



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 18, 2022

Re: 20-cv-1169 (EGS) D.D.C.
FOIA 2020-03-082

Christine H. Monahan
American Oversight
1030 15th Street, NW, B255
Washington, DC 20005
christine.monahan@americanoversight.org

Dear Ms. Monahan:

This is the twelfth response to the above-referenced Freedom of Information Act (FOIA) request to the Department of the Treasury (Treasury). The request asked for email communications sent by identified Treasury officials containing any of 43 separate terms related to the coronavirus from January 15, 2020 through the date of the search.

In accordance with the parties' agreed upon schedule, as memorialized in the October 30, 2020 Joint Status Report, this constitutes Treasury's twelfth production in this case for February 2022. Treasury reviewed 75 documents (215 pages). Seventeen documents were responsive (76 pages, attached hereto) and redactions were made pursuant to exemptions (b)(5) (deliberative process and Confidential Presidential Communications) and (b)(6) (protection of personal privacy). Fifty-eight documents (139 pages) were non-responsive.

Treasury will continue to review and process documents and will provide another production not later than March 18, 2022.

If you have any questions, please contact Liam Holland in the Department of Justice at Liam.C.Holland@usdoj.gov.

Sincerely,

Richard S. Dodson

Richard S. Dodson
Senior Counsel
Office of the General Counsel
U.S. Department of the Treasury

RE: Walgreens request

From: "Kautter, David" <"o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Vallabhaneni, Krishna" <krishna.vallabhaneni@treasury.gov>
Cc: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>
Date: Thu, 14 May 2020 12:39:35 -0400

Please schedule the call with them and I will participate if I can. You are right, their proposals are legislative, and (b)(5) DP
(b)(5) DP

From: Vallabhaneni, Krishna <Krishna.Vallabhaneni@treasury.gov>
Sent: Thursday, May 14, 2020 11:36 AM
To: Kautter, David <David.Kautter@treasury.gov>
Cc: Van Hove, Jeffrey <Jeffrey.VanHove2@treasury.gov>
Subject: FW: Walgreens request

Dave,

The Secretary had asked Brent McIntosh in March to take a call with the Walgreens C-suite, and you had asked me to participate on behalf of OTP at that time. Walgreens now would like to discuss what appear to be exclusively legislative tax proposals. (b)(5) DP

(b)(5) DP

Would appreciate your thoughts. Thanks!

Krishna P. Vallabhaneni
Tax Legislative Counsel
Office of Tax Policy
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220
Direct: +1.202.622.0835
Email: krishna.vallabhaneni@treasury.gov

From: (b)(6) <(b)(6)@treasury.gov>
Sent: Thursday, May 14, 2020 11:18 AM
To: Vallabhaneni, Krishna <Krishna.Vallabhaneni@treasury.gov>
Subject: FW: Walgreens request

Krishna – If you recall, you joined Brent on a call with Walgreens a couple months ago during the initial COVID-19 outbreak to hear some of their concerns. (b)(5) DP

(b)(5) DP

Regards,
John

From: Larissa Martin <lmartin@guidepost-strategy.com>
Sent: Tuesday, May 12, 2020 4:53 PM
To: (b)(6) <(b)(6)@treasury.gov>
Subject: FW: Walgreens request

**** Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

(b)(6)

Hope you are hanging in there. You had helped Baylor previously with a call with Walgreens the other month on some tax items, I know Baylor and your team have a lot going on. Is this request below something you could help with? You can ignore

UST_001122

the first one re: CEO calls/Sec. Mnuchin. The request is for Walgreens government affairs team and their Tax policy council (who were on our first call) to talk through their tax policy concerns below.

Would appreciate any insight on how to best navigate and set a call with your team in the coming days.

Thanks so much!
Larissa

From: Larissa Martin <lmartin@guidepost-strategy.com>
Sent: Thursday, May 7, 2020 1:08 PM
To: Baylor.Myers@treasury.gov
Subject: RE: Walgreens request

Baylor,

Hope you are hanging in there! Thank you so much for your continued guidance and time throughout the past 2 months – truly appreciate everything you, Zac and the rest of your team have done.

I have two items that I wanted to flag for you, one is a bit more time sensitive and my colleague has also raised with Zac and Shirley but so far Shirley said the Secretary is unable to take the call. Any guidance on if there's any scenario (i.e. just having the call with the Nextera CEO vs. all of the CEOs, etc) where the Secretary would be willing to connect on this, would be greatly appreciated.

The call request is for Secretary Mnuchin regarding the safe harbor extension. We understand the Secretary is being briefed this week on the attached from Chairman Grassley, and the following CEOs would like to have a brief 15–20 minute conversation with him at his convenience:

- NextEra
- GE
- Berkshire Hathaway Energy
- Bank of America

Separately, I wanted to follow up on a conversation we had with you and Under Secretary McIntosh back in March with Walgreens re: their tax priorities/concerns. They are looking to discuss some additional items around tax as it relates to their priorities at this time and potential fixes in the upcoming package(s) in Congress. Would that be something best to do with Under Secretary McIntosh and yourself when you have some time? See list below on specific topics:

- **Extend employers portion of FICA deferral** until March 26, 2021 (that makes it one full year) and convert from deferral to holiday. Some may raise concerns with the social security trust fund, but the exposure/cost will exist with the trust fund or unemployment insurance. It may be more strategic to minimize the cost of employment in the short term. Keeping paychecks to employees must be the priority for now. Otherwise the cost will come in continued unemployment benefits. So either way the government may have one cost or the other in the short term. Keeping people employed and spending is a better route. The current package is helpful, however it simply created a short term loan and liquidity challenges will run longer and deeper than expected. Asking companies to pay the liability in 2021 and 2022 will only cause a future liquidity problem as the recovery will happen gradually.
- **100% (or some percentage) Federal Tax credit for 2019 or 2020 of real estate taxes** paid to States. With regard to real estate taxes retailers are being unfairly treated. Having to pay the full value of real estate taxes on significantly devalued property is unfair. The local towns, municipalities and states will not have the budget to adjust such taxes. Local towns and cities are counting on companies to continue to pay such taxes so they can meet local needs. They are starving for cash as well which we are paying. Only the federal government can provide the help needed and provide balance to the system. The Federal government should give relief to retailers that are tasked with full funding of real estate taxes on property that is devalued and where foot traffic has significantly been reduced. There is precedent for such a program as the United Kingdom has suspended such taxes for one full year.
- **Carryback of Capital Losses** - Suspend the application of section 1211(a) for tax years 2018-2020 to allow capital losses generated in such tax years to be carried back three years and forward five to offset ordinary income. The suspension of section 1211 will allow corporations to use their capital losses, which will provide critical cash flow and liquidity during the COVID-19 pandemic. The impact should thus be similar to the changes made to section 172 by the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act, PL 116-136), which facilitate the immediate utilization of net operating losses derived in tax years 2018, 2019 and 2020.
- **Transition Tax** - Amend section 965(h)(6) to provide that the full amount of the transition tax is eligible for installment payments, and any tax liability that was paid in excess of the regular (non-transition) tax liability in the tax year of the section 965 inclusion should be refunded or credited.

Walgreens is available to connect at the following dates/times:

5/14 9:00-10:00 or 2:00-3:00 EDT –
5/15 2:00-5:00 EDT –

UST_001123

It would be the following from Walgreens:

- Mark Weisz, SVP, Global Tax
- Ed Kaleta, VP of US Government Affairs
- Alethia Jackson, VP of Federal Affairs

Thank you so much for your consideration and time,

Larissa

From: Baylor.Myers@treasury.gov <Baylor.Myers@treasury.gov>
Sent: Thursday, March 19, 2020 1:46 PM
To: Larissa Martin <lmartin@guidepost-strategy.com>
Cc: (b)(6) <[REDACTED]@treasury.gov>; (b)(6) <[REDACTED]@treasury.gov>
Subject: Re: Walgreens request

Larissa,

Under Secretary Brent McIntosh will take the call. I'm adding (b)(6) who will coordinate from here.

Thanks!

Baylor

From: Larissa Martin <lmartin@guidepost-strategy.com>
Date: March 19, 2020 at 8:38:01 AM EDT
To: Myers, Baylor <Baylor.Myers@treasury.gov>
Cc: (b)(6) <[REDACTED]@treasury.gov>
Subject: Re: Walgreens request

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Thank you both, really appreciate the quick response.

Larissa

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From: Baylor.Myers@treasury.gov <Baylor.Myers@treasury.gov>
Sent: Thursday, March 19, 2020 8:29:02 AM
To: Larissa Martin <lmartin@guidepost-strategy.com>
Cc: (b)(6) <[REDACTED]@treasury.gov>; (b)(6) <[REDACTED]@treasury.gov>
Subject: RE: Walgreens request

UST_001124

Thanks, Larissa. (b)(6) and I work in tandem for the Secretary and we'll circle back.

J. Baylor Myers | o: 202-622-0987 | c: (b)(6)
Deputy Chief of Staff | U.S. Department of the Treasury
1500 Pennsylvania Ave., NW, Washington, D.C. 20220

From: Larissa Martin <lmartin@guidepost-strategy.com>
Sent: Wednesday, March 18, 2020 10:31 PM
To: Myers, Baylor <Baylor.Myers@treasury.gov>
Subject: Walgreens request

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Baylor,

Apologies in advance for bothering you during this difficult and chaotic time.

We represent Walgreens and have been asked to reach out on their behalf to make you and your team aware of a couple of their concerns/priorities in the tax space as the Administration is re-evaluating things given the current situation we are in as a nation. I'd also appreciate your recommendation on who might be best for them to connect with via phone in the next day or two to discuss these concerns/priorities. The head of their DC office, Ed Kaleta and their VP of Federal Affairs, Alethia Jackson would be the ones participating on the call on Walgreens behalf.

Here's the note that Walgreens has asked me to share with you and your team -

There is growing concern across the country as the outbreak and impact of COVID-19 continues to evolve. Walgreens' top priority is ensuring the health, safety and well-being of the communities we serve across the U.S., and this is especially critical at this time. Walgreen is pleased to be working with the White House to help provide expanded COVID-19 testing.

We understand the Treasury department plans to implement 90 day deferrals for tax payments up \$1M for individuals and \$10M for corporations. We appreciate this effort and thank you for your timely action to provide needed tax relief to individuals and business. As the Administration considers additional policies and initiatives to respond to COVID-19, Walgreens recommends the Treasury to provide a three month extension for federal tax return and estimated tax payments. Walgreens extended fiscal year 2019 deadline is June 15. An extension allows business taxes to be due September 15, while also deferring estimated payments because they are difficult to forecast at this time. This would provide immediate relief and stability for retailers and allow Walgreens to better prepare and enable the critical role that pharmacy plays in responding to this national emergency.

With respect to longer term relief from the impact of COVID-19, postponement of transition tax payments for this year and next year would provide much needed relief for business as we try to bounce back from the economic impact. Additionally, it is most important to suspend temporarily the new Section 163(j) interest limitation as many companies will now require additional debt to run their business, allowing a five year carryback of net operating loss (NOL)

UST_001125

deduction. Amending the rules to allow for a 5 year carryback of current NOL's, deferring tax for 4 to 5 years on discharge of indebtedness will make cash flow more available to businesses.

We understand things are moving quickly in this very unique situation but would appreciate ensuring their concerns are shared with the best POCs on your team and hopefully getting a few minutes of their time as well to discuss.

I have also sent this into your Deputy Chief of Staff, Zachary McEntee just for awareness.

Thanks so much for your help and for everything that you are dealing with over these recent weeks.

Larissa

UST_001126

From: "Kautter, David" </o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: (b)(6)@treasury.gov>
Date: Thu, 14 May 2020 16:48:59 -0400

From: (b)(6)@treasury.gov
Sent: Thursday, May 14, 2020 4:48 PM
To: Kautter, David <David.Kautter@treasury.gov>
Subject: RE: Exec Sec CT: New Case: [COVID-19] Durbin Van Hollen et al. on Economic Impact Payments

From: Kautter, David <David.Kautter@treasury.gov>
Sent: Thursday, May 14, 2020 4:44 PM
To: (b)(6) <[\(b\)\(6\)@treasury.gov](mailto:(b)(6)@treasury.gov)>
Subject: RE: Exec Sec CT: New Case: [COVID-19] Durbin Van Hollen et al. on Economic Impact Payments

From: (b)(6) <[REDACTED]@treasury.gov>
Sent: Thursday, May 14, 2020 4:41 PM
To: Kautter, David <David.Kautter@treasury.gov>
Subject: FW: Exec Sec CT: New Case: [COVID-19] Durbin Van Hollen et al. on Economic Impact Payments

From: Rahim, Usman <(b)(6)>@treasury.gov>
Sent: Thursday, May 14, 2020 4:39 PM
To: (b)(6)>@treasury.gov>
Subject: Fw: Exec Sec Cf. New Case: [COVID-19] Durbin Van Hollen et al. on Economic Impact Payments

From: ECM@ecm.treasury.gov <ECM@ecm.treasury.gov>
Sent: Thursday, April 23, 2020 1:50 PM
To: (b)(6) @treasury.gov; (b)(6) @treasury.gov; (b)(6)
(b)(6) @treasury.gov; (b)(6) im@treasury.gov; (b)(6)
(b)(6) @treasury.gov; (b)(6) @treasury.gov; (b)(6) @treasury.gov;
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(b)(6) @treasury.gov; (b)(6) @treasury.gov; (b)(6)
(b)(6) @treasury.gov; (b)(6) @treasury.gov; (b)(6)
Subject: Exec Sec CT: New Case: [COVID-19] Durbin Van Hollen et al. on Economic Impact Payments

For questions regarding this case, please contact the Draft Owner: (b)(6) @treasury.gov

AMERICAN
OVERSIGHT

TREAS-20-0568-I -000006

Re: For TFI FO/DepSec: Covid-19 Medical Fraud Advisory

From: "Muzinich, Justin" </o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: (b)(6)@treasury.gov>, (b)(6)@treasury.gov>, (b)(6)@treasury.gov>, (b)(6)@treasury.gov>
Date: Thu, 14 May 2020 21:10:39 -0400

(b)(5) DP Thanks.

From: (b)(6)@treasury.gov>
Date: May 14, 2020 at 9:00:45 PM EDT
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>, (b)(6)@treasury.gov>, (b)(6)@treasury.gov>, (b)(6)@treasury.gov>
Subject: Fwd: For TFI FO/DepSec: Covid-19 Medical Fraud Advisory

Dear Justin,

Attached is a FinCEN Advisory on Medical Scams Related to the Coronavirus. (b)(5) DP

(b)(5) DP

[REDACTED]

Please let us know if this is ok to release once flagged for STM. I think the goal is a Monday release.

Have a goodnight.

(b)(6)

UST_001129

Re: Response to the Draft E.O. on Essential Medicines

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: "McIntosh, Brent" <brent.mcintosh@treasury.gov>
Date: Mon, 18 May 2020 10:16:13 -0400

Thanks. I'll look later today but if u have window w stm before I get to, pls cover — working on few other items and don't want to slow it down.

From: McIntosh, Brent <Brent.McIntosh@treasury.gov>
Date: May 18, 2020 at 9:46:21 AM EDT
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: FW: Response to the Draft E.O. on Essential Medicines

Treasury staff thoughts on this, lightly edited. Note (b)(5) DP

(b)(5) DP



Deliberative and predecisional

From: Muzinich, Justin <Justin.Muzinich@treasury.gov>
Sent: Thursday, May 14, 2020 11:22 AM
To: Secretary Mnuchin [REDACTED] McIntosh, Brent <Brent.McIntosh@treasury.gov>
Subject: FW: Response to the Draft E.O. on Essential Medicines

From: Biegun, Stephen E <BiegunSE@state.gov>
Date: May 14, 2020 at 11:16:49 AM EDT
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>

UST_001130

Subject: FW: Response to the Draft E.O. on Essential Medicines

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Justin, FYI attached are State's remarks on how to make this effort most effective. Steve

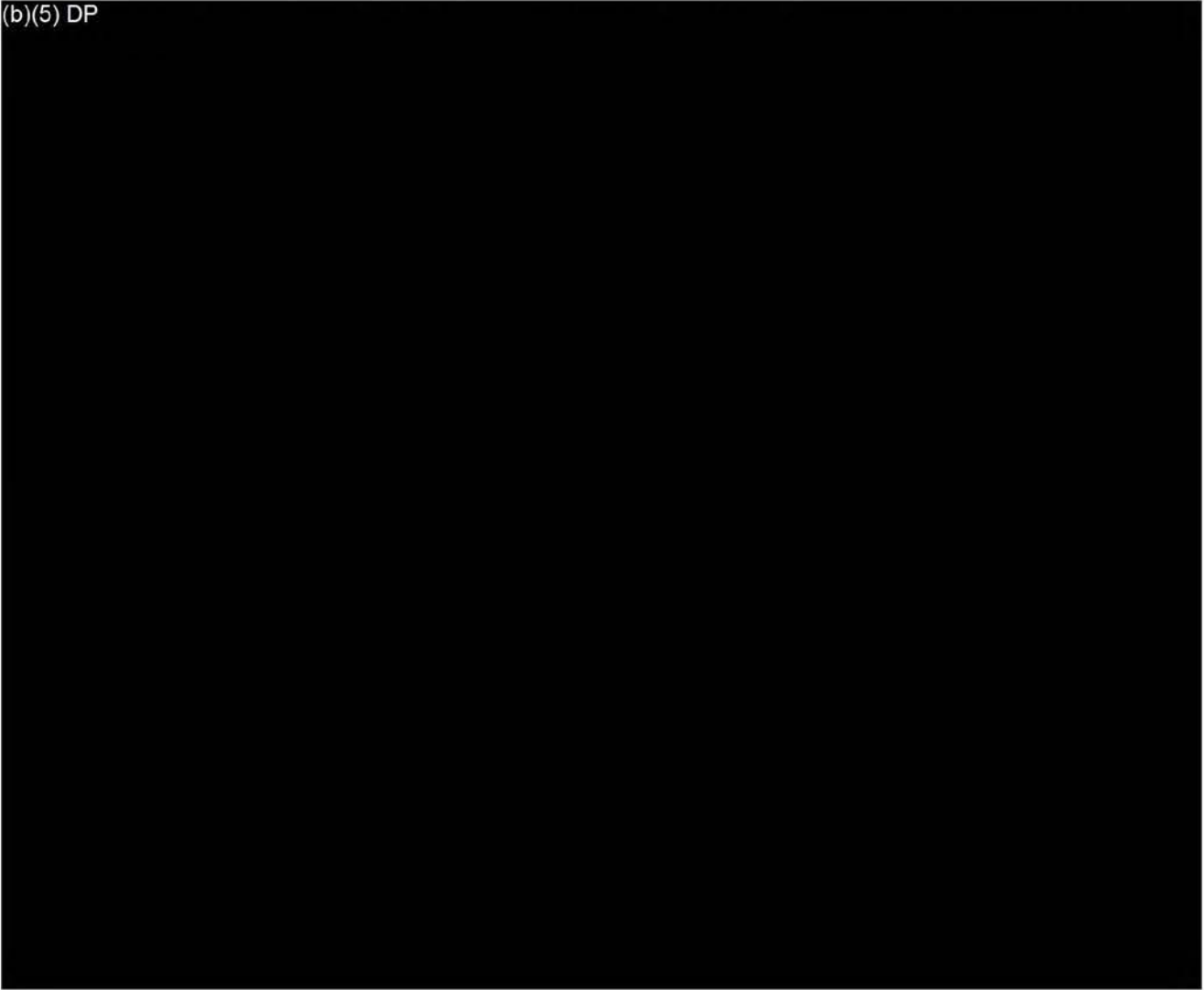
SENSITIVE BUT UNCLASSIFIED

From: Hattingh, Elizabeth F <HattinghEF@state.gov>
Sent: Thursday, May 14, 2020 11:10 AM
To: Davis, Timmy T <davistt@state.gov>
Cc: Biegun, Stephen E <BiegunSE@state.gov>; Nanavatty, Katharine B <NanavattyKB@state.gov>; Wang, Mimi <WangM@state.gov>
Subject: Response to the Draft E.O. on Essential Medicines

Dear Timmy,

Good morning. Thank you for sharing the draft E.O. for review. Please send the Staff Secretary the message below from the Deputy Secretary with the attachment containing State's recommended edits to the E.O.

(b)(5) DP



UST_001131

(b)(5) DP



Thank you,
Stephen Biegun

SENSITIVE BUT UNCLASSIFIED

UST_001132

RE: Covid-19 Guidance Issue

From: "Kautter, David" <"o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Weiser, Carol" <carol.weiser@treasury.gov>, "Morrison, Helen" <helen.morrison2@treasury.gov>
Date: Mon, 18 May 2020 17:44:40 -0400

Thanks

From: Weiser, Carol <Carol.Weiser@treasury.gov>
Sent: Monday, May 18, 2020 3:28 PM
To: Kautter, David <David.Kautter@treasury.gov>; Morrison, Helen <Helen.Morrison2@treasury.gov>
Subject: RE: Covid-19 Guidance Issue

Dave - We will compare notes and get back to you. CAW

From: Kautter, David <David.Kautter@treasury.gov>
Sent: Monday, May 18, 2020 2:07 PM
To: Weiser, Carol <Carol.Weiser@treasury.gov>; Morrison, Helen <Helen.Morrison2@treasury.gov>
Subject: FW: Covid-19 Guidance Issue

Please let me know what you think.

Thanks

Dave

From: Ken Kies <ken.kies@fpgdc.com>
Sent: Monday, May 18, 2020 1:24 PM
To: Kautter, David <David.Kautter@treasury.gov>
Subject: Covid-19 Guidance Issue

**** Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

Assistant Secretary Kautter,

I would like to discuss another "Covid-19 stimulus" issue with you, this time dealing with a provision of the CARES Act.

As you know, section 2301 of the CARES Act provides a tax credit for employers who continue to employ their employees despite their business having been materially harmed by Covid-19 (the so-called "employee retention credit"). You also know that the IRS recently issued non-binding FAQs with respect to how employers can take this provision. Despite the IRS's doubtless good intentions, some of these FAQs were ill-considered. I want to highlight two in particular.

Q&A numbers 30 and 32 introduce several very problematic restrictions on employers being able to take the retention credit. (For ease of reference, a link to these FAQs is: <https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-when-an-employers-trade-or-business-operations-are-considered-to-be-fully-or-partially-suspended-due-to-a-governmental-order-faqs>)

In essence, Q&A number 30 says that if a business is simply deemed an "essential business" then it cannot be treated as being subject to governmental restrictions that have resulted in even a "partial" shutdown of its business. Further, Q&A number 32 holds that for purposes of determining whether a business is partially shut down a governmental order that prevents all of a business's customers from frequenting the business is to be ignored.

In my judgment, these FAQs are not supported by the letter and intent of the CARES Act. In addition, neither seem like the best tax policy. As such, they should be modified or removed. Despite being technically non-binding, they are a powerful "signaling" guidance that is causing many businesses that should be taking the retention credit to not do so.

Q&A 30 plainly goes beyond the literal text of the CARES Act (section 2301 does not mention the term "essential business" or even its concept). The act simply says that a business qualifies if its operations are "fully or partially suspended" as a result of Covid-19 due to governmental orders. Section 2301 describes the relevant orders as ones that "limit[] commerce, travel, or group meetings (for commercial, social, religious, or other purposes). . . ." It is very telling to me that the word "partial" is used, because it contemplates that a business is not be completely suspended but is simply subject to some "suspension."

UST_001133

The text is thereby consistent with the available history for the provision. Senator Cardin's March 25 floor statement on the bill (the only one we could find) notes that he and Ranking Member Wyden worked on creating the retention credit and that it "allows companies that have furloughed workers to bring those workers back and get a credit up to 50 percent of that wage, up to \$10,000, as a tax credit in order to bring back those workers." The focus here is on creating an incentive for employers to employ otherwise unemployed (e.g., "furloughed") workers. Again, the idea of somehow carving out a business solely because it is deemed "essential" is nowhere to be found.

The JCT description of the bill also suggests broad application for the provision. For example, it notes that "a restaurant in a State under a Statewide order that restaurants offer only take-out service meets the governmental order test" and also that "an accounting firm that is in a county where accounting firms are among businesses subject to a directive from public health authorities to cease all activities other than minimum basic operations and that closes its offices and does not require employees who cannot work from home (e.g., custodial employees, mail room employees) to work meets this test." These examples are particularly interesting because according to the influential Cybersecurity & Infrastructure Security Agency ("CISA") guidelines these businesses (*i.e.*, "restaurant carry-out and quick serve food operations" and "public accounting") are both specifically deemed to be "essential businesses" (and were at the time the CARES Act was being drafted). See https://www.cisa.gov/sites/default/files/publications/Version_3.0_CISA_Guidance_on_Essential_Critical_Infrastructure_Works_1.pdf

The key issue with Q&A 30 is that there are a number of "essential" businesses whose operations have been fundamentally constrained ("suspended") by the applicable governmental orders, who continue to pay their workers despite these workers not being capable of working full (or any) hours because of the constraining order. While some of these businesses could independently meet the gross receipts threshold, many would not—despite having very material declines (e.g., the receipts "only" declined 45 percent). The fact that these businesses nonetheless continue to employ workers is precisely the activity that section 2301 wanted to encourage.

With respect to Q&A 32, the exclusion of governmental orders that prohibit customers from frequenting an "essential" business simply goes too far. Such orders clearly "limit[] commerce" by preventing (or materially constraining) customers from being able to consume the goods and/or services that a business offers. Where such orders are relevant, a business is no less "partially suspended" than one that simply cannot open—and these are exactly the types of businesses the retention credit wanted to support where they continue to employ their workers.

There are many significantly impacted businesses that are defined by the CISA guidance as "essential," including, in addition to the two listed above, medical and dental practices, financial services, taxi or car services, various repair businesses (e.g., plumbers, mechanics, etc.), educators (public and private), dry cleaners, residential cleaning services—and so on (the list is many pages).

Notwithstanding a nonbinding designation as "essential," operations for many of these businesses are in fact significantly impacted by the various "stay-at-home" orders such a business faces across the nation, both with respect to its direct operations and also with respect to the ability of its customers to interact with the business. Thus, any such business that continues to pay its employees for not working should be able to claim the retention credit regardless of whether they can meet the gross receipts test.

More broadly, from a policy perspective it makes the most sense for the retention credit to clearly focus on what it's designed for: retaining employees (e.g., so that they don't become a burden on the unemployment insurance system). Making a distinction based solely on whether or not a business is deemed "essential" counteracts this focus because there are many "essential" businesses that have had their operations partially suspended and as a result do not need (or cannot use) the services of certain employees. But-for the retention credit, the business incentives are to furlough these employees (or let them go).

Thank you for your attention to this important matter.

Thanks,

Ken Kies
Managing Director

Federal Policy Group
101 Constitution Avenue N.W.
Suite 701 East
Washington, DC 20001
202-772-2480 main
202-772-2482 direct
202-772-2490 fax
ken.kies@fpgdc.com
<https://hyperlink.services.treasury.gov/agency.do?origin=www.fpgdc.com>

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UST_001134

UST_001135

Fwd: Treasury News Briefing for Tuesday, May 19, 2020

From: "Muzinich, Justin" <"o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: (b)(6)@treasury.gov>
Date: Tue, 19 May 2020 06:48:20 -0400

From: Bulletin Intelligence <Treasury@BulletinIntelligence.com>
Date: May 19, 2020 at 6:07:32 AM EDT
To: TreasuryBulletin <Treasury@BulletinIntelligence.com>
Subject: Treasury News Briefing for Tuesday, May 19, 2020

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iPhone optimized version and searchable archives available at treasury.bulletinintelligence.com.

TO: THE SECRETARY AND SENIOR STAFF

DATE: TUESDAY, MAY 19, 2020 6:00 AM EDT

TODAY'S TABLE OF CONTENTS

Treasury in the News

- Mnuchin Vows To Work On Extending PPP Loan Period As Trump Says Extension "Should Be Easy."
- Oversight Panel: Fed Has Lent Very Little From \$500 Billion Treasury Fund.
- Administration Reportedly Considering Tax Incentives For Companies Pulling Supply Chains Out Of China.
- Treasury To Begin Sending Millions Of Prepaid Debit Cards Loaded With COVID-19 Relief Funds.
- Mnuchin Tells Judge COVID-19 Relief Funds Meant For Tribes Will Go Out By June 5.
- Commentary: Returning Secret Service To Treasury Key Move In Protecting Financial System Against Cyber Threats.
- Mnuchin To Sit For Interview With "The Hill" Editor At Economic Summit.
- Court Rules Treasury Must Refund Excise Taxes To Domestic Companies While Appealing Duty To Do So.
- SCOTUS Declines To Hear Venezuelan Appeal Of Ruling Permitting Seizure Of Citgo Shares.

