



HOUSE FINANCIAL SERVICES COMMITTEE MARKUP

OVERVIEW

For questions on the note below, please contact [Graham Harper](#), [Kwon Park](#), or [Daniel Austin](#) at (202) 547-3035.

From May 2 to May 4, the House Financial Services Committee (HFSC) met in [open session](#) to markup [H.R. 10](#), the “Financial CHOICE Act of 2017” (CHOICE Act) and an [amendment](#) in the nature of a substitute to H.R. 10.

Key Takeaways

- The CHOICE Act and Chairman Hensarling’s [amendment](#) in the nature of a substitute [passed](#) the Committee by a vote of 34-26. All Democrats voted against the bill.
- Democrats offered [19 amendments](#), and all were rejected. Eight amendments targeted the Consumer Financial Protection Bureau (CFPB); three the SEC, including one addressing its enforcement authority; two possible conflicts of interest within the administration; one the Department of Labor’s (DOL) fiduciary rule; one oversight of the Federal Reserve; one qualified banking organizations (QBOs); one the Volcker Rule; one the Orderly Liquidation Authority (OLA); one the cause of the financial crisis.
- Throughout the three-day markup, much debate focused on the initial cause(s) of the financial crisis and the CFPB’s structure and authority.
- Rep. Jim Himes (D-CT) offered amendment [no. 1](#) to strike sections 817 through 828 of the CHOICE Act. These sections propose to revise the SEC’s enforcement structure and proceedings by creating an Enforcement Ombudsman, providing additional due process protections for enforcement respondents, and more.
- The next step in the process for the CHOICE Act would be a vote by the full House of Representatives, the timing of which is still being discussed among House leadership. As for the Senate, no clear plan has been outlined to date regarding changes to Dodd-Frank, and it is possible certain provisions included in CHOICE could make it into a bill originating in the Senate. The CHOICE Act, as the main Dodd-Frank reform bill in Congress, will likely continue to be the leading driver in the legislative financial market reform debate.

SUMMARY

Opening Statements

Chairman Jeb Hensarling (R-TX)

Since Dodd-Frank, big banks got bigger, more than 1,700 community banks were lost, and corporate bond markets experienced historic levels of illiquidity and volatility. This is not a more secure financial system, rather, it is increasing risk in our financial system and setting the stage for the next crisis.

The reality is Wall Street is doing just fine under Dodd-Frank. Wall Street CEOs have openly stated their big banks are among the biggest beneficiaries of Dodd-Frank. No doubt this is one reason why so many Wall Street CEOs are joining with Democrats to publicly oppose Dodd-Frank repeal.

The CHOICE Act holds Wall Street accountable with the toughest penalties in history for fraud and insider trading, and it will shed some light on the shadow regulators.

Instead of trying to grow our economy the old way, with top-down Washington regulations, the CHOICE Act will unleash a wave of capital formation to grow America's economy – not Washington's government economy.

The CHOICE Act offers desperately-needed regulatory relief for our community banks and credit unions, which is why community banks and credit unions, who sometimes do not always agree, have joined together in support of the CHOICE Act.

[Ranking Member Maxine Waters \(D-CA\)](#)

The Wrong Choice Act is a vehicle to help Wall Street. This bill destroys Wall Street reform, guts the CFPB, and furthers President Trump's Wall Street agenda – it is an invitation for another great recession or worse.

The Wrong Choice Act is deeply misguided and will bring harm to consumers, investors, and our economy. This bill will not pass the Senate and has no chance of becoming law.

Dan Kildee (D-MI)

The Wrong Choice Act gets rid of the most important aspect of Wall Street reform that prevents government bailouts, the OLA. Banks will once again be able to make risky bets on behalf of middle-class families. Dodd-Frank can be improved but removing safeguards and consumer protections are the wrong choice.

Pete King (R-NY)

Because of Dodd-Frank, the country has experienced the weakest economic recovery since the Great Depression. Since Dodd-Frank was enacted, nearly 2/3 of the banking industry and 1/5 of community financial institutions in my District have disappeared.

Carolyn Maloney (D-NY)

The immoral, Wrong Choice Act is deeply worrisome and will be a disaster for the entire financial system. This bill is a 591-page middle finger to consumers, investors, regulators, and the markets.

It is misguided and dangerous for a bank's leverage ratio to serve as the primary capital requirement.

Blaine Luetkemeyer (R-MO)

Dodd-Frank disregards the real cause of the financial crisis. We wound up with a shadow regulatory system, and the country is losing one community bank or credit union daily.

The CHOICE Act's leverage ratio provision will provide relief to community banks. The CFPB is the culprit of pushing excessive rules on our community banks.

Nydia Velazquez (D-NY)

The Wrong Choice Act does not work and is reckless. Deregulating Wall Street and gutting consumer protection laws will not protect Main Street. Dodd-Frank must not be dismantled.

