



Government Relations Working Group Government Update

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Working Group Chair:
Brian Tate, President and CEO, IPA
Working Group Co-Chair:
Grant Hannah, Director of Government Relations, IPA

I. ASSOCIATION UPDATE

IPA Blog: COVID19's Effects on Payments Will Be Long Lasting

The COVID 19 pandemic has caused a lot of chaos for every industry in the economy. But when it comes to payments, the effects of the pandemic likely will be far reaching.

In the latest episode of the [IPA Payments Pod](#), Brian Tate, the CEO of the Innovative Payments Association, and the Association's government relations director, Grant Hannah, talk about how the pandemic is affecting the industry now, and what the long-term implications might be. They cover COVID19 payments and the role that prepaid plays in delivering them and how future oversight might lead to more regulations.

Of course, the pandemic is not the only thing happening in payments. Events that preceded the COVID19 outbreak have continued on their course. So, our guests talk about how the ongoing PayPal lawsuit against the Consumer Financial Protection Bureau will have its own effect on the payments landscape independent of the virus.

If you want to stay on top of new developments in the industry, plan to attend the IPA's compliance boot camp on June 3. The boot camp will feature sessions spread out over a day that cover topics such as fraud, the PayPal lawsuit, and earned wage advance products. [Register today!](#)

IPA Compliance Boot Camp

Immerse yourself in this virtual, interactive educational opportunity designed to help advance your compliance knowledge in these challenging times. The IPA has reimagined its Compliance Boot Camp as a one-day virtual event including 5 sessions that are most relevant to the community in the COVID-19 environment; all with chats and Q&A with presenters and attendees.

Please join us on June 3rd for the Boot Camp. Additional information, including the agenda, and registration can be found [here](#).



II. AGENCY AND REGULATORY NEWS

DEPARTMENT OF THE TREASURY/INTERNAL REVENUE SERVICE (Treasury/IRS)

Treasury to Deliver Millions of Economic Impact Payments by Prepaid Debit Card

On May 18, the Department of the Treasury announced that it and the IRS would begin sending nearly 4 million Economic Impact Payments (EIP) by prepaid card, instead of by paper check.

The EIP Card is part of Treasury's U.S. Debit Card program, which provides prepaid debit card services to federal agencies for the electronic delivery of non-benefit payments. MetaBank was selected as Treasury's financial agent for the U.S. Debit Card program in 2016, following a competitive selection process conducted by the Treasury's Bureau of the Fiscal Service.

In the press release announcing this, Treasury Secretary Mnuchin said, "Treasury and the IRS have been working with unprecedented speed to issue Economic Impact Payments to American families. Prepaid debit cards are secure, easy to use, and allow us to deliver Americans their money quickly. Recipients can immediately activate and use the cards safely."

Additional information can be found [here](#).

Sec. Mnuchin Announces Brian P. Brooks to Become Acting Comptroller of the Currency

On May 21, Comptroller of the Currency Joseph M. Otting announced that he will step down from office on May 29, 2020. Accordingly, Secretary of the Treasury Steven T. Mnuchin announced that First Deputy Comptroller and Chief Operating Officer Brian P. Brooks will become Acting Comptroller of the Currency.

"I am confident that Brian will lead the agency effectively during this challenging time," said Secretary Mnuchin. "He recognizes the importance of a robust federal banking system to the health and strength of the nation's economy and has the skills and experience to succeed in this important role."

Mr. Brooks joined the Office of the Comptroller of the Currency (OCC) on April 1. Mr. Brooks came to the OCC from Coinbase, Inc., where he served as Chief Legal Officer since 2018. He had also served on the board of Fannie Mae since March 2019 and the board of Avant, Inc., since 2017. Prior to Coinbase, Mr. Brooks served as Executive Vice President, General Counsel, and Corporate Secretary of Fannie Mae. He also was a member of the senior executive management team of at OneWest Bank, N.A., as Vice Chairman and Chief Legal Officer. Before OneWest, Mr. Brooks served as financial services practice group leader and managing partner of the Washington, D.C., office of O'Melveny & Myers LLP. He holds a bachelor's degree from Harvard in government and a law degree from the University of Chicago.

Additional information can be found [here](#).

CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)

CFPB Blog Post Highlights How to Use Economic Impact Payment Prepaid Card without Paying a Fee

On May 20, the CFPB released a blog post highlighting some common questions and tips to help Americans who receive their EIP via prepaid card access their money and use their card, including how to do so with limited fees. Included in these questions and tips is information on how to activate a card, how to check the balance, and how to get cash, among others.

Additionally, in the “I am not familiar with prepaid debit cards. What is important to know about using this card?” answer, the Bureau outlines the safety and soundness of prepaid cards, saying, “Once activated, your money is safe on this card and is eligible for FDIC insurance. Be sure to immediately report if your card is lost or stolen.”