Leading National News

- Optimism About Potential Coronavirus Vaccine Fuels Optimism, Boosts Stock Markets.
- Trump Says Oil "Is Back."
- Hssett: Administration Prepared To Provide More Coronavirus Aid If Necessary.
- McCarthy Backs Payroll Tax Cut, Criticizes Pelosi's Priorities.
- US Automakers Begin Restarting Assembly Lines.
- Airline Passengers Will See Longer Waits, More Rules As Air Travel Enters New Age.
- J.C. Penny Will Close 242 Locations As Part Of Its Bankruptcy.
- Weekend Mall-Goers Say They Were Eager To Get Out Of The House, Get Taste Of Normalcy.
- Uber To Cut An Additional 3,000 Jobs, Close Three Dozen Offices.
- SoftBank Records Worst Results In Four-Decade History.
- Apple To Require Masks, Temperature Checks As Company Begins Reopening Retail Stores.
- Trump Says He Is Taking Hydrochloroquine Pills.
- Trump Touts WPost A1 Story On Testing Availability Exceeding Demand.
- Azar: Navarro's Comments About CDC Were "Inaccurate And Inappropriate."
- Politico Contrasts White House Precautions With Trump's Optimistic Messaging.
- Verma: Administration Doing All It Can To Protect Nursing Home Residents.
- US Coronavirus Death Toll Exceeds 90,000.
- Azar Says Extended Lockdowns Have "Serious Health Consequences."
- CNN's Collins Takes Shot At Trump After He Calls Her A "Faker" For Removing Her Mask.
- WPost Analysis: Administration Efforts To Address Mask Shortages Were Inadequate.
- Report: Federal Government Ordering Riot Gear In Response To Pandemic.
- Cuomo: Professional Sports Should Be Played Without Live Crowds.
- DeSantis Highlights Florida Reopening Efforts, Defends Unemployment System.

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- Newsom Loosens California's Reopening Rules.
- Whitmer Says Partisan Protests Will Not Change How She Runs Michigan.
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- Texas Governor Reopens Day Care Centers.
- Louisiana's Tourism, Energy Industries Battered By Pandemic.
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- Barr: Durham Investigation Unlikely To Spark Criminal Probes Of Obama, Biden.
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- Baker: FISA Should Prohibit Targeting Of Americans.
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- California To Provide Cash Coronavirus Assistance To Undocumented Immigrants.
- Zoellick Urges US Avoid "New Cold War" With China.
- Illinois Supreme Court Disbars Blagojevich.
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- Pediatricians: Children Should Go Back To School.
- Democrats Tie State IG's Ouster To Saudi Arms Sale Probe.
- Trump Responds To "Loser" Romney's Criticism Of IG Firings.
- Senate Panel To Vote On Ratcliffe Nomination Today.
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- Whitaker: "Pockets" Of Career DOJ Employees Worked To Undermine Trump Agenda.
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- Esper To Deliver "Virtual" Keynote Address As Naval Academy Graduation.
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- Comments From BOE Officials Suggest Openness To Negative Rates.

Leading International News

- WHO To Launch Investigation Of Its Handling Of Pandemic.
- Russia Looks To US For Medical Aid.
- France And Germany Propose \$543 Billion In Emergency EU Spending.
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UST_001137

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- Qatar Threatens Up To Three Years In Prison For Refusing To Wear Mask.
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Housing

- GSEs Looking For Financial Advisors To Assist Recapitalization And Exit From Conservatorship.
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Markets

- 10-Year Yield Rises.
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- Oil Rises.

Cybersecurity

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- Hackers Target Europe's Supercomputers.
- The Cyberspace Solarium Commission Makes Its Case To Congress.
- Disney's Head Of Streaming Is Appointed New TikTok CEO.
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- Bostic Not Inclined To Second-Guess Banks' Lending Choices During COVID-19 Crisis.

Financial Regulatory Agencies

- List: Five Ways CFPB Is Helping Industry Combat Virus' Effects.

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- Otting Discusses OCC's Efforts During Coronavirus Crisis.
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- Banks To Face Margin Pressure This Year And Next.
- Wells Fargo's Tech Chief Talks About Managing Virus Response, Tech Fixes Sought By Regulators.

Editorial Wrap-Up

- New York Times.

- Washington Post.
- Wall Street Journal.

The Big Picture

- Headlines From Today's Front Pages.

Last Laughs

- Late Night Political Humor.

Washington's Schedule

- Today's Events In Washington.

Treasury in the News

Mnuchin Vows To Work On Extending PPP Loan Period As Trump Says Extension "Should Be Easy."

[Reuters](#) (5/18, Mason) reports that during a White House meeting with the National Restaurant Association and restaurant sector executives on Monday, President Trump said that it "should be easy" to extend "the amount of time borrowers in the Paycheck Protection Program have to spend their funds to 24 weeks from the current eight weeks." Trump made the comment after the executives "urged the extension." Reuters adds that Secretary Mnuchin "said he was working on a technical fix to the PPP program that could extend the time frame but it may not be for 24 weeks."

[Bloomberg](#) (5/18, Sink, Fabian, 4.73M) reports President Trump "assured restaurant owners that therapies and a vaccine for the coronavirus and a tax cut would restore their businesses, after they asked him to extend a small-business lending program." Several restaurateurs contended that the Paycheck Protection Program should be extended to help business. Trump "asked Treasury Secretary Steven Mnuchin to investigate making the change," and he noted "an announcement by Moderna Inc. earlier Monday that its experimental vaccine was shown to be safe and to create antibodies in 25 human test subjects." Moreover, the President "mentioned that he has proposed restoring tax deductions for corporate spending at restaurants."

[The Hill](#) (5/18, Gangitano, 2.98M) reports Mnuchin, speaking at the same meeting, "said that the administration is working on expanding the loan period for the Paycheck Protection Program (PPP) to give small businesses more time to spend funds." The piece quotes Mnuchin saying, "I'm not sure it's that long but I've spoken with the SBA committee and there is bipartisan support so we're working on that."

[Politico](#) (5/18, Warmbrodt, 4.29M) reports Trump and Mnuchin "signaled the administration would support giving companies more flexibility in how they use emergency small business loans, amid mounting complaints that restrictions on the aid are too onerous." The attendees at the meeting "urged the president to ease limits on the so-called Paycheck Protection Program." Businesses are "lobbying lawmakers and the administration to give businesses more time to spend the funds as shutdown orders across the country are lasting longer than expected."

The [Washington Post](#) (5/18, Golliver, 14.2M) reports that during the meeting, "Houston Rockets owner Tilman Fertitta expressed optimism that the NBA season will resume this summer while acknowledging that the novel coronavirus pandemic has 'definitely brought [my business] back to earth.'" Fertitta, "the billionaire CEO of Landry's Inc., asked President Trump and Treasury Secretary Steven Mnuchin to 'add a category' to the Paycheck Protection Program for the 'larger private restaurateur' and to 'do something with lease terminations' to provide his company financial relief during the pandemic." The Post says, "A sympathetic Trump referred to Fertitta as a 'friend' and said the businessman's restaurants 'paid me rent for a long time.'" Mnuchin "said qualifying for the PPP was a 'complicated issue.'" Among other news outlets, [CNN](#) (5/18, Vazquez, 83.16M), [Baron's](#) (5/18, Bozelko, Lo, 1.07M), and The [Dallas \(TX\) Morning News](#) (5/18, Benning, 946K) also report.

Majority Of PPP Loans Have Not Been Returned Ahead Of Monday Deadline. The [New York Times](#) (5/18, McCabe, 18.61M) reported on the debate facing companies on whether to return federal aid received through the PPP loan program. The Times notes, "The revelation that big companies got loans intended to help small businesses struggling with the coronavirus has prompted outrage and concern that the government's main program meant for mom-and-pop shops was being undermined. Lawmakers have opened congressional inquiries and demanded firms give the money back, while the Trump administration has tightened eligibility rules for the program and Steven Mnuchin, the Treasury secretary, has threatened to hold firms criminally liable if they did not meet the program's requirements. Mr. Mnuchin has given companies until Monday to decide whether to return their loans without repercussions." Thus far, "at least 61 public and private companies have returned their small-business loans," but the "majority of money extended to public companies has so far not been returned."

[Bloomberg Law](#) (5/18, Brewer, Subscription Publication, 4K) reports, "After it became known that many small-cap public companies, most notably national restaurant chains, had obtained millions in forgivable loans from the U.S. government while genuine mom & pop-type small businesses were shut out, a backlash ensued. Restaurant groups such as Shake Shack (\$10 million) and Ruth's Chris Steak House (\$20 million) have promised to return the money, but certain other companies are vowing to keep it. The Treasury Department has asked publicly traded companies that received these amounts to repay them to the government so that they can be freed up for smaller businesses."

Treasury May Not Be Able To Force Public Companies To Repay PPP Funds. The [Washington Post](#) (5/18, Gregg, 14.2M) reports small business advocates and analysts say that "there are questions about whether the administration can force companies that received money under the initial Paycheck Protection Program to return it, despite the Treasury saying that publicly traded companies

"with substantial market value and access to capital markets" were not the intended recipients. Part of the issue is that an April 6 Treasury regulation said that borrowers and lenders "should rely on the laws, rules and guidance available at the time of the relevant application." The Post casts the issue as illustrating "the chaotic way in which federal bailout programs were thrown together on the fly."

SBA Has Not Made Public Which Businesses Received Loans. The [AP](#) (5/18, Gordon) reports the "small, overlooked" SBA is "shouldering a massive relief effort for the nation's small businesses and their workers left reeling by the pandemic," adding the SBA has "committed to auditing every sizable emergency loan it approves." However, six weeks after the program was launched, "the agency has yet to make public the recipients of taxpayer aid." During a White House event last month with Secretary Mnuchin and SBA Administrator Jovita Carranza, President Trump said, "Our swift action supported or saved 30 million American jobs at least." The AP says a number of "news organizations, including The Washington Post and The New York Times, have sued the SBA in federal court over its not having released the loan data despite several FOIA requests." The news outlets "accuse the agency of violating the FOIA law." However, "Amid the public outcry, Mnuchin recently threatened criminal prosecution and warned companies they must return the money if they falsely certified that they needed federal aid to operate and couldn't get it elsewhere."

Oversight Panel: Fed Has Lent Very Little From \$500 Billion Treasury Fund.

The [AP](#) (5/18, Daly) says that according to the Congressional Oversight Committee, the Treasury Department and Federal Reserve "have lent hardly any money under a \$500 billion fund created by the economic rescue law passed in response to the coronavirus crisis." While the Treasury fund "is being used to guarantee new, expansive Federal Reserve lending programs to companies, states and cities that could be leveraged to reach as much as \$4.5 trillion," so far, "only one of the new Fed programs has started operating, a lending fund likely to be tapped by large public companies." Treasury Secretary Steven Mnuchin "is set to testify along with Powell on Tuesday before the Senate Banking Committee." Mnuchin "says in prepared testimony that the Paycheck Protection Program to provide forgivable loans to small businesses has processed more than 4.2 million loans worth over \$530 billion."

The [New York Times](#) (5/18, A1, Smialek, Rappeport, 18.61M) reports that although the report "was more questioning than critical, it comes as lawmakers and economists are beginning to suggest that the two policymakers at the helm of saving the economy, Treasury Secretary Steven Mnuchin and the Fed chair, Jerome H. Powell, may be proceeding too cautiously." Mnuchin and Powell "have been given buckets of money to gird the economy as the coronavirus lockdowns continue, tanking revenues and heightening the risk of long-term economic damage." The Times says Mnuchin "has resisted taking on too much risk, mindful of the optics involved in bailing out large companies or those already heavily indebted," and has "said he does not expect to lose the money that Congress has handed him to support emergency lending, which could be driving the Fed to be more cautious." While Mnuchin "has said the Treasury could take losses if the economy worsens, his base case scenario is that it will return all \$454 billion."

[Politico](#) (5/18, Guida, 4.29M) reports the panel, which is "charged with supervising hundreds of billions of dollars in emergency lending programs for businesses and municipalities," established a "blueprint on Monday for where it will focus its oversight efforts." The panel "pressed the Federal Reserve and Treasury Department on how they will measure the success of those lending programs – almost none of which have yet started." Although the "massive bailout is a centerpiece of the government's efforts to rescue the economy from the coronavirus crisis, Treasury has not begun lending to airlines and businesses important to national security, though it has received applications."

The [Washington Post](#) (5/18, A1, Werner, 14.2M), [USA Today](#) (5/18, Jansen, 10.31M), [Bloomberg](#) (5/18, Davison, House, 4.73M), [Fox Business](#) (5/18, Henney, 1.73M), [ABC News](#) (5/18, Haslett, 2.97M), and [CQ Roll Call](#) (5/18, Sword, 154K) also report.

Report Says Treasury Has Yet To Disburse \$46B In Aid To Airlines. The [Hill](#) (5/18, Ellis, 2.98M) reports the Treasury Department "has yet to disburse any of the \$46 billion Congress allocated for airlines, according to a congressional oversight report released Monday." The CARES Act "included a special \$46 billion allocation aimed primarily at rescuing airlines. Of that, \$25 billion was for passenger airlines, \$4 billion was for cargo carriers and another \$17 billion was earmarked for businesses 'critical to maintaining national security,' widely seen as money directed at aerospace company Boeing." However, since the CARES Act became law seven weeks ago, "not a single cent has been sent out through that mechanism, the report found." The report said the Treasury Department "has not disbursed any of the \$46 billion it can use to provide loans and loan guarantees to the airline industry and businesses critical to maintaining national security." [Fox News](#) (5/18, Singman, 27.59M) also reports.

Administration Reportedly Considering Tax Incentives For Companies Pulling Supply Chains Out Of China.

[Reuters](#) (5/18, Shalal, Alper, Zengerle) reports US lawmakers and officials "are crafting proposals to push American companies to move operations or key suppliers out of China that include tax breaks, new rules, and carefully structured subsidies." Reuters says interviews "with a dozen current and former government officials, industry executives and members of Congress show widespread discussions underway – including the idea of a "reshoring fund" originally stocked with \$25 billion – to encourage U.S. companies to drastically revamp their relationship with China." President Trump "has long pledged to bring manufacturing back from overseas, but the recent spread of the coronavirus and related concerns about U.S. medical and food supply chains dependency on China are 'turbocharging' new enthusiasm for the idea in the White House."

The [Hill](#) (5/18, 2.98M) reports WPost economic reporter Jeffrey Stein "on Monday discussed White House proposals to cut corporate tax rates for companies that move their supply chains from China." Stein said the notion of a tax incentive "could have bipartisan appeal." Stein "added that White House trade adviser Peter Navarro has drafted an executive order that would require federal agencies to buy supplies manufactured in the U.S., but said the measure 'has languished' on President Trump's desk for weeks, because 'other people ... including Treasury Secretary Steven Mnuchin, have warned the president that China could retaliate by cutting off the existing PPE [personal protective equipment] supply coming into the country.'"

"And then you have sort of a fascinating catch-22, because what Mnuchin and others have said is, we can't take these measures to confront China, because that will lead China to retaliate," he said. "By doing that they're sort of affirming the thesis that we are too dependent on China, that they can cut us off whenever they want."

Treasury To Begin Sending Millions Of Prepaid Debit Cards Loaded With COVID-19 Relief Funds.

[The Hill](#) (5/18, Jagoda, 2.98M) reports the Treasury Department "said Monday that it is starting to deliver nearly 4 million coronavirus relief payments to taxpayers via prepaid debit card, rather than by paper check." The announcement "comes after Treasury Secretary Steven Mnuchin had indicated that the department planned to get some people their payments by sending them debit cards, in an effort to help get people their payments faster." Mnuchin, in a statement Monday, said, "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." [Fox Business](#) (5/18, De Lea, 1.73M) also reports.

Mnuchin Tells Judge COVID-19 Relief Funds Meant For Tribes Will Go Out By June 5.

[Law360](#) (5/18, Westney, Subscription Publication, 8K) reports Treasury Secretary Steven Mnuchin "has told a D.C. federal judge that his department plans to send out the \$3.2 billion it still owes tribal governments under the CARES Act by June 5, nearly six weeks after the law's deadline to distribute the money." The Treasury Department "had been ordered by U.S. District Judge Amit P. Mehta on May 11 to let him know what the Treasury Department's timetable would be to deliver the remaining \$3.2 billion it owes tribes to fight the COVID-19 pandemic, as the judge denied a bid by the Agua Caliente Band of Cahuilla Indians and other tribes to force the department to distribute the money immediately." Mnuchin counselor Daniel Kowalski "said in a declaration accompanying the report that Treasury 'continues to work diligently toward disbursing the remaining \$3.2 billion,' after the department made an initial distribution of \$4.8 billion starting May 5."

Commentary: Returning Secret Service To Treasury Key Move In Protecting Financial System Against Cyber Threats.

In an op-ed in [The Hill](#) (5/18, 2.98M), former senior Treasury official Juan Zarate and Tim Maurer, co-director of the Cyber Policy Initiative at the Carnegie Endowment for International Peace, write, "Moving the US Secret Service from the Department of Homeland Security back to the Department of the Treasury is critically important in the wake of the COVID-19 pandemic." They say Treasury Secretary Steven Mnuchin "highlighted that the move would 'result in efficiencies that will maximize the Secret Service's effectiveness and better equip our government to anticipate and counter sophisticated and evolving threats of tomorrow.'" They contend the Treasury Department "should also seize this moment to build an international coalition to protect the financial sector" from rogue actors like North Korea. They conclude, "Such a process focused on protecting the financial system against cyber threats would build on what the Trump Administration has already done with its inter-agency focus on cyber threats."

Mnuchin To Sit For Interview With "The Hill" Editor At Economic Summit.

[The Hill](#) (5/18, Concha, 2.98M) reports Treasury Secretary Steven Mnuchin "will join The Hill's Editor-in-Chief Bob Cusack for a one-on-one interview Thursday morning as part of the publication's virtual summit exploring efforts to safely reopen the country and restore the nation's economy amid the coronavirus pandemic." The Hill's summit "comes as more governors are reopening their states in various phases, with the economy suffering unemployment levels not seen since the Great Depression." The Hill says Mnuchin "has been the Trump administration's lead negotiator with congressional leaders on coronavirus legislation over the last couple months." The "Advancing the American Economy" summit "will be headlined by the Mnuchin interview and be followed with discussions with leading CEOs and national health experts. Additional speakers will be announced soon. Mnuchin is scheduled to be interviewed at 11 a.m. EDT."

Court Rules Treasury Must Refund Excise Taxes To Domestic Companies While Appealing Duty To Do So.

Behind a paywall, [Law360](#) (5/18, Subscription Publication, 8K) reports the Treasury Department "must continue refunding excise taxes paid by domestic companies on imported goods while appealing its duty to pay the refunds, the U.S. Court of International Trade has said." The CIT, "in rejecting a request by Treasury to stay the court's January decision in favor of U.S. companies in a refunds dispute, said Friday that Treasury has a poor chance of winning an appeal." The court "previously sided with the National Association of Manufacturers in its suit, filed on behalf of domestic companies in April 2019, challenging the tax aspects of regulations from U.S. Customs and Border Protection and Treasury."

SCOTUS Declines To Hear Venezuelan Appeal Of Ruling Permitting Seizure Of Citgo Shares.

[Reuters](#) (5/18, Cohen) reports the Supreme Court on Monday "declined to hear Venezuela's appeal of a lower court ruling allowing Canadian gold mining company Crystallex to seize shares in U.S. refiner Citgo to collect on an unpaid arbitration award." The decision means "a 3rd U.S. Circuit Court of Appeals ruling from last year that Crystallex could seize the shares in Citgo would stand." The ruling "marked a setback to Venezuelan opposition leader Juan Guaido, who is recognized as the country's interim president by the United States and dozens of other countries and has focused on protecting PDVSA's overseas assets from seizure by creditors or possible sale by President Nicolas Maduro." However, Crystallex "still faces obstacles in its quest to seize Citgo shares" because the Treasury Department, "which sanctioned PDVSA last year as part of the Trump administration's efforts to oust Maduro, has said claimants against Venezuela

Leading National News

Optimism About Potential Coronavirus Vaccine Fuels Optimism, Boosts Stock Markets.

Media reports, including segments on all three network newscasts, sounded a cautiously optimistic note on Massachusetts biotech firm Moderna's coronavirus vaccine test. As [NBC Nightly News](#) (5/18, lead story, 2:30, Holt, 7.19M) put it in its lead story last night, "Hope is a powerful elixir for a coronavirus-weary nation, and...the early success of a potential vaccine, the first to be tested in humans, is raising that hope and generating a wave of optimism." Scientists, however, are "quick to point out there is still a long way to go, that the results are preliminary, yet acknowledging it's an important step."

Likewise, the [New York Times](#) (5/18, Grady, 18.61M) says "early results from a handful of test subjects may not seem like much to go on, but the world is desperate for good news." The [CBS Evening News](#) (5/18, story 2, 2:10, Lapook, 5.14M) reported, meanwhile, that Moderna's "announcement fueled optimism because all 45 people who received the trial vaccine from Moderna developed antibodies to coronavirus." Dr. Tal Zaks of Moderna Therapeutics was shown saying, "We had been hoping and anticipating for this day. Based on the experience that we've had with our platform, we anticipated that we should be generating an immune response and the right kind of immune response, but seeing the actual data is very reassuring." [ABC World News Tonight](#) (5/18, story 3, 2:45, Osunsami, 8.72M) said "it's the break the whole world has been hoping for," but went on to show Dr. Todd Ellerin, Director of Infectious Diseases at South Shore Health, saying, "The fact that the Moderna vaccine has been shown to be safe and generate a robust immune response is very promising. But now it has to be proven in larger numbers."

[Breitbart](#) (5/18, Spiering, 673K) reports the President "voiced optimism about the testing results," saying, "It's incredible what they can do, and I've seen results and the results are staggeringly good." HHS Secretary Azar, meanwhile, was asked on [Fox News' America's Newsroom](#) (5/18, 896K) how confident he is that the Moderna vaccine could be "the game changer that could lead us to a vaccine by end of year." Azar said, "Some very promising data showing the vaccine provokes what are called neutralizing antibodies that attack the virus. Just really important advance and we are going to be putting other big bets on other vaccines so we are not going into battle with just one shot."

The [AP](#) (5/18, Marchione) recounts that "study volunteers given either a low or medium dose of the vaccine...had antibodies similar to those seen in people who have recovered from COVID-19." The AP adds that "in the next phase of the study, led by the U.S. National Institutes of Health, researchers will try to determine which dose is best for a definitive experiment that they aim to start in July." The [New York Times](#) (5/18, 18.61M) indicates that Zaks said "if those trials go well, a vaccine could become available for widespread use by the end of this year or early 2021." The [Wall Street Journal](#) (5/18, Grossman, Subscription Publication, 7.57M), [Politico](#) (5/18, Owemohle, 4.29M) and [Bloomberg](#) (5/18, 4.73M), among other news outlets, also cover Moderna's announcement. In an editorial, the [Wall Street Journal](#) (5/18, Subscription Publication, 7.57M) hails Moderna's steps toward developing a vaccine – even as it cautions against declaring victory before all the needed testing has been completed.

Under the headline, "US Stocks Rally On Hopes For Vaccine And Economic Recovery," the [AP](#) (5/18) reports that the US stock market "bounced back from its worst week in nearly two months...as optimism about a potential vaccine for the coronavirus and hopes for a US economic recovery in the second half of the year put investors in a buying mood." The S&P 500 "climbed 3.2%, its best day since early April," which "erased all of its losses from last week," but it is "still down 12.8% from its all-time high on February 19." The Dow Jones Industrial Average "climbed 911.95 points, or 3.9%, to 24,597.37," and the Nasdaq "rose 220.27 points, or 2.4%, to 9,234.83."

The [Washington Post](#) (5/18, Telford, 14.2M) also reports "a 'triple whammy' of good news – led by promising results from a coronavirus vaccine trial – buoyed investors Monday, powering Wall Street to strong across-the-board gains." Investors also "found comfort in comments made by Federal Reserve Chair Jerome H. Powell during a '60 Minutes' interview on CBS broadcast Sunday," in which "he said the central bank is 'not out of ammunition by a long shot' in its economic arsenal." [USA Today](#) (5/18, Menton, 10.31M) similarly notes the stock numbers under the headline "Stocks Rebound As Positive Moderna Vaccine Trial Boosts Optimism For Economic Recovery," while [Axios](#) (5/18, Brown, 521K) says the stock market had "its best day since early April." The [Wall Street Journal](#) (5/18, Ping, Subscription Publication, 7.57M), among other news outlets, also reports the story.

Under the headline "'Very Positive Day': US Turns Corner In Coronavirus Recovery," the [Washington Times](#) (5/18, Boyer, Howell, Sherfinski, 492K) reports "Monday was perhaps the most hopeful day yet of the COVID-19 outbreak in the US, as a Massachusetts biotech company reported a promising vaccine trial, stocks rallied on the news, every state but one was reopening for business, Detroit's Big Three automakers restarted factories and Delta Air Lines announced it will resume flights for several major routes next month."

US Government Had "Placed A Big Bet On Moderna"; Fauci Involved In Clinical Trials. [Reuters](#) (5/18, Steenhuisen, Joseph) reports that the announcement "lifted shares of Moderna by 20%." According to Reuters, "The U.S. government in April placed a big bet on Moderna, backing its vaccine with \$483 million from the Biomedical Advanced Research and Development Authority (BARDA), a part of the US Department of Health and Human Services (HHS). The company said that grant will enable it to supply millions of doses per month in 2020 and, with further investments, tens of millions a month in 2021 if the vaccine proves successful."

The [New York Times](#) (5/18, Grady, 18.61M) reports that Moderna "produced the vaccine in collaboration with the National Institute of Allergy and Infectious Diseases, the institute led by Dr. Anthony Fauci, which has been leading the clinical trials."

Azar said on [Fox News' America's Newsroom](#) (5/18, 896K), "President Trump is leading Operation Warp Speed, which is going to put bets on several vaccines. This one, the Moderna vaccine, was actually invented here at NIH and within eight weeks, we brought that to the clinical trials. It is really historic."

Moderna Director Recently Joined "Operation Warp Speed." The [Washington Post](#) (5/18, Johnson, 14.2M) reports that

on Sunday, one of Moderna's directors, Moncef Slaoui, "stepped down from the board to become chief scientist for Operation Warp Speed, a White House initiative to speed up vaccine development." The Post reports that SEC filings "show Slaoui's stock options in Moderna are worth more than \$10 million," but Slaoui "will divest his Moderna stock holdings, effective Tuesday morning, according to a spokeswoman for the Department of Health and Human Services," and "will donate the value the Moderna stock gained since Thursday, before the announcement of his position leading Operation Warp Speed, to cancer research."

Gidley: Vaccine Development Unfolding On "Trump-Time," Not "Bureaucratic Time." White House principal deputy press secretary Hogan Gidley cautioned on the [Lars Larson Show \(Radio\)](#) (5/18), "We are still off from a vaccine. We don't know how long it is going to take. But we are moving faster than ever before. The President's leadership has really put people on that 'Trump-time' we always talk about, not government bureaucratic time. So, it looks really good. Optimism is something that this President is all about." Gidley was also interviewed on [The Larry O'Connor Show \(Radio\)](#) (5/18).

Trump Says Oil "Is Back."

In a [tweet](#) Monday morning, President Trump declared, "OIL (ENERGY) IS BACK!!!!"

Hassett: Administration Prepared To Provide More Coronavirus Aid If Necessary.

[Reuters](#) (5/18, Heavey) reports that White House economic adviser Kevin Hassett told [CNBC's Squawk Box](#) (5/18), "We are still off from a vaccine. We don't know how long it is going to take. But we are moving faster than ever before. The President's leadership has really put people on that 'Trump-time' we always talk about, not government bureaucratic time. So, it looks really good. Optimism is something that this President is all about." Hassett also said "that the administration understood state and local governments were hurting during the outbreak and that Trump previously has said he was open to additional funding for costs related to the pandemic."

[The Hill](#) (5/18, Chalfant, 2.98M) reports that Hassett told reporters Monday "that a fourth stimulus package may not be needed." Hassett said, "I think it's possible that we will see a strong-enough economy that we don't need a phase four." Hassett "said the administration is currently in a 'wait and see' mode to assess the full impact of previous stimulus legislation on the U.S. economy before resuming formal talks on a fourth package."

McCarthy Backs Payroll Tax Cut, Criticizes Pelosi's Priorities.

House Minority Leader McCarthy was asked on [Fox News' Fox & Friends](#) (5/18, 831K) about the potential for a payroll tax cut to stimulate the economy. McCarthy said, "That would help and keep more money in individual's pockets. It would help business." McCarthy added, "We've been able to...save more than 30 million jobs even though the Speaker, every single time we went to move a bill, held it up. ... The reasons why Speaker Pelosi held up the CARES bill that dealt with unemployment, gave the small businesses the loans, was able to give the state and the hospitals money, she held it up because she wanted to change election law. She wanted to focus on cannabis."