Bill Huizenga (R-MI)

Democrats waited for a financial crisis to jam their liberal social agenda into the economy. We ought to apologize to the American people for the Democrats' rhetoric and hyperbole. We need to acknowledge the necessity for a new path forward.

Brad Sherman (D-CA)

Dodd-Frank is not holy text and can be improved. I urge the Committee to split up the CHOICE Act to keep the Dodd-Frank provisions that have bipartisan support.

The CHOICE Act ignores the cause of the meltdown, i.e. credit rating agencies. This bill makes bailouts more likely by reducing capital requirements.

Ann Wagner (R-MO)

The 2,300 pages of Dodd-Frank and its almost 22,000 pages of regulatory text are crushing the U.S. economy. Under Dodd-Frank, big banks got bigger and Washington became more powerful. Dodd-Frank stripped away personal freedoms, and the government is making financial decisions for the American people.

Gregory Meeks (D-NY)

Republicans have forgotten why we needed Dodd-Frank, and they are trying to repeal the entire thing. The CFPB protects American consumers on a daily basis.

Randy Hultgren (R-IL)

Today is a good day for hardworking families that want to pursue the American dream. Dodd-Frank took away the American dream with its one-size-fits-all regulations. The CFPB is out of control and needs to be held accountable – the CHOICE Act is the first step toward that.

Michael Capuano (D-MA)

Republicans are holding community banks hostage by not pursuing a bill specifically designed for these institutions. The American people deserve protection from Wall Street's wild west attitude.

Sean Duffy (R-WI)

Democrats advocated policies that caused the crisis, like allowing banks to lend to those who could not afford their mortgages. The whole system crumbled, and Dodd-Frank did not address this problem.

Steven Lynch (D-MA)

The CHOICE Act eliminates the Volcker Rule, allowing big banks to engage in proprietary trading to again put taxpayer money at risk. Dodd-Frank addressed mortgage lending issues and stabilized the industry.

The idea that destroying the CFPB is good for the economy is bogus because the CFPB protects our constituents. Defunding and underfunding the SEC will take away the tools it requires to be the cop on the beat.

Robert Pittenger (R-NC)

The CHOICE Act will take the omniscient power away from regulators and return it to the small banks. Neither the federal government nor regulators should dictate who banks can or cannot lend to.

David Scott (D-GA)

The American people elected us to work together, but why did we put forward such a poisonous bill? There has been no financial crisis since Dodd-Frank, yet the CHOICE Act removes the Volcker Rule, and amends capital and stress testing requirements.

Thomas Emmer (R-MN)

Dodd-Frank has not mitigated future threats of government bailouts. Big banks continue to get bigger, while local banks are closing. A small bank closes every day because of the top-down, one-size-fits-all Dodd-Frank regulatory regime. Dodd-Frank limits access to capital for startups, which hampers the economy.

Lacy Clay (D-MO)

The CHOICE Act is Wall Street's deregulation wish list. The Wrong Choice Act brings us back to the darkest days of the financial crisis and government bailouts.

Keith Rothfus (R-PA)

Washington's regulations continue to impact small businesses in my District. Dodd-Frank completely missed the mark on financial reform because it missed the root cause of the crisis, i.e. housing policies. It is time to move ahead with the right law, the CHOICE Act.

Al Green (D-TX)

One cause of financial crisis was the kickback scheme employed by mortgage originators – lending at a higher rate than necessary to obtain additional profits. Dodd-Frank eliminated this kickback scheme in mortgage and auto lending.

Bill Posey (R-FL)

The truth is that Dodd-Frank has harmed every small, locally-owned bank and credit union. The CFPB will not preclude us from having another financial crisis. The CHOICE Act will stop the job-killing regulations that are driving firms out of business.

Emanuel Cleaver (D-MO)

We can fix specific Dodd-Frank provisions that are hurting community banks, but Republicans are using them as a political talking point.

Scott Tipton (R-CO)

More small businesses are closing versus starting. The country is losing community banks that provide liquidity to small businesses – liquidity that helps our economy grow. The better way forward is the CHOICE Act.

Gwen Moore (D-WI)

Allowing Wall Street to operate without any guidance or stop signs will not work.

Steve Pearce (R-NM)

The poor rural areas were the hardest hit by Dodd-Frank regulations. Community banks did not cause the financial crisis, yet they are most impacted by Dodd-Frank.

Keith Ellison (D-MN)

We need regulations that maintain fairness and provide investors, consumers, workers, and all entities a chance at prosperity.

Roger Williams (R-TX)

Dodd-Frank does not help consumers, and it puts community businesses constantly under attack. The CFPB has chosen enforcement to guide behavior rather than rulemaking. The impacts of irresponsible regulations are real, and it is time to return decision making back to the people.

