



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.

November 1, 2019

Congratulations to the Washington Nationals, who are champions of the 2019 World Series!

We claim no credit for this victory, even though some of us were cold and wet at watch parties at Nationals Park on Tuesday and Wednesday, and even though one of us might have been caught on camera in that Bud Light commercial where the guy saves his beer instead of the baseball. (No, we were not that guy.) The parade is scheduled for 2:00 p.m. tomorrow down Pennsylvania Avenue, and the rejoicing will continue for some time.

House approves impeachment investigation

As you undoubtedly know, the House of Representatives voted yesterday on [a resolution](#) to pursue investigations of whether sufficient grounds exist to impeach President Donald Trump. As expected, the vote followed party lines, with no Republican voting for the resolution and only two Democrats, Rep. Collin Peterson (D-MN) and Rep. Jefferson Van Drew, voting against it. The resolution directs the [Permanent Select Committee on Intelligence](#) to hold public hearings, and sets procedures for those hearings. It [sets procedures](#) for this investigation, including how the President and his counsel will participate, and directs the [House Judiciary Committee](#) to review the evidence gathered and decide whether to report Articles of Impeachment. The Intelligence Committee has not yet announced a hearing schedule; the House is scheduled to be in recess next week.

HUD, Justice agree on guidance to clarify False Claims liability for FHA lenders

This week Secretary of Housing and Urban Development Ben Carson and Attorney General William Barr issued a Memorandum of Understanding that provides guidance on whether, when and how Federal Housing Administration (FHA) lenders are subject to enforcement actions under the False Claims Act. "In taking these steps, we are . . . making clear to all responsible lenders that FHA's mortgage program is a program they should participate in," said Carson. The MOU sets out procedures for HUD and DOJ will consult each other before taking action on defects in mortgage loans insured by FHA. It seeks to address banks' concerns about "uncertain and unanticipated FCA liability for regulatory defects."

House Financial Services Committee approves TRIP reauthorization

Congress can still act on a bipartisan basis, and proved it yesterday when the House Financial Services Committee (HFSC) voted unanimously to approve [H.R. 4634](#), the Terrorism Risk Insurance Program Reauthorization Act of 2019. The bill would extend the program for ten years, preventing it from expiring at the end of 2020. The Senate Banking Committee held a hearing on reauthorization in June, but has not yet acted on legislation.

HFSC votes to strengthen oversight of federal banking agencies, reform Ex-Im Bank

The House Financial Services Committee also unanimously approved [H.R. 4841](#), the Prudential Regulator Oversight Act, which would require the FDIC, Federal Reserve Board, the Office of the Comptroller of the Currency and the National Credit Union Administration to testify annually before Congress, and report semiannually on their supervisory and regulatory activities. The Committee approved [H.R. 4458](#), the Cybersecurity and Financial System Resilience Act of 2019, by voice vote; it would require the Federal Reserve System to strengthen its own cybersecurity measures. [H.R. 4863](#), the United States Export Finance Agency Act of 2019, passed by a vote of 30-27. It would reauthorize the Export-Import Bank for ten years and increase its lending authority to \$175 billion over seven years, but also make structural reforms, including changing the Bank's name to the Export Finance Agency.

House Energy & Commerce hears testimony on reauthorizing BRAND USA

At a [hearing on Tuesday](#), the House Committee on Energy and Commerce discussed the importance of reauthorizing Brand USA, the federally funded national destination marketing organization. The bipartisan [H.R. 3851](#) would reauthorize the program through 2027, preventing its expiration next year. Tori Emerson Barnes, Executive Vice President of Public Affairs and Policy for U.S. Travel, [told the Committee](#) that the recent drop in international travel to the US would have been far worse without Brand USA's efforts. "If nothing is done, our market share will continue to erode and is projected to fall below 11% by 2021," she warned. Brand USA is funded by a small fee charged to international visitors who come to the United States via the Visa Waiver Program, matched by contributions from the private sector.

HFSC's November schedule to include hearings on big data, private funds, MDIs

The House will be in session for only eight days in November, but the House Financial Services Committee will make the most of them. The [Committee schedule published yesterday](#) includes hearings on multilateral development institutions, the practices of private funds, regulatory efforts to preserve minority depository institutions, health and safety conditions in HUD housing, and the role of big data in financial services. The Committee will also mark up legislation on November 13, though Chairwoman Maxine Waters (D-CA) has not yet announced which bills the Committee will consider.