US Automakers Begin Restarting Assembly Lines.

[Reuters](#) (5/18, Klayman) reports that "after a two-month coronavirus lockdown," the "Detroit Three automakers and their suppliers began restarting assembly lines on Monday" in "a slow revival of a sector that employs nearly 1 million people in the United States." Fiat Chrysler Automobile, General Motors Co, and Ford Motor Co have been "preparing for weeks to reopen their North American factories in a push to restart work in an industry that accounts for about 6% of U.S. economic activity."

[ABC World News Tonight](#) (5/18, story 4, 2:20, Pilgrim, 8.52M) reported that "more than 130,000 auto workers back on the job for the first time in eight weeks, some with mixed feelings." Unidentified Speaker: "We shouldn't be here. It's not fair." The [AP](#) (5/18, Long) says the Big Three automakers "as well as Honda and Toyota all had screening procedures in place at the dozens of factories that reopened from the Great Lakes states south to Tennessee and Texas and out west at Tesla's factory near the San Francisco Bay."

An [NBC Nightly News](#) (5/18, story 4, 2:30, Holt, 7.19M) report focused on Ford, which "called 59,000 workers back to nine plants" Monday morning. NBC (McFadden) added that "keeping the assembly line running requires parts, many of those parts made in Mexico, where some factories are struggling to reopen. The financial pressures on all the auto makers to reopen is massive. Ford poised to report \$5 billion in losses."

Lawmakers Say Auto Industry Could Need Federal Aid. [Politico](#) (5/18, Rodriguez, 4.29M) reports that while auto plants are resuming operations, it is "unclear whether production and consumer demand will ramp up enough for them to survive without federal aid." Politico says "the auto industry has refrained from asking the Trump administration or Congress for aid during the coronavirus pandemic, but the decline in auto production and sales has caught the attention of lawmakers on Capitol Hill." Last week, a "bipartisan group of more than 50 lawmakers from car-producing states...put Congress on notice that the auto industry, which was left out of House Democrats' \$3 trillion stimulus, will need economic help as part of future pandemic relief packages." According to "auto industry sources in touch with lawmakers," their main focus "is to build demand for autos, which could come from offering some form of incentives for Americans to buy a new car."

Airline Passengers Will See Longer Waits, More Rules As Air Travel Enters New Age.

The [Wall Street Journal](#) (5/18, Sider, Katz, Cherney, Subscription Publication, 7.57M) reports that air travel in the US is entering a new age as airports and airlines roll out new measures in response to the coronavirus. Many are rolling out temperature checks and thermal scans and are requiring face masks. In addition, passengers could experience longer waits due to fewer flights, more layovers, and more rules, including for using the bathroom and when and how passengers can enter and exit planes. The Journal adds that the Trump Administration is planning to begin temperature checks conducted by the TSA at some airports.

J.C. Penny Will Close 242 Locations As Part Of Its Bankruptcy.

[USA Today](#) (5/18, Tyko, 10.31M) reports J.C. Penny said it plans to close 242 locations – approximately 29 percent of its 846 stores – between the current fiscal year and next fiscal year. The announcement comes days after the company filed for bankruptcy and will leave the retailer with 604 remaining locations. J.C. Penny said in an SEC filing, “The approximately 604 future fleet represent the highest sales-generating, most profitable, and most productive stores in the network.”

Weekend Mall-Goers Say They Were Eager To Get Out Of The House, Get Taste Of Normalcy.

The [Wall Street Journal](#) (5/18, Nassauer, McWhirter, Findell, Subscription Publication, 7.57M) visited three shopping malls in Texas, Ohio, and Georgia over the weekend to gauge consumer interest in brick-and-mortar shopping during the coronavirus. The Journal reports that dozens of shoppers said they were eager to leave their homes and get a feel for normalcy. While some mall workers expressed feelings of anxiety, the Journal observed mask wearing, individual store rules, and food court and bathroom precautions aimed to keep people healthy.

Uber To Cut An Additional 3,000 Jobs, Close Three Dozen Offices.

The [Wall Street Journal](#) (5/18, Rana, Subscription Publication, 7.57M) reports Uber said on Monday that it will cut an additional 3,000 jobs, close three dozen offices, and reevaluate investments in areas such as freight and self-driving technology. Chief Executive Dara Khosrowshahi said in a note to employees, “We’re seeing some signs of a recovery, but it comes off of a deep hole, with limited visibility as to its speed and shape.” Uber’s rides business in April was down 80 percent from the same time last year.

SoftBank Records Worst Results In Four-Decade History.

The [Wall Street Journal](#) (5/18, Dvorak, Subscription Publication, 7.57M) reports SoftBank Group recorded its worst results in the company’s four-decade history. The company said its Vision Fund posted an investment loss of almost \$17 billion in the fiscal year ended in March, \$10 billion of which was in the January-March quarter. In addition, SoftBank said Alibaba co-founder Jack Ma will step down from SoftBank’s board after 13 years following SoftBank’s continued paring of its Alibaba stake. SoftBank Chief Executive Masayoshi Son said the Vision Fund is now underwater and has little chance of recovery in the near future.

Apple To Require Masks, Temperature Checks As Company Begins Reopening Retail Stores.

The [Washington Post](#) (5/18, Lerman, 14.2M) reports that Apple is planning to enforce strict social distancing guidelines in its retail stores as the company reopens 100 of its stores globally, Apple retail and HR chief Deirdre O’Brien said. Apple will put a cap on the number of people allowed inside its stores to ensure six feet between everyone. In addition, the company will require masks and check customers’ temperatures before they enter. Apple said customers may have to wait in line if the store reaches capacity.

Trump Says He Is Taking Hydrochloroquine Pills.

The [New York Times](#) (5/18, 18.61M) reports President Trump indicated yesterday that he “has been taking hydroxychloroquine, an antimalarial drug whose effectiveness against the coronavirus is unproven, for about a week and a half as a preventive measure, saying he had no symptoms of Covid-19. ‘All I can tell you is, so far I seem to be OK,’ he said, explaining that he takes a daily pill.” The Times adds that hydroxychloroquine and chloroquine are “widely used to treat virus patients despite the lack of evidence that they work.” Trump is quoted as saying, “There is a very good chance that this has an impact, especially early on. ... I’m not going to get hurt by it ... Front-line workers take it. A lot of doctors take it. I take it.” [USA Today](#) (5/18, Subramanian, Fritze, 10.31M) quotes Trump as saying, “I hope to not be able to take it soon because I hope that they come up with some answer. But I think people should be allowed to.”

[The Hill](#) (5/18, Samuels, 2.98M) reports “Trump said he consulted with the White House doctor about taking the drug, but it was not recommended for him.” Said Trump, “I asked him what do you think. He said, ‘Well if you’d like it.’ I said, ‘Yeah I’d like it. I’d like to take it.’”

[Axios](#) (5/18, 521K) reports “Rick Bright, the former head of a key government vaccine agency, testified last week that he believes he was ousted from his position because of his resistance to promoting hydroxychloroquine, which has long been touted by Trump and his allies in conservative media.” The [New York Post](#) (5/18, Fredericks, 4.57M) says “Trump was responding to a question about...Bright” when he made the disclosure.

[NBC Nightly News](#) ²⁴ (5/18, story 2, 2:25, Holt, 7.19M) referred to an “astonishing disclosure” by Trump, and went on (Welker) to report the “stunning news” that he is taking the “controversial medicine” that he “has touted as a potential treatment for coronavirus, despite limited evidence to back that up, and research showing potentially dangerous side effects.” Added NBC, “We have asked for more details and documentation, but still no response from the White House.”

In its lead story, [ABC World News Tonight](#) ²⁴ (5/18, lead story, 4:50, Muir, 8.52M) reported that Trump’s words “led to immediate questions about why he’s taking it, with the FDA warning,” and added (Karl) that “the announcement came out of the blue” and “in response to a totally unrelated question.” The [CBS Evening News](#) ²⁴ (5/18, lead story, 4:10, O’Donnell, 5.14M) also led with the story, reporting that “just last month, the FDA warned doctors about the risks of using that drug on coronavirus patients, including serious heart problems and said it had not been shown to be safe or effective.” Trump “says he’s been taking it for about a week and a half,” which was “around the same time two White House aides, including the valet who serves his lunch, tested positive. And as we come on the air tonight, more than 1.5 million others have also tested positive nationwide. And more than 90,000 people have been killed right here in the US.” CBS showed Dr. William Schaffner of the Vanderbilt University Medical Center saying, “There is no real indication, no evidence base for the use of hydroxychloroquine as a preventative of COVID-19. I think doctors ought to not be prescribing this medication to people across the country.”

for this purpose."

On [ABC World News Tonight](#) (5/18, story 2, 0:45, Muir, 8.72M), chief medical editor Dr. Jen Ashton also said that "according to the FDA, hydroxychloroquine and chloroquine have not been shown to be safe and effective for treating or preventing COVID-19. So in keeping with evidence-based medicine since there may be some risk, there's no data at this time to support its use for prevention."

[USA Today](#) (5/18, Behrmann, 10.31M) reports that "soon after" Trump's announcement, "'Flintstone Vitamins' began trending on Twitter," but "many doctors, journalists and politicians issued stern warnings after the president's revelation." The [Washington Post](#) (5/18, Sonmez, Olorunnipa, 14.2M) also points out "clinical trials, academic research and scientific analysis indicate that the danger of the drug is a significantly increased risk of death for certain patients, particularly those with heart problems." Trump "dismissed those concerns, saying he has heard about the drug's benefits from doctors and others he has spoken with."

[Townhall](#) (5/18, Vespa, 177K) predicted "there's going to be liberal media hysterics. You know it's coming. Right now, the halls of MSNBC, especially that of the Rachel Maddow show, are cooking up some InfoWars-lite conspiracy theory about Trump possibly having it and covering it up." Asked Townhall, "Why did Trump do this? Well, one could see him trolling for a liberal media freak out. He knows they overreact, overreach, or in the end, get stories dead wrong about his administration." The [Daily Caller](#) (5/18, Datoc, 716K), among other news outlets, also reports the story.

White House Physician Stands By Decision To Prescribe Drug To Trump. The [Washington Examiner](#) (5/18, Dibble, 448K) reports that "Sean Conley, the chief White House physician, confirmed that the president has been taking the drug following an outbreak of the coronavirus within the White House." Said Conley, "As has been previously reported, two weeks ago one of the President's support staff tested positive for COVID-19. The President is in very good health and has remained symptom-free. He receives regular COVID-19 testing, all negative to date. ... After numerous discussions he and I had regarding the evidence for and against the use of hydroxychloroquine, we concluded the potential benefit from treatment outweighed the relative risks."

Pelosi: "Morbidly Obese" Trump Should Not Take Hydroxychloroquine. The [Washington Times](#) (5/18, Morton, 492K) reports Speaker Pelosi "referred to...Trump as 'morbidly obese' during an appearance Monday night on CNN and said he shouldn't be taking hydroxychloroquine to stave off coronavirus." Pelosi "made the [remark](#)" in an appearance on Anderson Cooper 360' during which she was asked about Mr. Trump's taking the drug hydroxychloroquine, which he'd revealed earlier in the day." The [Washington Examiner](#) (5/18, Dibble, 448K) quotes Pelosi as saying, "As far as the president is concerned, he's our president, and I would rather he not be taking something that has not been approved by the scientists, especially in his age group and in his, shall we say, weight group. Morbidly obese, they say. ... So, I think it's not a good idea."

Cavuto Slams Trump's Decision. After Trump announced he is taking hydroxychloroquine, Neil Cavuto said on [Fox News](#), "The President of the United States just acknowledged that he's taking hydroxychloroquine. ... The President insisted that it has enormous benefits for patients either trying to prevent or already have COVID-19. The fact of the matter is, though, when the President said, what have you got to lose, in a number of studies, those certainly vulnerable, the population have one thing to lose, their lives." Cavuto added that "whatever benefit the President says this has – and certainly has had for those suffering from malaria, dealing with lupus – this is a leap that should not be taken casually by those watching at home or assuming, 'well, the President of the United States says it's okay,'".

Later Monday, Trump retweeted a [post](#) from a Twitter user criticizing Cavuto's comments. Trump [wrote](#), "@FoxNews is no longer the same. We miss the great Roger Ailes. You have more anti-Trump people, by far, than ever before. Looking for a new outlet!"

Trump Slams "Dumb" 60 Minutes "Hit Job On A Grandstanding Never Trumper." The President also took to [Twitter](#) yesterday to write, "So the so-called HHS Whistleblower was against HYDROXYCHLOROQUINE. Then why did he make, and sign, an emergency use authorization? @NorahODonnell said, 'He shared his concerns with a reporter.' In other words, he LEAKED. A dumb @60Minutes hit job on a grandstanding Never Trumper!"

Trump Touts WPost A1 Story On Testing Availability Exceeding Demand.

President Trump [tweeted](#) yesterday, "Wow! The Front Page @washingtonpost Headline reads, 'A BOOST IN TESTS, BUT LACK OF TAKERS.' We have done a great job on Ventilators, Testing, and everything else. Were left little by Obama. Over 11 million tests, and going up fast. More than all countries in the world, combined." Trump was referring to [this story](#) on yesterday's WPost.

Azar: Navarro's Comments About CDC Were "Inaccurate And Inappropriate."

[Politico](#) (5/18, Goldberg, 4.29M) reports that HHS Secretary Azar on Monday "rebuked" White House trade adviser Navarro, "who blamed the CDC for early coronavirus testing problems." On Sunday, Navarro charged that the CDC "really let down the country." According to Politico, Azar "conceded...that the CDC's initial test was problematic, but he contended it didn't set back the coronavirus response."

Azar appeared on [Fox News' America's Newsroom](#) (5/18, 896K) and discussed White House economic adviser Navarro's comments about the CDC. Azar said, "The comments regarding CDC are inaccurate and inappropriate. The CDC had one error, which was in scaling up the manufacturing of the tests that they had developed. There was a contamination that didn't affect the accuracy of the test, just led to inconclusive results. They fixed that within weeks and got it out. That was never going to be the backbone of testing in the US."

The [Washington Examiner](#) (5/18, Leonardi, 448K) says Azar "emphasized the need for the private sector to collaborate with the federal government on testing kits for COVID-19." He said, "What we need is the private sector to develop the tests. The Abbotts, the Roches, the Thermo Fishers, get them in the market."

Politico Contrasts White House Precautions With Trump's Optimistic Messaging.

[Politico](#) (5/18, Cook, 4.29M) reports that as President Trump "urges businesses across the country to reopen and Americans to return to work, he and his administration are projecting a sense of normal." Politico says the President is "spending the week meeting with governors

and restaurant executives at the White House," and Vice President Pence "will travel to Florida to meet with Gov. Ron DeSantis and deliver personal protective equipment to a nursing home." On the other hand, Politico says "Trump's own top staffers are increasingly working from home," and the White House has "started to schedule more meetings by teleconference after two staffers tested positive for Covid-19." Politico adds that "even the White House mess, where staffers grab lunch and coffee, has shut down and is open only through the take-out window." The [Washington Examiner](#) (5/18, Doyle, 448K) provides similar coverage, citing the Politico report.

Verma: Administration Doing All It Can To Protect Nursing Home Residents.

CMS Administrator Verma said on [Fox News The Story](#) (5/18) that the Administration "started very early in making sure that we were doing everything we can to keep nursing home residents safe." Verma added that "we recognized that nursing homes were going to be vulnerable and we put out a series of guidance and recommendations to our nursing homes. We also have been working with state and local officials, just to level set the responsibility and oversight of both the federal and state government." Verma added, "One of the things that we called on weeks ago is a call to action for state and local leaders to emphasize and to work with nursing facilities to make sure that they had access to testing. One of the things we did on the federal level was to increase reimbursement for testing and actually for the first time pay for labs to go out to nursing homes to collect samples."

US Coronavirus Death Toll Exceeds 90,000.

[The Hill](#) (5/18, Weixel, 2.98M) reports that according to Johns Hopkins data, the US death toll from the coronavirus has exceeded 90,000 people, which is "by far the largest in the world, though numbers from China have been met with skepticism." The total of 90,312 "also far surpasses the number of people who died due to seasonal influenza this year, which the Centers for Disease Control and Prevention estimates is 62,000 over a period of about six months."

Meanwhile, the [CBS Evening News](#) (5/18, story 10, 1:45, O'Donnell, 5.14M) reported, "Researchers estimate that more than 272,000 Americans have recovered from the coronavirus."

Washington County Finds "Probable" COVID-19 Cases Dating Back To December. The [Washington Times](#) (5/18, Richardson, 492K) reports that Snohomish County, Washington "has found two 'probable' cases of COVID-19 that date back to December, marking what may be the first time that the devastating illness has been traced in the United States before Jan. 1, before the Chinese government alerted the World Health Organization to the virus's existence on Dec. 31." Snohomish County health officer Dr. Chris Spitters said at a Friday press briefing, "I think it's reasonable to assume given the reports like the ones that we had and others around the country that the introduction may have occurred prior to mid-January, as we initially suspected." The Times adds, "From a public health perspective, the earlier the disease's date of U.S. onset, the greater the number of Americans who have likely been infected with the contagion. That would suggest that the disease is far more prevalent as well as less deadly than previously feared."

Azar Says Extended Lockdowns Have "Serious Health Consequences."

HHS Secretary Azar said on [Fox News' America's Newsroom](#) (5/18, 896K), "There are very serious health consequences from being locked down for extended periods. We've seen reductions in cardiovascular procedures. We have seen increases in suicide risk. We have seen reductions in cancer screenings and pediatric vaccinations. These are real and significant health consequences and we have got to balance that against the health benefit of stay at home. We believe thanks to the President's historic response that we can get back to work and back to school with appropriate mitigating steps to resume our lives and resume the great and important work of our economy."

Gidley: Shutdown Could Kill More People Than The Virus. White House principal deputy press secretary Hogan Gidley said on the [Lars Larson Show \(Radio\)](#) (5/18) that there are "studies coming out saying the shutdown itself could actually kill more people than the virus because of depression and anxiety and suicide and also not going in for your regular cancer screenings and heart check-ups and all that type of stuff. So, this thing is going to be long lasting in this society and this can end in this country for a while but together we can beat it." Gidley was also interviewed on [The Larry O'Connor Show \(Radio\)](#) (5/18).

CNN's Collins Takes Shot At Trump After He Calls Her A "Faker" For Removing Her Mask.

The [Washington Times](#) (5/18, Chasmar, 492K) reports that CNN White House correspondent Kaitlan Collins "fired back" at the President after he [tweeted](#) that she was a "faker" for removing her mask at the end of Friday's press briefing. The President's tweet followed a [tweet](#) from his son, Eric, which included a video showing Collins "removing her mask within seconds of White House press secretary Kayleigh McEnany leaving the press briefing room." Collins "slammed the president for focusing on her despite the ongoing coronavirus pandemic and clarified that she only pulled her mask down for 'six seconds.'" Collins [tweeted](#) late Sunday, "Nearly 90,000 Americans have been killed by coronavirus, and the president is tweeting about me pulling my mask down for six seconds on Friday."

WPost Analysis: Administration Efforts To Address Mask Shortages Were Inadequate.

The [Washington Post](#) (5/18, Butler, Eilperin, Hamburger, 14.2M) reports that while the federal government has taken steps to address mask shortages, emergency management experts "say the efforts were distressingly inadequate." The Trump Administration "ignored early warnings that it needed to shore up its stockpile of masks and other personal protective equipment and has fallen behind several other Western nations in the race to secure them, documents and interviews show." Stephen Morse, an epidemiologist at Columbia University, is quoted saying, "The lack of preparation and coordination has been appalling. ... In past disasters, the federal government, with its enormous buying power, took the lead in procurement." He added, "This time, federal inaction forced states into competing with each other for these scarce products."

Report: Federal Government Ordering Riot Gear In Response To Pandemic.

The [New York Post](#) (5/18, Jacobs, 4.57M) reports that "multiple disclosures" show that the federal government "has been making expedited orders for riot gear, gas masks and other police-related equipment in response to the coronavirus pandemic." A [report](#) from The Intercept says two purchase orders made by the Department of Veterans Affairs "show requests for gas masks, disposable cuffs, ballistic helmets and riot gloves, as well as protective equipment to be used by federal police guarding VA facilities." The orders "are marked as emergency acquisitions as a result of President Trump's national emergency declaration." They "also mark that each were made under a special authorization 'in response to Covid-19 outbreak.'" In addition, the VA "offered federal contracts for coronavirus-related security services, mostly in the form of guards or personnel for outside some of the nearly 1,500 health care facilities the agency operates nationwide, according to the site."

Cuomo: Professional Sports Should Be Played Without Live Crowds.

[CNBC](#) (5/18, Higgins-Dunn, 3.62M) reports that New York Gov. Andrew Cuomo (D) said Monday that "he's asked major league sports teams to start planning to reopen or start their seasons without fans." CNBC adds, "While the stadiums aren't allowed to have fans, he said the games could still be televised. Cuomo said he believes whether sports franchises choose to return will depend on if they're able to make money without fans, which is a sport-by-sport determination."

DeSantis Highlights Florida Reopening Efforts, Defends Unemployment System.

The [Pensacola \(FL\) News Journal](#) (5/18, Anderson, 170K) reports that in Florida Monday, "gyms, libraries and museums were allowed to welcome people again at 50% occupancy while retail establishments and restaurants expanded from 25% to 50% capacity." Gov. Ron DeSantis (R) said in a press conference, "I'm just looking forward to helping bring us back. ... Obviously we still have issues with public health; that's not going to go away, but I think we have a pathway to get Florida moving again." DeSantis also "offered a forceful defense...of the state's efforts to improve the unemployment compensation system for those who remain sidelined by coronavirus-induced layoffs." He "said the vast majority of eligible applicants have now been paid and suggested that many who aren't receiving unemployment checks did not properly fill out the application or are ineligible."

[NBC Nightly News](#) (5/18, story 3, 2:10, Holt, 7.19M) reported that "what leaders hope will not be a trend, a full on flouting of social distancing. This block party outside Orlando teaming with 3,000 people." In Miami Beach, "it's a soft launch on stores this week, and restaurants next. But access to the pristine beaches here are still off limits for the time being. The crowned jewel of the tourism industry that generates \$18 billion a year for the county is bare, with no reopen in sight."

Newsom Loosens California's Reopening Rules.

The [Los Angeles Times](#) (5/18, Myers, Luna, Willon, 4.64M) reports that California Gov. Gavin Newsom (D) on Monday "loosened rules on allowable coronavirus infection and related death rates – a change that could release most parts of the state from the tight rules of his stay-at-home order." The announcement "means that 'roughly' 53 of California's 58 counties can now move into the second of four stages toward reopening if they so choose, he said. It comes after a number of local leaders have pressed Newsom to loosen restrictions, arguing their communities are now safe enough to allow more commerce and more chances for residents to leave their homes."

Southern California Has Three-Quarters Of The State's COVID-19 Infections, Deaths. The [Wall Street Journal](#) (5/18, Carlton, Caldwell, Subscription Publication, 7.57M) reports that while Sacramento and the San Francisco Bay Area have about 10 million of California's 40 million residents, they have just 16% of the state's COVID-19 cases, and 14% of its COVID-19 related deaths. Meanwhile, Southern California has 22 million residents, and approximately 75% of the state's COVID-19 infections and deaths.

Whitmer Says Partisan Protests Will Not Change How She Runs Michigan.

The [Washington Times](#) (5/18, Morton, 492K) reports that in an interview with Fox News on Monday, Michigan Gov. Gretchen Whitmer (D) "accused protesters against her stay-at-home orders of partisan politics" and said they will not change how "I run this state." The Times says Whitmer "struck a defiant note, saying she will not apologize for protecting public health despite demonstrators who have been besieging the state capital for weeks." She said, "But I've been focused on doing my job, and I'm going to keep doing that and I'm not going to apologize about that. I'm not changing the way I run this state because of some protests. ... There is a lot of politics at play here, unfortunately. ... The protests are very political in nature instead of being focused on the stay-at-home order."

The [Washington Post](#) (5/18, Balingit, Bellware, 14.2M) reports that an executive order Whitmer issued Monday allows businesses and restaurants in northern Michigan "to reopen at reduced capacity by week's end." The order "applies to the sparsely populated Upper Peninsula and 17 counties in the tourism-heavy northern tip of the Lower Peninsula." It "will allow bars and restaurants to operate at half-capacity, with face coverings required for servers and six feet of distance between customers. It also allows social gatherings of up to 10 people."

Judge Declares Oregon Governor's Emergency Orders "Null And Void."

The [Washington Times](#) (5/18, Richardson, 492K) reports that Baker County, Oregon Circuit Court Judge Matthew Shirtcliff on Monday declared Gov. Kate Brown's (D) pandemic-related emergency orders "null and void." In response to a lawsuit by churches and residents challenging the state shutdown, Shirtcliff "said in a seven-page decision that Ms. Brown's executive orders, including her 'Stay at Home and Save Lives' and 'Closure of Certain Businesses' shutdowns, exceeded the 28-day legislative time limits." Shirtcliff wrote, "Once the maximum 28-day period is exceeded, the governor's executive orders and all subsequent orders were rendered null and void."

Texas Governor Reopens Day Care Centers.

The [Washington Times](#) (5/18, Howell, 492K) reports Texas Gov. Greg Abbott (R) said Monday that "day care centers can reopen immediately and that bars and bowling alleys may open at 25% capacity on Friday." In addition, Abbott "said youth centers, including Boys and Girls Clubs and YMCAs, must open up to keep children occupied as their parents return to work. Restaurants can expand their capacity to 50% Friday, while youth sports and camps will resume on May 31." Texas "has documented over 48,000 cases, including over 1,300 deaths, from COVID-19," he state "recorded its highest single-day increase of 1,800 on Saturday even as it moves to open up again." [ABC World News Tonight](#) (5/18, story 4, 2:20, Pilgrim, 8.52M) showed Abbott saying, "When we increase testing in hot spots, the number of people testing positive is going to spike. Then what we find is usually within a week or two, the flare-up is contained."

Abbott said on [Fox News' Hannity](#) (5/18, 535K), "Let me tell you what many, many outlets will not tell you and that is on today when Texas reopened even more for business, maybe as open as any state in the country, today also was the lowest number of COVID deaths since April 3. Yesterday was the lowest number of COVID related hospitalizations since the middle part of April. Texas has a downward trend of those testing positive for COVID-19 as a percent of all the people testing positive. All the trends are going good in Texas and Texas is opening up for business" The [CBS Evening News](#) (5/18, story 3, 2:55, Shamlan, 5.14M) reported that Abbott "says professional sports like golf, tennis and auto race canning resume at the end of the month."

Louisiana's Tourism, Energy Industries Battered By Pandemic.

The [Washington Post](#) (5/18, Montgomery, Webster, 14.2M) reports that Louisiana "is heavily reliant on two of the industries hardest hit by the coronavirus pandemic: tourism and energy." According to economists, "with the economic fallout from stay-at-home orders and other restrictions mounting nationwide, this state is perhaps the most vulnerable." The state "began a gradual reopening process last week," but "few people came out to experience the partial return of nightlife to the French Quarter on Saturday. Economic projections remain grim." In addition, "the oil money that lubricates the region's economy is drying up, too. With crude now scarcely \$30 per barrel — break-even for an oil company is at least high \$30s — half the companies surveyed this month by the Louisiana Oil & Gas Association said bankruptcy is likely."

NYTimes Analysis: Large Parts Of South Could Be "Especially Vulnerable" To Coronavirus Outbreaks.

The [New York Times](#) (5/18, Popovich, Singhvi, Conlen, 18.61M) reports that while large parts of the South and Appalachia have not seen major COVID-19 outbreaks, those areas "are especially vulnerable" to potential future outbreaks because a significant proportion of the population have diabetes, obesity, high blood pressure, and other chronic health conditions, according a new health-risk index created by PolicyMap for the New York Times. The index "for the first time identifies counties with high rates of the underlying conditions that increase residents' risk of becoming severely ill if they are infected with the coronavirus." The Times quotes Micaela E. Martinez, a professor at Columbia University's Mailman School of Public Health, as saying, "Places that have not seen a lot of infection yet should be thinking about what infection is going to mean once they have an outbreak there."

Illinois Business Owners Face Misdemeanor Citation For Opening In Violation Pritzker's Orders.

The [Chicago Tribune](#) (5/18, Pearson, Munks, 2.65M) reports Illinois Gov. J.B. Pritzker (D) "sought to downplay a new enforcement tool he quietly filed last week that allows the state to cite nonessential businesses with a misdemeanor for opening up to customers in violation of his executive orders dealing with the COVID-19 pandemic." Pritzker "dismissed Republican charges of overreach and said he merely altered his executive orders to take advantage of existing powers over law enforcement through the state health department."

