



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.

February 7, 2020



Sometimes you need to call in the experts. Rumor has it that the Count is already on retainer with the Broward County Board of Elections for November . . .

Senate rejects articles of impeachment

We assume you already know this, but for the record, the Senate voted on Wednesday against the two articles of impeachment presented by the House of Representatives. The Senate voted [48-52](#) against the first article, charging that President Donald Trump had abused his power by withholding Congressionally approved aid from Ukraine for his own political goals. It voted [47-53](#) against the second article, charging that the President had obstructed justice in the House's investigation.

CFPB to act on small-dollar rule in April, says Kraninger

Kathy Kraninger, Director of the Consumer Financial Protection Bureau, [appeared before the House Financial Services Committee on Wednesday](#) to present the Bureau's [semi-annual report to Congress](#). The hearing was long and often contentious, as Chairwoman

Maxine Waters (D-CA) and other Democrats criticized the Bureau's recent policy statement on the definition of "abusiveness" under Dodd-Frank and the reduction in the number of enforcement actions. Kraninger said that her priority was to prevent harm to consumers by building a culture of compliance and supporting free, competitive markets. She said the Bureau will approve a final rule on small-dollar lending in April and is actively seeking comments on approaches to replace the qualified mortgage (QM) patch when it expires. The Bureau plans to amend the QM rule by moving away from the 43% debt-to-income ratio, Kraninger said, proposing an alternative such as pricing thresholds in order to make sure affordable mortgages remain available.

HFSC "rent-a-bank" hearing focuses on small-dollar lending

The House Financial Services Committee held the [first of two scheduled hearings on "rent-a-bank" schemes](#) this week and heard testimony from the chair of the California State Assembly's Banking & Finance Committee about the state law enacted last October that would cap interest rates on loans between \$2,500 and \$10,000. Rep. Gregory Meeks (D-NY), Chairman of the Subcommittee on Consumer Protection and Financial Institutions, noted the need to make small-dollar loans more readily available to borrowers who need them, especially in "banking deserts" where physical branches have closed. Rep. Patrick McHenry (R-NC), the Committee's ranking member, said that bank partnerships with fintech companies to make more products available can benefit all consumers, and called for a remedy to the Second Circuit's decision in *Madden v. Midland Funding*, which has left service gaps to be filled by predatory lenders. The Committee will hold a second hearing on the topic on February 26.

Technology can help screen out fake comments, witnesses tell House panel

Last month, House Financial Services Committee Chairwoman Maxine Waters (D-CA) [wrote to Comptroller of the Currency Joseph Otting and FDIC Chairman Jelena McWilliams](#) asking how the agencies plan to screen out fraudulent comment letters on the agencies' proposed Community Reinvestment Act rule. This week the HFSC's Oversight Subcommittee conducted a [hearing on the practice of "astroturfing,"](#) or submitting large numbers of comment letters under false pretenses in an effort to look like a grassroots campaign. The Administrative Procedures Act (APA) does not require commenters to provide any identifying information, and mass comment campaigns have become a popular advocacy tool for nonprofit organizations. Subcommittee members weighed concerns about fraud against concerns about limiting First Amendment rights. A [June 2019 GAO report](#) made specific recommendations to several agencies about clarifying their policies on standard comment posting requirements and identity information, and panelists called on agencies to use better data science tools to summarize, analyze, and consolidate duplicate comments.

CFPB, Education sign agreement on complaints

The Consumer Financial Protection Bureau (CFPB) and the Department of Education signed a [Memorandum of Understanding](#) on Monday that sets forth procedures for sharing complaint information from borrowers. Secretary of Education Betsy DeVos had canceled the Department's MOUs with the CFPB on complaints and supervision in 2017. This week's MOU specifies each agency's area of responsibility and calls for quarterly meetings to share information and observation. In her House testimony this week, CFPB Director Kathy

Kraninger said she hopes the agencies will soon reach an agreement on a second MOU about the supervision of student loan servicers.