Ed Perlmutter (D-CO)

Dodd-Frank was implemented to garner market discipline. The CHOICE Act will create despair and disappointment as exemplified at the end of the Bush Administration. This bill should focus solely on small banks.

Bruce Poliquin (R-ME)

Maine needs more good-paying jobs. The biggest problem facing community banks and credit unions is regulatory burdens – they are spending more time hiring compliance personnel than focusing on their core business. It is critical for small businesses to have access to capital, and Dodd-Frank reform will help achieve that goal.

Jim Himes (D-CT)

Total commercial and industrial lending is at a record high, the stock market is up, and venture capital investments are up. No evidence suggests that our capital markets are not working. The CHOICE Act's deregulatory nature is dangerous for the financial sector.

Mia Love (R-UT)

Community banks and numerous small business groups are asking Congress to support the CHOICE Act.

Bill Foster (D-IL)

The cost of regulation was \$24 billion versus \$13 trillion lost by families during the crisis – regulations are a very good investment for our country. Small banks and families were hurt during the Republican financial crisis of 2008. Deregulation, not regulation, caused the financial crisis.

French Hill (R-AR)

The CHOICE Act is not about deregulation, it is about right-sizing the regulatory system for capital markets and banking. Dodd-Frank was passed before issuance of the Congressional report on the root cause of the crisis.

The CHOICE Act's greatest innovation is that it provides community banks a choice to maintain higher capital standards for regulatory relief.

Joyce Beatty (D-OH)

Gutting the CFPB is the Wrong Choice.

Lee Zeldin (R-NY)

The big banks support Dodd-Frank but oppose the CHOICE Act.

Denny Heck (D-WA)

I am disappointed that the Republicans do not want to work collaboratively. The CHOICE Act is silent on the number one issue to community banks, the Bank Secrecy Act. Everyone knows this bill will not be signed into law, so I urge the Committee to stop wasting time and get back to working together.

Barry Loudermilk (R-GA)

The most terrifying phrase I hear is that "I'm from the government, and I'm here to help." Dodd-Frank is holding back the economy.

Vincente Gonzalez (D-TX)

I want to work in a bipartisan way so the country will never experience another financial meltdown. Dodd-Frank can be improved, but it should not be completely repealed.

David Trott (R-MI)

Dodd-Frank kills community banks, denies loans to small businesses, stifles innovation, extorts money from honest business owners trying to comply with rules, creates ambiguity in purpose, exacerbates too-big-to-fail, creates barriers to entry (banking), and burdens the economy.

Charles Crist (D-FL)

Today, we have a chance to work on bipartisan improvements to Dodd-Frank; instead, we have the CHOICE Act.

Warren Davidson (R-OH)

Dodd-Frank strangles the economy and Main Street. Big banks are the beneficiaries of Dodd-Frank.

Ruben Kihuen (D-NV)

In Nevada, unemployment peaked and 1/12 homes foreclosed during the crisis. Dodd-Frank works to protect consumers and against the next financial crisis – the CHOICE Act is a step in the wrong direction.

Ted Budd (R-NC)

Banks are the core of economic recovery. The CHOICE Act allows banks to compete for customers, not against the government and local bureaucrats. The Durbin Amendment is based on bad theory.

David Kustoff (R-TN)

Since Dodd-Frank, we have seen virtually no new banks, only bank consolidation. The CHOICE Act will reduce regulatory burdens on start-up companies.

Claudia Tenney (R-NY)

Because of Dodd-Frank and New York's regulations, my District has lost so many community banks to consolidation. Entrepreneurs need access to capital, but regulations are impeding access.

Amendments

An amendment offered by Rep. Velazquez, [no. 1a](#), was NOT AGREED TO by a recorded vote of 24-32.

Velazquez: The amendment would strike section 713 of the CHOICE Act, which brings the CFPB into the regular appropriations process. The CFPB's funding is capped, and we wanted it to be above the political fray, which is why it has an independent funding source.

Luetkemeyer: The CFPB's funding source is unique; they just send the bill to the Fed. The appropriations process allows for oversight over all the executive branch. Section 713 brings the CFPB in line with other regulatory agencies.

Cleaver: Putting the CFPB through the appropriations process is unnecessary and politicizes the agency. I have zero doubt that the President's budget will single out the CFPB and gut its funding.

Wagner: The CFPB is funded from the earnings of the Fed system, and it is different from other regulators that police the market. There is no transparency nor accountability.

Maloney: The CFPB's independent funding is key to insulate it from inappropriate political pressure. When we established the CFPB, we wanted it to be free to act in consumers' best interest, and the best way to do that was to give it an independent funding source.

Rothfus: The CFPB's funding bypasses Congress and violates a principle upon which the country was founded: the voice of the American people. This amendment violates the sovereignty of the American people.

Meeks: Before the financial crisis, there was not a single voice for the consumer. We need an agency on the consumer's side, so we can avoid the predatory actions that took place prior to its establishment.

