



TO: WSW Clients
FROM: WSW Team
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On Thursday, January 19, 2017, WSW staff monitored the Senate Finance Committee's hearing to consider Steve Mnuchin as Secretary of the Treasury.

Mr. Mnuchin was introduced by Rep. Kevin McCarthy, House Majority Leader, and Rep. Jeb Hensarling, Chairman of the House Financial Services Committee.

NOMINEE INFORMATION & LINK TO TESTIMONY

[Senator Hatch Opening Statement](#)
[Senator Wyden Opening Statement](#)
[Mr. Mnuchin Opening Statement](#)

HIGHLIGHTS AND SPECIFIC ISSUES

Dodd-Frank

Republican Senators Cassidy (LA) and Toomey (PA) expressed concern about Dodd-Frank and its impact on community banks, as well as the codification of a mechanism to require future bailouts if a large financial institution fails again vs. amending the bankruptcy code.

Offshore tax havens

Democratic Senators focused heavily on Mr. Mnuchin's use of offshore tax havens and "shell corporations" in the Cayman Islands to avoid paying taxes, and asked him several times about closing loopholes for the wealthy.

Mortgage loans and modifications

Both Republican and Democratic Senators expressed concern about IndyMac and Mr. Mnuchin's involvement in mortgage refinancing and foreclosure.

Sanctions

Democrats in particular pressed Mr. Mnuchin on upholding sanctions on Russia, and not caving to any pressure to ease sanctions against Russia.

MEMBER INTERESTS

- Senator Roberts – ensure that tax collection can never be used as a political weapon
- Senator Wyden – Medicare solvency; terrorism financing; offshore tax shelters; tax cuts on investments vs. credits for the middle-income like the EITC; "border tax"

- Senator Hatch – inadequacy of HAMP program, complexity of tax code; modernization of the IRS
- Senator Grassley – pro-growth tax reform should include a smooth transition for businesses, private debt collection, IRS whistleblower program
- Senator Stabenow – closing “tax loopholes”; end ability to write off the costs of moving manufacturing jobs going overseas; concern re increase in retirement age
- Senator Crapo – inhibiting lending and inhibiting capital formation; reform of Fannie Mae and Freddie Mac; political targeting by the IRS; companies that pay taxes as individuals in tax reform
- Senator Nelson – offshore tax collection; Multi-Employer Pension Funds; Puerto Rico; Medicaid reform
- Senator Menendez – offshore tax collection; preventing foreclosures; “robo-signing” foreclosure documents; Sears retirement fund management and potential conflict
- Senator Enzi – accounting functions and initiatives; IRS focusing on its core function of tax collection; international tax reform; national debt
- Senator Carper – creating a nurturing environment for economic growth; “tax havens” in Cayman Islands; Consumer Finance Protection Bureau; intellectual property protection; making people who use transportation system pay for infrastructure; Transpacific Trade Partnership (TPP); comprehensive immigration reform; mortgage foreclosure; instituting tariffs on imports
- Senator Cardin – IRS reform and hiring freeze; enforcing sanctions, especially against Russia; concern about dealing with Trump entities and giving special consideration; individual and business tax rates and middle income tax rates in the context of tax reform
- Senator Brown – Concern about real estate crash and banking, and mortgage modification; support for Buy America; China’s investments in the U.S. and steel industry; Goldman Sachs management of the Teamsters’ pension fund; proposed Fed rules on merchant banking authority to own metals warehouses
- Senator Thune – economic growth rate; comprehensive tax reform and treatment of “pass-through” businesses
- Senator Toomey – concern regarding revisiting trade agreements
- Senator Bennet – debt ceiling and nation’s debt rating; increase in debt due to tax cuts proposed by President Trump’s plan

- Senator Isakson – mortgage-backed securities, Fannie Mae and Freddie Mac; acquisition of IndyMac
- Senator Heller – mortgage loan modifications and foreclosures; repealing Obamacare taxes such as medical device tax and Cadillac tax as part of Obamacare repeal; mortgage debt tax
- Senator Casey – mortgage loan modifications and foreclosures; currency manipulation; middle class tax cuts
- Senator Cassidy – economic growth, community banks, utilities; incentives to keep money invested in the U.S. and not overseas
- Senator Warner – concern about renegotiating debt, ignoring the debt ceiling, and “prioritizing” debt; reform of Fannie Mae and Freddie Mac; reform of bankruptcy proceedings for banks
- Senator McCaskill – sanctions against Russia; President Trump’s trust and ethics adviser; business conflicts for President Trump; concern about tax changes in repeal of Obamacare
- Senator Burr – simplification of the tax code; divestment of personal assets; IRS bonuses, leave, pay increases to employees who were tax delinquent or who had misconduct records
- Senator Scott – simplification of the tax code; tax inversions; trade, especially for high tech
- Senator Portman – tax cuts and economic growth; repatriation of profits; currency manipulation; reform at the IRS, including technology
- Senator Cantwell – returning to Glass-Steagall; Volcker rule and Dodd-Frank