Fed's CCAR stress tests are global recession, leveraged loans

Yesterday the Federal Reserve Board released its [hypothetical scenarios for the stress tests](#) large banks must conduct under Dodd-Frank. The baseline scenario reflects consensus real-world projections: moderate growth, steady inflation rates, and no major disruptions. The severely adverse scenario posits a severe global recession with heightened stress in corporate debt and commercial real estate markets, with US unemployment at 10 percent. It includes heightened stress on highly leveraged markets, in order to evaluate the effects of market value declines in collateralized loan obligations (CLOs) and private equity investments. The thirty-four banks that have more than \$100 billion in total assets must submit their stress test results and capital plans by April 6.

Next Week in Washington

February 11 at 10:00 a.m. House Committee on Financial Services hears testimony from Federal Reserve Chairman Jerome H. Powell on "[Monetary Policy and the State of the Economy.](#)"

February 11 at 2:30 p.m. Senate Judiciary Subcommittee on Intellectual Property holds a hearing on "[The Digital Millennium Copyright Act at 22: What is it, why it was enacted, and where we are now.](#)"

February 12 at 10:00 a.m. House Financial Services Subcommittee on Diversity and Inclusion holds a hearing on "[A Review of Diversity and Inclusion at America's Large Banks.](#)"

February 12 at 10:00 a.m. Senate Committee on Banking, Housing, and Urban Affairs hears [testimony from Federal Reserve Chairman Jerome H. Powell on the Semiannual Monetary Policy Report to Congress.](#)

February 12 at 1:00 p.m. Senate Committee on Finance holds a [hearing on the President's FY 2021 budget](#), with testimony from Treasury Secretary Steven Mnuchin.

February 12 at 2:00 p.m. House Financial Services Task Force on Artificial Intelligence holds a hearing on "[Equitable Algorithms: Examining Ways to Reduce AI Bias in Financial Services.](#)"

February 13 at 9:30 a.m. Senate Finance Committee holds a [hearing on the President's FY 2021 budget](#), with testimony from Health and Human Services Secretary Alex Azar.

February 13 at 10:00 a.m. Senate Committee on Banking, Housing, and Urban Affairs holds a [hearing on the nominations](#) of Jessie K. Liu to be Under Secretary of the Treasury for Terrorism and Financial Crimes, and Judy Shelton and Dr. Christopher Waller to be members of the Board of Governors of the Federal Reserve System.

President

Iowa: Three full days after Iowans went to their individual precinct meetings to cast their ballots, the Iowa Democratic Party has just released their final numbers, and the results are razor-thin. While Sen. Bernie Sanders (I-VT) placed first in the popular vote on both the first ballot and the alignment round – by margins of 6,114 and 2,631 votes, respectively – it is former Mayor Pete Buttigieg who captured the State Delegate Equivalent category, by the slimmest 26.25 to 26.18% margin.

The state delegates are the people who will actually apportion the national convention delegates and will do so at the Iowa Democratic Convention on June 13. The national delegate projection, adding the statewide and congressional district totals, suggests that Buttigieg will come away with 14, Sanders 12, Sen. Elizabeth Warren 8, former Vice President Joe Biden 6, and Sen. Amy Klobuchar one.

Meanwhile, Democratic National Committee chairman Tom Perez, citing the existence of numerous calculation and reporting errors in the Iowa Caucus returns, says the Iowa Democratic Party should recount every ballot to ensure a verifiable count. IDP officials have not signaled any support for such an idea.

New Hampshire Polls: The latest New Hampshire pre-primary polls have been released and find former South Bend Mayor Pete Buttigieg receiving a bump from his performance in the Iowa Caucuses. Emerson College published their latest Granite State poll (2/5-6; 500 NH likely Democratic primary voters) and projects Sen. Bernie Sanders (I-VT) posting 32% support over former Mayor Pete Buttigieg's 23%, while Sen. Elizabeth Warren has 13%, and former Vice President Joe Biden drops all the way to 11 percent. Sen. Amy Klobuchar (D-MN) records 9%, with Rep. Tulsi Gabbard (D-HI) following at 6% preference.

The Suffolk University poll (2/5-6; 500 NH likely Democratic primary voters) sees a virtual tie between Sen. Bernie Sanders (I-VT) and Mr. Buttigieg. The former leads the latter 24-23% with Sen. Elizabeth Warren (D-MA) in third at 13% and former Vice President Joe Biden dropping to the fourth position with just 11% support. Monmouth University (2/3-5; 503 NH Democratic likely primary voters) forecasts similar findings with Sanders holding a small lead over Buttigieg, 24-20%, while Biden records 17% and Warren 13% support.

