



FedFin Daily Briefing

Thursday, April 28, 2022

FinCEN Head Pleads for Funding to Advance Rulemaking, Sanctions

Acting Director of FinCEN Himamauli Das testified at a poorly attended HFSC hearing today, calling for more funding to handle not only the challenges created by the invasion of Ukraine, but also the many standards required by the 2021 AML Act ([see FSM Report AML133](#)). Under questioning, Mr. Das agreed that the agency is falling behind on the beneficial ownership rules, promising to do better as quickly as resources will allow. Sitting in for Chairwoman Waters (D-CA) who is out with COVID, Rep. Jim Himes (D-CT) stressed the need for FinCEN to be fully funded, also supporting legislation to expand its authority, such as proposed in the Chairwoman's measures addressing Russian oligarchs. Ranking Member McHenry (D-NC) did not dissent with the need for more FinCEN funding but took strong issue with the proposed beneficial ownership rule, arguing that it is too complex, too broad, and did not properly protect the civil liberties of individuals and small businesses. The session did not touch on the White House's sweeping [proposal](#) to seek statutory authority for far tougher sanctions and expropriations for Russian oligarchs, which we expect HFSC to take up upon Rep. Waters' return.

Fraudulent-Authorization Payment Bill Advances

At today's HFSC's Task Force on Financial Technology [hearing](#), Chair Lynch (D-MA) advanced draft legislation stipulating bank accountability for fraudulent authorizations under the Electronic Funds Transfer Act. This measure builds on complaints voiced earlier this [week](#) detailed by Sens. Warren (D-MA) and Menendez (D-NJ) attacking Zelle, with Rep. Lynch saying that protecting consumers is an immediate priority. Disputing the extent to which digital wallets advance inclusion, he had also pressed for action on his ECASH bill. This measure creates a new Treasury-issued form of digital currency. Ranking member Davidson (R-OH) echoed much of what Rep. Lynch said, also urging task force attention to digital currency wallets. However, he noted that the future of digital payments and wallets is up in the air until the CFPB clarifies the regulatory framework.

Recent Files Available for Downloading

The following reports and analyses have been sent to retainer clients recently. Copies are also available to retainer clients on the Archives section of Federal Financial Analytics' website: www.fedfin.com or clients may obtain the reports/analyses by e-mailing info@fedfin.com giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- [GSE-042822](#): In this note, we expand on our analysis of the CFPB's new campaign against [nonbank financial institutions](#) to look more deeply at its impact on residential-mortgage finance.
- [CONSUMER42](#): Today's HFSC hearing with CFPB Director Chopra plowed much ground broken yesterday before the Senate Banking Committee ([see Client Report CONSUMER40](#)), but several new furrows were also unearthed.
- [CONSUMER41](#): Using what it describes as "dormant" authority, the CFPB is seeking comment on a rule setting the procedures under which it expands its authority to nonbank financial companies it believes pose consumer-protection risk.
- [CONSUMER40](#): The Senate Banking Committee's hearing today with CFPB Director Chopra was a sharply partisan session with little immediate impact on what Mr. Chopra plans to do to achieve his sweeping new vision.

- **[GSE-042122](#)**: In our last CRT [analysis](#), we looked at transaction viability under the Basel IV rewrite set for rapid release once key Fed nominees are finally confirmed.
- **[GSE-042022](#)**: As we noted [yesterday](#), the IMF's financial-stability [report](#) includes a searing assessment of fintech risk.
- **[CBDC11](#)**: As [promised](#), we turn here to an in-depth analysis of a [paper](#) from global regulators on whether CBDC contributes to financial inclusion – one of the most vital arguments from those advocating CBDC in the U.S. and in many other nations.
- **[GSE-041522](#)**: Cementing her very different vision of Fannie and Freddie, Acting Director Thompson has now finalized a new strategic plan for the FHFA emphasizing the importance of both equitable and sustainable housing finance
- **[CBDC11](#)**: Progressive Democrats in the House have introduced an alternative digital-dollar proposal ("e-cash") to the "FedAccount" construct urged by Senate progressives that mandates an electronic currency created by the Treasury Department to devise an electronic substitute for physical fiat currency.
- **[GSE-040722](#)**: FHFA has finalized new [capital rules](#) for the GSEs designed to accelerate the credit-risk transfer the agency now deems essential for a fast-acting conservatorship exit.
- **[SANCTION18](#)**: As [anticipated](#), today's HFSC hearing with Secretary Yellen largely focused on ways to sanction the Russian Federation and its allies and associates.
- **[DEFI](#)**: As [promised](#), this report provides an in-depth analysis of IOSCO's new [paper](#) on decentralized finance, one sure to advance the [FSB's](#) efforts to bring DeFi systems under greater regulatory scrutiny due to the findings we here detail.