



*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.*

July 17, 2020

## **Federal Reserve Board modifies Main Street Lending Program to increase access for nonprofits**

Responding to public comments and suggestions, the Federal Reserve Board [announced today](#) that is taking steps to make its Main Street Lending facility more accessible to nonprofit organizations such as educational institutions, hospitals, and social service organizations. Under the new terms, nonprofits with 10 employees or more may apply for five-year loans of between \$250,000 and \$300 million, depending on the organization's average quarterly revenue. Qualifying nonprofits must have non-donation revenues equal to or greater than 60 percent of expenses for the period from 2017 through 2019, 60 days of cash on hand, and current debt repayment capacity of more than 55 percent. Principal repayment for these loans will be deferred for two years, with interest payments deferred for one year.

## **House panel reviews mortgage forbearance programs**

Democratic and Republican members of the House Financial Services Committee agree on the need for mortgage forbearance during the pandemic emergency, and the panel held a [hearing yesterday](#) to review the effectiveness of the forbearance programs created by the CARES Act for federally backed mortgages. Witnesses told the Committee that borrowers are not aware enough of the resources and options available to them and that too many borrowers are missing payments instead of going into forbearance. Members on both sides of the aisle had heard from constituents whose forbearance plans had been cut short at 90 days, and/or had been told they'd have to make a lump sum payment at the end of the forbearance period, despite federal law to the contrary. The [HEROES Act](#) would institute automatic forbearance for any borrower who misses two consecutive mortgage payments; Republican members and Dr. Ed DeMarco of the Housing Policy Council said this was not necessary and could be unhelpful, as it would cut off other, possibly more appropriate options for homeowners.

## **House Small Business considers next steps for pandemic relief**

The House Committee on Small Business held three hearings this week on relief to small businesses affected by the pandemic shutdown. [Wednesday's hearing](#) discussed proposals for long-term relief, including the RESTAURANTS Act (HR 7197) introduced by Rep. Earl Blumenauer (D-OR), which would create a Restaurant Revitalization Fund to provide grants, not loans, to small food-and-beverage businesses. In testimony before the Committee [this morning](#), Treasury Secretary Steven Mnuchin said his preference would be to distribute additional relief to small businesses based on their loss of revenue, rather than provide assistance to specific industries. [Thursday's hearing](#) covered challenges faced by small businesses in rehiring employees to meet demands that have changed because of the pandemic. A recurring theme was the urgent need to support broadband expansion and other digital infrastructure investments in rural and underserved areas.

### **PPP forgiveness portal will be live by August, Carranza says**

At [today's House Small Business Committee hearing](#), Small Business Administrator Jovita said that the SBA's portal to apply for forgiveness of Payment Protection Program loans will be open "very soon," before the beginning of August. Treasury Secretary Steven Mnuchin acknowledged complaints about the complicated application for forgiveness, even after the publication of an "EZ" form, and said that legislative changes might be needed to streamline the process. He said he was reluctant to propose automatic forgiveness for loans below a certain amount, because of the opportunities for fraud.

### **House Financial Services subcommittee hears testimony on new proposed requirements for public companies**

The House Financial Services Subcommittee on Investor Protection, Entrepreneurship and Capital Markets held a [hearing Tuesday](#) to get feedback on ten bills that would impose new limits and requirements on public companies, particularly on those receiving federal assistance during the pandemic. Discussion generally fell along party lines, with Democratic members urging greater disclosure and more restrictions on stock buybacks for companies receiving aid. Neil Bradley, Executive Vice President and Chief Policy Officer of the US Chamber of Commerce, acknowledged the need to address systemic economic inequities that have been exacerbated by the shutdown but warned against conflating short-term responses to the crisis with longer-term efforts to address structural issues.

### **Senate Banking Committee Democrats ask for another hearing on Shelton nomination**

Senator Sherrod Brown (D-OH), ranking member of the Senate Banking Committee, led the Democratic members of the Committee in a [letter to Chairman Mike Crapo \(R-ID\)](#) expressing "serious concerns" about Judy Shelton's nomination to the Federal Reserve Board, which is scheduled for a committee vote next week. "Dr. Shelton does not believe that the Federal Reserve should be shielded from political whims, and she has advocated for failed Great Depression-era policies — like a return to the gold standard and the removal of deposit insurance — that would make our economy more volatile," the letter said. They urged Chairman Crapo to hold another hearing on Shelton's nomination before scheduling a vote.