The results suggest we could see the type of finish that Iowa produced now that the Hawkeye State results are final in that as many as four or five candidates could qualify for national convention delegate votes.

North Carolina Poll: While the Iowa Caucuses ended in a very close result and a similar result is projected for New Hampshire on Tuesday, a potential crescendo is forming for Super Tuesday, on March 3. North Carolina, with 110 first ballot delegates, is one of the larger Super Tuesday states.

A new Public Policy Polling survey (2/3-4; 604 NH likely Democratic primary voters) finds at least four candidates either in qualifying position or knocking on the door of the 15%

delegate apportionment qualifying threshold. The results give former Vice President Joe Biden a 25-16-14-12% lead over Sen. Bernie Sanders (I-VT), former New York City Mayor Michael Bloomberg, and Sen. Elizabeth Warren (D-MA). The others, ex-Mayor Pete Buttigieg, Sen. Amy Klobuchar (D-MN), businessman Andrew Yang, and billionaire Tom Steyer, record 9-5-5-2% scores.

Washington Poll: Just the second publicly released poll of the Washington State Democratic electorate comes from Survey USA (1/26-28; 536 WA likely Democratic primary voters) and, like in 2016, the numbers project Sen. Bernie Sanders (I-VT) to an advantage.

Here, Sen. Sanders places first with 26% over former Vice President Joe Biden (21%), Sen. Elizabeth Warren (16%), and former New York City Mayor Michael Bloomberg (12%). In single digits are former Mayor Pete Buttigieg (8%), businessman Andrew Yang (4%), Sen. Amy Klobuchar (3%), and billionaire Tom Steyer (2%). The Washington primary is scheduled for March 10. The state 89 first ballot delegates.

Senate

Georgia: Realizing that the Georgia special Senate election will remain a jungle primary after the Speaker of the state House of Representatives said the legislation to change the primary calendar would not apply to this year's election thus increasing fears that a Democrat may not qualify for a run-off election, the Democratic Senatorial Campaign Committee has formally endorsed Rev. Raphael Warnock a day after he officially announced his candidacy.

Also in the race is Atlanta businessman Matt Lieberman, son of 2000 Democratic Vice Presidential nominee and ex-Connecticut Senator Joe Lieberman, while former US Attorney Ed Tarver (D) promises to announce his candidacy within days. Republican-appointed Sen. Kelly Loeffler will be on the ballot along with GOP Rep. Doug Collins (R-Gainesville). If no one earns majority support on November 3, the top two finishers will advance to a run-off election on January 5, 2021. The eventual winner serves the final two-years of resigned Sen. Johnny Isakson's (R) term and will be eligible to run for a full six-year stint in 2022.

Texas: On the heels of last week's Texas Lyceum poll that found retired Army helicopter pilot M.J. Hegar leading the Democratic pack of dozen candidates with just 11% support, the University of Texas at Tyler released their new data (1/21-30; 1,169 TX likely Democratic primary voters; 305 via telephone interview; 864 online responses) and sees Ms. Hegar also placing first but with just 8% as compared to Sen. Royce West's (D-Dallas) 6%, and attorney Annie Garcia with 5%. All of the other candidates, including former Congressman and gubernatorial nominee Chris Bell and Houston City Councilwoman Amanda Edwards, are polling with 4% or less.

With almost 60% of the electorate responding as undecided just a month before the Texas primary virtually any of the twelve candidates could still qualify for what will be a certain May 26 run-off election.

Fundraising: The Daily Kos Elections site tabulated the 4th Quarter 2019 candidate

fundraising results now that the numbers have been made public. The organization completes this process once the figures are made available. Including all Senate incumbents, even those who are not on the ballot, Democrats outraised Republicans \$55 million to \$49 million. Once again, the leading fundraiser was Arizona Democratic candidate Mark Kelly, a retired astronaut, who pulled in an additional \$6.2 million. His Republican opponent appointed Sen. Martha McSally, also did well with \$3.9 million for her own quarter. Mr. Kelly has a wide \$13.7 million to \$7.7 million cash-on-hand advantage.

The top Republican Senate challenger is Michigan's John James, who reported raising \$3.5 million as compared to incumbent Sen. Gary Peters' (D) \$2.5 million during the same period. In any event, with such large numbers in fundraising, all major Senate candidates will have the resources to communicate their respective messages.

