



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 31, 2020

In the eye of the hurricane

We hope this will remain metaphorical for all of us this weekend, as Hurricane Isaias moves in on the south and east coasts of Florida. Stay safe, stay dry, and stay healthy, everybody. We've almost made it through July. Only five months left in 2020.

It's a long way between HEALS and HEROES

Several of the CARES Act relief provisions expired this week, and federal unemployment insurance payments ended today. The Senate package, collectively known as the [HEALS Act](#) (Health, Economic Assistance, Liability Protection, and Schools), would, like the House-passed [HEROES Act](#), make a second round of stimulus payments to most US households. Beyond that, the two bills differ on almost every point. Negotiations among the Senate, the House, and the Administration continue, although the Senate is out until Monday afternoon and the House is theoretically in recess until the end of August, subject to the call of the chair. We have put together a side-by-side comparison of the two bills; if you haven't already seen it, reply to this email and we'll send you a copy.

Treasury, USPS agree to terms of \$10 billion loan

The US Treasury [announced Wednesday](#) that it had reached agreement with the US Postal Service on the terms of a \$10 billion loan authorized by the CARES Act. The USPS may borrow up to \$10 billion to fund operating expenses if it determines that it can no longer fund its operations because of the COVID-19 emergency. Treasury Secretary Steven T. Mnuchin said that the Postmaster General, Louis DeJoy, had reassured him that the Postal Service is not in imminent danger of running out of operating funds.

Crapo asks Mnuchin, Powell to expand Main Street Lending Facility

Senate Banking Committee Chairman Mike Crapo (R-ID) wrote to Secretary of the Treasury Steven T. Mnuchin and Federal Reserve Board Chairman Jerome Powell today to ask them to set up an asset-based lending program and a commercial real estate program within the Main Street Lending Facility (MSLF). Noting that funds are still available under the CARES Act,

Crapo said that an asset-based lending facility could make critical resources available to industries that could not otherwise qualify for an MSLF loan based on earnings or cash-flow metrics. Instead, he wrote, asset-based lending could be “predicated on pledged collateral.” Commercial real estate faces “unique circumstances,” Crapo wrote, and expanding the MSLP to include them is only one of several options he asked Mnuchin and Powell to consider.

Brooks says OCC should regulate payment companies, and fintech charters need not be “limited purpose”

In a [conversation sponsored by the Brookings Institution on Wednesday](#), Acting Comptroller of the Currency Brian Brooks said that payments are critical to the systemic stability of the US financial sector and require a single point of supervision, a role that would rest most appropriately with the OCC. He said that payments are a core banking function, along with deposit-taking and lending, and that he believes it’s appropriate for the OCC to charter payment companies as national banks. The national bank charter is essentially a national money transmitter license, he said, and he does not believe the OCC would need to create a new limited-purpose charter in order to grant a national bank charter to a fintech company. Brooks said that consumer demand should drive how consumers receive services, and regulatory structure should not be an obstacle to that. Earlier that day, Brooks had received a [letter from several financial trade associations](#) expressing concerns about the OCC’s plans to issue charters to nonbank payment providers; Brooks said he would consider those concerns carefully, but “When a bank meets the rules, we grant the charter.”

House approves postal banking pilot

Yesterday the House of Representatives approved funding for a [pilot program for postal banking](#). Reps. Bill Pascrell (D-NJ) and Marcy Kaptur (D-OH) offered the amendment to a Financial Services and General Government Appropriations bill. It would provide \$2 million to let post offices begin to expand their financial services, which currently include money orders, check cashing, and sales of prepaid debit cards. House Republicans and banking associations oppose the measure. The House approved a similar measure last year that the Senate never acted upon.

CFPB seeks comment on improving access to credit; Kraninger testifies

On Wednesday, Consumer Financial Protection Bureau Kathy Kraninger appeared before the Senate Banking Committee at a fairly cordial, though partisan oversight hearing. Yesterday, the House Financial Services Committee spent four and a half hours grilling her on the Bureau’s most recent rulemaking activities, and its response to the surge of complaints the Bureau has received during the pandemic. House Democrats blasted Kraninger for the recent final rule on small-dollar lending, which they said would expose low-income borrowers to predatory lenders. Several Republican members of the Committee, however, expressed disappointment that the CFPB had not rescinded the payments portion of that rule as well as the mandatory underwriting provisions. Kraninger described the [request for information \(RFI\) the Bureau published Tuesday](#) to ask for recommendations on ways to prevent credit discrimination and build a more inclusive financial system, and said that the Bureau also wants comments on how best to protect consumers’ control over their own financial data. The Bureau will publish a brief outline of regulatory issues related to

Section 1071 of Dodd-Frank, which requires rulemaking on small business data collection, in September.