### **FSOC to begin activities-based review of secondary mortgage market**

The Financial Stability Oversight Council announced on Tuesday that it will begin an activities-based review of the secondary mortgage market, following last year's

implementation of an activities-based approach to identifying potential risks to financial stability in general. This approach will focus on the stability risks presented by specific activities and the effectiveness of various risk mitigants, rather than identifying organizations themselves as risky. Dr. Mark Calabria, Director of the Federal Housing Finance Agency, applauded the change and said that both the 2008 crisis and the current pandemic have highlighted the need for Fannie Mae and Freddie Mac to be well-capitalized in order to support the mortgage market.

### CFPB announces enhancements to Consumer Complaint Database

Today the Consumer Financial Protection Bureau (CFPB) unveiled new features in its online [Consumer Complaint Database](#), including the ability to track trends in complaints over time and aggregate complaints by product and nature of complaint. Complaints filed with the CFPB are published to the database after 15 days, or after the company responds to confirm a commercial relationship with the consumer, whichever comes first.

## Confirmations, Nominations, Departures, etc.

- As the count of mail-in ballots nears conclusion in NY-16, the Associated Press reports that **Rep. Eliot Engel** (D-NY) has lost to his primary challenger, educator Jamaal Bowman.
- **Rep. Steve Watkins** (R-KS) has been charged with three felonies and a misdemeanor related to his vote in a 2019 municipal election.

## Next Week in Washington

- **July 21 at 10:00 a.m.** Senate Banking Committee [hearing on the nominations](#) of Hester Peirce and Caroline Crenshaw to be members of the Securities and Exchange Commission, and Kyle Hauptman to be a member of the National Credit Union Administration.
- **July 21 at 2:00 p.m.** Senate Banking Committee [meets to vote on the nominations](#) of Judy Shelton and Christopher Waller to be members of the Board of Governors of the Federal Reserve System.
- **July 22 at 9:00 a.m.** House Homeland Security Committee holds a hearing on "[Examining the National Response to the Worsening Coronavirus Pandemic.](#)"
- **July 22 at 9:30 a.m.** Senate Banking Subcommittee on Economic Policy holds a hearing on "[US-China: Winning the Economic Competition.](#)"
- **July 22 at 10:00 a.m.** The Securities and Exchange Commission holds an [open meeting to vote on proposed changes to its proxy rule](#), and on further guidance for investment advisers about how the fiduciary rule applies to proxy voting.
- **July 23 at 10:00 a.m.** Senate Small Business Committee holds a hearing on "[Capital Access for Minority Small Businesses: COVID-19 Resources for an Equitable and Sustainable Recovery.](#)"

- **July 23 at 10:30 a.m.** House Financial Services Committee holds a hearing on "[The HEROES Act: Providing for a Strong Economic Recovery from COVID-19.](#)"

## The Ellis Insight

Jim Ellis reports on political news

### President

**Pennsylvania:** Monmouth University released its new Pennsylvania poll (7/9-13; 401 PA registered voters) and while former Vice President Joe Biden has a strong lead on the ballot test, a majority of the respondents believe there is a hidden vote for President Trump. First, the sample size is small for a state the size of Pennsylvania. A total of 401 registered voters would be more appropriate for a single congressional district. Therefore, the error factor in this poll is high.

Within the entire sample, Mr. Biden leads President Trump, 53-40%. The turnout screens alter the picture, however. In what Monmouth describes as a higher turnout model, Mr. Biden's lead drops slightly to 52-42%. A lower likely voter model allows Mr. Trump to cut the deficit to 51-44%. Yet, a total of 57% said they believe a group of people will vote for Mr. Trump but not admit it, with 27% saying there are many, 17% believing there are only a few, and 13% saying they exist but are not sure of the number. Only 35% said they did not believe Trump has "secret voters."

### Senate

**Alabama:** Retired Auburn University head football coach Tommy Tuberville easily won the Alabama Republican runoff election early this week with a landslide 61-39% victory margin over ex-US Attorney General and former Alabama Senator Jeff Sessions. Mr. Tuberville advances into the general election where he now challenges Sen. Doug Jones (D) in what has become a must-win for the Republicans in order to hold their Senate majority. This could be the most important indicator race in the country to determine majority status for the next Congress.

**Arizona:** At the beginning of July, Gravis Marketing released an Arizona Senate survey that found appointed Sen. Martha McSally (R) leading retired astronaut Mark Kelly (D), 46-42%. While the prevailing wisdom suggested this result is an outlier because all other data gives Mr. Kelly a sizable lead, the new YouGov poll (7/7-10; 1,087 AZ likely general election voters) finds the same 46-42% split, but in Mr. Kelly's favor. Though the YouGov poll again posts the consensus Democratic candidate to be holding the lead, this survey seems to confirm that the important Arizona Senate race is getting tighter.