Fannie, Freddie report Q3 net income, will not pay a dividend to Treasury

As Fannie Mae reported net income of \$4.0 billion for the third quarter of 2019, the Treasury Department and the Federal Housing Finance Agency (FHFA) announced that it will allow Fannie Mae to increase its retained capital from \$3 billion to \$25 billion. Fannie Mae's net worth as of September 30 was \$10.3 billion. Separately, Freddie Mac reported third-quarter comprehensive income of \$1.8 billion, while Treasury and the FHFA allowed it to increase its retained capital from \$3 billion to \$20 billion. Freddie Mac reported that its total equity had increased to \$6.7 billion.

FHFA publishes new strategic plan, scorecards for Fannie and Freddie

The new capital allowances for the GSEs are part of the [Strategic Plan](#) the Federal Housing Finance Agency published this week for the eventual end of the GSEs' conservatorships. The goal is to ensure that the GSEs focus on their core mission: "to foster competitive, liquid, efficient, and resilient (CLEAR) national housing finance markets that support sustainable homeownership and affordable rental housing." The Strategic Plan will also help make sure that Fannie and Freddie operate in a safe and sound manner, and prepare for their eventual release from conservatorship. The Strategic Plan emphasizes FHFA's determination to keep the GSEs "within the limits of their charters" and provide a level playing field for all competitors in the markets. The plan calls for "a qualified mortgage (QM) rule that works for all market participants," and supports greater competition.

Confirmations, Nominations, Departures

- **Rep. Greg Walden (R-OR)**, ranking Republican on the House Energy & Commerce Committee, announced that he will not seek a 12th term in Congress.
- First-term **Rep. Katie Hill (D-CA)** resigned her seat after accusations that she had engaged in an inappropriate relationship with a staffer, and the publication of unauthorized explicit photos on conservative news websites.

Next Week in Washington (and Elsewhere)

- The House of Representatives is in recess next week, and will return on November 12.
- **November 5** Voters go to the polls for state and local elections that include governors' races in Kentucky, Louisiana, and Mississippi, and state legislatures in Louisiana, Mississippi, New Jersey, and Virginia.
- **November 5 at 2:30 p.m.** Senate Judiciary Subcommittee on Crime and Terrorism holds a hearing on "[How Corporations and Big Tech Leave Our Data Exposed to Criminals, China, and Other Bad Actors](#)."
- **November 6 at 2:30 p.m.** Senate Judiciary Committee holds a hearing on "[Reauthorizing the USA FREEDOM Act of 2015](#)," which governs the collection and use of bulk data.

- **November 7 at 10:00 a.m.** Senate Committee on Banking, Housing and Urban Affairs holds a hearing on "[Examining Bipartisan Bills to Promote Affordable Housing Access and Safety](#)."

The Ellis Insight

Jim Ellis reports on political news

President

Arizona: Emerson College conducted a small sample poll in Arizona, a state with 67 first ballot Democratic National Convention delegates. According to the survey results (10/25-28; 339 AZ likely Democratic primary voters), a tight three-way race is forming with a fourth candidate moving into double digits. Former Vice President Joe Biden leads the field with 28%, while both Sens. Bernie Sanders (I-VT) and Elizabeth Warren (D-MA) post 21% support figures. The new double-digit contender is South Bend Mayor Pete Buttigieg, who records 12% preference.

US Poll: Republican polling firm McLaughlin & Associates conducted a small-sample national Democratic presidential primary survey (10/17-22; 468 US likely Democratic primary voters) and arrives at a conclusion that we haven't seen in months.

According to McLaughlin, former Vice President Joe Biden claims first position with 28%, a common tally when compared with the plethora of presidential primary polls, but that is where the similar results end. Surprisingly, in second place is Vermont Sen. Bernie Sanders (18%) slightly ahead of Sen. Elizabeth Warren who records 16% support. The error factor in this poll is high because the 468 national sample size is very low. Most surveys are showing Mr. Biden leading but Sen. Warren's position is uniformly better than found in this particular survey.

Suffolk College and YouGov/The Economist released national Democratic primary polls yesterday, and the pair generally compliments each other. Suffolk (10/23-26; 399 US likely Democratic primary voters) finds former Vice President Joe Biden leading Sens. Elizabeth Warren and Bernie Sanders, 27-17-13% with Mayor Pete Buttigieg following at 10% preference. No one else even reaches 5%, though Rep. Tulsi Gabbard (D-HI) posted 4%, which could help her secure a debate podium in November and December.

YouGov, with a more substantial cell sample (10/27-29; 630 US likely Democratic primary voters), finds Biden leading Warren and Sanders, 27-23-14%. Here, Buttigieg scores 8% support, with Sen. Kamala Harris and ex-Rep. Beto O'Rourke each logging 4 percent.

Minnesota: In Minnesota, the political parties directly control the ballot for their nomination elections. Yesterday, the state Republican officials were required to inform the Secretary of State as to who has qualified for the 2020 Republican presidential ballot – Minnesota voters will cast ballots in a stand-alone presidential primary on Super Tuesday, March 3rd – and party officials presented only one name: President Donald Trump.