CARES Act oversight is missing

A panel of witnesses [told the Senate Homeland Security and Government Affairs Committee \(HSGAC\) on Tuesday](#) that although the CARES Act established three different oversight bodies for the administration of COVID-19 relief programs, none of those is functional yet. The Congressional Oversight Commission (COC) does not have a chair, as the Speaker of the House and Senate Majority Leader must agree on that appointment. The Pandemic Recovery Accountability Committee (PRAC) lost its chair when the President removed Glenn Fine from his position as Acting Inspector General of the Department of Defense; Michael E. Horowitz, chair of the Council of the Inspectors General on Integrity and Efficiency and Inspector General of the Department of Justice, currently serves as Acting Chair. Brian Miller, Special Inspector General for Pandemic Recovery (SIGPR), has not been able to staff up quickly because he does not have the emergency hiring authority necessary to expedite that process. Committee Chairman Ron Johnson (R-WI) said he wanted to see meaningful oversight in place before Congress authorized “another dime” in relief funding.

SEC creates Event and Emerging Risks Examination Team

The Securities and Exchange Commission (SEC) has [created a new team within its Office of Compliance Inspections and Examinations \(OCIE\)](#) to work with financial firms to address emerging threats and current market events, and to provide quick expertise and resources to the SEC's regional offices in urgent cases. Adam D. Storch will serve as Associate Director of the new Event and Emerging Risks Examination Team, which will comprise a multidisciplinary team of specialized examiners, industry experts, accountants, and quantitative analysts.

National California, Illinois, New York sue OCC over “valid when made” rule

The Attorneys General of [California](#), [Illinois](#), and [New York](#) filed suit against the Office of the Comptroller of the Currency on Wednesday over the OCC's “valid when made” rule issued in May. That rule stipulates that the terms of a loan remain valid through the life of the loan, and that loans sold or assigned across state lines do not become subject to the new state's usury limits. The Attorneys General said that the final rule allows predatory lenders to take advantage of their states' citizens. The case was filed in the US District Court for the Northern District of California.

Next Week in Washington

The House is scheduled to be in recess throughout the month of August, subject to a call of the Speaker that would bring them all back within 24 hours. That will undoubtedly happen, but when is anybody's guess.

- **August 4 at 10:00 a.m.** The Securities and Exchange Commission's Small Business Capital Formation Advisory Committee holds a day-long public meeting on [“Access to Opportunity: How are Capital Markets Serving Underrepresented Founders?”](#) The meeting will stream online at www.sec.gov.

- **August 5 at 10:00 a.m.** Senate Committee on Commerce, Science, and Transportation holds a hearing on "[Oversight of the Federal Trade Commission](#)."
- **August 5 at 2:00 p.m.** Senate Banking Committee holds a business meeting to vote on the nominations of Hester Peirce and Caroline Crenshaw to the Securities and Exchange Commission, and Kyle Hauptman to the board of the National Credit Union Administration.

The Ellis Insight

Jim Ellis reports on political news

President

Gravis Marketing Polls: Gravis Marketing conducted a series of surveys in the Great Lakes Swing states during the July 22-24 period, and came to some interesting conclusions. While President Trump had largely been polling better in Wisconsin when looking at the three regional swing states, Michigan and Pennsylvania being the other two, Gravis sees a different cut.

Their results find former Vice President Joe Biden leading Mr. Trump in Wisconsin (6/22; 796 WI likely voters via an interactive voice response system and through an online poll of cell phone users), 50-42%, and Michigan (6/22; 754 MI likely voters via an interactive voice response system and through an online poll of cell phone users), 51-42%. The Pennsylvania numbers, however, reveal the closer ballot test. Here (6/22-24; 1,006 PA likely voters via interactive voice response system and through an online poll of cell phone users), Mr. Biden leads only 48-45%.

Senate

Georgia: Monmouth University completed a Georgia survey (7/23-27; 402 GA likely voters) that found, for the first time, appointed Sen. Kelly Loeffler (R) leading the special election field for the November 3rd jungle primary election to fill the remainder of resigned Sen. Johnny Isakson's final term. Mr. Isakson departed the Senate at the end of 2019 for health reasons.