State "Doomsday" Coronavirus Plans Called for "Lottery" To Determine Who Got Treatment.

The [Washington Times](#) (5/18, Lovelace, 492K) reports that state governments quietly developed plans "for how health care facilities must allocate life-sustaining treatment in a doomsday COVID-19 scenario, raising alarm that bureaucrats will decide who lives and who dies. Crisis standards of care in some states have scoring systems and a "lottery" to determine who would win medical treatment and who would lose out."

WPost A1: Public Restrooms Pose Obstacle To Reopening.

The [Washington Post](#) (5/18, A1, Fisher, 14.2M) reports on its front page that "one of the biggest obstacles to dining in a restaurant, renewing a doctor's appointment or going back to the office is the prospect of having to use a public restroom — a tight, intimate and potentially germ-infested space," and it's "a hurdle vexing many business owners as they prepare to reopen."

Professional Sports Are Starting Back.

[NBC Nightly News](#) (5/18, story 11, 1:00, Holt, 7.19M) reported that professional sports are starting back, "giving us all something to cheer." NASCAR held a race in South Carolina, though without fans in the stands. Professional golf returned on Sunday with a charity match, and on Tuesday the NFL will open up practice facilities.

NBC Contributor Joseph Fair Recovering From COVID-19, Discharged From Hospital.

[NBC Nightly News](#) (5/18, story 5, 2:05, Holt, 7.19M) reported that NBC News science contributor Joseph Fair, who has been battling COVID-19, is feeling better after being discharged from a New Orleans hospital on Sunday. Fair said, "Nice to have my first coffee and be able to taste it and smell it after two weeks." NBC Nightly News reported that Fair "ended up in intensive care with symptoms of COVID. Traveling the world researching viruses, he had malaria three times but said this was worse."

Crenshaw: Americans Are Responsible Enough To Confront Risks Associated With Reopening.

In an op-ed for the [Wall Street Journal](#) (5/18, Subscription Publication, 7.57M), Rep. Dan Crenshaw (R-TX) writes that in the debate over when to reopen the economy, which is split along partisan lines, conservatives are more willing to confront risk head-on. He says that view is consistent with his experience in the military, where most special operators identify as conservatives. He adds that Americans are responsible enough to both live free and confront risk, and concludes saying it is time for America to reopen in a smart and intentional way.

Lawmakers Urged To Bring Medicine Supply Chain Back To US.

In an op-ed for [Breitbart](#) (5/18, Ortiz, Gray, 673K), Alfredo Ortiz, president and CEO of the Job Creators Network, and C.L. Gray, president and founder of Physicians for Reform, that the US is dependent on China, "the nation that unleashed this devastating pandemic, for the vast majority of medications we now use." That dependence "fuels the U.S. crisis of drug shortages, which are especially consequential during a pandemic." While the White House Office of Trade and Manufacturing Policy "is preparing rules to direct HHS, the VA, and the Department of Defense to buy U.S. manufactured medicines and supplies for their government contracts," lawmakers should "work to bring the supply chain back to American shores."

NYTimes: New York Should Consider Alternative Methods To Enforce Social Distancing.

The [New York Times](#) (5/18, 18.61M) editorializes that New York should consider methods other than the police intervention to enforce social distancing during the coronavirus pandemic. Of the 125 people arrested "over offenses that law enforcement officials described as related to the coronavirus pandemic, 113 were black or Hispanic." Meanwhile, photographs across social media show "crowds of sun-seekers packed into parks in wealthy, whiter areas of the city, lounging undisturbed as police officers hand out masks." The city "needs a different approach to enforcing public health measures during the pandemic." Mayor Bill de Blasio "seems to understand this, and he has promised to hire 2,300 people to serve as social distancing 'ambassadors.'" Another method to help social-distancing efforts "may be the community-based groups that have been effective in reducing gun violence in some of the city's toughest neighborhoods."

Barr: Durham Investigation Unlikely To Spark Criminal Probes Of Obama, Biden.

On [ABC World News Tonight](#) (5/18, lead story, 4:50, Muir, 8.52M), Jonathan Karl reported Attorney General Barr announced yesterday that "he does not expect there will be a criminal investigation of either former President Obama or former Vice President Biden." Asked to comment, President Trump said, "If it was me, I guarantee they'd be going after me. In his case, they're not, so I think it's just a continuation of a double standard. I'm surprised by it."

The [AP](#) (5/18, Tucker) says Barr "insisted that the Justice Department would not be swayed by political pressure to investigate the president's opponents and that the 'criminal justice system will not be used for partisan political ends.'" Barr's comment "seemed designed at least in part to defuse expectations among some Trump supporters that the investigation could ensnare Biden or Obama." [Reuters](#) (5/18, Lynch, Hosenball) quotes Barr as also saying, "As to President Obama and Vice President Biden, whatever their level of involvement, based on the information I have today, I don't expect Mr. Durham's work will lead to a criminal investigation of either man."

To [Politico](#) (5/18, Forgey, Gerstein, 4.29M), Barr "issued an apparent rebuke of...Trump's efforts in recent weeks to hatch vague accusations of misconduct by former Obama administration officials," and to the [New York Times](#) (5/18, Benner, Goldman, 18.61M), Barr "dismissed...Trump's attempts to rebrand the Russia investigation as a criminal plot engineered by" Obama, which the Times says "served as an unmistakable rebuttal to escalating efforts by Mr. Trump and his allies to reframe the Russia investigation as a plot to sabotage his presidency by Mr. Obama, Mr. Biden and officials in their administration." However, the Times adds, "while Mr. Barr was unwilling to fuel speculation that the Justice Department will target Mr. Obama and Mr. Biden, he himself has done perhaps more than any other Trump administration to undermine the overall credibility of the Russia investigation." [Bloomberg](#) (5/18, 4.73M) says that Barr "has criticized Trump at times and sought to distance himself from the president."

The [Washington Post](#) (5/18, Zapotosky, 14.2M) reports Barr's "assertion" that neither Obama nor Biden is likely to be prosecuted is "likely to dismay Trump and his conservative allies." The Post says Barr "specifically dismissed the idea that Connecticut U.S. Attorney John Durham – who has been examining how the FBI handled the 2016 investigation into possible coordination between the Trump campaign and Russia to influence the election – would look at Obama or Biden." According to the Post, Barr "declined to say who Durham was focused on." [USA Today](#) (5/18, Johnson, Phillips, 10.31M), [Washington Times](#) (5/18, Mordock, 492K), [The Hill](#) (5/18, Chalfant, 2.98M), [Townhall](#) (5/18, Pavlich, 177K), [Wall Street Journal](#) (5/18, Volz, Subscription Publication, 7.57M) and the [New York Post](#) (5/18, Bowden, Fredericks, 4.57M), among other news outlets, also report the story.

Barr: FBI Probe "Abhorrent" And "Great Injustice." The [AP](#) (5/18, Tucker) reports Barr also "repeated his belief that 'what happened to the president' as a result of the FBI's investigation into whether his 2016 campaign conspired with Russia was 'abhorrent' and a 'grave injustice.'"

Harris Poll: Voters Back DOJ Move To Dismiss Flynn Charges 51%-49%

[The Hill](#) (5/18, Manchester, 2.98M) reports, "A narrow majority of voters say they support the Justice Department's decision to drop the case against President Trump's former national security adviser Michael Flynn, according to a new Harvard CAPS/Harris Poll survey released exclusively to The Hill." The poll found "fifty-one percent of voters polled said they supported the move, while 49 percent said they opposed it." The Hill adds "the poll comes less than a week after a National Security Agency document made public on Wednesday showed 39 former Obama administration officials, including former Vice President Joe Biden, asked to 'unmask' the identity of an American who had come up in intelligence briefings based on his conversations with then-Russian Ambassador Sergey Kislyak." The [Washington Examiner](#) (5/18, Soellner, 448K) also reports the poll numbers, drawing from the story on The Hill.

Turley Criticizes Sullivan's "Judicial Overreach" In Flynn Case. George Washington University Law professor Jonathan Turley writes in [USA Today](#) (5/18, Turley, 10.31M) that the case of former national security adviser Michael Flynn "is fast becoming a case of gross judicial overreach as the court appears to assume both judicial and executive powers." Turley argues that Judge Emmett Sullivan "can disagree with the exercise of prosecutorial discretion, but he cannot substitute his own judgment for it." Turley writes that Flynn "has the curse of being useful. He was useful to investigate for officials like FBI special agent Peter Strzok, former FBI Deputy Director Andrew McCabe and former FBI Director James Comey, though investigators found no underlying criminal conduct. He was useful to special counsel Robert Mueller," and now, he "is useful to a court that seems intent on staging a criminal case of its own making." Turley adds that "at some point, when Flynn stops being so useful, justice might be served with the dismissal of this abusive case."

Attorney: Sullivan Doesn't Have Authority To Sanction Flynn For Perjury. Leslie McAdoo Gordon, the principal of McAdoo Gordon & Associates, P.C., writes in the [Federalist](#) (5/18, Gordon, 126K) that Sullivan's order appointing retired federal judge John Gleeson "directs him to advise Sullivan on whether he should issue a show-cause order to Flynn for criminal contempt for perjury." McAdoo argues that Sullivan "lacks the authority to sanction Flynn for perjury." Flynn's "statements in connection with his plea did not obstruct the court in the performance of its duty. Thus, they simply cannot constitute contempt of court under long-standing precedent. Sullivan should therefore not embark on any contempt proceeding. Doing so would be a misuse of his contempt power."

WSJournal Objects To Logan Act As Justification For Investigating Flynn. A [Wall Street Journal](#) (5/18, Board, Subscription Publication, 7.57M) editorial criticizes Justice officials' use of the Logan Act, which prohibits private citizens from negotiating with foreign governments involved in disputes with the US, as a reason to investigate Flynn. The Journal argues that as President Trump's choice for national security adviser in late 2016 and early 2017, Flynn had reason to talk with foreign officials.

Graham To Seek Authorization To Subpoena Trump Russia Investigators.

The [Washington Examiner](#) (5/18, Dunleavy, 448K) reports that Senate Judiciary Chairman Graham "announced on Monday that he will soon be seeking broad authorization to subpoena dozens of key officials in the Trump-Russia investigation." Graham "said his committee will debate and vote on subpoena authorization related to oversight of the FBI's Crossfire Hurricane counterintelligence investigation into Russian interference and the Trump campaign as well as the Foreign Intelligence Surveillance Act process." Graham said the subpoenas would cover "documents and communications referenced in and testimony at a hearing or deposition of any individual named or identified by pseudonym in" DOJ Inspector General Michael Horowitz's December report on FBI's Russia investigation.

IG Report: DOJ Has Not Resolved Recommendations From 2016 Election Investigation.

[CQ Roll Call](#) (5/18, Ruger, 154K) reports that a new inspector general report says the Justice Department "hasn't resolved several recommendations from a 2018 internal probe into the FBI's actions ahead of the 2016 presidential election, which included the mishandling of a probe into Hillary Clinton's email server and controversial text messages between top employees about then-candidate Donald Trump." The 2018 report from DOJ Inspector General Michael Horowitz "provided plenty of fodder for both political parties to air their wider concerns about the bureau's behavior when it came to the election – as well as numerous recommendations for changes at the FBI." But an IG report released Monday says that DOJ "still has not resolved recommendations to address those as of March 31, about seven months away from the 2020 presidential election."

House Lawyers Tell High Court Investigators Need Mueller Grand Jury Evidence.

The [Washington Post](#) (5/18, Barnes, Marimow, 14.2M) reports that congressional lawyers told the Supreme Court Monday that a House committee's investigation of President Trump "did not cease with the conclusion of the impeachment trial," and it would be hindered if the Justice Department continues to withhold grand jury material. The lawyers' filing "comes in response to the department's request that the Supreme Court put aside court orders that Congress receive secret grand jury evidence from Robert S. Mueller III's special-counsel investigation of Russian interference in the 2016 election." In March, the US Court of Appeals for the DC "upheld a lower-court finding that Congress can obtain grand jury materials in connection with impeachment proceedings." The Justice Department argued last week that the decision created "serious separation-of-powers concerns" that require the High Court's attention and asked that the release be put on hold "until the court decides whether to get involved."

Baker: FISA Should Prohibit Targeting Of Americans.

In an op-ed for the [Wall Street Journal](#) (5/18, Baker, Subscription Publication, 7.57M), Thomas J. Baker, a retired FBI special agent and legal attaché, urges Congress to reform FISA to prohibit or limit the targeting of Americans.

Healthcare Sector Hit With "Devastating Financial Blow" Due To Lockdowns.

The [AP](#) (5/18, Murphy) reports, "The global coronavirus pandemic has created a huge need for health care in the U.S., but it also is delivering a devastating financial blow to that sector." The AP adds "health care provided the biggest drag on the U.S. economy in the first

quarter," and "spending on care fell at an annual rate of 18%, the largest drop for that sector among records going back to 1959." The AP also says "hospitals that lose...profitable surgeries are gaining COVID-19 patients – and losing money on them," as "those patients may require hospitals to expand intensive care units, spend more on infection control and stock up on gowns and masks, among other items."

California To Provide Cash Coronavirus Assistance To Undocumented Immigrants.

The [New York Times](#) (5/18, Jordan, 18.61M) reports that a new state coronavirus relief program in California "will provide taxpayer-funded assistance to undocumented immigrants, who have been shut out of federal relief programs and unemployment assistance." The "\$75 million cash assistance program, which will be awarded on a first-come first-served basis, will be conducted almost entirely by telephone to avoid hazardous in-person contacts." In unveiling the program, Gov. Gavin Newsom (D) said, "Every Californian, including our undocumented neighbors and friends, should know that California is here to support them during this crisis. We are all in this together."

Zoellick Urges US Avoid "New Cold War" With China.

Former World Bank president Robert B. Zoellick argues in the [Wall Street Journal](#) (5/18, Subscription Publication, 7.57M) that in order to counter China, the US must avoid entering a "New Cold War" with China. Instead, Zoellick urges the US to promote freedom and seek to appeal to the Chinese public.

Illinois Supreme Court Disbars Blagojevich.

The [Washington Examiner](#) (5/18, Dibble, 448K) reports the Illinois Supreme Court disbarred former Gov. Rod Blagojevich "months after he was released from prison by President Trump." The court "agreed to disbar Blagojevich formally on Monday at the Illinois Attorney Registration and Disciplinary Commission's request after the former governor's prison sentence was commuted by Trump in February." Blagojevich "did not fight the commission's attempt to end his legal career permanently, saying that he would not be a good attorney after years behind bars and expressing no interest in returning to a legal practice."

Tropical Storm Arthur Heading Out To Sea After "Glancing Blow" To NC, VA.

[ABC World News Tonight](#) (5/18, story 7, 0:10, Muir, 8.72M) reported Tropical Storm Arthur is now moving off the East Coast. A tropical storm warning is "in effect for North Carolina's Outer Banks." [NBC Nightly News](#) (5/18, story 9, 0:10, Holt, 7.19M) reported Arthur "dealt a glancing blow to coastal North Carolina and Virginia today, with heavy rain and strong winds." The storm is "heading out to sea, but rough surf and rip currents are likely for several days."

Meanwhile, the [CBS Evening News](#) (5/18, story 7, 0:15, O'Donnell, 5.14M) reported Tropical Storm Arthur brought "nearly five inches of rain, with winds topping 40 miles per hour." Arthur is "expected to lose strength later this week."

Free Beacon's Lehman: American Colleges Are Headed For A Financial Meltdown.

Charles Fain Lehman writes for the [Washington Free Beacon](#) (5/18, Lehman, 78K) that America's colleges "have never seen anything like the financial meltdown the coronavirus is about to bring to their campuses." Increased health fears, added costs, and lost tuition payments "could crush small colleges, many of which were already hanging by a financial thread." Those that can weather the crisis "in turn stand to gain big from the fallout." National Association of College and University Business Officers Vice President Jim Hundrieser said the emptying out of schools and the mass transition to distance learning has already been "the largest all-sector hit that we've ever seen."

Pediatricians: Children Should Go Back To School.

Dr. Robert Hamilton, who practices pediatrics in Santa Monica, California, writes in an op-ed for the [Wall Street Journal](#) (5/18, Subscription Publication, 7.57M) that as America begins to reopen, leaders should prioritize getting children back to school. While Dr. Hamilton cautions that wisdom and creativity are need to reopen safely, children's psychological and educational well-being are best served if they go back to school.

Democrats Tie State IG's Ouster To Saudi Arms Sale Probe.

The [AP](#) (5/18, Lee) reports that Congressional Democrats "say the State Department watchdog fired by President Donald Trump last week was investigating possible impropriety in a massive arms sales to Saudi Arabia last year." Democrats claimed yesterday that Steve Linick was "probing how the State Department pushed through a \$7 billion Saudi arms sale over congressional objections." Rep. Eliot Engel (D-NY), the chairman of the House Foreign Affairs Committee, "said he was troubled that Linick was sacked before the completion of the Saudi investigation," which Engel "had called for...after" Secretary of State Pompeo "in May 2019 invoked a rarely used provision in federal law to bypass a congressional review of arms sales to Saudi Arabia and the United Arab Emirates."

[Reuters](#) (5/18, Zengerle) reports Sen. Bob Menendez (D-NJ), ranking member on Senate Foreign Relations, also "said Linick had been investigating Trump's declaration of a national emergency last year to clear the way for \$8 billion in military sales, mostly to Saudi Arabia." According to Reuters, Trump "infuriated many members of Congress last May, including some fellow Republicans, by declaring a national emergency related to tensions with Iran in order to sidestep Congressional review of \$8 billion in military sales." Reuters notes that both the House and Senate "passed resolutions to block the sales." [The Hill](#) (5/18, Bolton, 2.98M) indicates that Sen. Chuck Grassley (IA), "the most senior Republican in the Senate, is" also "pressing...Trump to explain why he fired the State Department inspector general, noting that Trump's notice on Friday that he would remove...Linick...did not include an explanation as required by law." Grassley "in a letter to Trump Monday warned inspectors general 'should be free from partisan political interference, from either the Executive or Legislative branch'"

To [Politico](#) (5/18, Desiderio, Levine, 4.29M), "Senate Republicans find themselves in a familiar place: steamrolled by...Trump's purge of government watchdogs and offering little indication of how they plan to stop him." The [Washington Post](#) (5/18, Sonmez, 14.2M) reports "the letter from Grassley came amid criticism from Senate Minority Leader Charles E. Schumer (D-N.Y.), who accused the Iowa Republican and other GOP senators of staying quiet out of fear of Trump." Said Schumer on the Senate floor, "Where are my Republican colleagues in the Senate? ... They are so afraid of President Trump they ... cling, almost, to his ankles."

To [NBC Nightly News](#) (5/18, story 8, 0:55, Holt, 7.19M), "There is bipartisan outcry...after President Trump fired another independent watchdog who was scrutinizing his Administration." NBC (Mitchell) added, "For the fourth time in six weeks, the President has fired an independent government watchdog." Pompeo is "saying that the firing was not retaliation, which would be illegal." In a phone interview with the [Washington Post](#) (5/18, Morello, 14.2M), Pompeo said, "I went to the president and made clear to him that Inspector General Linick wasn't performing a function in a way that we had tried to get him to, that was additive for the State Department, very consistent with what the statute says he's supposed to be doing. ... The kinds of activities he's supposed to undertake to make us better, to improve us." Added Pompeo, "I actually know how that works. ... I had an IG at the CIA, not the IG that I had chosen but an IG that was there before me. He did fantastic work. He made us better. Linick wasn't that."

The [Washington Times](#) (5/18, Howell, 492K) reports that the President said yesterday "he fired the State Department's inspector general at...Pompeo's request and it 'should have been done a long time ago' because the official was a holdover from the Obama era." Said Trump, "I was happy to do it, Mike requested that I do it. ... He's an Obama appointment and he had some difficulty."

[ABC World News Tonight](#) (5/18, story 5, 1:45, Raddatz, 8.52M) asked, "So why did Pompeo fire Linick? He said Linick was not performing the way he wanted him to, and was not additive for the State Department." The [New York Times](#) (5/18, Wong, Sanger, 18.61M) reports, however, that "it remains unclear exactly what prompted the firing of Mr. Linick, since the inspector general's office conducts multiple, simultaneous investigations into the activities of the State Department and its officials." The Times adds "a State Department spokeswoman said the department could not comment on any open investigations by the inspector general, but noted that even with Mr. Linick's departure, investigations would be continued by an acting inspector general." Trump "appointed Ambassador Stephen J. Akard, the director of the Office of Foreign Missions, for that role." Akard, "an associate of Vice President Mike Pence, failed to get congressional support for a top State Department job under Mr. Pompeo's predecessor."

[USA Today](#) (5/18, Cummings, 10.31M) reports, meanwhile, that an anonymous "Democratic aide...said the inspector general was probing allegations that Pompeo used a political appointee at the State Department 'to perform personal tasks for himself and Mrs. Pompeo.'" Likewise, [Politico](#) (5/18, Desiderio, 4.29M) reports that "the revelation adds another layer to Trump's decision to sack...Linick, who was also looking into claims that...Pompeo and his wife improperly directed political appointees to run personal errands for him, including walking his dog and picking up his dry cleaning."

Commenting on that allegation, [USA Today](#) (5/18, Behrmann, 10.31M) reports, "Trump said Monday he preferred for government employees to wash...Pompeo's dishes if his wife or child weren't present, to allow him to do his work." Said the President, "And now I have you telling me about dog walking, washing dishes and, you know what, I'd rather have him on the phone with some world leader than have him wash dishes because maybe his wife isn't there or his kids aren't there, you know." [Bloomberg](#) (5/18, 4.73M), [The Hill](#) (5/18, Kelly, 2.98M), [Washington Examiner](#) (5/18, Halaschak, 448K) and [McClatchy](#) (5/18, Wilner, Lowry, 19K), among other news outlets, also cover Linick's investigations and his ouster.

The [Washington Post](#) (5/18, 14.2M) editorializes that the "blunt dismissal of a nonpartisan official whose job it is to provide an independent evaluation of just the sort of allegations Mr. Pompeo was facing would be shocking – if it were not just the latest step in a campaign by Mr. Trump to eliminate accountability across the federal government." The Post adds that "Congressional Democrats have promised an investigation of Mr. Linick's firing," but "the question, as always, for...Republicans is whether they will insist that Mr. Trump observe the rule of law – or simply roll over once again."

Clinton Campaign Criticized Linick's In 2016 Over Email Probe. The [New York Post](#) (5/18, Fredericks, 4.57M) reports that Linick "was the target of an earlier accusation that he engaged in partisan politics – from Hillary Clinton when she was running for president in 2016." Clinton's campaign "in 2016 attacked...Linick for criticizing her use of a private email server and allegedly leaking negative stories about her to the press." Clinton campaign chair John Podesta "said then that the anonymous source's accusations in one article" about Clinton's email use "raised 'serious questions about the independence of this office.'"

Trump Responds To "Loser" Romney's Criticism Of IG Firings.

The [Washington Post](#) (5/18, Wagner, 14.2M) reports that President Trump, "following sharp criticism by Sen. Mitt Romney over firing inspectors general," yesterday "attacked the Utah Republican as a 'LOSER' and shared a [video montage](#) of contrasting news coverage of their respective presidential election nights." On Saturday, Romney [tweeted](#), "The firings of multiple Inspectors General is unprecedented; doing so without good cause chills the independence essential to their purpose." According to the Post, "The video included in Trump's Monday morning tweet showed news coverage of a dejected Romney as results rolled in on election night in 2012," and "also included coverage of Trump prevailing four years later...and later being sworn into office." The [Washington Times](#) (5/18, Boyer, 492K) also reports Trump "called...Romney a 'loser; Monday after the Utah Republican criticized the president's firing of government watchdogs." Romney was "the only Senate Republican to vote to convict the president in his impeachment trial."

Senate Panel To Vote On Ratcliffe Nomination Today.

[The Hill](#) (5/18, Carney, 2.98M) reports, "The Senate Intelligence Committee will vote Tuesday on Rep. John Ratcliffe's (R-Texas) nomination to be the next director of national intelligence." Senate Majority Leader Mitch McConnell "announced the committee vote from the floor on Monday," saying, "This role is essential for monitoring and countering evolving threats from Russia to China to terrorist groups and for

ensuring the intelligence community's important work is not tainted by partisan bias or political weaponization." The [Washington Examiner](#) (5/18, Ferrechio, 448K) indicates that "if confirmed by the Senate, which appears all but certain, Ratcliffe will take over for acting Director of National Intelligence Richard Grenell."

Personnel Changes At DEA And DC US Attorney's Office Draw Scrutiny.

The [AP](#) (5/18, Balsamo) reports that Tim Shea, "the US attorney who oversaw the reversal of a sentencing recommendation for Trump ally Roger Stone and the motion to dismiss charges against ex-national security adviser Michael Flynn," has been chosen to be the next administrator of the Drug Enforcement Administration. Shea "will be replaced by Justin Herdman, the US attorney in Cleveland, who will move into the role as top federal prosecutor for the District of Columbia." DEA Administrator Uttam Dhillon "will take on a role as a senior official at the Justice Department."

The [Washington Post](#) (5/18, Hsu, Alexander, 14.2M) reports that Attorney General Barr "has installed a new top deputy at the federal prosecutor's office in Washington, raising concerns that a key US attorney's office handling multiple investigations of interest to President Trump is becoming further politicized." According to the Post, "The arrival of Associate Deputy Attorney General Michael R. Sherwin – who won the conviction of a Chinese trespasser at Trump's Mar-a-Lago Club in Florida in September – has triggered new accusations that Justice Department leaders are bypassing career prosecutors in the office and intervening in cases favoring the president's allies." The Post adds Barr "selected Sherwin, a career U.S. prosecutor from Miami who specializes in national security cases, after first meeting and being impressed by him during the investigation of a deadly December shooting at a naval air station in Pensacola." [Reuters](#) (5/18, Lynch), [Politico](#) (5/18, Oprysko, 4.29M) and [Washington Examiner](#) (5/18, Yilek, 448K), among other news outlets, also report the story.

Whitaker: "Pockets" Of Career DOJ Employees Worked To Undermine Trump Agenda.

The [Washington Times](#) (5/18, Mordock, 492K) reports, "Former acting Attorney General Matthew Whitaker says he saw firsthand how 'pockets' of career Justice Department bureaucrats worked to undermine President Trump's immigration and health care agendas." Whitaker "said efforts to foil the president's plans went beyond the well-known, top-level officials at the FBI and Justice Department who pushed the Russian collusion allegations to include a cabal of lower-level bureaucrats working against Mr. Trump's agenda." Whitaker said in an interview, "There are pockets. I did see this especially on immigration policy where it was really hard to move the ball." Whitaker "detailed his experiences battling the 'deep state' in a new book, 'Above the Law,' which is scheduled for release Tuesday."

Brookings Researchers Document "Extraordinary" Trump White House Turnover.

[Politico](#) (5/18, Cook, 4.29M) reports that the White House is "seeing a historic pace of turnover among its highest-ranking aides, a musical chairs environment as the president faces his greatest leadership test and the biggest threat to his 2020 campaign. ... Trump's top officials – influential roles in the executive office of the president – have had a turnover rate of 86 percent since Trump took office, according to research by Brookings Institution senior fellow Kathryn Dunn Tenpas." Politico adds, "In new findings, Tenpas calls the rate of turnover for 11 pandemic-related positions in the administration from Trump's inauguration until December 2019 'extraordinary.'" Politico notes that "one of the key pandemic jobs, the deputy national security adviser, has been held by six separate Trump officials in less than three years, according to Tenpas' research."

Biden Would Rescind Keystone XL Permit If Elected.

[Politico](#) (5/18, Lefebvre, 4.29M) reports the Biden campaign indicated yesterday that the former vice president would "rescind" President Trump's permit "allowing the Keystone XL oil pipeline to cross the border into the US, a move that would effectively kill the controversial project." Politico says "Biden's opposition...raises the stakes for the TC Energy's efforts to start construction on the cross-border portion of the pipeline this year that would carry 830,000 barrels of crude oil from Canada to the US." [Reuters](#) (5/18, Inc.) recalls that "Trump, a Republican, had made building the pipeline a central promise of his presidential campaign," whereas "Biden was vice president in the Obama administration when it rejected the project as contrary to its efforts to combat climate change."

The [Washington Post](#) (5/18, Viser, Grandoni, 14.2M) reports Biden's "renewed opposition to the project is likely to make it a flash point in the November election, again testing the popularity of Trump's drive to reverse Obama-era environmental policies."

Esper To Deliver "Virtual" Keynote Address As Naval Academy Graduation.