New Hampshire: The new CNN/University of New Hampshire Democratic presidential

primary survey (10/21-27; 574 likely Democratic primary voters) finds Vermont Sen. Bernie Sanders (I-VT) now taking the lead with former Vice President Joe Biden dropping to third position. The result is not altogether surprising considering Sanders won the 2016 New Hampshire primary with 60% of the vote against Hillary Clinton. The ballot test projects Sanders to be leading 21-18-15-10-5-5-3-3% over Sen. Elizabeth Warren (D-MA), Biden, Mayor Pete Buttigieg, Rep. Tulsi Gabbard (D-HI), Sen. Amy Klobuchar (D-MN), businessman Andrew Yang, Sen. Kamala Harris (D-CA), and billionaire Tom Steyer.

Pennsylvania: Though the Pennsylvania delegation is the fifth largest at the Democratic National Convention with 186 first ballot votes, little attention has so far been paid to the Keystone State largely because the electorate won't vote until April 28th. Franklin & Marshall College just released one of their Pennsylvania polls, but the sample size is unacceptably small. At just 226 registered Democrats, the respondent cell isn't big enough to draw a clear conclusion, but their results certainly fall within the expected realm and seem reasonable.

According to F&M, former Vice President Joe Biden leads the pack of candidates with 30%, while Sens. Elizabeth Warren (D-MA) and Bernie Sanders (I-VT) trail with 18 and 12%, respectively. No other candidate reaches double digits. Mayor Pete Buttigieg is fourth with 8% support. Though Mr. Biden represented Delaware in the Senate for 36 years, he is a native of Pennsylvania and figures to do well in the state.

Senate

Alabama: Reports coming from the Yellowhammer State suggest once more that former Attorney General and US Senator Jeff Sessions (R) is again considering entering the Senate campaign. Mr. Sessions is neither confirming nor denying his interest in running. Both President Trump and Senate Majority Leader Mitch McConnell (R-KY) do not seem to favor a Sessions re-entry. The President is openly unfavorable while Sen. McConnell says he believes the current GOP field is capable of unseating Democratic Sen. Doug Jones.

One prominent person who would support the idea, however, is the state's senior Senator, Richard Shelby (R). Yesterday, Mr. Shelby released a statement saying that he would endorse Mr. Sessions if the latter man decides to re-enter the political fray.

New Mexico: Though the open New Mexico Democratic primary isn't until next June, it appears we already have a consensus nominee. Dropping out of the Democratic Senate race is New Mexico Secretary of State Maggie Toulouse Oliver, who found that she could not develop any traction against Rep. Ben Ray Lujan (D-Nambe/Santa Fe). At this point, it appears the Congressman is unopposed for the Democratic nominee, and the party standard bearer at least will begin with a heavy advantage in the general election. It appears Mr. Lujan is well positioned to replace retiring Sen. Tom Udall (D).

House

Inquiry Vote: Yesterday's impeachment inquiry vote saw only two members, both Democrats, buck the party line. Four members, however, did not vote, but all had reasons for not attending the session that had nothing to do with President Trump. Rep. Donald

McEachin (D-VA) was absent for health reasons. William Timmons (R-SC) was on military assignment with his Army Reserve unit. Jody Hice (R-GA) was tending to family matters with the passing of his father. It is unclear why Rep. John Rose (R-TN) was not present for the vote. Rep McEachin would have been a yes vote for the inquiry, while the three Republicans were sure “noes.”

CA-25: Ex-US Rep. Steve Knight (R), who lost his seat last year to Rep. Katie Hill (D-Agua Dulce/Palmdale), says he is “more than considering” running for his former position in a special election and is planning to make an announcement in the next few days. Democrats look to be already coalescing behind freshman state Assemblywoman Christy Smith (R-Newhall/Santa Clarita).

Several other Republicans could be potential contenders including former Los Angeles County Supervisor Mike Antonovich, state Sen. Scott Wilk (R-Santa Clarita), and ex-state Assemblyman Dante Acosta, who lost his seat to Ms. Smith in the last election, among others. Gov. Gavin Newsom (D) will schedule the special election when Rep. Hill resignation takes effect today.

HI-2: In an expected move, Hawaii Rep. Tulsi Gabbard (D-Kailua) announced last weekend that she will not seek another term in the House. Her retirement statement indicated she wants to fully concentrate on her presidential run. Early polling suggested that her running for President was not a particularly positive move with her constituents as more than 60% say they wanted to see her withdraw from the national campaign. Additionally, when paired in polling with leading primary opponent Kai Kahele, a Hilo area state Senator, Ms. Gabbard's margins were not particularly impressive.

