the eight-term congressional veteran.

Governor

Montana: At-large Rep. Greg Gianforte (R-Bozeman) is expected to announce his candidacy for Governor at the Montana State Republican Party convention this weekend. Mr. Gianforte lost the 2016 Governor's race to incumbent Steve Bullock (D), 50-46%, but then turned around and won the at-large special election to replace Rep. Ryan Zinke (R) when the latter man became Interior Secretary in the Trump Administration. Attorney General Tim Fox and Secretary of State Corey Stapleton are both already in the Republican gubernatorial primary.

Up until this week, no Democrat had yet announced. Now, state House Minority Leader Casey Schreiner (D-Great Falls) is an official candidate as is former state Rep. Reilly Neill (D-Livingston). Incumbent Governor Steve Bullock (D), an announced presidential candidate, is ineligible to seek a third term.

Utah: Jon Huntsman (R) served as Utah Governor from 2005-2009, leaving to become US Ambassador to China in the Obama Administration. He then became a Republican presidential candidate in 2012. Currently, Mr. Huntsman serves in the Trump administration as US Ambassador to Russia, and before his election as

Governor was US Ambassador to Singapore in the George W. Bush administration. Now, there is mounting evidence that he will soon resign his current diplomatic post and again seek the Governorship of his home state.

A Huntsman entry would drastically change the Republican primary. In the race is Lt. Gov. Spencer Cox, who retiring Gov. Gary Herbert (R) has already endorsed, and state House Speaker Greg Hughes (R) said he plans to announce his own campaign sometime during the summer. Retiring US Rep. Rob Bishop (R-Brigham City) also confirmed this week that he is contemplating entering the open 2020 Governor's race and will decide by September.

The Utah state primary is scheduled for June 23, 2020, with a candidate filing deadline of March 19. Therefore, much time remains for this race to develop.

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