The [Washington Times](#) (5/18, Glenn, 492K) reports, "Secretary of Defense Mark Esper will give a pre-recorded keynote address during a 'virtual' graduation ceremony on Friday at the US Naval Academy in Annapolis." The Times adds "the virtual ceremony will include segments from five in-person swearing-in events at the Academy that began on May 12 and will run through May 20."

McConnell Names Rubio As Acting Chair Of Senate Intel Committee.

[USA Today](#) (5/18, King, Hayes, 10.31M) reports "Sen. Marco Rubio has been named the acting chair of the Senate Intelligence Committee, replacing North Carolina GOP Sen. Richard Burr, who stepped aside while he's under federal investigation for stock sales made ahead of a coronavirus-driven market crash." Senate Majority Leader Mitch McConnell "handed Rubio the gavel on Monday, calling the Florida Republican a 'talented and experienced' leader and noted his work on subjects ranging from China and Iran to Russia and North Korea."

The [Washington Post](#) (5/18, Cassata, 14.2M) calls Rubio "a national security hawk who had been widely expected to take over the committee once Burr retires," and the [Washington Times](#) (5/18, Meier, 492K) indicates "McConnell said he is 'glad' Mr. Rubio accepted the offer to serve as acting chair and cited his 'care for our nation's security, advocacy for our values and interests, and vigilance toward threats have earned a national reputation.'"

Hill Says She “Cried” After “Devastating” Democratic Loss In CA25.

The [Daily Caller](#) (5/18, Olohan, 716K) reports “former Democratic California Rep. Katie Hill said Sunday that she cried for days when Republicans flipped her old congressional seat, calling the loss ‘f[***]ing devastating.’” Hill “tweeted Sunday after Republican former Navy pilot Mike Garcia flipped Hill’s old seat red in the May 12 special election.” [Wrote](#) Hill, “So yeah it really hurt to have my old seat flip back to Republican for a ton of people & also for me. In fact, it was pretty f[***]ing devastating. I went offline & cried for a few days but, as always, getting ready to stand back up & keep fighting. Hope you are too.”

NYTimes Analysis: Justice Thomas “Symbol Of The Trump Era.”

Under the headline “Passed By For Decades, Clarence Thomas Is A New Symbol Of The Trump Era,” the [New York Times](#) (5/18, Casey, 18.61M) reports, “Among certain conservatives, an idea has started to take hold: Could Justice Clarence Thomas ever be the kind of pop-culture icon to his followers that Justice Ruth Bader Ginsburg has become to hers?” Thomas, “the Supreme Court’s most conservative member, is catching up in his own way at age 71,” and “is newly in the public eye (or ear) as he regularly asks questions during oral arguments that are being conducted by conference call and broadcast live during the pandemic.”

Secret Service Investigating Unemployment Fraud Scheme.

The [CBS Evening News](#)  (5/18, story 4, 1:50, O'Donnell, 5.14M) reported on a “sophisticated international crime ring” that is “stealing hundreds of millions of dollars in unemployment benefits intended for Americans who have lost jobs during the pandemic. US authorities say many victims of the fraud are first responders, government workers, and school employees.” CBS (Pegues) said it “has confirmed that the Secret Service is investigating a multimillion dollar fraud scheme led by a criminal organization with ties to Nigeria, targeting the unemployment insurance system.” According to the Secret Service alert, “there are cases in Washington state, Florida, North Carolina, Massachusetts, Rhode Island, Oklahoma, and Wyoming.”

Journalists Miss Reference In Name Of Trump Camp’s Web Site Attacking Biden.

The [Washington Examiner](#) (5/18, Larsen, 448K) reports, “A Trump campaign parody website that mocked one of Joe Biden’s verbal stumbles caused confusion among journalists and commentators who did not understand the reference. The website and first video revealed Monday is titled ‘Truth over Facts,’ which a press release described as ‘an investigative website aimed at uncovering the truth behind Joe Biden’s never-ending, seemingly incomprehensible statements during his third, plodding campaign for president.’ ... The title of the project is a reference to when” Biden, visiting Iowa in August of last year, said while criticizing President Trump, “We choose truth over facts.” The Examiner adds, “Some journalists and commentators,” including Vox’s Ezra Klein and CNBC’s Christina Wilkie, among others, “appeared to not get the reference, mistaking it to be a literal extension of...Trump’s attacks on reporters and news outlets or a rejection of facts.”

On its website, [Fox News](#) (5/18, Steinhauer, 27.59M) reports, “The video – made to look like a television investigative report – is hosted by Trump campaign communications director Tim Murtaugh, who’s a former local TV anchor and reporter. ‘The American people deserve to know the truth behind Joe Biden’s delirious and nonsensical claims on the campaign trail,’ Murtaugh said. ‘When he’s mangling the text of the Declaration of Independence or calling someone a ‘lying, dog-faced pony soldier,’ is he really speaking a language that only he and a select group of others understand?’”

Biden Tabs Trump “President Tweety.”

[Breitbart](#) (5/18, Alic, 673K) reports that Joe Biden “took a shot at President Donald Trump’s relentless social media use on Monday by wryly attempting to christen him ‘President Tweety.’ Biden, who just last week claimed he was resisting giving the president a nickname, floated the new epithet during a video appearance before the AAPI Victory Fund, a Super PAC working to mobilize Asian American voters ahead of the 2020 election. ‘Trump is out there tweeting again this morning, I call him ‘President Tweety,’ Biden said” before blasting “Trump’s push to reopen the economy amid the COVID19 pandemic. ‘How are we supposed to [reopen] if you’re sitting on the money small businesses need in order to stay alive?’ ‘Stop tweeting about it,’ the former vice president added. ‘Get the money out to main street now.’”

NYTimes Analysis: Trump Campaign Trying To Depress Minority Voter Turnout.

The [New York Times](#) (5/18, A1, Wines, 18.61M) reports that “the Republican Party, the Trump campaign and conservative activists are mounting an aggressive national effort to shape who gets to vote in November – and whose ballots are counted.” The Times says that the GOP “program, which has gained steam in recent weeks, envisions recruiting up to 50,000 volunteers in 15 key states to monitor polling places and challenge ballots and voters deemed suspicious.” There is “a \$20 million plan that also allots millions to challenge lawsuits by Democrats and voting-rights advocates seeking to loosen state restrictions on balloting.” The Times says “its premise is that a Republican victory in November is imperiled by widespread voter fraud,” but “Democrats and voting rights advocates say the driving factor is politics, not fraud – especially since [President] Trump’s narrow win in 2016 underscored the potentially crucial value of depressing turnout by Democrats, particularly minorities.”

Battleground-State Republicans Worried About Trump’s Reelection Prospects.

[Politico](#) (5/18, Isenstadt, 4.29M) reports that “among swing-state Republicans” there is “widespread apprehension” regarding President Trump’s re-election prospects. Politico says, “Many fret that Trump’s hopes are now hitched to the pandemic; others point to demographic changes in once-reliably red states and to the challenge of running against a hard-to-define Democratic opponent who appeals to a wide swath of voters.” Politico says that “the GOP’s attention is focused on a trifecta of Dixie Belt states that propelled Trump to the

swarm of voters. Politico says "most of the GOP's attention is focused on a trifecta of Rust Belt states that catapulted Trump to the presidency, but where he now trails," and "Republicans, including Trump's own advisers, are most concerned about Michigan. A Fox News survey taken last month showed Biden leading by 8 percentage points." Politico adds, "Two recent internal Republican surveys similarly had Trump trailing, but by smaller margins."

McClatchy Analysis: Return Of Arpaio May Hurt Trump In Arizona. [McClatchy](#) (5/18, Catanese, 19K) reports that as Trump seeks reelection, "Joe Arpaio is back, mounting a campaign for his old job as sheriff of Maricopa County – the nation's fourth-most populous county that could determine the outcome of the presidential election not just in Arizona, but nationally. Republicans are warily eyeing the return of the 87-year-old Arpaio, who was pardoned by the president in 2017 for defying a court order and still calls Trump his 'hero.' Democrats, meanwhile, view Arpaio's crushing 13-point loss in 2016 as a harrowing omen for Trump this fall in a state that is quickly emerging as one of the most competitive 2020 battlegrounds." McClatchy says "the possibility of Arpaio reappearing on the Republican ticket with Trump could further alienate the moderate suburban women and voters of color Democrats need to mobilize to win Arizona for the first time since 1996."

Polls Show Trump Holds Voter-Enthusiasm Edge Over Biden.

The [Washington Examiner](#) (5/18, Ross, 448K) reports that polling shows "enthusiasm among Republicans surrounding [President Trump's] 2020 reelection campaign remains very high," while Joe Biden has been "struggling to stoke passion among the Democratic Party faithful." The Examiner says that a Rasmussen poll out last week found that among "Republicans, 70% believe Trump should be the nominee compared to 23% who believe another should take his place." Among Democrats, "54% believe Biden should be the nominee relative to 28% who would prefer someone else. A whopping 18% of likely Democratic voters remain unsure. ... At the end of March, an ABC News-Washington Post poll revealed that '74 percent of those supporting Biden are doing so enthusiastically, compared to 86 percent of Trump supporters.' And an April Emerson College poll showed that Republican voters are far more excited about voting for Trump than Democratic voters are for Biden."

WTimes Analysis: 2020 Race Becomes Obama-Trump Battle, With Biden In The Background. The [Washington Times](#) (5/18, McLaughlin, 492K) reports, "Forget about Joseph R. Biden. The race for The White House in 2020 looks more and more like a contest between President Trump and his predecessor Barack Obama," who "has returned to politics with a vengeance, inserting himself in ways previously unthinkable for those who have occupied the Oval Office and calling his successor a lawless incompetent." In doing so, says the Times, Obama "has upstaged his former sidekick and shifted the narrative of the 2020" contest "from 'Biden takes on Trump' to 'Obama era versus the Trump years.' It's a recast of the contest welcomed by Mr. Trump, who is more than happy to talk about how his administration's efforts have been held back by the failings and political machinations of" Obama "on everything from the economy to the coronavirus pandemic to the Russia investigation."

Under the headline "Obama's Trump Attacks Electrify Democrats, Anger GOP," [The Hill](#) (5/18, Parnes, 2.98M) reports, "In recent days, Obama, with his legacy on the line, has made a point of taking on Trump head-on after remaining quiet throughout much of the president's time in office. 'It basically amounts to more than three years of staying quiet and remaining on the sidelines building to this moment of 'Hey Trump, we're over your [expletive],' an Obama administration aide said of the former president's recent actions." The Hill adds, "Democratic strategists say Obama's public remarks are helpful to Biden and the party because they believe they draw a favorable contrast between his administration and Trump's White House." However, Trump "seems happy to have Obama as his main foil in the general election. He knows this election isn't just a referendum on his own White House but with Biden on the ballot, it is also about Obama's administration."

RNC Chief McDaniel: "We Will Not Be Holding A Virtual Convention."

The [AP](#) (5/18, Riccardi) reports that RNC chief Ronna McDaniel "said Monday that the party 'will not be holding a virtual convention,' pledging that the presidential nominating convention in late August will be conducted at least partly in-person. The coronavirus outbreak forced Democrats to move their convention from July to August, and it's still unclear whether that event will be entirely online. On a call with reporters about election lawsuits, McDaniel initially demurred when asked about the GOP gathering, slated for Aug. 24-27 in Charlotte, North Carolina." She said, "It's quite a ways away, and there's ample time for us to adjust, if necessary." However, "in response to a question about the Minnesota Republican Party's online convention possibly being disrupted by hackers, McDaniel said: 'We will not be holding a virtual convention.'"

[The Hill](#) (5/18, Klar, 2.98M) reports, "In April McDaniel said the GOP was 'full steam ahead' with a planned full-scale convention, renouncing an NBC report at the time that alterations were being considered." The [Washington Examiner](#) (5/18, Halaschak, 448K) reports, "In April, McDaniel said the process was still 'full steam ahead.' 'A virtual convention is not on the table for us. So, no matter what, we will be having a physical convention – or a physical nominating process,' she told the Washington Examiner at the time."

NYTimes Report: "Vast Majority" Of Democratic Delegates Don't Want To Attend Convention. The [New York Times](#) (5/18, Epstein, 18.61M) reports that "three months before their national convention is to kick off in Milwaukee, Democratic Party officials are planning for three scenarios depending on the severity of the coronavirus pandemic at the time," and "many of the delegates don't want to go." The Times says, "Interviews with 59 members of the Democratic National Committee and superdelegates...found that the vast majority of them don't want to risk their own health or the health of others by traveling to Milwaukee and congregating inside the convention facilities," and "even those who plan to go had reservations." The Times adds that Democratic officials "have outlined three contingencies, people familiar with the planning say: a full convention, if health conditions permit; a mostly virtual convention that features a limited in-person presence in Milwaukee, or an entirely remote convention."

Latest Hires Will See RNC With 1,100 Staff Members In Critical 2020 States.

In an online article, [Fox News](#) (5/18, Steinhauser, 27.59M) reports, "The RNC on Monday announced the hiring of 300 additional staffers for Trump Victory, which is the joint field effort between the national party and the Trump reelection campaign. The new wave of people — who will be deployed by June — will bring to 1,100 the number of staffers in nearly two-dozen states being targeted in November's general election." RNC chief of staff Richard Walters is quoted as saying, "The RNC continues to invest in the most expansive data-driven field program, digital operation and party infrastructure in history. These unprecedented efforts are building a political juggernaut that will deliver Republican victories up and down the ballot in November, starting with President Trump." [Axios](#) (5/18, Allen, 521K) briefly reports on the story.

Once Confident Liberals Suffer String Of Setbacks In Democratic Party.

[Politico](#) (5/18, Thompson, 4.29M) reports, "On the eve of the Nevada caucuses in February, Bernie Sanders and his supporters were feeling invincible," with the Vermont Senator writing in a tweet, "I've got news for the Democratic establishment. They can't stop us." Politico says, "Since then, not only did the 'establishment' stop Sanders — it stamped out the candidacies of a string of left-wing insurgents, leaving the progressive movement reeling and in a state of despair." Politico adds, "The abrupt reversal of fortune has prompted introspection among many left-wing activists, who only three months ago were confident that the future of the Democratic Party was theirs."

Wall Street Executives Lobbying For Top Defense, Treasury Posts In A Biden Administration.

[Bloomberg](#) (5/18, 4.73M) reports that "Wall Street's Democratic insiders, who have been cutting checks and winning access for decades, say they have plenty of sway in" Joe Biden's "orbit, despite his very public wooing of the progressive left. Some finance veterans have even begun to think about the spots they might land in Washington if Biden wins." Bloomberg adds, "If Biden wins in November, one top Wall Street executive is hoping to get a position in the Defense Department, and a veteran of a global bank wouldn't be interested in anything but the top Treasury spot, they said, asking not to be named."

Attorney For Reade Sends "Cease And Desist" Letter To Critic.

[Politico](#) (5/18, Korecki, 4.29M) reports that an attorney for Tara Reade, a former aide to then-Sen. Joe Biden who has accused Biden of sexually assaulting her in 1993, "have sent a 'cease and desist' letter to one of her most outspoken critics, the owner of a not for profit who has publicly accused Reade of being 'manipulative' and 'a liar.'" Lynn Hummer, the owner of Pregnant Mare Rescue in Santa Cruz County, Calif. where Reade volunteered from 2014-2016, received a letter from Reade's lawyers dated May 17, calling on her to stop making comments "to the media and online" about Reade, which they call false and defamatory." Politico says Hummer has cast "Reade as dishonest in media interviews...and on social media, accusing her of taking advantage of the not for profit. Hummer has said that Reade charged Pregnant Mare Rescue for a costly veterinarian bill that serviced Reade's personal horse."

Senate Leadership Fund Reserves Over \$10M In TV Ad Time To Boost Daines.

The [Washington Examiner](#) (5/18, Drucker, 448K) reports that the Senate Leadership Fund, a super PAC run by allies of Senate Majority Leader McConnell, "is investing a sizable \$10.1 million in Montana as Republicans move to rebuff the expanding Democratic threat to GOP control of the Senate." The group "is reserving television advertising to air across Montana beginning Sept. 8 that will run for the balance of the fall campaign," according to "an official with the super PAC." The move "comes on the heels of public opinion polling showing popular Gov. Steve Bullock, a Democrat, with a big lead over Republican Sen. Steve Daines less than six months ahead of Election Day."

[The Hill](#) (5/18, Wilson, 2.98M) reports that the term-limited Bullock "was a late entry into the race after his presidential campaign flamed out. His decision run has given Democrats the chance to put another seat in play as they seek to win back control. Bullock has received plaudits for a rapid response to the coronavirus crisis in Montana, where only 468 people have tested positive." Even so, Daines "will prove a formidable incumbent, especially with President Trump at the top of the ticket. Trump beat Hillary Clinton in Montana by a 20-point margin in 2016."

NYTimes Analysis: Occupy Democrats Facebook Page Counterweight To Right-Wing.

The [New York Times](#) (5/18, Corasaniti, 18.61M) reports Occupy Democrats, a Facebook page that Mexican immigrants Rafael and Omar Rivero started eight years ago, is "quickly emerging as a counterweight to the dominance of right-wing online sites." The twins have reached "a digital dominance rarely seen among liberals — one that keeps pace with viral news sites and regularly outperforms President Trump's own page, as well as the Daily Caller, Fox News and other right-wing websites or personalities." Now, "what was once a hobby between gigs has grown into a full-fledged, full-time operation with five additional staffers."

Michelle Obama And MTV To Host Virtual Proms For Graduating High School Students.

The [New York Times](#) (5/18, Hauser, 18.61M) reports that former first lady Michelle Obama is partnering with MTV to provide virtual prom celebrations for graduating high school students. The event is "being held in partnership with When We All Vote, a nonprofit, nonpartisan organization for which Ms. Obama is a co-chair, to increase voter participation in every election."

FBI: Pensacola Attacker Repeatedly In Contact With Al Qaeda During Planning.

The [Pensacola \(FL\) News Journal](#) (5/18, Robinson, 170K) reports "federal investigators have determined the gunman who carried out a deadly shooting at Naval Air Station Pensacola last year was in contact with al-Qaeda prior to the attack." Saudi Air Force 2nd Lt. Mohammed Alshamrani, "a Saudi-born aviation student enrolled in the international military training program, opened fire in a Nav

educational facility the morning of Dec. 6, 2019. The gunman killed three people and wounded eight others before he was shot and killed by responding law enforcement." The [AP](#) (5/18, Tucker) also indicates the attacker "repeatedly communicated with al-Qaida operatives about planning in the months leading up to the attack." FBI Director Wray is quoted as saying, "He wasn't just coordinating with them about planning and tactics. He was helping the organization making the most it could out of his murders." Administration officials also "lashed out at Apple for refusing to help them open the shooter's phones so they could access key evidence." The AP adds "law enforcement officials discovered contacts between...Alshamrani and operatives of al-Qaida after FBI technicians succeeded on their own in breaking into two cellphones that had previously been locked and that the shooter...had tried to destroy before he was killed by law enforcement."

[NBC Nightly News](#) (5/18, story 7, 1:40, Williams, 7.19M) showed Wray saying, "We know enough now to see Alshamrani for what he was, a determined AQAP terrorist who spent years preparing to attack us." NBC added "US officials say information from the phones led to a recent strike targeting an AQAP terrorist in Yemen, but it took the FBI more than four months to unlock Alshamrani's phones." The [CBS Evening News](#) (5/18, story 5, 1:20, Martin, 5.14M) showed Attorney General Barr stating, "The phones contained information previously unknown to us that definitively establishes Alshamrani's significant ties to Al Qaeda and the Arabian peninsula. ... Unfortunately, Apple would not help us unlock the phones."

The [Washington Post](#) (5/18, Barrett, 14.2M) reports that Barr said yesterday, "Apple's decision has dangerous consequences for public safety and the national security," and Wray added, "We received effectively no help from Apple" when "we really needed it." [Reuters](#) (5/18, Lynch, Hosenball) says Barr "called on Congress to take action forcing Apple and other tech companies to help law enforcement agencies get through encryption during criminal investigations." Barr alleged that "many of the technology companies that advocate most loudly for warrant-proof encryption...are at the same time willing to accommodate authoritarian regimes." Reuters notes that in January, Saudi Arabia "withdrew its remaining 21 cadets from the U.S. military training program and brought them back to Saudi Arabia, after the Justice Department's investigation revealed that some of them had accessed child pornography or had social media accounts containing Islamic extremist or anti-American content."

The [New York Times](#) (5/18, Benner, Goldman, 18.61M) reports that in January, "when Mr. Barr designated the shooting an act of terrorism, Apple refused a Justice Department request to help open the iPhones, setting off fears that the government would seek a court order to force the company to comply." DOJ "said that it sought Apple's help in opening the phones only after other agencies, foreign governments and third-party technology vendors had failed, and it accused the company of slowing the investigation and allowing leads to go cold."

The [Washington Post](#) (5/18, Barrett, 14.2M) reports "officials declined to say how the FBI was able to access the phones, but a person familiar with the investigation said agents used a passcode-guessing machine – a process that still took months." The Post adds, "Privacy advocates charged that once again, the Justice Department had wrongly claimed their only way to get into a device was for the manufacturer to make it easier for them."

[Politico](#) (5/18, Seligman, 4.29M) points out that "despite the latest strong words, the Trump administration didn't take Apple to court to demand its cooperation in the Pensacola case," which was "in contrast to the Obama administration, which sued the company in 2016 to demand that it unlock an iPhone used by the perpetrator of a terrorist-inspired mass shooting in San Bernardino, Calif."

[ABC World News Tonight](#) (5/18, story 6, 1:30, Thomas, 8.72M) said there was a "strong push back from Apple, claiming it did help the FBI and get data from the suspect's phones. Apple said law enforcement's claims are just an excuse to weaken iPhone encryption and the privacy of consumers." The [Wall Street Journal](#) (5/18, Gurman, Volz, Subscription Publication, 7.57M), [The Hill](#) (5/18, Chalfant, 2.98M), [Washington Times](#) (5/18, Glenn, 492K) and [USA Today](#) (5/18, Johnson, 10.31M), among other news outlets, also report the story.

Trump To WSJournal Editorial Board: "I Am Not Acting Impulsively."

The [Washington Post](#) (5/18, Ryan, 14.2M) reports that in a series of tweets Monday, the President "pushed back against a May 17 Wall Street Journal editorial cautioning against abrupt decisions regarding Afghanistan."

On [Twitter](#), President Trump wrote, "The Wall Street Journal Editorial states that it doesn't want me to act in an 'impulsive' manner in Afghanistan. Could somebody please explain to them that we have been there for 19 years, and while soldier counts are way down now, hardly impulsive. Besides, the Taliban is... mixed about even wanting us to get out. They make a fortune \$\$\$ by having us stay, and except at the beginning, we never really fought to win. We are more of a police force than the mighty military that we are, especially now as rebuilt. No, I am not acting impulsively!"

RCP Average Has Trump's Job Approval At 46.3%

The [Real Clear Politics](#) average of recent polling on President Trump's job approval stands at 46.3%, and his disapproval at 51.8%. The President's approval is down 0.1 since yesterday; his disapproval is up by 0.3.

A [Rasmussen](#) poll of 1,500 "likely voters" (5/13-5/17) finds Trump's approval at 48%, and his disapproval at 51%.

A [Harvard-Harris](#) survey of 1,854 "registered voters" (5/13-5/14), meanwhile, has the President's job approval at 47%, with 53% disapproving.

Financial International News

IMF Head Says Poor Countries Reluctant To Embrace G20 Debt Relief Over Credit Rating Concerns.

[Reuters](#) (5/18, Shalal) reports IMF Managing Director Kristalina Georgieva said debt relief program backed by the G20 is giving pause to the world's poorest countries who fear it may harm their credit ratings and risk their market access in the future. Georgieva "told Reuters she

was not pushing countries to seek suspension of debt payments from official bilateral creditors, but wanted them to have the option to free up funds to fight the new coronavirus pandemic."

[Reuters](#) (5/18, Shalal) reports Georgieva, in an interview, said the recovery will likely take much longer than expected, stressing the danger of protectionism. Georgieva "said the Fund was likely to revise downward its forecast for a 3% contraction in GDP in 2020, with only a partial recovery expected next year instead of the 5.8% rebound initially expected." Georgieva, in the interview, "said data from around the world was worse than expected," adding, "Obviously that means it will take us much longer to have a full recovery from this crisis." Georgieva "gave no specific target date for the rebound."

Lagarde Pledges ECB Will Continue QE Despite German High Court Ruling.

[Bloomberg](#) (5/18, Gordon, 4.73M) reports ECB President Christine Lagarde on Monday "said she'll continue with the institution's bond-buying programs despite Germany's top court questioning the legality of one of them." Lagarde said, "I am not at all worried, not about the program linked to the pandemic, and not about the previous program, under which the Eurosystem has been purchasing bonds since 2015. ... We remain undeterred in delivering on our price stability objective." Lagarde added, "All national central banks should fully participate in the determination and implementation of monetary policy in the euro area. Each national central bank in the euro area is independent and cannot take instructions from governments. This is laid down in the Treaty."

French Foreign Ministry Says Push For Digital Tax Will Happen Only If OECD Process Collapses.

[Law360](#) (5/18, Thompson, Subscription Publication, 8K) reports France "will forge ahead with its planned digital services tax only if the Organization for Economic Cooperation and Development fails to agree on a plan for taxing digital giants by 2021, the French finance ministry confirmed to Law360 on Monday." A ministry representative said France maintains its firm commitment to the OECD's push to design digital tax rules.

Comments From BOE Officials Suggest Openness To Negative Rates.

[Reuters](#) (5/18, Schomberg) reports, "A chorus of comments from top officials at the Bank of England about negative interest rates has revived talk that the British central bank might resort to cutting borrowing costs below zero to cushion the economy from the coronavirus shutdown." Investors on Monday "began to price in the possibility" of the BOE taking rates below zero after Chief Economist Andy Haldane on Sunday "said the central bank was looking more urgently at negative interest rates as well as at buying riskier assets." Rate-setter Silvana Tenreiro said Monday, citing the experience of other European countries, "that negative rates have had a positive effect in the sense of having a fairly powerful transmission to real activity."

Leading International News

WHO To Launch Investigation Of Its Handling Of Pandemic.

The [AP](#) (5/18, Keaten, Cheng) reports the World Health Organization on Monday "bowed to calls...from most of its member states to launch an independent probe into how it managed the international response to the coronavirus." According to the AP, the "comprehensive evaluation," sought by a coalition of countries, "is intended to review 'lessons learned' from WHO's coordination of the global response...but would stop short of looking into contentious issues such as the origins of the new coronavirus."

President Trump appeared to express support for the move yesterday [tweeting](#), "We are with them!" The tweet included a [post](#) from Australia's SBS News, which reported, "India, Japan, Britain, Canada, New Zealand, Indonesia, Russia, and all 27 EU member states are backing Australia's push for a probe into the COVID-19 pandemic." Trump also [tweeted](#) a copy of a letter he sent to WHO Director-General Tedros Adhanom Ghebreyesus outlining what he called "missteps" by the UN agency and threatening to make US funding cuts permanent if they are not addressed.

The [Washington Post](#) (5/18, Shih, 14.2M) reports that "for weeks China had been anticipating, and bitterly opposing," the calls for an international probe. However, according to the Post, "China's opposition has melted in recent days as international support for an inquiry grew to include Russia, Turkey and European and African countries, and as drafts of the proposed resolution showed a focus on international collaboration to manage the pandemic, with relatively limited emphasis on questioning its source." The Post says "the draft resolution, submitted by the European Union on Monday and supported by more than 100 nations, does not mention Wuhan or China."

The [New York Times](#) (5/18, A1, Jacobs, Shear, Wong, 18.61M) says the WHO meeting "that was supposed to chart a path for the world to combat the coronavirus pandemic instead...turned into a showcase for the escalating tensions between China and the United States over the virus." [Reuters](#) (5/18, Nebehay, Farge) reports HHS Secretary Azar, who addressed the meeting via video, "decried" what he called an "apparent attempt to conceal this outbreak by at least one member state." Azar "did not mention China by name, but made clear Washington considered the WHO jointly responsible." Azar is also quoted as saying, "We must be frank about one of the primary reasons this outbreak spun out of control. There was a failure by this organization to obtain the information that the world needed, and that failure cost many lives."

[USA Today](#) (5/18, Hjelmgard, 10.31M) reports says Azar also "criticized the WHO's failures during the coronavirus outbreak," saying that it had cost "many lives."

Azar later said on [Fox News' America's Newsroom](#) (5/18, 896K) that "at the President's request" he delivered "an extremely stern warning and message to the World Health Organization today, which is that they are in need of significant structural reform. They've got to be held accountable. There needs to be an independent investigation of them." The [Washington Times](#) (5/18, Meier, 492K) reports that for

his part, "Tedros warned Monday the pandemic is far from over, and 'the risk remains high,' but he is confident that the organization 'sounded the alarm early, and we sounded it often.'"