The blog also contains a video to inform consumers that they may receive their EIP on a prepaid debit card.

The full post can be found [here](#).

CFPB Issues First No-Action Letter Templates Under New Innovation Policies

On May 22, the CFPB announced that it issued two No-Action Letter (NAL) Templates under its new innovation policies. Last year, the CFPB introduced an updated NAL Policy that includes, among other things, a more streamlined review process focusing on the consumer benefits and risks of the applicant’s product or service. NALs provide increased regulatory certainty through a statement that the CFPB will not bring a supervisory or enforcement action against a company for providing a product or service under certain facts and circumstances. The updated Policy also includes a provision concerning NAL templates, which permits entities such as service providers and trade associations to secure a template that can serve as the foundation for NAL applications from companies that provide consumer financial products and services.

Under the first NAL Template the CFPB approved, mortgage servicers seeking to assist struggling borrowers to avoid foreclosure and engage in loss mitigation efforts would be able to apply for their own NAL. The template, requested by Brace Software, Inc. (Brace), would enable mortgage servicers to use Brace’s online platform to implement loss-mitigation efforts for their borrowers.

At the same time, the CFPB also approved a NAL template that insured depository institutions can use to apply for a NAL covering their small-dollar credit products. The NAL template includes protections for consumers who seek small-dollar loan products.

Additional information can be found [here](#).

CFPB Issues COVID-19 Consumer Complaint Bulletin

On May 21, the CFPB issued a report analyzing the complaints received during the COVID-19 pandemic. In brief, the report shows that mortgage and credit card complaints top the list of complaints the CFPB has received that mention coronavirus or related terms. Additionally, CFPB received its highest complaint volumes in its history in March and April at 36,700 and 42,500, respectively. Additionally, Consumers submitted more than 4,500 complaints that include coronavirus keywords. In 2019, the monthly average for complaints was 29,000. The bulletin attributes the higher numbers to factors such as market conditions and more public awareness of the complaint system.

When it comes to prepaid specifically, the report lays out that of the over 4,500 complaints that mention coronavirus, only 120 of them, or 3%, were related to prepaid. The most common complaint was related to a problem getting a card or closing an account. Finally, the report also lays out that, in comparing the weekly average complaint volume before and after the emergency declaration, prepaid card complaints saw the greatest percent increase (84%). The report notes that many new consumers receiving their unemployment benefits via prepaid cards contributed to this increase.

Additional information the full report can be accessed [here](#).

III. CONGRESSIONAL NEWS

House Democrats Pass Proposed Phase 4 Coronavirus Relief Bill

On May 15, House Democrats' proposed "Phase 4" Coronavirus relief package, called the [Health and Economic Recovery Omnibus Emergency Solutions Act](#) (HEROES Act), passed the House of Representatives. The package follows the general architecture of the CARES Act. Specifically, the bill would provide additional funding for:

- Nutrition assistance programs
- State, local, and tribal governments
- Hospitals and other elements of the healthcare system
- COVID-19 testing and tracing
- Elections
- Housing assistance programs
- Small business grant programs
- The United States Postal Service
- The extension of the expanded unemployment insurance provided by the CARES Act

The bill would provide an additional \$1,200 stimulus payment for each family member that would be paid out similar to the Economic Impact Payments (EIP) in the CARES Act. The payments would be \$1,200 for a single taxpayer (\$2,400 for joint filers), in addition to \$1,200 per dependent up to a maximum of 3 dependents. The payment phases out starting at \$75,000 of modified adjusted gross income (\$112,500 for head of household filers and \$150,000 for joint filers) at a rate of \$5 per \$100 of income. The bill would also protect these payments and EIP from garnishment, levy, offsets, etc.

Finally, the bill would provide additional funding for the Department of Health and Human Services to provide prepaid debit cards to families to help meet emergency needs under the Early Childhood Home Visiting program.

The bill has been sent to the Senate for consideration, though it is unlikely to be taken up for consideration. The bill is meant to establish Democratic priorities and positions as negotiations begin in earnest with Republicans on the Phase 4 Coronavirus relief package.

House Approves Proxy Voting Proposal

On May 15, the House of Representatives approved a rule change that would allow proxy voting during the COVID-19 pandemic. Under the new rule, a member can vote on behalf of 10 others who cannot travel to Washington, D.C. Committees will also be allowed to hold hearings and markups through video conference.

The rule also lays the groundwork for direct remote electronic voting by members. It directs the House Administration Committee to conduct a study and certify a new remote electronic voting system and test it out.

IV. STATE NEWS

None.

