



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.

August 14, 2020

Surprise! It's a baby panda, maybe

Come on, not **all** the news is bad. Veterinarians at the National Zoo announced today that Mei Xiang, one of the Zoo's two giant pandas, is showing signs of an unexpected pregnancy, confirmed by ultrasound images. Panda pregnancies are rare and mysterious (read all about it [here](#)), and it's possible that Mei Xiang will miscarry her fetus, or that her body will reabsorb it. It's also possible that she could give birth as soon as this weekend. If you want to keep an eye on things, you can watch the Zoo's [panda cams](#) 24 hours a day. Mei Xiang is 22 years old (pandas in the wild live only to the age of 20 or so, but can live up to 30 years in captivity) and has borne three live panda cubs. Her most recent cub, Bei Bei, moved to China in November 2019.

Recess in the time of COVID-19

You'll notice that this issue is short, and this will most likely be the last issue of the Golden Apple until September 11. That's because the Senate left Washington yesterday for its long August District Work Period, and the House left a week earlier. House and Senate leadership and the Administration were not able to come to an agreement on a new pandemic relief package.

White House extends student loan relief, encourages agencies to prevent evictions and foreclosures

The President signed three memoranda and one executive order last weekend in an effort to provide additional relief to Americans affected by the pandemic. One memorandum extends the suspension of student loan payments and the reduction of interest rates on these loans "until such time that the economy has stabilized, schools have re-opened, and the crisis brought on by the COVID-19 pandemic has subsided." Another directs the Secretary of the Treasury to defer payroll taxes under certain conditions through December 31. The third memorandum directs FEMA to help distribute the Department of Homeland Security's Disaster Relief Fund, and calls on states to boost their own unemployment benefit payments. The executive order directs all federal agencies to

do whatever they can to prevent evictions and foreclosures, which are generally governed by state laws.

Crapo, McHenry urge Mnuchin to “do more” with ESF

Senator Mike Crapo (R-ID), Chairman of the Senate Banking Committee, and Rep. Patrick McHenry (R-NC), ranking member of the House Committee on Financial Services, [wrote to Secretary of the Treasury Steven T. Mnuchin this week](#) to ask him to use funds remaining in the Emergency Stabilization Fund (ESF) to support more businesses and their employees. Treasury and the Federal Reserve have “maximum discretion” over the ESF and the Main Street Lending Fund (MSLF), which the ESF supports, the lawmakers noted. “The Treasury Department and the Federal Reserve should do more with the ESF and the MSLP to provide support to Main Street businesses, their workers, and our American economy,” they wrote, adding that the benefits to the economy would outweigh potential losses to the Treasury.

GSEs announce new “adverse market” fee, meet House criticism

This week Fannie Mae and Freddie Mac announced plans to impose a new adverse-market fee of 0.5% on most of the mortgage refinance loans they purchase, starting after September 1. The move met immediate objections from the mortgage banking industry and from House Financial Services Committee Chairwoman Maxine Waters (D-CA). Waters and Rep. Wm. Lacy Clay, who chairs the Subcommittee on Housing, Community Development, and Insurance (D-MO), [issued a statement today](#) that called the change “just another example of tone-deaf policies” as low-income and minority homeowners struggle to stay in their homes.

Federal regulators update, clarify guidance on anti-money laundering enforcement

The four federal financial regulatory agencies (Federal Reserve Board, Federal Deposit Insurance Corporation, National Credit Union Association, and Office of the Comptroller of the Currency) [issued a joint statement yesterday](#) to clarify when and how they take enforcement actions for failure to meet Bank Secrecy Act/anti-money laundering requirements. Although federal law requires cease-and-desist orders for certain activities, “isolated or technical violations or deficiencies are generally not considered the kinds of problems that would result in an enforcement action,” the agencies said. Where the agencies do take action, “they will tailor that action to address the deficiencies that are specific to the institution.”

Fed not ready to develop policies on CBDC, says Brainard

In [remarks at the San Francisco Federal Reserve Bank’s Innovation Office Hours](#) yesterday, Federal Reserve Board Governor Lael Brainard said that central bank digital currencies (CBDC) and other digital currencies “present opportunities but also risks associated with privacy, illicit activity, and financial stability.” The Fed is actively researching and experimenting with distributed ledger technologies and the potential uses of digital currency, both within the Fed’s own Technology Lab but also through a collaboration between the Federal Reserve Bank of Boston and MIT. The Boston Fed/MIT experiment is “a multiyear effort to build and test a hypothetical digital currency oriented to central bank uses.” When its findings are published, any codebase developed will be offered as open-source software. Regardless of their findings, Brainard said, issuing a CBDC would require “a significant policy process” that the Fed has not yet decided to undertake.