**Georgia:** US Rep. Doug Collins (R-Gainesville) released his internal Battleground Connect poll (7/6-8; 600 GA likely general election voters) this week, and the results place him ahead of the entire special election US Senate jungle primary field with 26% support.

Interestingly, Gravis Marketing in their July 2nd survey of 513 likely Georgia primary voters also found Rep. Collins leading the pack with an identical 26% figure.

The Gravis poll, however, projects a tighter field. They see Mr. Collins leading appointed Sen. Kelly Loeffler (R), 26-24% with Baptist pastor Raphael Warnock, the Democratic Senatorial Campaign Committee's endorsed candidate, in third position with 18% ahead of Atlanta businessman Matt Lieberman (11%) and former US Attorney Ed Tarver (9%). In the Collins' Battleground Connect poll, the Congressman's lead over Sen. Loeffler is 26-17%, with Mr. Lieberman in third position with 15%, and Rev. Warnock and Mr. Tarver following with 10 and 5%, respectively.

**Kentucky:** The Garin-Hart-Yang Research Group, a top Democratic polling firm, tested the post-primary Kentucky general electorate (7/7-12; 800 KY likely general election voters) and found Senate Majority Leader Mitch McConnell (R) leading new Democratic nominee Amy McGrath, 45-41%. The poll appears to be following the pattern one would expect to see in a McConnell Senate race. The contest begins close as the candidates officially enter the general election, and then turns toward Sen. McConnell in the waning days, which results in him scoring a comfortable win. This same conclusion is likely to happen again in 2020.

**Montana:** Another poll was released in Montana that finds the Senate race between incumbent Steve Daines (R) and Democratic Gov. Steve Bullock to be a cliff hanger. The prolific Public Policy Polling has released new data of the Big Sky Country electorate. The survey (7/9-10; 1,224 MT "voters") gives Gov. Bullock a 46-44% edge over Sen. Daines. With the same respondent sample yielding President Trump a 51-42% advantage over former Vice President Joe Biden, it is likely that Sen. Daines is the candidate who has more room to grow.

**Tennessee:** Last week we reported on two conflicting polls about the August 6th Tennessee US Senate Republican primary race. The Tarrance Group (6/28-30; 651 TN GOP likely voters) found former US Ambassador Bill Hagerty leading Nashville surgeon Manny Sethi, 46-29%, while Victory Phones (6/30-7/1; 800 likely Republican primary voters) saw the Hagerty lead only at 33-31%. Now, the Trafalgar Group (7/6-8; 1,072 TN likely Republican primary voters) released numbers that are much closer to the Victory Phones data. Trafalgar shows Mr. Hagerty holding only a 42-39% lead suggesting this race is much closer than originally projected.

**Texas:** Retired Army helicopter pilot M.J. Hegar, who lost the 31st Congressional District race to incumbent Rep. John Carter (R-Round Rock) in 2018, returned to capture the Democratic US Senate nomination on Tuesday with a 52-48% win over state Sen. Royce West (D-Dallas). Ms. Hegar ran strongly in west, central, and south Texas, while Sen. West ran up majorities in Dallas, Houston, and Ft. Worth, along with east Texas. Ms. Hegar now faces an uphill climb against three-term Sen. John Cornyn (R) in the November election.

## House

**AL-1&2:** Two important House Republican runoffs were decided this week that almost certainly determined who will capture the open seat races in November. In the Mobile anchored 1st District, Mobile County Commissioner Jerry Carl defeated former state Sen. Bill Hightower to win the GOP nomination. He now becomes a prohibitive favorite to defeat the new Democratic nominee, retired Marine Corps noncommissioned officer James Everhart who won his party's runoff last night with a 57-43% majority. In the southeastern 2nd District, former state Rep. Barry Moore (R-Enterprise) recorded a big 60-40% win over moving company owner Jeff Coleman, who outspent the victor by a 5:1 margin. Mr. Moore becomes the prohibitive favorite in November to succeed retiring Rep. Martha Roby (R-Montgomery). Former educator Phyllis Harvey-Hall won the Democratic nomination outright in the March 3rd primary.

**KS-2:** In a developing story, Rep. Steve Watkins (R-Topeka) has been indicted on three counts of felony vote fraud from a previous election. Mr. Watkins is charged with registering to vote at a UPS postal center instead of a residence since he moved into the state to run for Congress. He then voted with that registration, which caused an additional violation. Rep. Watkins is already in a competitive Republican primary with state Treasurer Jake LaTurner among others, so the August 4th nomination election certainly includes a new twist.