House

GA-9: Now that Rep. Doug Collins (R-Gainesville) is officially running for the Senate, local individuals are beginning to announce their candidacies for what will be an open north Georgia congressional district. Formally coming forward are former 10th District Congressman Paul Broun (R), who ran for the Senate in 2012 and lost a 2016 primary to Rep. Collins, state Sen. John Wilkinson (R-Toccoa), and state Rep. Kevin Tanner (R-Dawsonville), chairman of the House Transportation Committee. The 9th District, recording a 78% Trump percentage in 2016, is safely Republican.

IA-1: The Future Leaders Fund released their Harper Polling survey taken in mid-January (1/11-12; 400 IA-1 likely voters) that found Republican challenger Ashley Hinson, a state Representative from the Marion and Cedar Rapids area and former news anchor, is already running close to freshman Rep. Abby Finkenauer (D-Dubuque). According to the Harper numbers, Finkenauer's ballot test advantage would only be 44-40% over Hinson.

MD-7: This week, the late Rep. Elijah Cummings' (D-Baltimore) vacant US House seat was ostensibly filled as former Congressman Kweisi Mfume, who resigned from the House in 1996 to head the NAACP, easily won (43%) the special Democratic primary and will now advance to what will be a sure win in the special general election on April 28.

Ironically, it was Mr. Cummings who replaced Mr. Mfume when the latter man left office in mid-term 24 years ago, and now the tables turn after the late Congressman's death. In a distant second place was the Congressman's widow, Maya Rockey Moore Cummings (17%), with state Senator Jill Carter (D-Baltimore) following (16%). The other 21 candidates on the Democratic ballot did not reach 5,000 votes apiece.

NY-2: The Suffolk and Nassau County Republican party organizations took action to endorse a GOP primary candidate who the members hope will succeed retiring Rep. Peter King (R-Seaford). The committees, along with New York Republican Party Chairman Nick Langworthy, jointly endorsed state Assemblyman Andrew Garbarino (R-Bayport).

State Assemblyman Mike LiPetri (R-Massapequa Park) says he will remain in the race despite Mr. Garbarino's party endorsements, and Suffolk County Director of Health

Education Nancy Hemendinger indicated that she will join the race. Suffolk County Elections Board member Nick LaLota professed that he has not decided whether to continue now that the party establishment has made its choice. Babylon Town Councilwoman Jackie Gordon currently leads the Democratic field. The New York candidate filing deadline is April 2, with the statewide primary scheduled for June 23.

Fundraising: Daily Kos Elections organization also tabulated the House financial numbers. The leading fundraiser for the quarter is New York Rep. Elise Stefanik (R-Schuylerville), with \$3.2 million raised. Her Democratic opponent, former Lawrence County legislator and 2018 nominee Tedra Cobb, is the top among her party with \$2.02 million raised. Reps. Devin Nunes (R-CA) and Alexandria Ocasio-Cortez (D-NY) were next in line with \$2.1 million and \$1.9 million raised in the 4th Quarter, respectively.

Overall, Democrats dominated House fundraising with an aggregate \$105 million for the quarter as compared to \$82 million for Republicans. Democratic freshmen in Trump districts were particularly productive, with most of those enjoying huge dollar margins over their eventual Republican opponents.

Governor

Indiana: The Indiana Democrats are close to having a consensus gubernatorial candidate. Yesterday, businessman Josh Owens ended his statewide campaign leaving venture capitalist and former state Health Commissioner Woody Myers as the lone Democratic candidate gearing up to face first-term GOP Governor Eric Holcomb (R) as he seeks re-election. The candidate filing deadline is today, so it is possible that we already have our November gubernatorial pairing in this state.

Utah: The Hinckley Poll, commissioned for the Deseret News (1/15-22; 1,017 UT Republican primary voters; online), projects former Governor and US Ambassador Jon Huntsman taking the lead over Lt. Gov. Spencer Cox (R) despite outgoing Gov. Gary Herbert's (R) endorsement and support from much of the Republican establishment. According to the HP, Mr. Huntsman now has a 33-25-5% edge over Mr. Cox and businessman Jeff Burningham. This is shaping up to be a competitive primary to be decided on June 23.

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