Fed reduces prices for Municipal Liquidity Facility

The Federal Reserve Board [issued a new term sheet for its Municipal Liquidity Facility](#) (MLF) on Tuesday, reducing the interest rate spread on tax-exempt notes in each credit rating category by 50 points and reducing the amount by which the interest rate for taxable notes is adjusted relative to tax-exempt notes. The MLF offers up to \$500 billion in loans to states and municipalities, but local governments have been slow to take advantage of it.

Confirmations, Nominations, Departures, etc.

- The President has nominated **Robert B. Bowes** to the Commodity Futures Trading Commission (CFTC), filling the seat most recently held by Brian Quintenz. Bowes is currently a Senior Advisor at the Office of Personnel Management, with responsibility for Health and Insurance. He moved to OPM from the Department of Housing and Urban Development, where he was also a Senior Advisor. He previously served as Director of Counterparty Risk at Fannie Mae and as a Vice President of Chase Manhattan Bank.
- **Marc Panucci**, Deputy Chief Accountant of the Securities and Exchange Commission, will leave that position later this month.

The Weeks Ahead

Since The Golden Apple probably won't be back until September 11th, some events of note between now and then:

- **Monday, August 17 — Thursday, August 20:** [Democratic National Convention](#)
- **Monday, August 24 — Thursday, August 27:** [Republican National Convention](#)
- **September 1 at 1:00 p.m.** The Office of the Comptroller of the Currency hosts a [virtual public meeting of the Minority Depository Institutions Advisory Committee \(MIDIAC\)](#). Public statements are welcome, but are due by August 25; to submit a statement or register to attend online, email MDIAC@occ.treas.gov.

The Ellis Insight

Jim Ellis reports on political news

President

Joe Biden: Ending months of speculation, former Vice President Joe Biden announced that he has chosen California Sen. Kamala Harris as his running mate for the 2020 presidential election. Mr. Biden pledged to choose a woman as his Vice Presidential partner and fulfilled his commitment with Sen. Harris. As time progressed, the pressure became intense for him to choose a woman of color, which he also now has done.

It remains to be seen, however, if she can deliver key votes in the swing states. During her presidential run, which ended even before the Iowa Caucus was held, Sen. Harris averaged only 5.4% in 94 publicly released polls from June until her exit day in the ten

states most likely to be determinative in the general election.

Emerson College Polling: Emerson College Polling released a series of surveys conducted over the August 8-10 period in four presidential swing states, and in each case the results seem to cut against the average trend. In Pennsylvania (843 likely voters) and Arizona (861 likely voters), Emerson projects former Vice President Joe Biden to be running well ahead of the margin he has been posting lately. Both states showed a seven-point spread with no undecided voters. The Emerson pollsters often push respondents for a choice between major party candidates, which eliminates the undecided category.

In North Carolina (873 likely voters) and Minnesota (733 likely voters), President Trump is performing better than the average, leading in the Tar Heel State by one percentage point, and trailing in Minnesota by just two points. The latter number is significantly below the 8.6% Biden average spread determined from the last five Minnesota published polls prior to Emerson's release.

Senate

Kansas: Survey USA immediately went into the field after the Kansas August 4th primary (8/5-9; 1,202 KS likely voters) and sees new Republican nominee Roger Marshall, the 1st District US Representative, running slightly ahead of state Sen. Barbara Bollier (D-Mission Hills), 46-44%. This, right after an intense primary campaign that saw Mr. Marshall defeating former gubernatorial nominee Kris Kobach and Kansas City businessman Bob Hamilton, 40-26-19 percent.

Massachusetts: The University of Massachusetts at Amherst released a new statewide Democratic primary poll and though the error factor is high, the ballot test produces a major surprise.

According to this data (7/31-8/7; 500 MA registered voters; 199 likely Democratic primary voters; 163 likely Independent voters intending to enter the Democratic primary), Sen. Ed Markey (D), in a race that had, heretofore, been close leads Rep. Joseph P. Kennedy III (D-Newton) by a large 50-32% margin, and 51-36% when those who said they were leaning to one candidate or the other were included. In UMass' last poll conducted back in February, the candidates were separated by three percentage points.

Mississippi: In a race that has drawn scant attention in 2020, a new Garin Hart Yang Research poll (7/30-8/9; 600 MS likely voters) finds Sen. Cindy Hyde-Smith's (R) lead over former US Agriculture Secretary and ex-Mississippi Congressman Mike Espy (D) dwindling when compared to earlier polls. The GHY survey finds Sen. Hyde-Smith topping Mr. Espy, 47-42%. An Impact Management Group poll in early May posted the Senator to a 28-point advantage.