Poliquin: In Maine, we had an agency with a similar structure to the CFPB, but we changed the law so that agency could be held accountable.

Green: I guarantee that if the CFPB comes within the appropriations process, it will not be properly funded, and it will die. Until the courts determine the CFPB's constitutionality, Democrats will continue to fight for the CFPB.

Barr: I do not doubt the desire to keep politics out of consumer protection, but I do not understand why members of Congress would advocate against their power of the purse.

Hensarling: The CHOICE Act brings agencies currently without the appropriations process within the appropriations process. As I read the Constitution, the power of the purse belongs to Congress; the CHOICE Act is about checks and

balances. Republicans believe the CFPB should be a law enforcement agency and on budget like other regulatory and executive agencies. A competitive marketplace is the best mechanism for consumer protection.

Waters: I would suggest that if Republicans want to lecture about the Constitution and funding, they should direct their lecture towards the White House.

Moore: Placing the CFPB within the appropriations process would politicize it.

Lynch: The CHOICE Act is simply trying to kill the CFPB through the appropriations process.

Heck: We need to shield banking regulators from the appropriations process to ensure their independence.

Duffy: Putting the CFPB on a budget makes sense. The Democrats want a say in many agencies' budgets, yet they want the CFPB to be a self-funded agency.

Capuano: Republicans have made some thoughtful arguments, but there is probably a catch to their argument that putting the CFPB through the appropriations will not kill it.

Ellison: I urge support for the amendment because the CFPB protects the most vulnerable people in our country.

Love: The American people want the CFPB on a budget for checks and balances.

Trott: The CFPB has rolled out regulations that inhibit economic growth. Arrogance permeates throughout the entire bureau, they refuse to provide guidance, and have terrible management.

An amendment offered by Rep. Maloney, [no. 1b](#), was NOT AGREED TO by a recorded vote of 24-32.

Maloney: The amendment strikes CHOICE Act section 736 to reinstate the CFPB's authority to penalize unfair, deceptive, and abusive acts and practices (UDAP). Republicans claim that the CFPB has not defined "abusive," but Dodd-Frank does define it. Wells Fargo's conduct was an abusive practice, and it was the type of conduct we wanted Dodd-Frank to target.

Luetkemeyer: The CFPB director cannot, and refuses to, define abusive, so how can we expect for the agency to properly exercise its UDAP authority?

Ellison: The CFPB has advanced many actions that have returned damages to harmed consumers, and the CHOICE Act would eliminate the agency's authority to protect these consumers.

Hensarling: The CFPB did not discover the Wells Fargo conduct until Wells Fargo self-reported it. The CFPB can enforce existing consumer protection laws that predate the expansion of the term "abusive."

MacArthur: The CFPB has tried to retroactively issue penalties against entities that received prior relief from other regulatory agencies. It is acting unconstitutionally.

Heck: I do not think there is anyone who can say there has not been enough investigation of financial abuses.

Wagner: The CFPB prefers to use its UDAP authority instead of enforcing the consumer protection laws. It has had years to write rules but has not undertaken that task.

Crist: The CHOICE Act would rewrite the rules for Wall Street and Main Street but not for the better.

Perlmutter: Consumer protection laws were spread out among too many agencies; therefore, those agencies were not able to police abusive practices.

An amendment offered by Rep. Scott, [no. 1c](#), was NOT AGREED TO by a recorded vote of 24 -31.

Scott: The amendment proposes to establish an Office for the Under-Banked and Un-Banked Consumers at the CFPB. Fifty-four percent of all African-American families in the U.S. are under-banked or un-banked.

Hensarling: We address the issue of under-banked and un-banked in the CHOICE Act by cutting back on Dodd-Frank regulations that have led to higher bank fees, fewer bank charters, and small and community banks going out of business.

Velazquez: The CFPB has been a strong ally for consumers. Before the financial crisis, mortgage brokers and lenders steered minorities into deceptive, higher-cost loans.

Luetkemeyer: I appreciate the concern that the amendment addresses, but the CHOIC Act addresses the same issue by lowering costs for financial services.

Foster: I support this amendment. Advancements in technology can be a pathway out of being under-banked or un-banked.

Duffy: When we try to do good things like this amendment proposes, it creates unintended consequences. Dodd-Frank has impacted costs and access to credit.

An amendment offered by Rep. Kildee, [no. 1d](#), was NOT AGREED TO by a recorded vote of 25-32.

Kildee: The amendment proposes to continue to allow the CFPB to use its UDAP authority to initiate or continue pursuing litigation related to fraudulent foreclosures that occurred in the wake of the financial crisis.

Hensarling: Many of the firms that settled with the CFPB may not have committed any wrongdoing, and they were not afforded the opportunity to use the court system. Foreclosure law is a state-based regime, and we ought to respect federalism.

Foster: The CFPB could have protected these communities and families.