According to Monmouth, Sen. Loeffler leads Rep. Doug Collins (R-Gainesville), 26-20% with Democratic businessman Matt Lieberman, the son of former Connecticut Senator Joe Lieberman (D/I), trailing in third place with 14%. Following is Democratic Senatorial Campaign Committee endorsed candidate Raphael Warnock at only 9% preference, ahead of only former US Attorney Ed Tarver's 5% preference figure. This is not the first time, however, that a poll projects the two Republicans advancing into the runoff election.

Kansas: The full Democratic commitment to helping former Secretary of State and 2018 gubernatorial nominee Kris Kobach win the Republican nomination is now becoming known. Federal financial disclosure reports reveal that over \$4.2 million has been spent from the Democratic PACs with the goal of pulling Mr. Kobach, who reported only

\$136,000 cash on hand through July 15th, across the GOP primary finish line. It is obvious that they believe him to be the weakest Republican their consensus candidate, state Sen. Barbara Bollier (D-Mission Hills), could face in November.

Mr. Kobach's prime opponent, Rep. Roger Marshall (R-Great Bend), had more than \$1 million remaining to spend. Plumbing company Bob Hamilton, who is self-funding his campaign to the degree of \$3.7 million, still had just under \$1 million in his political account on the pre-primary financial disclosure filing.

Maine: Freshman After recent polling suggested that Sen. Susan Collins (R) had re-captured the lead in the competitive Maine Senate race, state House Speaker Sara Gideon (D), fresh from a big primary win in mid-July, is back on top. This, according to Public Policy Polling in their survey (7/22-23; 561 ME voters) that included negative push questions about employing federal agents to stop the Portland, OR protests. The PPP ballot test found Ms. Gideon leading 47-42%.

Maine's Colby College is out with their second poll of this year (7/18-24; 888 ME voters of which 89% describe themselves as definitely casting their ballot in November; combination of live and online interviews) and they see Ms. Gideon topping Sen. Collins by a similar 44-39% margin.

Massachusetts: In what could be a major development, Sen. Ed Markey (D-MA) has captured another key endorsement. The Massachusetts Teachers Association announced this week they will actively support the veteran lawmaker in his bid for re-nomination against Rep. Joe Kennedy III (D-Newton).

Prior to this, several key environmental groups, acknowledging the Senator's long leadership role on the climate change issue, had endorsed Sen. Markey and launched a major independent expenditure on his behalf. Additionally, Rep. Alexandria Ocasio-Cortez (D-NY) confirmed that she will highlight some closing TV ads for the Senator as the race moves toward conclusion. The Massachusetts primary is September 1st.

South Carolina: An ALG Research poll conducted for Democrat Jaime Harrison's US Senate campaign (7/15-20; 591 SC likely voters) finds incumbent Sen. Lindsey Graham (R) leading Mr. Harrison, the former state chairman of the South Carolina Democratic Party, 49-45%, with leaners included for both men. Both have raised huge campaign war chests through June 30th. Sen. Graham has pulled in over \$31 million cycle-to-date as compared to Mr. Harrison's strong effort that has so far yielded a whopping \$29 million in challenger campaign contributions. Sen. Graham has a substantial lead in cash-on-hand, however, \$15 million to \$10 million.

House

AZ-6: The House Ethics Committee closed an investigation of Rep. David Schweikert (R-Fountain Hills) and issued a report after all parties reached an agreement. Mr. Schweikert

admits he committed eleven violations in the areas of "campaign finance violations and reporting errors, spending government money to support his political campaigns, pressuring government staff to perform campaign work," and for the Congressman's "lack of candor and due diligence in the course of the investigation." While the investigation is now closed, the findings will certainly become a campaign issue.

FL-26: A Meeting Street Insights survey (7/14-18; 400 FL-26 registered voters) was just released and the data produced an unexpected result. According to Meeting Street, Miami-Dade Mayor Carlos Gimenez (R) has taken a 47-42% lead over freshman Rep. Debbie Mucarsel-Powell (D-Miami) in a seat that flipped from Republican to Democrat in the last election. The race figures to be close, and a survey such as this will likely increase Mr. Gimenez's standing on the Republican national target list.

GA-5: Gov. Brian Kemp (R) announced that the special election to fill the remainder of the late Rep. John Lewis' (D-Atlanta) term will be filled with a jungle primary scheduled for September 29th. If no candidate receives majority support, the top two will runoff on December 1st. It is likely that state Senator and Georgia Democratic Party state chair Nikema Williams will win the special election outright. She is the official replacement for Mr. Lewis on the November ballot for the regular term, so seeing her lose the special election would be highly unlikely.