South Carolina: Quinnipiac University is the latest to survey the South Carolina Senate race (7/20-8/3; 914 SC registered voters) and sees Sen. Lindsey Graham (R) and former South Carolina Democratic state chairman Jaime Harrison (D) landing in a flat tie, 44-44%. Including the latest Q-Poll, six surveys from a half-dozen different pollsters have been publicly released of this race since late May, and all but one shows the contest languishing within four percentage points. The only outlier is the Gravis Marketing poll (7/17; 604 SC likely voters) that gave Sen. Graham a seven-percentage point advantage.

House

FL-15: St. Pete Polls (8/12; 594 FL-15 registered Republican voters; via automated telephone system) tested the upcoming Florida primary election contest between freshman Republican US Rep. Ross Spano (R-Dover/Lakeland) and Lakeland City Commissioner Scott Franklin. Rep. Spano has been under a cloud since being investigated for administering inappropriate political loans during his 2018 general election campaign. The St. Pete results find Rep. Spano leading Mr. Franklin by a scant 42-41% margin. The poll suggests that this could be an interesting primary on Tuesday night.

Georgia: Controversial businesswoman Margorie Taylor Greene easily won her Republican runoff election during the week with a 57-43% victory margin over Rome area surgeon John Cowan. Ms. Greene is associated with the QAnon movement whose affiliates believe a "deep state bureaucratic underground" is attempting to undermine President Trump. Since the 14th District is strongly conservative, Ms. Greene is a heavy favorite to win in November and replace retiring Rep. Tom Graves (R-Ranger/Rome).

In the northeast Georgia 9th District, retired Navy officer and firearm company owner Andrew Clyde, who self-funded most of his campaign, defeated state Rep. Matt Gurtler (R-Tiger), 56-44%, to claim the Republican nomination. Mr. Clyde advances into a general election where he becomes the heavy favorite to succeed Rep. Doug Collins (R-Gainesville) who is running for the Senate.

HI-2: In Saturday's Hawaii primary election, reports from the state find that state Sen. Kai Kahele (D-Hilo) was an easy winner in the open Democratic primary to succeed retiring Rep. Tulsi Gabbard (D-Kailua). Mr. Kahele captured a whopping 76% of the vote. He now becomes the prohibitive favorite to win the seat in November, as he should easily defeat new Republican nominee Joe Akana, a business development consultant and US Air Force veteran.

Iowa: Monmouth University went into the field to survey the Hawkeye State vote and divided the large sampling universe into segments for purposes of testing each of the state's four congressional districts. The survey (7/25-8/3; 1,665 IA registered voters; 400 via live interview and 1,265 online; congressional district sample sizes were not released) finds two Democrats and a pair of Republicans leading in the four districts.

In the 1st, and all of the succeeding reported numbers are under the high voter turnout model, freshman Rep. Abby Finkenauer (D-Dubuque) leads Cedar Rapids state Rep. Ashley Hinson (R), 52-41%.

In the 2nd, and confirming an earlier Harper Polling survey that found the race tight, state Sen. Mariannette Miller-Meeks (R-Ottumwa) holds a slight edge over former state Senator and 2018 Lt. Governor nominee Rita Hart (D), 48-44%.

Third District freshman Rep. Cindy Axne (D-Des Moines) records a 50-42% advantage over former US Rep. David Young (R).

In the western 4th CD, state Sen. Randy Feenstra (R-Hull), who defeated Rep. Steve King (R-Kiron) in the June GOP primary, is establishing a large lead over 2018 Democratic nominee J.D. Scholten, 55-34%.

NJ-2: Two Democratic polls post mental health advocate Amy Kennedy (D), the wife of former Rhode Island US Rep. Patrick Kennedy (D), to small leads over freshman Rep. Jeff Van Drew (R-Dennis Township/Atlantic City) who was elected as a Democrat in 2018 but switched to the Republican Party in the middle of his first term.

According to the Greenberg Quinlan Rosner Research Group (8/4-6; 400 NJ-2 likely voters), Ms. Kennedy tops Rep. Van Drew, 51-46%. The Global Strategy Group (8/1-5; 400 NJ-2 likely voters), sees a much more modest edge, however, 46-45%. This is yet another competitive New Jersey campaign in a state that is one of the most important toward determining the majority in the next Congress.

Minnesota: Polarizing US Rep. Ilhan Omar (D-Minneapolis) defeated local Democratic attorney Antone Melton-Meaux, 57-39%, in their expensive Democratic primary contest that drew over 160,000 voters. Both candidates raised well over \$4 million for their respective campaign efforts.