The [Washington Post](#) (5/18, 14.2M) editorializes that under pressure, Xi "agreed to a more global review led by the WHO, one that is less likely to cast blame on China alone." The Post asks, "Where was President Trump? He and his administration were still debating whether to ax some or all of the U.S. contribution to the WHO." Secretary Azar "parroted Mr. Trump, blaming China and the WHO for the crisis, a crude scapegoating intended to divert attention from Washington's own failures. Hasn't it occurred to Mr. Trump and his advisers that, if they really want to learn how the pandemic began, it would be far better to show up for the investigation than to walk away? Mr. Xi is opening his checkbook, just as Mr. Trump is gathering up his marbles to go home."

Trump Threatens To Permanently Stop Funding The WHO, Reconsider US' Membership. [Reuters](#) (5/19, Venkat) reports "President Donald Trump threatened on Monday to permanently halt funding for the World Health Organization (WHO) if it did not commit to improvements within 30 days, and to reconsider the membership of the United States in the body." The President "suspended U.S. contributions to the WHO last month, accusing it of promoting China's 'disinformation' about the coronavirus outbreak, although WHO officials denied the accusation and China said it was transparent and open." Trump told the WHO's chief in a letter, "If the WHO does not commit to major substantive improvements within the next 30 days, I will make my temporary freeze of United States funding to the WHO permanent and reconsider our membership."

The [Wall Street Journal](#) (5/18, Restuccia, Lubold, Hinshaw, Subscription Publication, 7.57M) reports Trump said the WHO has demonstrated a lack of independence from China and did not properly respond to the pandemic. The article says HHS Secretary Alex Azar accused the organization of letting China hide the outbreak's severity early on.

[The Hill](#) (5/18, Samuels, 2.98M) reports Trump also said, "I cannot allow American taxpayer dollars to continue to finance an organization that, in its present state, is so clearly not serving America's interests." The Administration "is already in touch with the WHO about desired reforms, the president wrote, but he did not specify what those [reforms] would be other than to say they would have to be" made.

[Politico](#) (5/19, Choi, 4.29M) reports Trump's "letter claimed the WHO 'ignored credible reports of the virus' and accused the organization of acting in an obsequious manner toward the People's Republic of China, including shunting Taiwanese health assessments and caving into pressure from Chinese President Xi Jinping."

Also reporting on the story are [Bloomberg](#) (5/19, Fabian, Wadhams, 4.73M) and the [New York Post](#) (5/19, Garger, 4.57M).

Gaetz: Administration Considering Additional WHO Funding Cuts. The [Daily Caller](#) (5/18, Nieto, Rodgers, 716K) reports Rep. Matt Gaetz (R-FL) on Monday detailed the conversation he had with President Trump and other GOP congressional allies this weekend at Camp David. According to Gaetz, the discussion "more funding cuts for WHO and investigating Chinese technology companies," according to audio obtained by the Daily Caller.

Pompeo Criticizes WHO For Excluding Taiwan. The [Washington Times](#) (5/18, Taylor, 492K) reports Secretary of State Pompeo "sharply criticized" the WHO on Monday for not granting Taiwan observer status at its virtual meeting this week, claiming the organization's director yielded to "pressure" from China not to invite Taiwan. In a statement, Pompeo said the US "condemns Taiwan's exclusion" from the annual the World Health Assembly, adding that WHO Director-General Tedros Adhanom Ghebreyesus "had every legal power and precedent to include Taiwan." Instead, Pompeo said, he "chose not to invite Taiwan under pressure from the People's Republic of China."

Xi Pledges \$2B To Battle Pandemic. [Reuters](#) (5/18, Nebehay, Farge) reports Chinese President Xi Jinping addressed the WHO's annual gathering Monday and "pledged \$2 billion over the next two years to help deal with COVID-19, especially in developing countries," which Reuters says "almost matches the WHO's entire annual programme budget for last year, and more than compensates for Trump's freeze of U.S. payments worth about \$400 million a year."

[Politico](#) (5/18, Press, 4.29M) reports Xi "said he also supported the idea of a comprehensive review of the global response to Covid-19." However, according to the [New York Times](#) (5/18, 18.61M), Xi "appeared to brush aside calls for an independent investigation into its origins - a demand the United States has been promoting among its allies." According to the Times, Xi "said such forensics should wait until the crisis had subsided." Xi, says [CNBC](#) (5/18, Meredith, 3.62M), also "insisted that China has been open, transparent and responsible all along in providing information to the WHO and other countries, and has shared the genome sequence of the coronavirus." [Politico](#) (5/18, Wheaton, 4.29M) notes Xi said China "will treat a coronavirus vaccine developed there as a 'global public good.'"

GOP Lawmaker Pushes Back On China's Threat Against Him. [Townhall](#) (5/18, Barkoukis, 177K) reports, "Republican lawmakers haven't been shy about holding China accountable for the coronavirus pandemic." Some of the GOP-led efforts include bills like Rep. Chris Smith's Compensation for the Victims of State Misrepresentations to the World Health Organization Act of 2020, which would "waive the Foreign Immunities Act to legally empower U.S. citizens to sue the government of China for monetary damages." In response, China "threatened several Republican lawmakers last week" with "punitive countermeasures." In particular, China "singled out" Smith for being a "frequent instigator on China-related topics, particularly on so-called human rights issues." Smith, however, responded, "Sanctions will not silence me or anyone who demands genuine accountability for this horrific pandemic."

China Imposes 80% Tariffs On Australian Barley Imports. [The Hill](#) (5/18, Coleman, 2.98M) reports China imposed 80 percent tariffs on Australian barley imports, the country announced Monday, "as relations between the two nations continue to sour." The tariffs, set to begin Tuesday and "continue for five years, are expected to effectively stop billions of dollars of trade between the nations." China implemented the tariffs after "concluding an investigation, beginning in 2018, that officials said found dumping by Australia that caused damage on its domestic industry."

The [AP](#) (5/18, McGuirk) reports Australia "is seen as a leader in rallying global support for an inquiry" into China's response to the pandemic. Monday's tariffs, the AP says, mark the "first time Beijing has used access to its huge markets as leverage in its campaign to deflect blame for the outbreak."

Poor Nations Seek Restructure Loans From China Amid Pandemic.

The [New York Times](#) (5/18, Abi-Habib, Bradsher, 18.61M) reports that as the coronavirus spread around the globe, "Pakistan's foreign minister called his counterpart in Beijing last month with an urgent request: The country's economy was nose-diving, and the government needed to restructure billions of dollars of Chinese loans." Similar requests have also "come flooding in to Beijing from Kyrgyzstan, Sri Lanka and a number of African nations, asking to restructure, delay repayments or forgive tens of billions of dollars of loans coming due this year." The Times says that "with each request, China's drive to become the developing world's biggest banker is backfiring."

Life Returning To Normal In Wuhan After Lockdown Ends.

The [New York Times](#) (5/18, Wang, 18.61M) reports that "for more than two months, the people of Wuhan, China, lived under lockdown as their city buckled beneath the weight of the coronavirus." On April 8, the lockdown was lifted. Now, "the residents of Wuhan are cautiously feeling their way toward an uncertain future, some of the first in the world to do so." The Times goes on to profile four residents of Wuhan.

The [CBS Evening News](#) (5/18, story 9, 0:20, O'Donnell, 5.14M), meanwhile, reports that "a new outbreak of coronavirus in northeast China has led authorities there to reimpose stay-at-home restrictions on more than 100 million people."

The [Wall Street Journal](#) (5/18, Subscription Publication, 7.57M) editorializes that even the draconian lockdowns imposed in China were not totally effective as parts of the country are seeing a second wave.

Russia Looks To US For Medical Aid.

[Reuters](#) (5/18, Balmforth, Rodionov) reports Russia is "working on getting reciprocal medical aid from the United States, Moscow said on Monday after the country reported its lowest overnight rise in coronavirus cases since May 1." But Russia, "whose tally of 290,678 cases is the second highest after the United States, said the situation remained difficult after officials reported 8,926 new infections."

France And Germany Propose \$543 Billion In Emergency EU Spending.

[Reuters](#) (5/18) reports France and Germany on Monday proposed "a 500 billion euro (\$543 billion) Recovery Fund that would offer grants to European Union regions and sectors hit hardest by the coronavirus pandemic, pushing up the euro and bringing down Italian bond yields."

The [AP](#) (5/18) reports German Chancellor Angela Merkel and French President Emmanuel Macron "said the plan would involve the European Union borrowing money in financial markets to help sectors and regions that are particularly affected by the pandemic." The AP adds, "Crucially, the money would be disbursed in the form of grants rather than loans, with repayments made from the EU budget, an unprecedented proposal that overcomes long-standing objections in Berlin to the notion of collective borrowing."

NYTimes' Sauerbrey: Germany Faces Challenges As It Seeks To Re-Open.

[New York Times](#) (5/18, 18.61M) opinion writer Anna Sauerbrey writes that Germany, for all its relative success in handling the initial outbreak and keeping a lower mortality rate than many of its neighbors, is now learning the challenges of re-opening given that "the economy is in disarray," evidenced by 10.1 million unemployed Germans currently receiving subsidies. Sauerbrey claims forecasts "suggest that the economy, which has officially entered recession, will shrink somewhere between 6 to 20 percent." This, she says, translates into nearly 100 billion euros of lost tax revenue, according to one estimate, worsening the country's debt burden.

Italy Begins New Phase Of Reopening.

[NBC Nightly News](#) (5/18, story 10, 1:10, Holt, 7.19M) reported on what it called "good news in hard hit Italy, which began a major new phase of reopening" on Monday. NBC (Bradley) added, "Cafes, restaurants, and bars [are] back open in Italy after the longest nationwide lockdown in the world. A welcome sight after a ten-week shutdown devastated the economy, but businesses hardly booming so far."

Pandemic Pushes Swedish Deaths In April To Highest Level Since 1993.

[Reuters](#) (5/18, Johnson) reports that "more Swedes died in April than in any one month since 1993, figures from the Statistics Office showed on Monday, as the outbreak of the novel coronavirus pushed the death toll higher." In Sweden, "which has stopped short of the strict lockdown measures enforced by many countries," the pandemic has caused "around 3,700 deaths since the first reported fatality in March."

The [Washington Post](#) (5/18, 14.2M) editorializes that "in terms of illness and death, it appears Sweden has paid a higher price for its approach. As of Monday, it had suffered 3,698 deaths in a country of 10 million. By contrast, Denmark, Norway and Finland, with a combined population more than 16.5 million, which all imposed tighter restrictions, have seen only 1,081 deaths."

Brazil Now Fastest-Growing Global Hotspot.

[Bloomberg](#) (5/18, Brice, 4.73M) reports Brazil is "now the world's fastest-growing coronavirus hotspot, accounting for 13% of all new cases globally in the past week. Just days after it overtook Italy and Spain in total number of cases," Brazil "claimed the No. 3 spot from the U.K., reporting 254,220 confirmed cases as of Monday." The country is also "quickly catching up to Russia, which trails only the U.S., according to data compiled by Bloomberg."

Nursing Homes Account For 81% Of Canada's Deaths.

The [Washington Post](#) (5/18, Coletta, 14.2M) reports that nursing homes "account for 81 percent of" Canada's "covid-19 deaths, according to Theresa Tam, Canada's chief public health officer, a far greater proportion than in the United States." The World Health Organization has "said half of Europe's covid-19 deaths occurred in such facilities," and "nearly 40 percent of all U.S. deaths have occurred in nursing homes, according to the Kaiser Family Foundation."

Local Mexican Governments Resist Calls To Re-Open Until June.

The [AP](#) (5/18, Rodriguez, Verza) reports "local governments across Mexico pushed back Monday against President Andres Manuel Lopez Obrador's call to reopen the economy in some 300 townships that do not have active cases of coronavirus, with leaders saying they preferred to wait until June before resuming normal activities."

Qatar Threatens Up To Three Years In Prison For Refusing To Wear Mask.

The [Washington Examiner](#) (5/18, Halaschak, 448K) reports Qatar announced over the weekend that "those who go out in public without a face covering now face up to three years in prison and a fine of about \$40,000." Qatar, it notes, "has one of the highest per capita rates of infection in the world."

Outgoing Israeli Defense Minister: Iran Is "Evacuating" Syrian Bases.

[Reuters](#) (5/18, Rabinovitch) reports that "outgoing" Israeli Defense Minister Naftali Bennett indicated that Iran "has begun withdrawing its forces from Syria...without offering any evidence to support his assertion." Bennett is quoted as saying, "Iran is significantly reducing the scope of its forces in Syria and even evacuating a number of bases." Reuters says Bennett "also urged his successor, Benny Gantz, to maintain pressure on Iran, adding that the trend might otherwise reverse." Reuters says Israel, "which monitors neighbouring Syria intensively, has carried out hundreds of air strikes in Syria targeting suspected arms and troop movements by Iran and the Lebanese Hezbollah guerrillas it sponsors."

New Iranian "Anti-Zionism" Law Mandates Support For Palestinian Terror Groups.

The [Washington Free Beacon](#) (5/18, Kredo, 78K) reports Iran's parliament has adopted "a wide-ranging new 'anti-Zionism' law that seeks to bolster support for Palestinian terror groups and other entities conducting terrorism against Israel." Parliament adopted what it calls a "double urgency motion that outlines the manner of confrontation on the national and international scale against the Israeli regime," according to a copy of the measure published by Iran's state-controlled media on Monday.

Iran Hit By Second Wave Of Coronavirus After Reopening.

The [New York Times](#) (5/18, Fassihi, 18.61M) reports that "when Iran began to reopen late last month, commuters packed subways and buses, young people lined up for takeout hamburgers and pizza, and traffic snarled highways." Three weeks later, however, "the country has been hit by a new surge of coronavirus cases." Iran "reopened without meeting the benchmarks recommended by health experts, such as ensuring that widespread testing and contact tracing was in place, and recording a steady drop in cases for at least several weeks." The Iranian Health Ministry "said Monday that 2,294 people had tested positive in previous 24 hours. A day earlier, that number was 1,808. In the immediate aftermath of a strict, two-week lockdown in April, the number dropped to less than 1,000 a day."

High Court: Sudan Must Pay Al Qaeda Victims \$4.3 Billion.

The [Washington Post](#) (5/18, Barnes, 14.2M) reports the Supreme Court yesterday ruled that "victims of the 1998 bombings by al-Qaeda of the US embassies in Kenya and Tanzania are entitled to billions of dollars in punitive damages from Sudan." The bombings "killed 224 people and injured thousands, and courts determined long ago that Sudan enabled them by letting Osama bin Laden operate from the country and providing passports to al-Qaeda members." The Post says "a judge in Washington awarded more than \$10 billion in damages, of which \$4.3 billion was for punitive damages," and "the question before the court concerned a 2008 amendment to the federal Foreign Sovereign Immunities Act, which generally protects foreign governments from lawsuits but also details the exceptions to such protection," including "acts of terrorism." The [AP](#) (5/18, Gresko) points out "the more than 500 people involved in the case are mostly foreign citizens, either U.S. government employees or contractors injured in the bombings or relatives of those who died."

The [New York Times](#) (5/18, Liptak, 18.61M) reports "foreign nations are ordinarily immune from suits in American courts," but "Congress has made exceptions, including one in 1996 for acts of terrorism conducted by nations designated as state sponsors of terrorism. Under the 1996 law, plaintiffs were allowed to seek compensation for their losses but not punitive damages, which are meant to punish and deter wrongdoing." The [Washington Times](#) (5/18, Swayer, 492K), among other news outlets, also reports the story.

Haftar's Forces Lose Control Of Key Air Base Near Tripoli.

[Reuters](#) (5/18) reports that "forces aligned with Libya's internationally recognised government took control of an air base south-west of Tripoli" on Monday "after a sustained assault, in what could be their most significant advance for nearly a year. ... Forces aligned with the Government of National Accord (GNA) had taken full control of Watiya, Osama Juweili, a top military commander, was quoted as saying by official media." The Watiya air base "has been an important strategic foothold for forces loyal to eastern-based commander Khalifa Haftar, who launched an offensive to capture Tripoli in April 2019."

The [AP](#) (5/18, Magdy) says the development "is a heavy setback" for Haftar's forces, who have been "waging a campaign for over a year to take Tripoli." The [Washington Post](#) (5/18, Raghavan, 14.2M) likewise says it is "delivering a major blow to his year-long effort to oust the government."

US Envoy Set To Discuss US Withdrawal From Afghanistan With Taliban Officials.

[Reuters](#) (5/18, Chiacu, Brunnstrom) reports that on Sunday, US special representative for Afghanistan, Zalmay Khalilzad, "left for Doha and Kabul...to press Taliban and Afghan government officials to open peace talks that the United States hopes will allow it to withdraw from Afghanistan." Khalilzad "left one day after Afghan President Ashraf Ghani and his rival Abdullah Abdullah signed a power-sharing deal."

Pro-Beijing Lawmakers Seize Key Hong Kong Panel.

The [New York Times](#) (5/18, May, 18.61M) reports that "scuffles erupted Monday between lawmakers in Hong Kong as they debated the leadership of a committee that is to consider legislation that pro-democracy politicians fear would tighten China's control over the semiautonomous territory." According to the Times, "Hong Kong's pro-democracy camp has accused establishment lawmakers of illegitimately seizing control of the committee, which for months has been led by Dennis Kwok, a pro-democracy lawmaker. Chinese officials and pro-Beijing lawmakers have accused Mr. Kwok of blocking new legislation, including a bill that would criminalize disrespecting the Chinese national anthem." At least four pro-democracy lawmakers were "carried or dragged off the floor of the Legislative Council" by security agents.

Cruz Accuses Democrats Of "Apologizing For Communist Dictators."

The [Washington Examiner](#) (5/18, Mastrangelo, 448K) reports Sen. Ted Cruz (R-TX) "ripped Democrats for not being tougher on China and other communist dictatorships around the globe." During an interview with President Trump's "reelection campaign war room," Cruz said, "We won't prevail in that battle, that fundamental battle of systems, if we're too naive, if we're too oblivious to even be aware that there is a battle being waged, much less to stand up and defeat the Chinese aggression. One of the things that drives me crazy about Democrats is they have this nasty little habit of apologizing for communist dictators."

Jailed Saudis Hire Washington Lobbyists To Counter Crown Prince.

The [New York Times](#) (5/18, Vogel, Hubbard, 18.61M) reports that a "handful of prominent jailed Saudis and their allies, concluding they are unlikely to win release by pleading directly with their own government, are planning to press their cases in Washington, including by hiring lobbyists with connections in President Trump's orbit." The "unusual prospect of Saudis publicly airing the royal family's deep divisions comes at a challenging moment for Saudi Arabia" and Crown Prince Mohammed bin Salman. In what the Times calls "an apparent effort to exploit the situation, allies of several Saudis in recent weeks have approached Washington lawyers and consultants about legal, lobbying and public relations campaigns to push for an end to what they say is political persecution by the kingdom."

Israeli Found Guilty Of Murdering Palestinian Family.

The [New York Times](#) (5/18, Halbfinger, Rasgon, 18.61M) reports that "an Israeli settler was convicted on Monday of murdering a Palestinian couple and their young son in a racially motivated arson attack in 2015 that enraged Palestinians, drew condemnation from Israeli leaders and prompted investigators to use harsh interrogation measures normally reserved for non-Jewish terrorism suspects." Amiram Ben-Uliel, 25, was found guilty "of planning and carrying out the firebombing, which mortally wounded Saad and Riham Dawabsheh and killed their 18-month-old son, Ali." The couple's other son, "who was 5 at the time, was badly injured but survived." Prosecutors "said a life sentence was mandatory in premeditated murder cases and that they would ask for additional prison time."

The [Washington Post](#) (5/18, Eglash, 14.2M) identifies Ben-Uliel as a "Jewish extremist," and "son of a prominent West Bank rabbi," notes that although he was found guilty on "three counts of murder and two counts of attempted murder," the court "stopped short of finding the perpetrator guilty of membership in a terrorist organization."

Trump Commemorates 100th Anniversary Of Saint John Paul II's Birth.

President Trump took to [Twitter](#) yesterday to write, "Today we commemorate the 100th Anniversary of the birth of Saint John Paul II. HAPPY BIRTHDAY!"

Housing

GSEs Looking For Financial Advisors To Assist Recapitalization And Exit From Conservatorship.

According to a potentially paywalled piece from [Bloomberg](#) (5/18, Hamilton, 4.73M), "Fannie Mae and Freddie Mac are seeking to hire financial advisers to help them through their eventual exits from U.S. control." The advisers will help bring the GSEs through "steps that are necessary to leave federal conservatorship, including formulating strategies for recapitalizing the companies and revamping their business plans, the mortgage giants said in statements released Monday." Bloomberg adds that the "announcements show that Fannie and Freddie are still working to leave conservatorship even as the coronavirus crisis sends shockwaves through the housing market and broader U.S. economy." Freddie Mac CEO said that the search for an adviser marks a "significant milestone" for Freddie. Meanwhile, Fannie Mae CEO Hugh Frater said that the GSE is ensuring a "responsible exit." Both GSEs reportedly "said the financial firms they hire will work closely with their regulator, the Federal Housing Finance Agency. FHFA retained Houlihan Lokey Inc. in February to advise it on ending the conservatorships. FHFA Director Mark Calabria has said since last year that he expected Fannie and Freddie would need to hire their own advisers."

[American Banker](#) (5/18, Lang, Subscription Publication, 31K) reports Brickman said, "Even as we work to stabilize the housing markets during this unprecedented pandemic, Freddie Mac has remained focused on exiting conservatorship responsibly. Today we begin the competitive selection process for a financial advisor that will ultimately facilitate our return to full private capital ownership. This is a significant milestone, and we look forward to making a thoughtful selection quickly." [Reuters](#) (5/18) reports, "Fannie Mae said it would issue a request for proposals to hire an underwriting financial advisor, while Freddie Mac said it has begun the request for proposal process."

[HousingWire](#) (5/18, Howley, 23K) reports, "For the record, putting shares of Fannie Mae and Freddie Mac up for sale wouldn't be "initial public offerings," because Fannie Mae began trading on the New York Stock Exchange in 1968, and Freddie Mac began trading on the same exchange in 1989. The "offerings" would be the 80% of Fannie Mae and Freddie Mac preferred stock held by the federal

government since 2008. The remaining 20% trades over-the-counter. The size of the share offering may be as high as \$200 billion, which would make it the largest offering in history." [DS News](#) (5/18, Welborn) reports, "FHFA Director Dr. Mark Calabria told FOX Business late last year that Fannie Mae and Freddie Mac are building the capital necessary to get out of conservatorship, but there is still a little way to go."

Also reporting are [National Mortgage Professional](#) (5/18) and [Seeking Alpha](#) (5/18, Kiesche, 512K).

FHFA: GSEs Completed 8,836 Foreclosure Prevention Actions In February.

[DS News](#) (5/18, Welborn) reports that Freddie Mac and Fannie Mae "completed 8,836 foreclosure prevention actions in February, according to the latest data from the Federal Housing Finance Association (FHFA). This brings the total to 4,424,910 since the start of the conservatorships in September 2008. Over half of these actions have been permanent loan modifications." According to DS News, "With a surge in foreclosures expected post-forbearance due to COVID-19, foreclosure and eviction moratoriums backed by Fannie Mae, Freddie Mac, and the Federal Housing Administration (FHA) have been extended to June 30. Deadlines for all foreclosure and eviction moratoriums were set to expire on Sunday." FHFA Director Mark Calabria said, "During this national health emergency, no one should be forced from their home. Extending the foreclosure and eviction moratoriums protects homeowners and renters with an Enterprise-backed mortgage and provides certainty for families."

Despite CARES Act's Forbearance Options, Servicers Push Many Borrowers To Make Hefty "Lump-Sum" Repayments.

The [Washington Post](#) (5/18, Singletary, 14.2M) reports that many homeowners are confused and frustrated. After they "followed the advice of government officials and contacted their loan servicers to talk about payment relief if they couldn't pay their mortgage," they were supposed to be able to "ask for an initial forbearance of up to 180 days. If additional relief was needed, they were entitled to a 180-day extension. Interest still accrues, but fees and penalties are waived." Borrowers with loans backed by Fannie Mae, Freddie Mac, HUD, the FHA, the USDA, and the VA qualified for the relief policies, according to the CARES Act, but it seems the "details of the CARES Act got lost in translation." Instead, borrowers were "offered 90 days of forbearance, and...servicers told them that past-due mortgage payments would need to be paid in a lump sum once the forbearance ended." One borrower said, "If we can't make our monthly payments now, why would a mortgage company think we can make four months' payments at once?" According to The Post, a Freddie Mac script suggests that servicers allow affected borrowers to "resume making [their] normal monthly payment" so that the servicer may "leverage alternative ways of paying back the suspended payments in a manner that is affordable."

A separate piece in the [Washington Post](#) (5/18, Orton, 14.2M) covers what borrowers "need to know about asking for mortgage forbearance." According to the Post, "You first have to figure out whether you have a federally backed mortgage. If you have a mortgage backed by the Federal Housing Administration (FHA), Veterans Affairs (VA) or Agricultural Department (USDA), you probably already have that information because of the way you originally qualified for the loan. To find out if your loan is backed by Fannie Mae or Freddie Mac, use the tools on their websites." The CARES Act "stipulates that during the forbearance period, mortgage servicers of federally backed mortgages such as Fannie Mae and Freddie Mac cannot make negative reports about the borrower to credit bureaus."

MBA Survey Shows 8.15% Of US Mortgages Are In Forbearance.

According to the latest weekly survey from the Mortgage Bankers Association, [Reuters](#) (5/18, Dunsmuir) reports, "roughly 4.1 million U.S. mortgage borrowers have had their payments paused or reduced as the novel coronavirus outbreak hits household finances, but the increase in the number of people needing such help is slowing." MBA said that "the share of mortgages in forbearance rose to 8.16% from 7.91% in the May 4-10 period," which is "the smallest increase since March 16." in addition, "the number of new requests for relief also fell relative to the prior week for the fifth consecutive survey period."

[HousingWire](#) (5/18, Lane, 23K) reports, "Broken down by investor type, the share of Ginnie Mae loans (those insured by the Federal Housing Administration or Department of Veterans Affairs) in forbearance increased from 10.96% to 11.26%. Meanwhile, the share of Fannie Mae and Freddie Mac loans in forbearance rose from 6.08% to 6.25% and the share of other loans (private-label securities and portfolio loans) in forbearance increased from 8.88% to 9.26%." [MarketWatch](#) (5/18, Passy, 1.67M) reports that when compared to those of the GSEs, Ginnie Mae's loans "tend to go to borrowers who are first-time homeowners with weaker credit — people who could be more exposed to the economic downturn the pandemic has caused." Providing similar coverage of the MBA's data are [National Mortgage News](#) (5/18) and [National Mortgage Professional](#) (5/18)

In its coverage of the MBA's forbearance data, [Fox Business](#) (5/18, De Lea, 1.73M) reports, "Last week, the Federal Housing Finance Agency announced a new deferral repayment option for people who have put a pause on mortgage payments. Beginning July 1, Fannie Mae and Freddie Mac will allow borrowers who are able to resume making their monthly mortgage payments to make their missed payments either at the time the house is sold, refinanced or at maturity. That way, the amount due in monthly payments remains unchanged."

NAHB/Wells Fargo Housing Market Index Rises Following Steep Drop In April.

According to a potentially paywalled [Bloomberg](#) (5/18, Golle, 4.73M) piece carried by [National Mortgage News](#) (5/18), "Homebuilder sentiment rose in May by more than forecast following a record slump a month earlier as a pickup in sales and demand expectations pointed to stabilization in the real estate market." The NAHB/Wells Fargo Housing Market Index rose seven points to reach 37. In April, "the gauge plummeted 42 points, the most in records to 1985." According to NAHB Chief Economist Robert Dietz, "Low interest rates are helping to sustain demand. As many states and localities across the nation lift stay-at-home orders and more furloughed workers return to their jobs, we expect this demand will strengthen." MNM says that the 30-year FRM's average "dropped in April to the lowest in Freddie Mac

records back to 1971, enticing buyers. At the same time, the industry will be challenged by the surge in layoffs that has occurred over the last two months as the coronavirus prompted state and local governments to close most nonessential businesses."

Fannie Mae: Refis Expected To Rise To 17-Year High In 2020.

[HousingWire](#) (5/18, 23K) reports, "Refinance volume is set to spike to a 17-year high this year as mortgage rates fall to the lowest levels ever recorded, Fannie Mae said. Even as other parts of the economy tank, lenders will originate \$1.5 trillion in refis in 2020, a 51% jump from 2019, according to the forecast. That would be the highest level since 2003 when \$2.5 trillion of mortgages were refinanced, according to data from the Mortgage Bankers Association." Record-low interest rates and the Fed's MBS purchases are expected to "bolster refis." Already, the "rate for a 30-year fixed mortgage fell to an all-time low of 3.23% at the end of April, according to Freddie Mac." Fannie Mae said in its forecast that refi originations will hit "levels similar to 2012, when the last refinance boom occurred." Fannie predicts that by dollar volume, 2020's refis will exceed those of 2012 by \$74 billion.