GA-14: Republican candidate John Cowan, a north Georgia surgeon, just released a new internal poll as reported in the NJ Hotline (7/23-26; 400 GA-14 likely runoff voters) in anticipation of the August 11th runoff election. The results find Dr. Cowan and his opponent, first place primary finisher Margorie Taylor Greene, tied at 38% apiece. This is a consistent result with two earlier polls that showed each candidate establishing a three-point lead. In the primary, Ms. Greene outpolled Dr. Cowan, 40-21%, which was well short of the 50% she needed to capture the nomination outright.

ME-2: Colby College (see Maine Senate above) also tested the 2nd Congressional District race now that former state Rep. Dale Crafts has officially won the Republican nomination. The 2nd District sample size, taken over the July 18-24 period is approximately 426 respondents via a combination of live and online interviews. The ballot test yields freshman Rep. Jared Golden (D-Lewiston) a 45-33% general election advantage. In February's Colby College poll, Rep. Golden led a generic Republican, 43-29%.

MN-1: In 2018, Jim Hagedorn was one of two Republicans to win a Democratic congressional district. He scored an open seat 50.1 – 49.7% victory over former Defense Department official Dan Feehan (D), a margin of just 1,315 votes. Mr. Feehan returns for a re-match, and a new Victoria Research & Consultants poll (7/19-23; 511 MN-1 likely general election voters) finds the Democrat jumping out to a small lead, 48-46%. Early signs suggest that the second election between these two candidates could be just as

close as the first.

MO-1: Veteran Missouri Rep. Lacy Clay (D-St. Louis) has launched a personal media attack ad on his Democratic primary opponent, civil rights activist and pastor Cori Bush. Late this week, the Justice Democrats PAC, at least loosely affiliated with Rep. Alexandria Ocasio-Cortez (D-NY), responded with an ad wave in support of Ms. Bush in her effort to deny Rep. Clay re-nomination. With this outside organization coming into the race within the last week of the campaign, we can expect much more to follow making this a contest to watch next Tuesday night in the August 4th primary.

NY-1: Public Policy Polling, surveying for the 314 Action Fund, an independent expenditure committee supporting Democratic congressional nominee Nancy Goroff, released a study (7/14-15; 1,100 NY-1 voters) that finds three-term Rep. Lee Zeldin (R-Shirley/Smithtown) leading Ms. Goroff, 47-40%. The 1st District leans Republican but has been known to flip in wave election years.

NY-12: Five weeks after the New York primary and still without numbers being released, Rep. Carolyn Maloney (D-Manhattan) declared victory yesterday, saying she will be re-nominated by at least 3,700 votes. New York City officials report that over 95,000 absentee ballots have been counted, but such is not the entire allotment. Ms. Maloney's opponent, business executive Suraj Patel did not dispute the count but is still a plaintiff in a lawsuit asking for court intervention to count every ballot regardless of when it was postmarked or received by county authorities.

On election night, with just under 40,000 ballots counted, Ms. Maloney's margin was below 700 votes. She predicted the absentee votes would heavily be in her favor and it appears her analysis was correct. Assuming her preliminary primary victory holds, the Congresswoman will easily win the general election.

TX-22: A new survey projects Ft. Bend County Sheriff Troy Nehls, fresh from a landslide Republican runoff election victory, in very strong general election position despite having virtually no money. According to a new Meeting Street Insights survey (7/19-22; 400 TX-22 registered voters), Sheriff Nehls would hold a 44-32% lead over 2018 Democratic nominee Sri Preston Kulkarni.

TX-25: Texas Rep. Roger Williams (R-Austin) is the latest incumbent to be shown in a close race. The Democratic Congressional Campaign Committee released an internal house survey from their DCCC Targeting & Analytics sector (7/21-22; 389 TX-25 likely voters) that found the Congressman leading Democratic nominee Julie Oliver, an attorney and political activist, only by a 45-43% count. It may be difficult for Oliver to capitalize on this, even if the poll is accurate. Mr. Williams, who is independently wealthy, is showing \$1.268

million in his campaign account and can add a lot more, as compared to Ms. Oliver's \$90,000 in financial resources.

Governor

Washington: Survey USA, polling for KING-TV in Seattle, released a study for the upcoming August 4th Washington jungle primary (7/22-27; 513 WA likely primary voters) that finds Gov. Jay Inslee (D), running for a third term after withdrawing from the presidential race, holding a very comfortable lead. According to S-USA, he would capture 55% of the vote. His next closest rival is local police chief Loren Culp (R) who has only 9% support. Businessman Tim Eyman (R) is close behind Culp with 8%, while all others post 6% or less; therefore, Gov. Inslee is a lock for re-election in November.

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