Trott: Many factors led to the foreclosure crisis, and the UDAP authority would have done little to prevent it.

Sherman: The worst loans did not go to Fannie Mae (Fannie) and Freddie Mac (Freddie). Any financial institution larger than 2% GDP needs to be reorganized.

Duffy: Fraudulent foreclosures are already illegal, so this amendment is duplicative.

Ellison: We need someone to police fraudulent mortgage practices and fraudulent foreclosures.

Foster: Fannie and Freddie did not cause the housing crisis.

Barr: The government's housing policies caused Fannie and Freddie to induce low and middle-income borrowers into mortgages they could not pay.

Moore: Fannie and Freddie do not underwrite loans; they did not cause the foreclosure crisis.

Hill: Fannie and Freddie drove the activities that led to their failure and conservatorship.

Capuano: Congress refuses to do anything about Fannie and Freddie.

An amendment offered by Rep. Gottheimer (D-NJ), [no. 1e](#), was NOT AGREED TO by a recorded vote of 25-32.

Gottheimer: The amendment proposes to continue to allow the CFPB authority to initiate or continue pursuing litigation under its UDAP authority for cases involving September 11, 2001 first responders.

Hensarling: The CFPB does not need further authority to prosecute fraud because consumer protection statutes already exist. We should honor these heroes by honoring the Constitution.

Maloney: The CFPB has protected these first responders from UDAP, and they continue to receive this protection

Huizenga: There are agencies and laws already in place to protect first responders and all consumers.

Ellison: The CFPB has used its authority this year to go after an entity defrauding first responders.

Waters: We can all agree that those who put their lives on the line on 9/11 deserve this protection.

Luetkemeyer: This amendment is about trying to expand and hold onto the “abusive” prong of UDAP.

Rothfus: Fraud against anyone should be prosecuted, and it will happen regardless of this amendment.

An amendment offered by Rep. Kihuen, [no. 1f](#), was NOT AGREED TO by a recorded vote of 25-33.

Kihuen: The amendment would exempt from cost/benefit analysis in CFPB actions targeted at ending fraudulent foreclosure activities.

Luetkemeyer: Cost/benefit is about trying to determine if a law does more harm than good.

Hensarling: Laws against fraud have been around forever, and we need to continue to enforce those laws.

Meeks: We need to think about people and families; it is time we stop being so heartless.

An amendment offered by Rep. Lynch, [no. 1g](#), was NOT AGREED TO by a recorded vote of 24-34.

Lynch: The amendment strikes CHOICE Act section 841 that repeals the DOL fiduciary duty rule. Republicans have engaged in an endless assault on this rule.

Wagner: The DOL rule will harm those it claims to protect, low and middle-income retirement savers. It will limit access and reduce choices for retirement advice. The SEC should take the lead on this issue.

Waters: Section 841 is another attempt by Republicans to kill the DOL’s fiduciary rule. The rule is a common-sense update for investment advisers to put clients’ interests ahead of their own.

Huizenga: The CHOICE Act allows the DOL to move forward with a rule after the SEC passes its rule, and the DOL rule must be like the SEC rule. The DOL rule would subject advisers already registered with the SEC to a different fiduciary standard when giving retirement advice, which can lead to lawsuits against investment advisers.

Delaney: Data suggests that conflicted investment advice can cost savers 20%-30% of their retirement savings. If advisers cannot adhere to the fiduciary rule, the market will adapt and offer investors the choices they want.

MacArthur: The fiduciary rule’s effect will put all financial advisers on the defense. The rules we have in place make it clear that advisers cannot act to line their own pockets.

Barr: The SEC is the better regulator to achieve the goal of eliminating conflicting investment advice.

Maloney: This rule advances a simple principle: if you are providing investment advice, you must put your customer’s interests first. The DOL rule is open to improvement, but I am pleased with it because it balances the need to protect investors and streamlines compliance costs.

Luetkemeyer: The DOL rule is a solution in search of a problem, and it harms small businesses that have retirement accounts for their employees.

Green: There is a retirement crisis in this country, but the greater crisis is a righteousness crisis because there is a believe that we should have business models that rip off Americans.

Hill: Products for small investors will be limited, and prices will increase. The DOL rule creates a compliance problem for investment advisers by adding a new regulator.

Mooney: You cannot have a one-size-fits-all, mandated fiduciary rule that works for everyone.

Moore: The DOL spent six years working on this rule, and it adopted suggestions from Congress and industry. The independent commissions often have a difficult time operating, and the DOL decided to proceed on a fiduciary rule.

Hultgren: If this rule moves forward, access to financial advice will be limited. The rule’s ambiguity and uncertainty creates the possibility of more class action lawsuits.

Ellison: There needs to be a rule that requires investment advisers to put their clients' interests first, and opposing the DOL rule is indefensible.

Loudermilk: The DOL rule impacts rural communities and the families that need financial advice the most.

