



## **RECENT WASHINGTON, DC MEETINGS FOCUS ON “OPERATION CHOKE POINT” AND DODD-FRANK REFORM**

### **ATMIA brings focus on critical industry issues to key members of House Financial Services Committee and staff**

The ATM Industry Association (ATMIA) participated in a very productive, full day of meetings with key House Financial Services Committee members and staff on June 22, 2017. Principal topics throughout the day included securing a decisive end to Operation Choke Point and meaningful reform of Dodd-Frank. The meetings were organized by EFTA President and CEO, Kurt Helwig, who also serves as the Chairman of ATMIA’s Board of Directors.

The report below summarizes key aspects of each individual meeting:

#### Congressman Blaine Luetkemeyer – Financial Services Committee member: Chairman of the Subcommittee on Financial Institutions and Consumer Credit

Rep. Luetkemeyer began the meeting by noting that some of the larger bills that Congress would like to address are being held back due to their focus on passing the CHOICE Act. It is this bill that will reform and pare back Dodd-Frank. Luetkemeyer stated that this is an opportunity to “put guard rails on right now” while we can. He also commented that businesses shouldn’t be “attacked” by their own government. In addition, Trump won the election on his agenda and it is the job of Congress to work with the administration and get things done.

Luetkemeyer speculates that Director Cordray of the CFPB will remain at the agency until he is ready to run for Governor of Ohio. There seems to be a lot of activity at the CFPB right now, which may be in anticipation of upcoming changes. There is no real oversight of this agency and that needs to change.

With regard to Operation Choke Point, Luetkemeyer is a true friend of the industry. His “Financial Institution Consumer Protection Act” passed the House last year, but faced an uncertain fate in the Senate and a certain veto by President Obama. This is the bill that was intended to end Operation Choke Point. He re-filed it a few weeks ago, but expects that hearings may be delayed until August.

ATMIA also met with the Congressman last year to discuss OCP and other industry concerns. Much of its remaining effect seems to be coming from the Comptroller’s office, which has been stepping up their level of activity. Luetkemeyer believes that there are still some bad actors in the Department of Justice. Most of the current pressure is from veiled threats of possible punitive actions. His personal

opinion is that banks need to push back, because the FDIC has rules which require such “threats” to be in writing.

Complicating all of these issues is the fact that the Senate has really slowed down the pace of staff confirmations. It will likely take another six months to replace the mid-level managers from the previous administration.

Finally, Rep. Luetkemeyer would like to schedule hearings on cyber security issues, but is first working to “get everyone on the same page.”

#### Martin Gold, Partner, Capital Counsel

Marty is a consultant and lobbyist with over 40 years of experience, both on Senate staff and in private practice. He is a recognized authority on matters of congressional rules and parliamentary strategies and the author of “Senate Procedure and Practice,” a widely consulted primer on Senate Floor procedure, now in its third edition. Marty frequently advises in offices of Senators and serves on the adjunct faculty at George Washington University.

To help the group better understand how legislation moves in Congress, Marty spoke in some detail about the differences in procedure between the House and Senate. His discussion of “cloture” motions and the related processes provided a great deal of insight to how, in today’s environment, Democrats are successfully “eating up the clock” and slowing down consideration of the new administration’s slate of appointees.

#### Kevin Edgar, Chief Counsel, House Financial Services Committee

Kevin began by acknowledging that there is a lot not to like in Dodd-Frank – it is the government telling people how to run their business. One of the results of Dodd-Frank was creation of the CFPB, which he considers to be the most “unaccountable” agency in government history. Kevin is very involved in the CHOICE Act and one of its objectives is to help ensure that CFPB is regulating and not “creating new law”.

Democrats in the Senate are indeed running out the clock on all of the new appointees – which is still a big issue. However, they do now have nominees for the FDIC and Comptroller.

David Tente, executive director for ATMIA USA, asked about the fact that only two federally chartered community banks have been launched since Dodd-Frank was implemented, whereas we used to create over 100 per year. Kevin hopes that the proposed reforms will help. However, we are still losing one community bank a day.

#### Congressman Barry Lauder milk, Financial Services Committee member

Rep. Lauder milk was among the Republican congressmen who were shot at during a recent baseball practice. His account of the incident – which he described as a “very harrowing experience” – was quite riveting. Due to his military background, he recognized the very first shot as coming from a military-style weapon. As he ran down the first base line for cover, rounds were hitting the dirt beside him before he heard the shots. Visiting the site the next day, he saw bullet holes through a large metal fence post he had passed and only a few inches from his head where he was hiding in a shed.

As for regulatory issues, Lauder milk is a strong supporter of the CHOICE Act. He notes that many counties in Georgia have no bank branches whatsoever – which further supports earlier comments about the harmful impact of Dodd-Frank.

The Congressman is also seeking reforms that will make it easier to terminate employees for cause. It currently takes one year to fire an EPA employee. And Homeland spent \$287 million last year to pay people not to work. Many had lost their security clearances, but still could not be fired.

Matt Mulder, Counsel, House Financial Services Committee

Matt is working on new bills relating to Fintech companies and special bank charters for those companies. This a hot topic of discussion in the industry. So far, there have been two applications for such charters, but none has been granted.

John Ryan, President & CEO, CSBS (Conference of State Bank Supervisors)

The CSBS was established in 1902, but is an organization many have never heard of. They regulate the state banking regulators. This includes money transmitters, credit unions, debt collection businesses, and non-banks such as mortgage bankers. Currently, some fintech companies are also moving into their purview.

CSBS is in the process of forming new advisory groups to look at new regulatory systems for payments and lending.