MBA: Purchase Apps For New Homes Fell 25% In April From March.

[National Mortgage News](#) (5/18) reports, "April was likely the lowest point in coronavirus-impacted home buying activity, especially when it comes to purchasing newly constructed houses, the Mortgage Bankers Association said. Mortgage loan applications submitted to buy a new home fell by 25% in April compared with March and by 12% versus April 2019, the MBA's Builder Application Survey reported. The data is not seasonally adjusted." MBA AVP Joel Kan said, "New-home purchase applications severely weakened in April, which coincided with the peak of the social distancing efforts and restrictions on nonessential activities to help slow the spread of COVID-19. MBA estimates that new-home sales dropped to an annualized pace of 533,000 (seasonally adjusted) units, the slowest since December 2016. This decline was in line with data from our Weekly Applications Survey, which indicated a pullback in March and most of April." According to Kan, "There's evidence now that unrealized, pent-up demand is being released as states start to reopen. We expect that heading into the summer, more prospective homebuyers will gradually return to the market." [National Mortgage Professional](#) (5/18) says, "By product type, conventional loans composed 62% of loan applications; FHA loans 23.3%, RHS/USDA loans 1.2%, and VA loans 13.5%. The average loan size of new homes decreased from \$344,556 in March to \$334,641 in April."

Ginnie Mae Temporarily Shifts Its Delinquency-Rate Threshold.

[National Mortgage News](#) (5/18) reports that Ginnie Mae "is offering temporary relief related to its acceptable delinquency-rate threshold," in response to the "obligation on issuers to fulfill the forbearance requirements in the coronavirus rescue package." Ginnie Mae said that it "acknowledges that these requirements will cause a significant number of Ginnie Mae issuers to experience increasing delinquency rates that may exceed the maximum thresholds established by Ginnie Mae." NMN says that Ginnie "may exclude new issuer delinquencies starting with the April data in the May investor accounting report. The exclusion will be extended automatically to issuers with data that was compliant in the April investor accounting report reflecting March's data, but it can be withdrawn at Ginnie's discretion. Issuers with noncompliant April reports will need to inquire about their eligibility." NMN says, "The percentage of mortgages that have been delinquent for 90 days or more is generally factored into the minimum financial eligibility requirements for single-family loans at the government-sponsored enterprises. The GSEs' regulator had proposed additional requirements on companies that also service for Ginnie Mae prior to the coronavirus outbreak in the United States. However, it's not clear now whether the proposal will move forward."

Zillow Sees Rates Staying Low; Realtor.com Says They May Move Even Lower.

In a MoneyWise piece carried by [Yahoo! Finance](#) (5/18), Doug Whiteman says that Zillow economist Matthew Speakman believes mortgage rates will stay low, as the "combination of ongoing uncertainty and stabilization in some parts of the market suggest that average rates are likely to remain low, but rates associated with riskier mortgages are unlikely to fall much." However, Whiteman says that Realtor.com predicts in a new report that rates "may slide under 3% by the end of the year." According to Whiteman, "the site's economists say homebuyers will often find getting a loan now requires a larger down payment and a higher credit score" as lenders try to shield themselves against risks from economic uncertainty.

CBC Mortgage Agency President: HUD Still Looking Down On Down Payment Assistance Programs.

[Mortgage Professional America](#) (5/18, Jarvis) reports that the chaotic landscape facing first-time homebuyers as the pandemic spreads seems to present an "odd time for the Department of Housing and Development to move forward in their efforts to shut down national down payment assistance plans," but that is "precisely what's happening, according to CBC Mortgage Agency president Richard Ferguson." Calling HUD's stance "troubling," Ferguson said that HUD sees companies like the Chenoa Fund, CBC's down payment assistance program, and "start to get just a little worried that national down payment assistance programs could have the same kind of affect that they had in 2008." But according to Ferguson, "down payment assistance isn't what it was 12 years ago."

Remax: April Home Sales Plummeted, But Buyers Prove Resilient.

[National Mortgage News](#) (5/18) says that according to Remax, annual home sales tanked in April as the pandemic took its toll, but April was not as bad as expected. NMN reports, "Closed transactions dropped 20.2% from April 2019 and 13.7% from March 2020. Typically, there's a substantial jump in activity in April, which continues into the summer months. Only two of the 53 metro areas surveyed saw annual sales increases: Billings, Mont., jumped 9.9% and Minneapolis rose 3.6%. Meanwhile, Detroit, Miami, New York and San Francisco all posted decreases of over 40%." Even so, Remax CEO Adam Contos said, "April results were better than many expected, as consumers continued to forward a strong desire to own a home."

to buy and sell real estate in one of the most challenging months for housing in memory. This was a headwind like no other – yet we still saw activity across the country. Even in the markets that dropped 40% in sales, people wanted or needed to move, which says something about resiliency and the power of homeownership."

Podcast: Pandemic Threatens Black Homeownership.

The latest [HousingWire](#) (5/18, 23K) Digital Download podcast examines how the pandemic is hurting black homeownership. Census Bureau data shows that the black homeownership rate in 2Q19 fell to 40.6%, the lowest level since the Bureau began collecting quarterly data in 1994. According to HousingWire, "After the 1968 Fair Housing Act banned discrimination in real estate practices, the homeownership rate for black Americans climbed steadily to a record high of 49.7% in 2004's second quarter and stayed near that level for two years, according to Census data. The downward trajectory began in 2007 when predatory home loans started going into default, sparking a financial crisis that spread across the globe as trillions of dollars in mortgage securities lost value." Now, the pandemic is "likely to worsen prospects for Black Americans, which will lead to a larger gap in the homeownership rate."

Markets

10-Year Yield Rises.

[MarketWatch](#) (5/19, 1.67M) reports the 10-year Treasury yield rose to 0.709 percent.

Dollar Falls.

[Reuters](#) (5/19, White) reports, "The dollar nursed losses against major currencies on Tuesday after encouraging results from the trial of a vaccine for COVID-19 improved sentiment in a boost to riskier assets." The euro "held onto hefty gains against...the dollar following a proposal by France and Germany for a 500 billion euro (\$543 billion) recovery fund offering grants to regions hit hardest by the coronavirus crisis." The euro "bought \$1.0913 on Tuesday, having gained 0.9% against the greenback in the previous session." The dollar "was little changed at 107.39 yen."

Gold Trades Flat.

[Reuters \(UK\)](#) (5/19, Aranya) reports, "Gold gave up early gains on Tuesday to trade flat below a 7-1/2-year high hit in the last session, as risk appetite improved on promising early-stage data for a potential COVID-19 vaccine." Spot gold "was steady at \$1,731.50 per ounce by 0650 GMT," while US gold futures "fell 0.1% to \$1,733.30."

Oil Rises.

[Reuters](#) (5/19, Obayashi) reports, "Oil prices rose for a fourth straight session on Tuesday amid signs that producers are cutting output as promised just as demand picks up, stoked by more countries easing out of curbs imposed to counter the coronavirus pandemic." Brent crude "climbed 25 cents, or 0.7%, to \$35.06 a barrel by 0629 GMT," while West Texas Intermediate crude "was up 43 cents, or 1.4%, at \$32.25 a barrel."

Cybersecurity

iPhone Spyware Allows Police To Log Suspects' Passcodes.

[NBC News](#) (5/18, 6.14M) reports software called Hide UI, "created by Grayshift, a company that makes iPhone-cracking devices for law enforcement, can track a suspect's passcode when it's entered into a phone," according to two people in law enforcement. The spyware has been "available for about a year but this is the first time details of its existence have been reported, in part because of the non-disclosure agreements police departments sign when they buy a device from Grayshift known as GrayKey." Those NDAs have helped "keep Hide UI a secret." Because of the "lack of public scrutiny of the feature as well as its covert behavior, defense attorneys, forensic experts and civil liberties advocates are concerned that Hide UI could be used without giving owners the due process of law, such as a warrant."

Hackers Target Europe's Supercomputers.

[BBC News Online \(UK\)](#) (5/18, 1.02M) reports at least a dozen supercomputers "across Europe have shut down after cyber-attacks tried to take control of them." A pan-European supercomputing group "says they seem to have tried to use the machines to mine cryptocurrency." Staff "said they were working with the National Cyber Security Centre to restore the system, which had recently installed a pandemic modeling tool." The team said, "We now believe this to be a major issue across the academic community as several computers have been compromised in the UK and elsewhere in Europe." The NCSC said, "We are aware of this incident and are providing support. The NCSC works with the academic sector to help it improve its security practices and protect its institutions from threats."

The Cyberspace Solarium Commission Makes Its Case To Congress.

[Lawfare](#) (5/18, Ford) reports that, "during a videoconference on May 13, the Cyberspace Solarium Commission made its case to Congress that the US should adopt a strategy of layered cyber deterrence, a three-pronged plan to reduce the frequency of and the damage wrought by cyberattacks targeting America." The commission's members – two senators, two representatives, four executive branch officials and six private experts – "packed the report with scores of policy recommendations, including 57 legislative proposals, which delineate exactly how to execute the novel cyber strategy." The report's recommendations "are designed to be turned into bills, ushered swiftly through Congress,

and implemented." To that end, the commission "transmitted its legislative proposals directly to the relevant House and Senate committees, some of which have begun the work of incorporating the commission's ideas into legislation."

Disney's Head Of Streaming Is Appointed New TikTok CEO.

The [New York Times](#) (5/18, Barnes, Nicas, 18.61M) reports the Walt Disney Company's top streaming executive, Kevin Mayer, "resigned on Monday to become the chief executive of TikTok." Mayer will also serve "as chief operating officer of ByteDance, the Chinese conglomerate that owns TikTok." He said, "The magnitude of this opportunity was just something I couldn't pass up." He cited "gaming and music as two expansion possibilities."

Beer Review App May Be Exploited To Track Military Personnel And Secret Locations.

[Forbes](#) (5/18, Solender, 9.71M) reports a study by digital investigative outlet Bellingcat "found that data from a beer-centric social media app can be used to track US military personnel, locate secret military installations and get a glimpse of sensitive military documents." The app, Untappd, "allows users to 'discover and share your favorite beer,' by posting photos, checking in at bars, rating beers, exploring bars and breweries and unlocking badges." Bellingcat reporter Froeke Postma "said he was able to track US military and intelligence personnel and discover other sensitive information with just 'a little bit of digging in Untappd's data and cross referencing it with other social media.'"

Dark Web Scammers Exploit Covid-19 Fear And Doubt.

[BBC News Online \(UK\)](#) (5/19, 1.02M) reports that, "since the beginning of the global pandemic, marketplaces on the dark web have seen a rise in Covid-19 related products and services." Last month, security software firm IntSights "found blood allegedly belonging to recovered coronavirus patients was even being offered for sale." Criminals hope "a heightened sense of fear will make people rush to buy these products, and as a result these items are not cheap; an Australian Institute of Criminology report found the average fake vaccine was being sold for about \$370 (£300), while one supposedly sourced from China was selling for between \$10-15,000 (£8-12,000)." One of the reasons "for the rise in such sales may be because many fraudsters are having to turn from their normal methods of making money on the dark web...because these industries are currently dormant."

Officials: Israel Linked To Cyberattack On Iranian Port Facility.

The [Washington Post](#) (5/18, Warrick, Nakashima, 14.2M) reports that on May 9, "shipping traffic at Iran's bustling Shahid Rajaee port terminal came to an abrupt and inexplicable halt. Computers that regulate the flow of vessels, trucks and goods all crashed at once, creating massive backups on waterways and roads leading to the facility." Iranian officials "acknowledged that an unknown foreign hacker had briefly knocked the port's computers offline," and "now, more than a week later, a more complete explanation has come to light: The port was the victim of a substantial cyberattack that U.S. and foreign government officials say appears to have originated with Iran's archenemy, Israel."

TFI/Sanctions

Huawei Chairman: US Sanctions Will Hurt Business.

The [AP](#) (5/18, Soo, McDonald) reports that the latest US sanctions on Huawei "threaten to devastate the company and escalate a feud with China that could disrupt technology industries worldwide." Huawei Technologies Ltd. is "one of the biggest makers of smartphones and network equipment, but that \$123 billion-a-year business is in jeopardy after Washington announced further restrictions on use of American technology by foreign companies that make its processor chips." Huawei Chairman Guo Ping said at a conference Monday, "Our business will inevitably be impacted."

[Reuters](#) (5/18, Kirton) reports the chairman "said that Huawei spent \$18.7 billion buying from U.S. suppliers last year and would continue to buy from them if the U.S. government would allow it. He said customers have stood by the company, but acknowledged it had become harder to win contracts since the company was added to the entity list." Guo stated, "We will try all we can to seek a solution. ... Survival is the key word for us at present."

[Nikkei Asian Review \(JPN\)](#) (5/18, Li; Ting-Fang) reports, "Huawei said Washington's move will affect not only Huawei but also a large number of global industries." The company said in a statement, "In the long run, this will damage the trust and collaboration within the global semiconductor industry, which many industries depend on, increasing conflict and loss within these industries." [CNET News](#) (5/18, Dayaram, 1.99M) reports Huawei added, "The U.S. is leveraging its own technological strengths to crush companies outside its own borders. This will only serve to undermine the trust international companies place in U.S. technology and supply chains. Ultimately, this will harm US interests."

[Fox News](#) (5/18, Blitzer, 27.59M), The [Dallas \(TX\) Morning News](#) (5/18, Cobler, 946K), and [ZDNet](#) (5/18, Yu, 299K) also report.

Federal Reserve

Powell: CARES Act "Critical" To Fed's Efforts To Support Economy During Pandemic.

[Reuters](#) (5/18, Schneider) reports that in prepared remarks to be delivered at a Senate Banking Committee hearing Tuesday, Federal Reserve Chairman Powell says that passage of the CARES Act was "'critical' to the Federal Reserve's ability to expand credit throughout the economy to help offset the economic blow from the coronavirus pandemic." In the remarks, Powell also "repeats his pledge to keep interest rates near zero until the economy has weathered the crisis, and reviews Fed actions to date that he says have helped keep financial markets functioning smoothly."

[Bloomberg](#) (5/18, Torres, 4.73M), [The Washington \(DC\) Post](#) (5/18, Newmyer, 14.2M), [NPR](#) (5/18, Horsley, 3.12M), [The Wall Street Journal](#) (5/18, Timiraos, Subscription Publication, 7.57M), [CNBC](#) (5/18, Cox, 3.62M), and [The Atlantic](#) (5/18, Thompson, 3.47M) also report.

Powell Vows To Disclose Details About Entities Tapping Fed's Emergency Lending Programs.

The [AP](#) (5/18, Rugaber, Crutsinger) reports Fed Chair Jerome Powell pledged "to reveal the names and other details of the entities that borrow from the emergency programs the central bank has set up to offset the economic hit from the viral outbreak." In prepared testimony set to be given Tuesday at a congressional hearing, "Powell says the central bank will disclose the amounts borrowed and the interest rates it levies under its programs to provide credit for large corporations, state and local governments, and medium-sized businesses."

Fed's Muni Note Program "Open Today" As Fed Releases Application Materials.

[American Banker](#) (5/18, Wynn, Subscription Publication, 31K) reports the Fed's "short-term municipal note program is 'open today' to states and local governments struggling with financial woes during the pandemic, though it was reiterated that the program is a last resort." The NY Fed on Monday "released application materials for issuers interested in the program. Last week, the Fed announced it was accepting notices of interest – a form issuers must fill out to express interest in selling notes under the MLF. The Fed also released legal documents on Monday."

Bostic Not Inclined To Second-Guess Banks' Lending Choices During COVID-19 Crisis.

The [Wall Street Journal](#) (5/18, Derby, Subscription Publication, 7.57M) reports Atlanta Fed President Raphael Bostic said Monday he doesn't intend to strongly second-guess banks' decisions on lending made during the coronavirus crisis.

Financial Regulatory Agencies

List: Five Ways CFPB Is Helping Industry Combat Virus' Effects.

[American Banker](#) (5/19, Subscription Publication, 31K) lists five ways the CFPB "is attempting to help institutions deal with the [coronavirus] crisis by relaxing regulatory expectations." One of the bureau's first actions during the crisis "was to postpone quarterly HMDA reporting indefinitely." The bureau has also given financial institutions flexibility on exams and enforcement; given credit card issuers a break on resolving billing disputes; issued relief from remittance disclosures; and issued a waiver from TRID waiting periods.

Office of the Comptroller of the Currency

Otting Discusses OCC's Efforts During Coronavirus Crisis.

The [Money Laundering](#) (5/18) reports behind a paywall on Comptroller Otting's recent testimony before the Senate Banking Committee about the OCC's activities during the COVID-19 crisis. Otting "highlighted that the OCC published more than 25 bulletins, statements, press releases, and interim final rules to provide information aimed at clarifying institutions reducing risk to both consumers and the economy." He also noted the agency's efforts to streamline Bank Secrecy Act and anti-money laundering protections, saying that the coronavirus reinforced this priority because it underscored the need for better use of modern technology.

Operation HOPE CEO: CRA Reform Is "Next Software Upgrade" For Banking Regulation.

In a BankThink piece for [American Banker](#) (5/18, Subscription Publication, 31K), John Hope Bryant, founder, Chairman, and CEO of Operation HOPE, writes that Comptroller of the Currency Joseph Otting has described his agency's Community Reinvestment Act proposal "as reforming and modernizing the CRA – a vision that I support." Bryant continues, "The CRA modernization has fueled much criticism and calls to delay the rulemaking process. However, it should be seen as simply the next software upgrade for where banking regulation and public policy need to go next." The reform effort is "about data and measurement, impact and outcomes, real lending and real investments at scale, sustainability, and finally, appreciating the business case for underserved America. It's about giving banks the tools – and holding them accountable and responsible – to view the communities that I love as legitimate places for their business development and customer growth."

Bankers Expect Recession To Last Into 2021.

[American Banker](#) (5/18, Subscription Publication, 31K) reports a recent survey has found that many banking executives "are bracing for a prolonged slowdown that could last at least into the first quarter of next year" even as states begin lifting their stay-at-home orders in hopes of jumpstarting their economies. The survey, conducted by Promontory Interfinancial Network, found that most banking leaders hold a bleak outlook for the year ahead, as "three in four executives surveyed expect the economy to sour further, with barely one in 10 expecting the economy to improve by the end of next year's first quarter." Deposit growth has been a lone bright spot for the sector, as executives "report that the race for deposits has cooled off as workers fearing their job security are socking away more savings and businesses that have drawn down their lines of credit are holding that money in their accounts."

Banks To Face Margin Pressure This Year And Next.

[American Banker](#) (5/18, Subscription Publication, 31K) reports that with near-zero interest rates, “banks will struggle to generate bread-and-butter interest income and asset-sensitive lenders will face substantial net interest margin contraction this year and next, analysts say.” Piper Sandler analysts “estimated that, across their coverage universe of 200 banks, the median NIM will shrink 18 basis points in 2020, falling below the century’s 2009 trough reached in the wake of the financial crisis, and then shrink another 11 basis points next year to 3.30%.”

Wells Fargo’s Tech Chief Talks About Managing Virus Response, Tech Fixes Sought By Regulators.

[American Banker](#) (5/18, Subscription Publication, 31K) reports on its interview with Saul Van Beurden, head of technology at Wells Fargo, about how he is helping the bank run smoothly while nearly all of its employees work from home. Asked about tech fixes demanded by regulators, Van Beurden said, “[W]e apply new technologies like artificial intelligence, robotic process automation and optical character recognition where possible to remediate faster in a more sustainable way. Because if everything becomes manual, it could break again.”

Editorial Wrap-Up

New York Times.

“Social Distancing, Without The Police.” The [New York Times](#) (5/18, 18.61M) editorializes that New York should consider methods other than the police intervention to enforce social distancing during the coronavirus pandemic. Of the 125 people arrested “over offenses that law enforcement officials described as related to the coronavirus pandemic, 113 were black or Hispanic.” Meanwhile, photographs across social media show “crowds of sun-seekers packed into parks in wealthy, whiter areas of the city, lounging undisturbed as police officers hand out masks.” The city “needs a different approach to enforcing public health measures during the pandemic.” Mayor Bill de Blasio “seems to understand this, and he has promised to hire 2,300 people to serve as social distancing ‘ambassadors.’” Another method to help social-distancing efforts “may be the community-based groups that have been effective in reducing gun violence in some of the city’s toughest neighborhoods.”

Washington Post.

“China Agreed To A Global WHO Review. Where Was Trump?” The [Washington Post](#) (5/18, 14.2M) editorializes that under pressure, Xi “agreed to a more global review led by the WHO, one that is less likely to cast blame on China alone.” The Post asks, “Where was President Trump? He and his administration were still debating whether to ax some or all of the U.S. contribution to the WHO.” Secretary Azar “parroted Mr. Trump, blaming China and the WHO for the crisis, a crude scapegoating intended to divert attention from Washington’s own failures. Hasn’t it occurred to Mr. Trump and his advisers that, if they really want to learn how the pandemic began, it would be far better to show up for the investigation than to walk away? Mr. Xi is opening his checkbook, just as Mr. Trump is gathering up his marbles to go home.”

“Trump’s Latest Firing Is A Blatant Attempt To Shield Pompeo From Accountability.” The [Washington Post](#) (5/18, 14.2M) editorializes that the “blunt dismissal of a nonpartisan official whose job it is to provide an independent evaluation of just the sort of allegations Mr. Pompeo was facing would be shocking – if it were not just the latest step in a campaign by Mr. Trump to eliminate accountability across the federal government.” The Post adds that “Congressional Democrats have promised an investigation of Mr. Linick’s firing,” but “the question, as always, for...Republicans is whether they will insist that Mr. Trump observe the rule of law – or simply roll over once again.”

“Did Sweden Make The Right Call On Limiting Its Lockdown?” The [Washington Post](#) (5/18, 14.2M) editorializes that “in terms of illness and death, it appears Sweden has paid a higher price for its approach. As of Monday, it had suffered 3,698 deaths in a country of 10 million. By contrast, Denmark, Norway and Finland, with a combined population more than 16.5 million, which all imposed tighter restrictions, have seen only 1,081 deaths.”

Wall Street Journal.

“Moderna’s Vaccine Hope.” In an editorial, the [Wall Street Journal](#) (5/18, Subscription Publication, 7.57M) hails Moderna’s steps toward developing a vaccine – even as it cautions against declaring victory before all the needed testing has been completed.

“Chinese Lockdown Redux.” The [Wall Street Journal](#) (5/18, Subscription Publication, 7.57M) editorializes that even the draconian lockdowns imposed in China were not totally effective as parts of the country are seeing a second wave.

“The Mueller-Rosenstein Logan Act.” A [Wall Street Journal](#) (5/18, Board, Subscription Publication, 7.57M) editorial criticizes Justice officials’ use of the Logan Act, which prohibits private citizens from negotiating with foreign governments involved in disputes with the US, as a reason to investigate Flynn. The Journal argues that as President Trump’s choice for national security adviser in late 2016 and early 2017, Flynn had reason to talk with foreign officials.

The Big Picture

Headlines From Today’s Front Pages.

Wall Street Journal:

[US Stocks Surge As Hopes For Coronavirus Vaccine Build](#)

[TikTok Taps Disney Executive Kevin Mayer As New CEO](#)

[Uber Cuts 3,000 More Jobs, Shuts 45 Offices In Coronavirus Crunch](#)

[The New Airline Travel: Fewer Flights, More Layovers, Rules For Bathrooms](#)

[FBI Discovers Al Qaeda Ties In Pensacola Shooter's iPhones](#)

[Sanitizing Newbie? Take A Lesson From A Hog Farmer](#)

New York Times:

[Moderna Coronavirus Vaccine Trial Shows Promising Early Results](#)

[US-China Feud Over Coronavirus Erupts At World Health Assembly](#)

[Fear Of Risk Could Diminish The Economic Rescue By The Treasury And Fed](#)

[Where New Yorkers Moved To Escape Coronavirus](#)

[Freed By Court Ruling, Republicans Step Up Effort To Patrol Voting](#)

[Trump Says He's Taking Hydroxychloroquine, Prompting Warning From Health Experts](#)

Washington Post:

[Worry As Relief Funds Go Unspent](#)

[University Leaders Cautious About Return In Fall](#)

[Trump Says He's Taking Unproven Medication](#)

[As A 12-Year-Old Fought To Live, Her Heart Stopped Twice](#)

[Pompeo Defends Firing Of Watchdog](#)

[Bathrooms A Barrier To Reopening](#)

Financial Times:

[Germany And France Call For €500BN EU Recovery Fund](#)

[Huawei Says New US Sanctions Put Its Survival At Stake](#)

[Jesus Also Misunderstood, Masayoshi Son Tells Investors](#)

Washington Times:

['This Is Personal': Obama, Trump Fight For White House As Biden Sits On Sidelines](#)

[WHO Chief Caves, Agrees To Pandemic Response Probe: 'We All Have Lessons To Learn'](#)

[AG Barr: Durham Probe Unlikely To Lead To Criminal Investigations Of Obama Or Biden](#)

['Probable' Coronavirus Cases In December Alter US Timeline](#)

['Very Positive Day': US Turns Corner In Coronavirus Recovery](#)

[Secret Domsday Coronavirus Plans Relied On 'Lottery' For Life Or Death Decisions](#)

Story Lineup From Last Night's Network News:

ABC: Trump-Hydroxychloroquine; Hydroxychloroquine-Expert Comment; Moderna-Vaccine Trials; Reopening Economy; Trump-State Dept. IG; Al Qaeda-Florida Military Base Attack; Tropical Storm Arthur; Severe Weather; 'Leave It To Beaver' Actor Dies; Convalescent Plasma Treatments.

CBS: Trump-Hydroxychloroquine; Moderna-Vaccine Trials; Reopening Economy; Secret Service-Unemployment Scheme Investigation; Al Qaeda-Florida Military Base Attack; Georgia-Ahmaud Arbery Case; Tropical Storm Arthur; Los Angeles-Hash Oil Fire; Coronavirus-Overseas; Coronavirus-Recoveries.

NBC: Moderna-Vaccine Trials; Trump-Hydroxychloroquine; Reopening Economy; Ford-Nine Plants Reopen; Coronavirus-NBC Contributor Recovering; Coronavirus-Hospital Fears; Al Qaeda-Florida Military Base Attack; Trump-State Dept. IG; Tropical Storm Arthur; Coronavirus-Italy; Reopening Pro Sports.

Network TV At A Glance:

Trump-Hydroxychloroquine – 11 minutes, 25 seconds

Moderna-Vaccine Trials – 7 minutes, 25 seconds

Reopening Economy – 7 minutes, 25 seconds

Al Qaeda-Florida Military Base Attack – 4 minutes, 30 seconds

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Trump-Hydroxychloroquine; Moderna-Vaccine Trials; Stocks; Reopening California.

CBS: Trump-Hydroxychloroquine; Moderna-Vaccine Trials; Reopening Economy; Al Qaeda-Florida Military Base Attack; Severe Weather; Stocks.

FOX: WHO-World Assembly; Trump-Hydroxychloroquine; USS Philippine Sea-Commanding Officer Relieved.

NPR: Trump-Hydroxychloroquine; Oregon-Extension of Stay At Home Orders; Illinois-Reopening Economy; WHO-World Assembly.

Last Laughs

Late Night Political Humor

UST_001169

Late Night Comedy Roundup

Trevor Noah: "While most people are waiting for a vaccine, there are some people who think we may not even need one. People like Eric Trump, fetus in its 100th trimester and the President's fourth-favorite son. You see, according to baby Voldemort, coronavirus is actually a hoax that'll go away on its own. And the only reason the media is talking about it is to steal the White House from his dad."

Trevor Noah: "Now according to Eric, this whole coronavirus thing is a conspiracy to prevent his dad from doing big campaign rallies. I'm sorry, man, this makes no sense. Donald Trump is the President. So if he thinks coronavirus is all just a bunch of hype and he should be able to do a rally, then my man, go and do a rally. I swear, Trump is the most-powerful, least-powerful man in the world. (As Trump) 'I wanna do a rally, but I can't, 'cause the doctors will get mad at me!'"

Trevor Noah: "And by the way, we all know coronavirus is not a Democratic plot. Because if corona was a Democrat, we would've found a way to lose weeks ago."

Stephen Colbert: "Today, the President held a White House meeting with leaders in the restaurant industry. (As Trump) 'Before we begin, how about apps for the whole table? Jalapeno poppers, nachos, clam strips, and calamari, thanks. Oooh, garlic knots.'"