V. FEDERAL BILLS, AND LAWS

NEW FEDERAL LAWS

None.

PENDING FEDERAL BILLS

H.R. 189—Financial Institution Customer Protection Act of 2019

Summary: This bill specifies that a federal banking agency cannot request or order a financial institution to close a customer account unless the agency has a valid reason for doing so, and that reason cannot be only reputational risk.

Introduced: Jan. 3, 2019

Status: The bill was referred to the House Committee on Financial Services on Jan. 3, 2019.

Sponsor: Rep. Blaine Luetkemeyer (R-MO); 0 co-sponsors. 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/189/all-actions?q=%7B%22search%22%3A%5B%22hr+189%22%5D%7D&s=2&r=1>

H.R. 758—Cooperate with Law Enforcement Agencies and Watch Act of 2019

Summary: The bill would protect institutions from regulatory action for keeping accounts open at the request of law enforcement.

Introduced: Jan. 24, 2019

Status: The bill was received in the Senate, read twice, and referred to the Committee on Banking, Housing, and Urban Affairs on March 12, 2019.

Sponsor: Rep. J. French Hill (R-AR); 2 co-sponsors. 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/758/cosponsors?q=%7B%22search%22%3A%5B%22hr+758%22%5D%7D&r=1&s=1>

H.R. 907—To Clarify Exclusions from the Definition of a Deposit Broker

Summary: The bill would amend the Federal Deposit Insurance Act (“FDIA”) to clarify the exemptions from the definition of a “deposit broker.” Specifically, the bill would amend FDIA Section 29(g)(2)(I) to provide that a deposit broker does not include an agent or nominee (i) whose primary business purpose is not the placement of deposits with an insured financial institution; or (ii) who is an exclusive agent of an insurance company or insured depository institution affiliated with an insurance company, provided that the agent or nominee is, among other things, contractually prohibited from placing funds with any other unaffiliated depository institution.

Introduced: Jan. 30, 2019

Status: The bill was referred to the House Committee on Financial Services on Jan. 30, 2019.

Sponsor: Rep. Darin LaHood (R-IL); 2 co-sponsors. 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/907/text?r=55&s=1>

H.R. 1423—Forced Arbitration Injustice Repeal (FAIR) Act

Summary: The bill would prohibit forced arbitration agreements and any agreements that would preclude class action lawsuits.

Introduced: Feb. 28, 2019

Status: Received in the Senate and Read twice and referred to the Committee on the Judiciary on September 24, 2019.

Sponsor: Rep. Johnson, Henry C. “Hank,” Jr. (D-GA); 222 cosponsors. 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/1423>

H.R. 2514—COUNTER ACT OF 2019

Summary: This bill would make changes to the Bank Secrecy Act and anti-money laundering laws. It would require the financial regulators and Financial Crimes Enforcement Network to each appoint a civil liberties and privacy officer who would need to consult on any new regulations. It would create a public-private information sharing program between FinCEN and the financial services industry, and it would require AML training for examiners.

Introduced: May 3, 2019

Status: The bill passed the House of Representatives on October 28, 2019 and was received in the Senate and referred to the Senate Banking Committee on October 29, 2019.

Sponsor: Rep. Emanuel Cleaver (D-MO); 2 co-sponsors, 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/2514?q=%7B%22search%22%3A%5B%22hr2514%22%5D%7D&r=1&s=2>

H.R. 2630—CASH ALWAYS SHOULD BE HONORED (CASH) ACT

Summary: This bill would make it unlawful for any physical retail establishment to refuse to accept cash as payment.

Introduced: May 9, 2019

Status: The bill was referred to the House Committee on Energy and Commerce on May 9, 2019.

Sponsor: Rep. David Cicilline (D-RI); 10 co-sponsors. 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/2630>

H.R. 4501— CONSUMER TRANSACTION ACCOUNT PROTECTION ACT OF 2019

Summary: This bill would specify that consumer transaction account deposits of an insured depository institution shall not be considered to be funds obtained through a deposit broker.

Introduced: September 26, 2019

Status: The bill was referred to the House Committee on Financial Services on September 26, 2019.

Sponsor: Rep. Roger Williams (R-TX); 1 co-sponsor. 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/4501?r=11&s=1>

H.R. 4767—FINANCIAL SERVICES INNOVATION ACT OF 2019

Summary: The bill requires federal regulators to create Financial Services Innovation Offices (FSIOs) within their agencies to foster innovation in financial services. Companies would also be able to apply for an “enforceable compliance agreement” with the FSIOs that, if accepted, will allow them to provide an innovative product or service under an alternative compliance plan.

Introduced: Oct. 21, 2019

Status: The bill was referred to the House Financial Services Committee and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. On Nov. 11, 2019 it was referred to the Subcommittee on Commodity Exchanges, Energy, and Credit of the Committee on Agriculture.