Hensarling: This Committee has heard from many consumers who have expressed their concerns about the DOL rule, including that it does not put customers' interests first.

Rothfus: The CHOICE Act simply calls for consistency among the SEC and DOL fiduciary rules.

Duffy: A long and complicated DOL rule hurts the small brokerages and protects large Wall Street firms. We want to help small, retail investors.

Himes: This rule promulgates the principle that if you get paid to advise someone on their retirement, you must act in the investor's interest.

An amendment offered by Rep. Capuano, [no. 1h](#), was NOT AGREED TO by a recorded vote of 26-33.

Capuano: This amendment requires that before the CHOICE Act can take effect, the Office of Government Ethics must certify that neither President Trump nor any individual appointed to the executive branch directly benefits from the passage of the CHOICE Act.

Hensarling: Political theater has come out again with this amendment. The purpose of this amendment is to delay the CHOICE Act.

Huizenga: The CHOICE Act will benefit all Americans. Title II of the CHOICE Act increases civil and criminal penalties.

Waters: Republicans are rushing to answer the Trump Administration's calls to roll back Dodd-Frank. The President has already used his official role to personally benefit, and if the Wrong Choice Act is passed he and his cronies will benefit further.

Luetkemeyer: This amendment is as partisan as it gets and is another delay tactic.

Green: The President has proposed a tax plan that would reduce the corporate tax rate to 15%, and it would also apply to pass-through entities. This plan would directly benefit the President.

Hill: The CHOICE Act's 10% leverage ratio will enhance community banks' ability to serve the public.

Trott: Democrats are interested in creating more opportunities for trial lawyers to file frivolous lawsuits.

Kildee: It makes no sense that we would not adopt this amendment unless the rules that apply to others in government do not apply to the President.

Budd: The tactics of these amendments are to distract us from what we are here to do. We are here to discuss the CHOICE Act.

Ellison: The backgrounds of some executive branch personnel are concerning, and we need to be able to trust these individuals.

Zeldin: Democrats are doing everything they can to undermine the President.

Loudermilk: If someone was viewing this hearing, they would think it is a different committee with this proposed amendment; we are here to debate the atrocities of Dodd-Frank.

An amendment offered by Rep. Perlmutter, [no. 1i](#), was NOT AGREED TO by a recorded vote of 26-32.

Perlmutter: The amendment bars any rulemaking pursuant to the CHOICE Act until it is determined that, based on his past seven tax returns, neither President Trump nor his creditors benefit from passage of the CHOICE Act.

Hensarling: Up until the last two amendments, this has been a substantive markup. Democrats want to re-litigate an election they lost.

Foster: The President and his Administration's apparent conflicts of interest that continue to come up must be addressed. If the President's tax plan passes, he will benefit.

Luetkemeyer: This is a roundabout way to get the President's tax returns for an evening news soundbite.

Wagner: Dodd-Frank has limited the ability of households to access credit and for small businesses to obtain financing.

Trott: This amendment is further evidence of trying to slow down the Trump presidency. Instead of worrying about tax returns, we should focus on the failures of Dodd-Frank.

Rothfus: This is a straightforward amendment, but it is straightforward into politics. The premise of the CHOICE Act is that the stranglehold of regulations has harmed economic growth.

Green: About 90% of all banks are capitalized at \$1 billion or less. Each time I suggest we exempt these banks from most rules and regulations, the majority suggests we should go to a \$50 billion threshold.

Hill: Banking ownership has consolidated dramatically, and banking locations are still fragmented. Many rural counties do not have banking offices, which is a detriment to small business advancement.

Love: The law should reflect the needs of the people and not the desires of Washington. Community banks help communities thrive, and it is our duty to ensure that Washington works for the people.

Waters: Many Americans doubt that the Trump Administration will be fair as it writes rules for Wall Street. Because he has not released his tax returns, we do not know whom he is beholden to.

An amendment offered by Rep. Moore, [no. 1j](#), was NOT AGREED TO by a recorded vote of 26-32.

Moore: The amendment strikes Title X (Fed Oversight Reform and Modernization) of the CHOICE Act. This audit-the-Fed initiative is a clever way to inject partisan politics into our independent central bank.

Hensarling: Many noted economists have endorsed Title X of the CHOICE Act. The Fed must do a better job of communicating their principles to market participants.

Waters: The CHOICE Act is filled with many bad ideas, and it would undermine the Fed's monetary policy role.

Barr: The CHOICE Act tries to bring monetary policy out of the shadows. Productivity is substandard because of the policy fog created by the Fed. Title X wants the Fed to move to a strategy-based policy; the bill does not micromanage the Fed and preserves its independence.

Himes: Title X encroaches on the Fed's independence. The Fed can take a lot of credit for the economic recovery.

Emmer: Nothing in the CHOICE Act will impact monetary policy, and there is nothing wrong with reform or transparency.