At this time no others are in the race, but candidate filing is not until June 2nd for the August 8th primary, so much time remains for other Democrats to enter the race.

IL-15: Downstate Illinois Rep. John Shimkus (R-Collinsville), who announced his retirement from the House in late August, now says he may change his mind and seek to remain in Congress. The retirement of Rep. Greg Walden (R-OR) would allow Mr. Shimkus to assume the ranking minority position on the Energy & Commerce Committee. The slot would make him the favorite to become chairman of the full panel should the Republicans regain control of the House next year. Mr. Shimkus lost the internal Steering Committee election to head the committee in the last Congress. Should he change his mind about retiring, Rep. Shimkus would have little trouble winning re-election.

MD-7: In accordance with Maryland election law that requires the Governor to set the special election schedule within ten days of a vacancy occurring in the US House delegation, Gov. Larry Hogan (R) announced the voting schedule to replace the late Rep. Elijah Cummings (D-Baltimore). The candidate filing deadline in the state's 7th Congressional District will be Nov. 20th. The partisan primary elections are scheduled for February 4th, while the special general is placed concurrently with the regular Maryland presidential and statewide primary election on April 28th. The key election will be the Democratic primary. That contest will assuredly determine Mr. Cummings' successor in what is a safely Democratic seat.

MA-6: Massachusetts Rep. Seth Moulton (D-Salem), back running for re-election since his presidential effort failed to become credible, now faces at least four Democrats in the state's September 15th primary election. Last weekend, communications consultant Angus McQuilken announced his candidacy. He joins Salem City Councilwoman Lisa Peterson, businessman Nathaniel Mulcahy, and non-profit executive Jamie Zahlaway Belsito in the primary campaign.

The large number of candidates likely ensures that Rep. Moulton will win re-nomination because he can do so with just a plurality of the vote. Ms. Peterson was rated as the strongest potential challenger, but reports raising only \$37,000 for the cycle according to her September 30th filing.

North Carolina: The North Carolina congressional Democrats won a redistricting ruling this week from a state three-judge panel that could result in the Tar Heel State lines being re-drawn for the third time this decade. The changes could result in significant gains for Democratic candidates in the next election. It remains to be seen if the Republicans attempt to fight this latest ruling in the ongoing saga over this congressional map. This is a developing story.

OR-2: Eleven-term Oregon Representative Greg Walden (R-Hood River) released a statement this week saying that he will not seek re-election next year to the position he originally won in 1998. Mr. Walden is the ranking Republican on the House Energy & Commerce Committee and was chairman when Republicans held the majority. He is also a former National Republican Congressional Committee chairman.

PA-17: At a pro-shale development rally in western Pennsylvania last week, President Trump, from the podium, encouraged Army veteran and author Sean Parnell to run for Congress. Now, Mr. Parnell has obliged in officially announcing his congressional candidacy. A Parnell for Congress campaign would have to defeat consultant Brian Thomsen and businessman Scott Timko in the Republican primary, and then challenge two-term Rep. Conor Lamb (D-Pittsburgh) in the general election. The President carried this district in 2016 by one percentage point and will have to win here again to meet his statewide vote goals.

SC-1: A key 2020 congressional race will occur in the Palmetto State's 1st District. There, freshman Democrat Joe Cunningham (D-Charleston) will face stiff competition in his first re-election battle. The Club for Growth sponsored a WPA Intelligence poll (10/15-16; 400 SC-1 likely Republican primary voters) that projects state Rep. Nancy Mace (R-Daniel Island), who starts out as the most well-known of the candidates, leading the group with 23%. Following with 8% apiece are Beaufort County Councilman Mike Covert and Bikers for Trump founder Chris Cox. Mount Pleasant Town Councilwoman Kathy Landing registers 5% support.

Governor

Louisiana: The Louisiana Governor's run-off election featuring incumbent John Bel Edwards (D) and Baton Rouge developer Eddie Rispone (R) will be decided shortly, on

November 16th. Two polls were just released, one from Baton Rouge-based JMC Analytics (10/24-26; 600 LA likely voters) and the other from Edgewater Research (10/28; 722 LA likely voters). Both find the exact same result: Edwards leading Rispone, 50-47%. This tells us that the candidates will enter the stretch drive in toss-up mode.

Mississippi: If Lt. Gov. Tate Reeves (R) is to continue the Republican win streak for Mississippi gubernatorial campaigns he will have to get passed a tough Democratic opponent. A new Survey Monkey online poll (10/8-22; 1,002 MS registered voters) again finds a close margin between Mr. Reeves and Attorney General Jim Hood (D). The Survey Monkey data finds Reeves leading Hood, a four-time statewide winner, 42-39%. This result is relatively consistent with other recent polls and suggests a tight finish on November 5th.

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