Sponsor: Rep. Patrick McHenry (R-NC); 1 co-sponsor; 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/4767?q=%7B%22search%22%3A%5B%224767%22%5D%7D&s=1&r=1>

H.R. 6116— CONSUMER FINANCIAL PROTECTION COMMISSION ACT

Summary: The bill would eliminate signatures for swipe, dip, or tap point-of-sale transactions.

Introduced: March 5, 2020

Status: The bill was referred to the House Financial Services Committee.

Sponsor: Rep. Blaine Luetkemeyer (R-MO); 25 co-sponsors; 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/house-bill/6116/cosponsors?r=4&s=1&searchResultViewType=expanded&KWICView=false>

H.R. 6241— TOUCHLESS TRANSACTIONS ACT OF 2020

Summary: The bill would convert the leadership structure of the CFPB from a sole director to a commission. The commission would be made up of 5 members who are appointed by the president and approved by the Senate to serve 5-year terms. No more than 3 members of the commission would be allowed to be from the same political party. The name of the Bureau would also be changed to the Consumer Financial Protection Commission.

Introduced: March 12, 2020

Status: The bill was referred to the House Financial Services Committee.

Sponsor: Rep. French Hill (R-AR); 10 co-sponsors; 3% chance of enactment (according to [govtrack](#)).

S. 142—The American Data Dissemination Act

Summary: The bill would impose privacy requirements on providers of internet services similar to the requirements imposed on federal agencies under the Privacy Act of 1974.

Introduced: Jan. 16, 2019

Status: The bill was referred to the Senate Commerce, Science, and Transportation Committee on Jan. 16, 2019.

Sponsor: Sen. Marco Rubio (R-FL), 0 co-sponsors, 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/142/text?q=%7B%22search%22%3A%5B%22S.142%22%5D%7D&r=1&s=3>

S. 149—Stop Senior Scams Act

Summary: The bill would establish an advisory council made up of federal regulators and industry representatives from, among others, gift card and prepaid card companies, to collect and review information in the development of model materials to provide to retailers, financial services companies, and wire-transfer companies to be used to educate employees on how to identify and prevent scams affecting seniors.

Introduced: Jan. 16, 2019

Status: The Senate Commerce, Science, and Transportation Committee ordered the bill to be reported with an amendment in the nature of a substitute favorably on July 10, 2019. It was reported out of the Commerce Committee on December 19, 2019.

Sponsor: Sen. Robert Casey (D-PA); 2 co-sponsors, 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/149/text?q=%7B%22search%22%3A%5B%22S.149%22%5D%7D&r=1&s=2>

S. 189—The Social Media Privacy Protection and Consumer Rights Act of 2019

Summary: This bill requires online platform operators to inform a user, prior to a user creating an account or otherwise using the platform, that the user's personal data produced during online behavior will be collected and used by the operator and third parties.

Introduced: Jan. 17, 2019

Status: Read twice and referred to the Committee on Commerce, Science, and Transportation on Jan. 17, 2019

Sponsor: Sen. Amy Klobuchar (D-MN); 3 co-sponsors, 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/189/text?q=%7B%22search%22%3A%5B%22S.189%22%5D%7D&r=1&s=1>

S. 453—A Bill to Amend the Consumer Financial Protection Act of 2010 to Subject the Bureau of Consumer Financial Protection to the Regular Appropriations Process

Summary: The bill would amend the Consumer Financial Protection Act of 2010 to subject the Consumer Financial Protection Bureau to the regular appropriations process.

Introduced: Feb. 12, 2019

Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs on Feb. 12, 2019.

Sponsor: Sen. David Perdue (R-GA); 18 cosponsors. 4% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/453>

S. 3108— CONSUMER TRANSACTION ACCOUNT PROTECTION ACT OF 2019

Summary: This bill would specify that consumer transaction account deposits of an insured depository institution shall not be considered to be funds obtained through a deposit broker.

Introduced: December 19, 2020

Status: The bill was referred to the Committee on Banking, Housing, and Urban Affairs on December 19, 2019.

Sponsor: Sen. Doug Jones (D-AL); 2 co-sponsors. 3% chance of enactment (according to [govtrack](#)).

Details: <https://www.congress.gov/bill/116th-congress/senate-bill/3108?q=%7B%22search%22%3A%5B%22brokered+deposits%22%5D%7D&s=4&r=2>

The *Government Update* is issued by the Innovative Payments Association twenty times a year as a service to members.

Editors: Brian Tate, President and CEO, IPA
Ben Jackson, COO, IPA
Grant Hannah, Director of Government Relations, IPA

Please address comments and suggestions to: gr@ipa.org.