Maloney: Title X would undermine the Fed's independence.

Rothfus: If the Fed had been required to explain why it was keeping interest rates so low prior to the financial crisis, we may have been able to avoid the buildup of the real estate bubble.

Hollingsworth: We are owed a level of transparency and clear methodology on how the Fed sets rates.

Beatty: There is no consensus on a simple policy-based rule for the Fed.

Huizenga: The Fed says they use data to analyze the economic climate, but we do not know what data they use. The CHOICE Act does not codify the Taylor Rule.

Williams: This amendment retains the status quo, but it is time to reform the Fed.

Capuano: We should not cut the Fed off at the knees because the next time there is an economic crisis the Fed will not be there to help.

An amendment offered by Rep. Foster, [no. 1k](#), was NOT AGREED TO by a recorded vote of 26-33.

Foster: The amendment inserts the findings of the Financial Crisis Inquiry Commission (FCIC) into the CHOICE Act. It is important for Congress to understand what caused the financial crisis.

Hensarling: I urge rejection of this amendment.

An amendment offered by Rep. Himes, [no. 1j](#), was NOT AGREED TO by a recorded vote of 26-33.

Himes: The amendment would strike sections 817-828 of the CHOICE Act, which reduces the SEC's enforcement authority. These sections impose burdens and challenges on the SEC to fulfill its mission. Section 819 would make prosecuting insider trading nearly impossible by removing the SEC's ability to rely on the judiciary's interpretation of insider trading.

Huizenga: The CHOICE Act increases penalties and provides respondents to SEC enforcement efforts with more due process rights.

Heck: We can agree that the financial crisis was man made and no one was held accountable. I am baffled why we would want to make it more difficult for the SEC to do its job.

Emmer: If you do not like due process rights, you will like this amendment.

Maloney: Section 823 would give bad actors a head start in enforcement actions by allowing them to choose the adjudicative forum.

Hultgren: We need to ensure the SEC has the tools it needs to punish bad actors. This amendment would remove enhanced shareholder protections and due process rights.

Waters: The CHOICE Act would make it more difficult for the SEC to impose penalties and lead to longer enforcement proceedings because respondents could choose the forum for adjudication.

Duffy: The opposition to federal courts taking these cases instead of SEC Administrative Law Judges (ALJs) is shocking.

Davidson: We are concerned about the way the SEC is using its ALJs.

An amendment offered by Rep. Heck, [no. 1m](#), was NOT AGREED TO by a recorded vote of 26-33.

Heck: The amendment codifies service members' education efforts by adding a new section at the SEC for service member protection; strikes section 722 of the CHOICE Act; and modifies section 215 of the CHOICE Act to allow the use of the SEC Civil Penalty Fund for financial education.

Huizenga: Section 722 slashes the CFPB's slush fund, which should be eliminated. The SEC's Office of Investor Advocate can focus on service members and utilize the tools that already exist within the agency – a new office does not need to be created.

Velazquez: This amendment builds on work being done to improve financial literacy. Research has shown that financial literacy programs make a real difference.

Luetkemeyer: I agree with helping our veterans, but section 722 brings the CFPB in line with other financial agencies.

Beatty: The CFPB has used these funds to help veterans that have been harmed.

Hultgren: The SEC is already focused on assisting service members and veterans with financial education.

Pearce: A GAO study revealed significant problems with the CFPB's Civil Penalty Fund.

Kihuen: A new office at the SEC would assist service members and veterans make smart investment decisions and provide financial literacy.

Hensarling: There are various financial literacy programs spread out across many federal agencies. We should make these programs more effective rather than create new programs.

Davidson: Existing financial literacy programs need to be improved, rather than create new programs.

Rothfus: Congress has no authority over the Civil Penalty Fund, so reforming it to ensure the funds go to the victims is crucial.

Sherman: Break up this bill, so we can support the bipartisan provisions.

Waters: We have offered Republicans ways we can help community banks and credit unions, but they have not considered our offers.

An amendment offered by Rep. Sherman, [no. 1n](#), was NOT AGREED TO by a recorded vote of 26-33.

Sherman: The amendment addresses mandatory arbitration that occurred in the wake of the Wells Fargo crisis: customers were forced into arbitration by the arbitration agreement included in account documents for fraudulently-opened accounts. There is nothing in this amendment that grants the CFPB additional power.

Luetkemeyer: The amendment gives the CFPB credit for something that did not happen; the CFPB did not discover the Wells Fargo conduct. The CHOICE Act eliminates the CFPB's ability write rules through arbitration.

Velazquez: This amendment provides consumers their day in court if they want it.

Hill: Arbitration has been used successfully for years in the securities industry.

Rothfus: We do not have any facts on arbitration agreements, but the amendment raises some good issues.