In the expansive northwestern Minnesota district, the strongest Trump seat in the nation that elects a Democratic Representative, former Lt. Governor and state Senate President Michelle Fischbach easily won the Republican primary against two significant opponents. She defeated David Hughes, the 2016 and '18 nominee who held Rep. Peterson to 52% victories both times, and Dr. Noel Collis, who spent heavily on television advertising. The general election between Ms. Fischbach and House Agriculture Committee chairman Collin Peterson (D-Detroit Lakes) could quickly evolve into a toss-up campaign.

MI-6: A week after the Michigan primary that saw state Rep. Jon Hoadley (D-Kalamazoo) win a surprisingly tight Democratic primary victory and veteran Rep. Fred Upton (R-St.

Joseph) score only 63% in his GOP primary race, a new poll finds the challenger opening with a small advantage. RMG Research, polling during the primary voting period (7/30-8/6; 500 MI-6 registered voters), finds Mr. Hoadley taking a four-point, 40-36%, lead over Mr. Upton.

MN-7: Both veteran Rep. Collin Peterson (D-Detroit Lakes) and former Lt. Governor and ex-state Senate President Michelle Fischbach (R) easily won their respective congressional primaries on Tuesday night, but a pre-primary poll just released projects the challenger in unusually strong shape.

According to a Tarrance Group poll (8/2-5; 413 MN-7 likely voters), Ms. Fischbach would lead Rep. Peterson by a full ten-point margin, 52-42%. This, in President Trump's strongest congressional district (Trump '16: 62-31%) that sends a Democrat to the House of Representatives. Rep. Peterson, chairman of the House Agriculture Committee, is running for a 16th term.

TX-4: Fourth Congressional District precinct chair delegates gathered in convention to choose a replacement nominee for former US Rep. John Ratcliffe (R-Rockwall) who resigned in May to become the Director of US Intelligence. The winner: state Sen. Pat Fallon (R-Wichita Falls). He came to the party conclave with US Sen. Ted Cruz (R-TX) who delivered an endorsement speech on Sen Fallon's behalf.

The 4th District seat will remain vacant for the rest of the year since Gov. Greg Abbott (R) chose not to call a special election. Therefore, Sen. Fallon becomes the regular election nominee. The 4th District is heavily Republican (Trump '16: 75-22%), so the new nominee becomes a prohibitive general election favorite and, barring a GOP political catastrophe, will take the seat in January with the incoming freshman class.

TX-22: Recalling a late July poll from Meeting Street Insights (7/19-22; 400 TX-22 registered voters) that found Ft. Bend County Sheriff Troy Nehls (R) leading es-Foreign Service officer Sri Preston Kulkarni (D) 44-32%, RMG Research (7/27; 8/2; 500 TX-22 registered voters) now finds the two candidates tied at 39% apiece. The district, formerly a safe Republican seat, has been moving more toward the political center, so a tie at this point in the campaign does seem a reasonable conclusion.

WA-10: Though ballot counting continues from the August 4th all-mail primary, it appears that the general election is set. Two Democrats from the state's jungle primary format for the open congressional seat, former Tacoma Mayor Marilyn Strickland and state Rep. Beth Doglio (D-Olympia), will advance into the general election from the field of 19 candidates.

Ms. Doglio's small lead over former state Rep. Kristine Reeves (D) is holding and,

considering the number of ballots remaining to count, it is clear that the latter woman cannot erase the former's slight advantage. Therefore, we will see a competitive double Democrat general election.

Wisconsin: Most of the US House incumbents and candidates were running unopposed in this week's primary, but one future Congressman was identified. State Senate Majority Leader Scott Fitzgerald (R-Juneau) attracted more than 77% of his district's primary votes and becomes the prohibitive favorite to win in November. He will replace retiring Rep. Jim Sensenbrenner (R-Menomonee Falls) who will leave the House after 42 years of service, second in seniority to only Alaska at-large Rep. Don Young (R-Ft. Yukon) who was elected five years earlier.

Governor

Vermont: Vermont Lt. Gov. David Zuckerman scored a 51-40% Democratic primary win over former state Education Secretary Rebecca Holcombe to secure the gubernatorial nomination. He will also carry the Vermont Progressive Party ballot line in November. Mr. Zuckerman will now challenge two-term Gov. Phil Scott (R) in a state that heavily favors his Democratic Party.

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[Kirk Pepper*](#) | [Joseph Salzverg](#) | [Todd Steibly*](#) | [Robert Stuart*](#) | [Jason Unger](#)

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