**ME-2:** While the final victory declaration won't be released for some time because former state Rep. Dale Crafts (R) only leads with a plurality and the Ranked Choice Voting process will now begin, his Republican opponents are already pledging him their support. Second-place finisher Adrienne Bennett has virtually conceded the race saying she would fully commit to helping Crafts in the general election. Third-place finisher Eric Brakey said he could support Crafts if the latter man would work in Congress to help end the Afghanistan War, and the presumptive nominee told the media that he and Brakey are already having discussions about the topic. Once his nomination becomes official, Mr. Crafts will oppose freshman Rep. Jared Golden (D-Lewiston) in what looks to be a competitive contest.

**MT-AL:** Public Policy Polling in their Montana survey (see Senate section above) also tested the open House race between State Auditor Matt Rosendale (R) and former state Rep. Kathleen Williams (D). According to the PPP results, the two candidates are tied at 44% apiece. A close result is also consistent with other Montana polls that have been publicized here in the past few weeks.

**NE-2:** Nebraska's 2nd District becomes one of the more important CDs in 2020 because of its effect upon the presidential race. Nebraska and Maine are the two states that split their electoral votes, so a candidate winning a district opposite of the statewide count



earns an extra EV. The new Greenberg Quinlan Rosner Research poll (6/30-7/5; 502 NE-2 likely general election voters) conducted for the Kara Eastman campaign actually gives their client and 2018 Democratic nominee a 50-49% lead over incumbent Rep. Don Bacon (R-Papillion/Omaha) in a race that again promises to be tight.

The presidential numbers are much different, however. GQR finds Joe Biden leading President Trump, 51-44%. Such a result would not likely flip Nebraska to the Biden camp, but could possibly deliver him an important extra electoral vote, one that could conceivably cause a tie in the Electoral College in a close national result.

**New York:** The New York primary was June 23rd, and we still don't have final results, nor declared winners in several congressional nomination races. New York election officials in New York City refuse to say when the counting process will end, and numbers released. It does appear in the Upstate that former Millbrook Village Trustee Kyle Van De Water has defeated fashion company owner Ola Hawatmeh and that Mondaire Jones has been declared the winner in the open Westchester County anchored seat.

In the former, absentee ballots have erased Ms. Hawatmeh's lead on election night, and Mr. Van De Water is now ahead 57-43%, a margin that will clinch the primary for him. He now faces freshman Rep. Antonio Delgado (D-Rhinebeck) in the general election. Mr. Jones has won a crowded Democratic primary in the 17th District and becomes the prohibitive favorite to succeed retiring Rep. Nita Lowey (D-Harrison).

**PA-1:** A new Public Opinion Strategies survey (7/11-14; 400 PA-1 likely general election voters) projects two-term Rep. Brian Fitzpatrick (R-Levittown) to be holding a substantial 53-39% advantage. The poll is surprising in that it contradicts the tight numbers that earlier post-primary polling revealed. Furthermore, Mr. Fitzpatrick's rather weak 63% performance in the June 23rd Republican primary also lend credence to the surveys that find his contest with Democratic nominee Christina Finello as falling into toss-up mode.

**Texas Runoffs:** Former Dallas US Rep. Pete Sessions looks poised to return to Congress after winning the Republican nomination for the Waco/College Station 17th CD on Tuesday night. The former Congressman re-located to his boyhood hometown of Waco after losing his Dallas County seat in 2018 to current Rep. Colin Allred (D). Mr. Sessions defeated healthcare executive Renee Swann who had retiring Rep. Bill Flores' (R-Bryan) active endorsement, and now becomes the prohibitive favorite in the general election in what is a safe Republican seat.

Despite only leading by seven votes at the end of the unofficial tabulation, TX-23 candidate Tony Gonzales is surprisingly declaring victory even with such a tight margin. Mr. Gonzales placed first in the runoff election with 12,346 votes as compared to GOP opponent Raul Reyes' 12,339 tallies. It is not being reported how many absentee ballots are outstanding, but it is a reasonable assumption that not all of the cast ballots are yet counted. Additionally, with such a small margin separating the two, a re-count will be a

virtual certainty. The eventual winner faces 2018 Democratic nominee Gina Ortiz Jones who won the 2020 nomination outright on March 3rd.

Other significant runoff winners were 2018 Democratic nominee Mike Siegel (D-10th District; challenging GOP Rep. Michael McCaul), retired Navy Admiral and ex-White House physician Ronny Jackson (R-13th District open seat; becomes prohibitive favorite), Ft. Bend County Sheriff Troy Nehls (R-22nd District open seat; competitive general election against Democrat Sri Preston Kulkarni), and ex-School Board member Candace Valenzuela (D-24th District open seat; competitive general election opposite Republican Beth Van Duyne).

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