Hensarling: The CFPB found nothing on Wells Fargo's conduct until they self-reported it. Arbitration serves an important purpose, and the amendment should be rejected.

Kihuen: This amendment simply says that if an account was opened fraudulently, the customer cannot be forced into arbitration.

An amendment offered by Rep. Meeks, [no. 1o](#), was NOT AGREED TO by a recorded vote of 26-33.

Meeks: The amendment strikes section 602(a)(2) of the CHOICE Act, which permits QBOs to issue dividends. Stress tests allow us to determine whether a bank can continue to function well and lend to borrowers. Stress tests have proven to restore investor confidence, and they are a supervisory function so that we can ensure banks are stable.

Luetkemeyer: If a bank is well capitalized with a 10% leverage ratio, it should be able to manage itself. Stress test modeling is arbitrary, the tests are worthless, and banks are forced to guess what kind of modeling the Fed wants.

Hill: Stress tests are highly hypothetical, arbitrary, and not transparent. If a bank is well capitalized and has earnings, it should be able to issue dividends.

An amendment offered by Rep. Crist, [no. 1p](#), was NOT AGREED TO by a recorded vote of 26-33.

Crist: The amendment would exempt from cost/benefit analysis CFPB actions targeted at discriminatory lending practices against minority-owned and women-owned small businesses.

Luetkemeyer: We had an amendment like this yesterday that seeks to get rid of the CFPB's required cost/benefit analysis. The CFPB director does not have to follow the result of the cost/benefit analysis, only consider it.

Trott: We talked about UDAP last night, and the CHOICE Act does not remove regulators' ability to enforce fair lending laws.

Hensarling: Cost/benefit analysis is important because the CFPB does its rulemaking through enforcement. All we are asking for is a fundamental analysis.

Moore: The cost/benefit analysis is a delay tactic to prevent the CFPB from providing its services.

Rothfus: We should consider whether a government action will do more than good. Cost/benefit analysis allows the CFPB to tailor the enforcement action to discriminatory lending practices without collateral damage.

Wagner: The purpose of the cost/benefit analysis is to ensure that the CFPB is not harming those it is supposed to protect.

An amendment offered by Rep. Maloney, [no. 1g](#), was NOT AGREED TO by a recorded vote of 26-33.

Maloney: The amendment strikes subtitle A of Title I of the CHOICE Act, which repeals OLA. Dodd-Frank granted the FDIC OLA to unwind large, nonbank financial institutions to prevent a government bailout, while not harming the broader markets.

Hensarling: The OLA allows the FDIC to borrow from the Treasury to prop up firms, and we are told the public will be paid back. The CHOICE Act provides for a new subchapter in the Bankruptcy Code for large financial institutions.

Luetkemeyer: The opportunity to fail reins in risk, and that is why bankruptcy is important. The CHOICE Act gives the FDIC the ability to liquidate failing entities through the bankruptcy process.

Kildee: The way I read the OLA is that if you are management, you will be fired, and if you are a shareholder or creditor, you will incur losses.

Huizenga: I want liquidity in the marketplace, but I do not want market liquidity at the expense of the taxpayer. Banks can take greater risks because of the OLA backstop.

Moore: The OLA can limit the contagion caused by a Lehman-like failure.

Trott: Republicans are committed to avoid putting taxpayers at risk again. The Financial Institution Bankruptcy Act (FIBA) has the same benefits of OLA, and more, without putting taxpayers at risk.

An amendment offered by Rep. Maloney, [no. 1r](#), was NOT AGREED TO by a recorded vote of 26-33.

Maloney: The amendment strikes section 844 in the CHOICE Act, thus restoring existing thresholds for shareholder proposals. The CHOICE Act would make it more difficult for shareholders to make governance changes. To promote capital formation, you cannot strip shareholders of ownership rights.

Hensarling: We have seen a rise in political activism by those who are not interested in financial value. If an investor does not agree with a company's objectives, do not invest in it.

Hill: Large shareholders have every interest in the companies they own to do well. The three-year holding period required by the CHOICE Act is an appropriate way to focus shareholder rights.

An amendment offered by Rep. Gottheimer, [no. 1s](#), was NOT AGREED TO by a recorded vote of 26-34.

Gottheimer: The amendment strikes Title IX of the CHOICE Act, which repeals the Volcker Rule. We should require regulators to conduct a report on the Volcker Rule, not repeal it.

Huizenga: The Fed staff has already issued a report on the Volcker Rule, concluding that it has had a negative effect on bond market liquidity during stress events. We are due a report from the SEC's Division of Economic Risk and Analysis in June on the Volcker Rule's effects on fixed-income markets.

Wagner: The Volcker Rule does not make the financial system safer; it makes it riskier and more fragile.

Foster: The Volcker Rule is a central component of Dodd-Frank's response to the financial crisis. The 10% leverage ratio is inadequate to permit a firm to engage in conduct barred by the Volcker Rule.