



EDITION

- NCUA** – The first Board meeting of Chairman Rodney Hood’s tenure went smoothly. It even fell “under” the predicted time of 15 minutes... With Chairman Hood and Board member Harper just coming on board, the agenda was a light one but things should pick up in the coming months. The three Board members all spoke to their desire to maintain the professional nature that has become a hallmark since former Board member Rick Metsger took over the Chairman’s seat. Board member Harper was the most engaged during the meeting, keeping with his reputation as a policy expert.
- One of the issues that the Board will have to address is the increase in fraud that continues to plague the movement. In fairness, credit unions are in the same boat as much of the financial services industry since fraud and mismanagement is on the rise. Of note is CBS Employees Federal Credit Union that suffered a \$40 million loss...even though the credit union only had \$21 million in assets. Allow me to put in a shameless plug for an association that Bacino & Associates manages, the Association of Credit Union Internal Auditors (ACUIA). The importance of internal audit and enterprise risk management is evident with each passing instance of fraud.
- CREDIT UNIONS** – Treasury Secretary Mnuchin admitted that the Administration did not fully research the impact of eliminating the CDFI program. The last two Trump budgets both called for shuttering the CDFI program. Mnuchin’s comments may have been triggered by calls from members of Congress, but this is another example on how credit unions can’t relax on any issue that might come under fire.
- CONGRESS** – In comments to the Independent Community Bankers Association, Senate Banking Committee Chairman Mike Crapo (R-ID) appeared to throw cold water on any legislation that would allow financial institutions to serve the cannabis industry. “As long as cannabis is illegal under federal laws, it would seem to me to be difficult for us to resolve this,” said Crapo. But that seems to be job of Congress – to resolve questions and provide answers. This seems to be another case of kicking the can down the road when an appropriate solution would clarify the situation. Perhaps this is one of the reasons that Will Rogers said that Congress is the opposite of progress.




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- BA A bipartisan bill, HR 2380, introduced by Rep. Velquez (D-NY) and Republican congressmen Loudermilk (R-GA), Foster (R-IL) and Hollingsworth (R-IN) would ban Fannie Mae and Freddie Mac from any lobbying activities. During their conservatorship at the hands of the Federal Housing Finance Agency (FHFA), the two enterprises have been prohibited from lobbying. However, with the prospect that they may be returned to their previous (or similar) status, the bill would have the effect of continuing the lobbying ban. It is generally accepted that both Fannie and Freddie spent an enormous amount of money and time on lobbying, the concern should be for the Federal Home Loan Banks that might get caught up in the ban even though they did nothing to warrant such an inclusion.
- BA **DEMOCRATS 22 IN '20** – With the announcements of Vice President Biden and Sen. Michael Bennet (D-CO), the Democratic field has expanded to 22 declared candidates. Biden has jumped out to a lead in most major polls and is touting his electability. In his early speeches, Biden is taking on Trump rather than getting into inter-party squabbles. He is attempting to be the adult in the room and remain above the fray while being non-controversial. Slate.com put it best when they said that he is “two scoops of vanilla with extra vanilla on top.” Elections are about winning and if Democrats want to take back the White House in 2020, they are going to need to coalesce behind the candidate that has the best chance of beating President Trump.
- BA After an initial prognosis that Sen. Bernie Sanders (I-VT) may have trouble in a crowded field, it appears that his near-constant support of 20% of Democratic voters means that he should be able to remain competitive throughout the primary season. Much like the 31% of voters that will support Trump at all times, Sanders’ loyal supporters will allow him to stay in the game longer than some of the other candidates. Much like 2016, this could be problematic for the Democratic nominee should Sanders choose to hold onto his delegates and not get in line behind the eventual nominee. There is an interesting dynamic playing out on the national scene – there are 31% of voters that are “always Trump”, there are 38% that are “never Trump” and the remaining 31% say that their vote “depends” on the candidate.
- BA Democrats will need to nominate a candidate that can reach 13% of the “depends” group. A large part of this group may be made of younger voters since this demographic produced the largest increase in voter participation between 2014 to 2018. With a 79% jump, voters 18-29 years old outpaced the increase in women voters (12%) and men voters (11%). The biggest issue with young voters is their fickleness – they seem to need a “reason” to vote whereas older voters are more consistent participants in the electoral process.



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BA SENATE – Even if the Democrats can take back the White House and retain the House, their job will be much tougher if they can't return to the majority party in the Senate. Unfortunately for the Dems, their hopes took a turn for the worse with the announcements that Stacey Abrams, Tom Vilsack, Cindy Axne and Joaquin Castro would not seek Senate seats in Georgia, Iowa and Texas. If the Democrats win the White House, they would need to turn 3 seats; if Trump is reelected, they would need to pick up 4 seats. Sen. Doug Jones (D-AL) won a special election by 1.5 % in a state that President Trump won by 30 points, so this seat may be hard to hold. The Democrats best chances to swing a seat are in Arizona, Colorado, Maine, North Carolina and Texas.

BA GIVE TO SUPPORT THE BLUES BROTHERS (AND THE CHILDREN'S MIRACLE NETWORK) – Bill Cheney and Darren Williams, two FOR (Friends Of the Report), performed as the Blues Brothers at the recent CMN Wine Auction in California. To see this amazing performance, [click here](#). Then, after you watch it, [click here](#) to donate to a good cause. Bill and Darren have said that this is a one-time event so please make it worth their while. Thanks to Bob Nealon of Nealon & Associates and Tony Boutelle of CUDirect for providing the video and the contribution link.

BA THE ELEPHANT IS IN THE ROOM – When we announced the concept for the *Elephant in the Room* conference – tackling topics that others either can't or won't – the response was universally positive. "It's about time that someone covered that" and "I can't wait to hear what others think about it" were some of the comments that we heard. So now, it's time to put your money where your mouth is...and come join us in our nation's capital Aug 25th – 27th. Registration is simple: go to <http://www.ElephantConference.com> and use the code "BR19" to receive an exclusive **\$250 discount** only for devoted Bacino Report readers.



BA SAD NEWS – One of my early political buddies, Bart Chilton recently passed away. Bart and I met in Ft. Wayne, IN where we worked for the Mayor of the city. He was always energetic and upbeat. Bart went on to work for Rep. Jill Long (D-IN), Secretary of Agriculture Dan Glickman and was appointed to serve on the Commodities Future Trading Commission (CFTC). Bart really enjoyed being a regulator and had fun with it, even using old rock song lyrics to explain his votes. The world needs more people like Bart Chilton...

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