Stephen Colbert: [On President Trump saying that he is taking hydroxychloroquine because he's 'heard a lot of good stories' about it] "Of course, that's why anyone takes an experimental drug treatment. We've all seen the pharmaceutical ads: 'If you think hydroxychloroquine might be right for you, don't ask your doctor. Just ask around, and if you hear some good stories, eat it. Eat it, you coward.'"

Stephen Colbert: "On Friday, Trump removed the inspector general for the State Department. It's the third time in six weeks that such a move has been announced on a Friday night. 'Cause at the White House, 'TGIF' stands for 'Trump Got the Inspector Fired.'"

Jimmy Fallon: "Yesterday, New York Gov. Andrew Cuomo got a coronavirus test live on TV to show it's no big deal. They did the nasal swab, and he said it was fine, although for the rest of the briefing, he did speak with a British accent."

Seth Meyers: "President Trump claimed on Friday that the Defense Department had developed a, quote, 'super duper missile' that is 17 times faster than other missiles, which is great news unless our enemies develop a 'super duper infinity no-take-backs missile.'"

Seth Meyers: "New York Mayor Bill de Blasio said yesterday that he has ordered the police to stop people from partying outside bars amid the coronavirus pandemic. Though if de Blasio really wants people to stop partying, he should just show up."

Seth Meyers: "After former President Obama criticized the US response to the coronavirus pandemic in a virtual commencement address to college graduates this weekend, White House adviser Peter Navarro called the Obama Administration a, quote, 'kumbaya of incompetence.' Incidentally, 'kumbaya' is where Trump thinks Obama was born."

Washington's Schedule

Today's Events In Washington.

White House:

- President Trump — Delivers remarks on supporting our Nation's Farmers, Ranchers, and Food Supply Chain; holds a Cabinet Meeting
- Vice President Pence — No public schedule released

US Senate:

- Closed Briefing: Intelligence Matters

Location: CVC 217, U.S. Capitol Visitor Center, Washington, DC; 9:30 AM

- Treasury Secretary Mnuchin and Fed Chair Powell testify to Senate committee remote hearing on quarterly CARES Act report — Remote hearing on 'The Quarterly CARES Act Report to Congress', with testimony from Secretary of the Treasury Steven Mnuchin; and Federal Reserve Chairman Jerome Powell; 10:00 AM
- Senate Public Works subcommittee nominations hearing — Clean Air and Nuclear Safety Subcommittee nominations hearing considers Beth Harwell and Brian Noland to be Tennessee Valley Authority Members Board of Directors members, and Katherine Crytzer to be TVA Inspector General

Location: Rm 106, Dirksen Senate Office Building, Washington, DC; 3:00 PM

US House:

- House of Representatives meets in pro forma session
Location: U.S. Capitol, Washington, DC; 10:30 AM
- Ceremonial swearing-in for GOP Reps.-elect Mike Garcia and Tom Tiffany — House Speaker Nancy Pelosi holds ceremonial swearing in for Republican Reps.-elect Mike Garcia and Tom Tiffany

UST_001170

major Republican Reps.-elect Mike Pence and Tom Emmer
Location: H-207, U.S. Capitol, Washington, DC; 10:45 AM

- [VA Secretary Wilkie testifies to House Appropriations subcommittee on coronavirus response](#) – Military Construction, Veterans Affairs, and Related Agencies Subcommittee hearing on 'Department of Veterans Affairs – Response to COVID-19', with testimony from Secretary of Veterans Affairs Robert Wilkie, Under Secretary for Benefits Dr Paul Lawrence, Assistant Secretary for Management (and Department of Veterans Affairs CFO) Jon Rychalski, and Deputy Under Secretary for Health's Chief Consultant Dr Jennifer MacDonald

Location: Rm 2359, Rayburn House Office Building, Washington, DC; 12:00 PM

- [House Commerce subcommittee teleconference with FCC Chairman Pai](#) – House Committee on Energy and Commerce Communications and Technology Subcommittee holds teleconference forum with Federal Communications Commission Chairman Ajit Pai, to discuss 'critical consumer protection, broadband and spectrum issues related to the coronavirus (COVID-19) pandemic'; 12:00 PM
- [Dem Rep. Raul Grijalva leads roundtable on limiting the spread of wildlife-borne diseases to humans](#) – House Committee on Natural Resources Chair Raul Grijalva leads livestreamed roundtable discussion on 'Crossing the Species Barrier: The Growing Threat of Wildlife Disease to Human Health and What We Can Do About It', with University of California-Davis School of Veterinary Medicine Professor of Epidemiology and Ecosystem Health Christine Kreuder Johnson, Association of Zoos and Aquariums President and CEO Daniel Ashe, former USGS National Wildlife Health Center Director Leslie Dierauf, and Wildlife Disease Association Executive Manager Dave Jessup discussing 'how the House of Representatives' recently-passed Heroes Act improves research and testing for diseases at risk of being passed to humans and how federal agencies can protect the public from animal-to-human disease transmission'; 1:00 PM

Cabinet Officers:

- [Treasury Secretary Mnuchin and Fed Chair Powell testify to Senate committee remote hearing on quarterly CARES Act report](#) – Remote hearing on 'The Quarterly CARES Act Report to Congress', with testimony from Secretary of the Treasury Steven Mnuchin; and Federal Reserve Chairman Jerome Powell; 10:00 AM
- [VA Secretary Wilkie testifies to House Appropriations subcommittee on coronavirus response](#) – Military Construction, Veterans Affairs, and Related Agencies Subcommittee hearing on 'Department of Veterans Affairs – Response to COVID-19', with testimony from Secretary of Veterans Affairs Robert Wilkie, Under Secretary for Benefits Dr Paul Lawrence, Assistant Secretary for Management (and Department of Veterans Affairs CFO) Jon Rychalski, and Deputy Under Secretary for Health's Chief Consultant Dr Jennifer MacDonald

Location: Rm 2359, Rayburn House Office Building, Washington, DC; 12:00 PM

Visitors:

- [No visitors scheduled](#)

This Town:

- [Federal Aviation Administration Commercial Space Transportation Advisory Committee](#); 8:45 AM
- [NTSB meets virtually to discuss 2019 Ohio air ambulance helicopter crash](#) – National Transportation Safety Board meeting, via webcast, to determine the probable cause of the 29 Jan 2019 crash in Zaleski, OH, of a Bell 407 helicopter operated as an air ambulance, which was on a mission to pick up a patient when it crashed in deteriorating weather, killing all three occupants – the pilot, flight nurse, and flight paramedic; 9:30 AM
- [Department of Transportation monthly Air Travel Consumer Report released](#) – Department of Transportation monthly Air Travel Consumer Report released, containing March and Q1 airline on-time numbers, tarmac times, mishandled baggage numbers, mishandled wheelchair and scooter numbers, and consumer complaints for reporting marketing and operating carriers; 11:00 AM
- [Dem Rep. Jim Langevin speaks at CSIS online event](#) – 'Who Makes Cyberspace Safe for Democracy?' online discussion hosted by the Center for Strategic and International Studies, to explore how govt and industry must work together more efficiently to defeat cyber threats to democracy. Featured speakers include Democratic Rep. Jim Langevin and New York Times Chief Washington Correspondent David Sanger; 12:30 PM
- [Washington Post Live discussion with Hilton CEO](#) – Washington Post Live hosts a virtual event, with Hilton President and CEO Chris Nassetta and Mike Duffy discussing 'The Path Forward: Travel and Tourism'; 1:00 PM

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UST_001171

Fwd: Following up... thanks

From: "Muzinich, Justin" <"/o=ustreasury/ou=exchange administrative group (fydibohf23spdlit)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: (b)(6)@treasury.gov>
Date: Thu, 21 May 2020 09:10:27 -0400

Can u pls send as pdf. Thx

From: Justin Muzinich (b)(6)
Date: May 21, 2020 at 8:30:46 AM EDT
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: Fwd: Following up... thanks

**** Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

Sent from my iPhone

Begin forwarded message:

From: "Hubbard, Glenn" <rgh1@gsb.columbia.edu>
Date: May 21, 2020 at 7:33:15 AM EDT
To: Justin Muzinich (b)(6)
Subject: Following up... thanks

Justin:

Greetings. Following up on our conversation, Hal Scott and I marked up the basic term sheet of the Main Street Lending Facility with comments. Though the work is ours, we have again talked with other economists, banking representatives, and former lead Fed staff. We continue to believe that the program as described is undesirable for banks and borrowers and not reflective of the term 'Main Street' in the way a reasonable person might use those words.

While the changes we suggest are clear, some background may be helpful. This group of borrowers will need help as the economy reopens, but two economic concerns arise. First, simply piling on more debt may make them not viable (part of the PPP logic). Second, we have a dynamic economy, and we don't want to overly inhibit the reallocation of business capital and workers in response to the pandemic shock. I would be happy to discuss the economic logic behind this structure with you.

Connecting the dots to the contracts feasible in the world of banking/Fed facilities, one should have a loan with a longer-term bullet-repayment and with a very low interest rate. Hal and I suggest 10 years and 1 percent, respectively. Such a contract would be very attractive for borrowers.

For a bank to want to do this, we think the Fed should buy 100 percent of each loan (no bank risk retention with the stricter underwriting that retention implied) and clarify banks' potential liability in relying on borrower attestations. That is, the banks would just process the loans.

Effectively, our markup suggests a SPV that buys up the loans. We would stand it up with initially more capital than the other two facilities — \$100 billion in our markup. The previously proposed \$75 billion would remain to cover the two

UST_001172

other facilities.

The program as designed is not even trying to address smaller firms (obvious from the minimum loans). We suggested a lower minimum loan size. The maximum amount is designed to allow the borrower to cover six months of cash business expenses.

I (or Hal and I) would be happy to discuss these suggestions with you at your convenience. I also have suggestions about other Fed facilities and potential federal business interruption insurance wrappers that may help with post-PPP programs that are less generous.

Thanks in advance for the consideration,

Glenn



UST_001173

Main St

From: justin.muzinich@treasury.gov
To: Secretary Mnuchin
Cc: (b)(6)@treasury.gov>
Date: Thu, 21 May 2020 09:27:47 -0400

(b)(5) DP

Deliberative / pre-decisional

From: Justin Muzinich <(b)(6)>
Date: May 21, 2020 at 8:30:46 AM EDT
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: Fwd: Following up... thanks

**** Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

Sent from my iPhone

Begin forwarded message:

From: "Hubbard, Glenn" <rg1@gsb.columbia.edu>
Date: May 21, 2020 at 7:33:15 AM EDT
To: Justin Muzinich <(b)(6)>
Subject: Following up... thanks

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UST_001174

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I (or Hal and I) would be happy to discuss these suggestions with you at your convenience. I also have suggestions about other Fed facilities and potential federal business interruption insurance wrappers that may help with post-PPP programs that are less generous.

Thanks in advance for the consideration,

Glenn

UST_001175

Re: Following up... thanks

From: justin.muzinich@treasury.gov
To: rgh1@gsb.columbia.edu
Date: Thu, 21 May 2020 09:51:36 -0400

Many thanks Glenn (and Hal) for putting so much thought into this and marking-up the term sheet. I will discuss it with folks internally.

Best,
Justin

From: "Hubbard, Glenn" <rgh1@gsb.columbia.edu>
Date: May 21, 2020 at 7:33:15 AM EDT
To: Justin Muzinich (b)(6)
Subject: Following up... thanks

Justin:

Greetings. Following up on our conversation, Hal Scott and I marked up the basic term sheet of the Main Street Lending Facility with comments. Though the work is ours, we have again talked with other economists, banking representatives, and former lead Fed staff. We continue to believe that the program as described is undesirable for banks and borrowers and not reflective of the term 'Main Street' in the way a reasonable person might use those words.

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UST_001176

Thanks in advance for the consideration,
Glenn

UST_001177

Fwd: American Bankers Association Letter - Need for Additional Tax-Related Guidance and Reporting Compliance Relief Due to COVID-19

From: "Kautter, David" <"o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: Jeffrey Van Hove (b)(6)
Date: Thu, 21 May 2020 13:53:07 -0400

FYI

From: John Kinsella <Jkinsell@aba.com>
Date: May 21, 2020 at 10:57:10 AM EDT
To: John Kinsella <Jkinsell@aba.com>
Cc: Michael Gullette <mgullett@aba.com>, Phoebe Papageorgiou <phoebe@aba.com>, Kevin McKechnie <Kmckechn@aba.com>
Subject: American Bankers Association Letter - Need for Additional Tax-Related Guidance and Reporting Compliance Relief Due to COVID-19

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Good morning –
Attached is a letter from the American Bankers Association with suggestions for guidance identified by our members.
We thank you for your extraordinary efforts during this challenging period.
We look forward to working with you and please do not hesitate to contact us with immediate questions.
John

John P. Kinsella
Vice President, Tax Policy
American Bankers Association
1120 Connecticut Avenue, NW
Washington, DC 20036
202-663-5317 – Phone
(b)(6) Mobile
202-663-5209 - FAX



American
Bankers
Association

Building Success. Together.



UST_001178

Re: Flagging: Politico: Global economic downturn changes calculus on taxing tech companies

From: "Kautter, David" <"o=ustreasury/ou=exchange administrative group (fydibohf23spdlit)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: (b)(6)@treasury.gov>, "Harter, Chip" <lafayettechip.harter@treasury.gov>
Date: Thu, 21 May 2020 17:27:44 -0400

Thanks

No surprise on my part

From: (b)(6)@treasury.gov>
Date: May 21, 2020 at 5:22:22 PM EDT
To: Kautter, David <David.Kautter@treasury.gov>, Harter, Chip <LafayetteChip.Harter@treasury.gov>
Subject: FW: Flagging: Politico: Global economic downturn changes calculus on taxing tech companies

FYSA – ensuring you saw the article

From: (b)(6)@treasury.gov>
Date: May 21, 2020 at 2:09:44 PM EDT
To: DL Public Affairs <PublicAffairsDL@do.treas.gov>
Subject: Flagging: Politico: Global economic downturn changes calculus on taxing tech companies
Importance: High

Politico: Global economic downturn changes calculus on taxing tech companies (Toby Eckert, 5.21.20)

Technology companies are looking like bigger targets than ever for tax increases in many countries that have watched those businesses weather the coronavirus pandemic better than others, a top OECD official said Thursday.

Amazon, Google and similar companies — along with their allies in Congress and the Trump administration — argue that they shouldn't be singled out, or "ring-fenced," as international talks continue over how to tax an increasingly digital world economy.

"A number of countries say, 'Nice, but not true. Look, the digital economy has ring-fenced itself,'" said Pascal Saint-Amans, head of the tax policy center at the Organization for Economic Cooperation and Development.

"A number of governments say, 'You know what, there is something that we need to do because these companies are thriving through the crisis pretty well'" as others are struggling to survive, Saint-Amans said on a webinar hosted by the Urban-Brookings Tax Policy Center.

He added that is "not necessarily my personal opinion, I report what I see happening."

The OECD is trying to broker an agreement between 135 countries on overhauling the global corporate tax system. The pandemic has added considerable uncertainty to those talks as countries have seen their revenue crushed by the crisis at the same time they are spending record amounts to keep their economies afloat.

Meanwhile, more consumers are turning to online services because of social distancing requirements and business closures.

Saint-Amans reeled off the names of countries that may act unilaterally on digital services taxes "if we don't have a solution very quickly."

Speaking to reporters last week, French Finance Minister Bruno Le Maire said his country "will apply as it has always indicated a tax on digital giants in 2020 either in an international form if there is a deal or in a national form if there is no deal."

The U.S. has threatened to impose tariffs on France and other countries that move ahead unilaterally, though Saint-Amans speculated that the global economic crisis might take "some of the teeth" out of those threats.

Saint-Amans said technical talks on an agreement are continuing via teleconference and he is hopeful the effort will gain steam in the weeks ahead. The OECD has already delayed until October a crucial presentation to world leaders that was supposed to happen in July.

"We can see that politicians are turning their attention to this because I think no one wants a trade war at a time when the economy has been so badly disrupted," he said.

UST_001179

UST_001180

RE: Treasury First Read for Tuesday, May 26, 2020

From: "Kautter, David" <"o=ustreasury/ou=exchange administrative group (fydibohf23spdl)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: Secretary Mnuchin
Cc: (b)(6)@treasury.gov
Date: Tue, 26 May 2020 07:03:43 -0400

I will check this morning and let you know if you need to weigh in.

From: Secretary Mnuchin
Sent: Tuesday, May 26, 2020 6:54 AM
To: Kautter, David <David.Kautter@treasury.gov>
Cc: (b)(6)@treasury.gov
Subject: RE: Treasury First Read for Tuesday, May 26, 2020

(b)(5) DP

From: Kautter, David <David.Kautter@treasury.gov>
Date: May 26, 2020 at 6:40:25 AM EDT
To: Secretary Mnuchin
Cc: (b)(6)@treasury.gov
Subject: RE: Treasury First Read for Tuesday, May 26, 2020

(b)(5) DP

From: Secretary Mnuchin
Sent: Tuesday, May 26, 2020 6:36 AM
To: Kautter, David <David.Kautter@treasury.gov>
Cc: (b)(6)@treasury.gov
Subject: Fwd: Treasury First Read for Tuesday, May 26, 2020

(b)(5) DP

From: Bulletin Intelligence <Treasury@bulletinintelligence.com>
Date: May 26, 2020 at 5:43:03 AM EDT
To: TreasuryBulletin <Treasury@BulletinIntelligence.com>
Subject: Treasury First Read for Tuesday, May 26, 2020

**** Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

iPhone optimized version and searchable archives available at treasuryfr.bulletinintelligence.com.

TODAY'S TABLE OF CONTENTS

Secretary Mentions

- [New PPP Guidelines Prompt Criticism For Failing To Provide Flexibility In Loan Spending. \(WSJ, AMBNKR, POLITICO\)](#)
- [PPP Loans To Planned Parenthood Affiliates Fuel Political Battle. \(WP, HILL\)](#)
- [SBA Yet To Publish Full Accounting Of PPP Loan Recipients. \(CBSNEWS, NSWK\)](#)
- [Treasury Says COVID-19 Funds For Tribes Are On Schedule. \(LAW360, AZCENTRAL\)](#)
- [Democrats Plan Push For Highway Funds In New COVID-19 Relief Bill As Senate Adjourns. \(LAW360, NYT\)](#)
- [Mnuchin Sends Letter Pushing For Continued Investigation Into African Development Bank President. \(BLOOM\)](#)
- [GOP Senators Ask Mnuchin To Assist Renewable Energy Industry. \(HILL\)](#)
- [Reuters Analysis: Increased Alignment Among Trump's China Advisers Becoming Apparent. \(REU\)](#)
- [Trump Lays Wreath At Memorial Day Ceremony. \(NYPOST\)](#)

UST_001181

New PPP Guidelines Prompt Criticism For Failing To Provide Flexibility In Loan Spending. (WSJ, AMBNKR, POLITICO)

The [Wall Street Journal](#) (5/23, Hayashi) reported that while the Treasury Department and the SBA have updated guidelines regarding the forgiveness of Paycheck Protection Program (PPP) loans, the new guidelines fail to address a number of issues affecting lenders and borrowers. Among these issues is a requirement that three-fourths of loan money go toward payroll in order to secure loan forgiveness, as owners of various businesses have expressed desire for greater flexibility with loans.

[American Banker](#) (5/24) reported the Treasury Department and the SBA "quietly issued more guidance for the Paycheck Protection Program as legislators look to make more fixes to the emergency loan program. One of the interim final rules, issued late Friday night, focused on the requirements for having PPP loans forgiven. The other rule provided direction on lenders' duties during the forgiveness period, along with the SBA process for reviewing loans." The SBA "stated that it has the right to review any loan, though it will evaluate them based on the 'rules and guidance available at the time of the borrower's PPP loan application.'" The SBA also "said it is preparing a separate rule to lay out an appeals process for borrowers."

[Politico](#) (5/23, Warmbrodt) reported, "The Trump administration released long-awaited rules on how government-backed small business loans can be forgiven, but they fall far short of what employers and lawmakers are demanding for the popular program." The article adds, "The employers want more time to use the loans while still qualifying for forgiveness – they have only eight weeks now – and more freedom to spend the money as they choose beyond payroll costs. The new rules address neither concern. Still, the process remains uncertain with Congress weighing a major overhaul of the program." Politico adds lawmakers are "considering legislation that would give employers up to 24 weeks to spend the money and the ability to use more of it on non-payroll expenses than the 25 percent allowed today. The Senate adjourned on Thursday for the Memorial Day recess without taking action on the program. The House will vote on legislation next week."

WSJournal: Help Small Businesses – Fix The PPP. In an editorial, the [Wall Street Journal](#) (5/25) urges Congress to fix the flaws the PPP. [The Journal says Treasury Secretary Steven Mnuchin's 75% payroll usage stipulation for loan forgiveness punishes businesses that have high rents and overhead.](#) The Journal urges both parties to work together to relax overly restrictive requirements in the Paycheck Protection Program.

PPP Loans To Planned Parenthood Affiliates Fuel Political Battle. (WP, HILL)

The [Washington Post](#) (5/23, Gregg) reported a political fight "over \$80 million in subsidized Small Business Administration loans that were awarded to Planned Parenthood nonprofits is escalating, with 127 Republican lawmakers on Friday calling for a federal investigation of the loans and 41 Democratic senators on Saturday defending them." The Post says every Planned Parenthood state and local affiliate "is a separate nonprofit, with its own leadership and funding organization." However, the SBA, "said the local chapters are too closely affiliated with Planned Parenthood's national organization to be considered independent entities." [The 41 Democratic senators, in their letter Saturday, "asked SBA Administrator Jovita Carranza and Treasury Secretary Steven Mnuchin to stop what they called "ideologically-driven action" against Planned Parenthood organizations."](#)

[The Hill](#) (5/23, Axelrod) reported the Senators said in the letter, "It is critical that the SBA implement the PPP as Congress directed, without ideological efforts to treat certain nonprofit organizations differently from others. The SBA must administer the PPP in a manner that is uniform and that does not target any entity or subset of entities for exclusion, especially if doing so is based on a political ideology, the services provided by that entity, or any other factor unrelated to the criteria established by law in the CARES Act." In contrast, Senate Republicans "are calling on the Justice Department to investigate Planned Parenthood centers, claiming that they were ineligible for the funds due to the PPP's size standards."

SBA Yet To Publish Full Accounting Of PPP Loan Recipients. (CBSNEWS, NSWK)

[CBS News](#) (5/25) reports the Small Business Association, a "small, overlooked federal agency," is now responsible for "shouldering a massive relief effort for the nation's small businesses and their workers left reeling by the novel coronavirus." The SBA "has committed to auditing every sizable emergency loan it approves, yet nearly two months since the \$660 billion Paycheck Protection Program was launched, the agency has yet to make public the recipients of taxpayer aid." CBS says the "need for a detailed public accounting of the small-business relief program is amplified by controversy over how it has unfolded since early April. Experts said it's a way for the public to know whether the program is working as Congress intended." SBA says on its website that it "is becoming more transparent, participatory and collaborative through open government." So far, however, "the agency has only provided general information, such as the total amounts of loans awarded in a given time period."

[Newsweek](#) (5/24, Lemon) reported a new analysis by Reuters "has shown that the overwhelming majority of publicly listed companies that received coronavirus stimulus loans from the federal government, which were intended for struggling small businesses, do not plan on returning the funds." The analysis "found that as of May 22, only 68 out of 424 public companies had returned the funds, with those declining

to do so and claiming that they need the funds to maintain operations.” The analysis also “found that at least 76 companies who did not return the loans had ‘enough cash and cash equivalents to cover operating costs until at least June.’” Numerous outlets have reported since April “that many large companies had received millions in loans through the program, despite the intent being to prop up struggling small businesses.” President Trump and Treasury Secretary Steven Mnuchin “have both been critical of large companies taking advantage of the program and urged them to return the funds.”

Treasury Says COVID-19 Funds For Tribes Are On Schedule. (LAW360, AZCENTRAL)

[Law360](#) (5/22, Westney) reported Treasury Secretary Steven Mnuchin “told a D.C. federal judge Friday that the department is following through on its plan to send out \$3.2 billion in COVID-19-related funding to tribal governments, as tribes spent the week furnishing more data requested by the department.” Mnuchin “laid out his timetable on May 15 to deliver the remaining \$3.2 billion owed to tribes to fight the pandemic, after U.S. District Judge Amit P. Mehta had denied a bid by the Agua Caliente Band of Cahuilla Indians and other tribes to force the department to distribute the money immediately but asked how the distribution would be done.” The federal government on Friday, in its court-ordered status report, “said it is ‘implementing the plan that it previously articulated to the court’ and that ‘consistent with that plan,’ Treasury’s online portal for tribes to submit information is open.” Tribes “now have until Tuesday, the day after Memorial Day, to finish filing the additional tribal employment and expenditure data Treasury says it needs to divvy up the Coronavirus Aid, Relief and Economic Security Act funding.”

The [Arizona Republic](#) (5/22, Utacia Krol) reported Sen. Martha McSally (R-AZ) “said she would continue to fight for more funding to be delivered to tribes rapidly, and called for tribes’ hands to be ‘untied’ so they can better use the funds they already have to address their own community issues.” McSally “said the Treasury Department has been more flexible with regard to tribal expenditures, but said she’ll talk to the president and to Treasury Secretary Steven Mnuchin to find common ground.”

Democrats Plan Push For Highway Funds In New COVID-19 Relief Bill As Senate Adjourns. (LAW360, NYT)

[Law360](#) (5/22, Ota) reports House Democrats “are looking to bundle a five-year renewal of highway funding and a batch of tax-favorable victory savings bonds in an emerging economic recovery package aimed at spurring growth and countering effects of the COVID-19 pandemic.” House Ways and Means Chairman Richard Neal (D-MA) “said he and other senior House Democrats will pivot after the Memorial Day break to try to advance a five-year highway reauthorization bill with bond financing options as part of an economic recovery package aimed at creating jobs and spurring growth.” Neal “said he was continuing talks with Treasury Secretary Steven Mnuchin in the hope of cutting a deal on potential revenue-raising measures for the highway bill.” Neal also “said Democrats had made no decision on whether to push forward in the absence of an accord with the administration on contentious proposals to lift or index for inflation the gasoline tax of 18.4 cents per gallon.”

The [New York Times](#) (5/22) editorializes that the Senate “emptied out again on Friday” following three weeks in session, “as lawmakers fled Washington for the Memorial Day recess” and “left without even pretending to tackle the next round of coronavirus relief.” [The Times](#) says many Republicans, “including Treasury Secretary Steven Mnuchin, are reluctant to embrace more government spending,” so Senate Majority Leader Mitch McConnell “is taking a wait-and-see approach.” The Times argues it is “time for Mr. McConnell to stop his foot-dragging and get serious about making America work again.”

Mnuchin Sends Letter Pushing For Continued Investigation Into African Development Bank President. (BLOOM)

[Bloomberg](#) (5/24, Gebre, Mieu) reported Treasury Secretary Steven Mnuchin “rejected plans by the African Development Bank’s board to end an investigation into its president, Akinwumi Adesina, and called for an independent probe into allegations against him.” In a letter sent to AfDB’s board of governors chairwoman Niale Kaba and dated May 22, Mnuchin “said the Treasury disagrees with findings by the bank’s ethics committee that ‘totally exonerated’ Adesina.” Mnuchin said in the letter, “We have deep reservations about the integrity of the committee’s process. ... Instead, we urge you to initiate an in-depth investigation of the allegations using the services of an independent outside investigator of high professional standing.” Kaba “confirmed receipt of the document and declined further comment.”

GOP Senators Ask Mnuchin To Assist Renewable Energy Industry. (HILL)

[The Hill](#) (5/22, Frazin) reported Republicans “are pushing for assistance from the Trump administration for both the renewable energy and fossil fuel industries.” Republican Sens. Lisa Murkowski (AK), Susan Collins (ME), and Thom Tillis (NC) “have asked the Treasury Department to help the renewable energy sector by extending the amount of time under which companies can qualify for a specific tax credit.” The senators wrote to Treasury Secretary Steven Mnuchin “asking him to extend the ‘safe harbor’ period under which companies can start construction on renewable energy projects and qualify for a tax credit.” The group also “wrote...that some developers may not have received equipment in time to qualify for one of the credits ‘due

to COVID-19 related disruptions,” saying, “In order to mitigate this uncertainty, we urge you to modify Treasury’s guidance to treat COVID19-related equipment delivery delays as acceptable disruptions.”

Reuters Analysis: Increased Alignment Among Trump’s China Advisers Becoming Apparent. (REU)

[Reuters](#) (5/25, Spetalnick, Holland) reports in an “Explainer” that President Trump’s China advisers, long “divided between those pushing for a hardline stance and others advocating cautious engagement,” seem “to have moved closer together on a tougher approach to Beijing” amid the COVID-19 pandemic crisis. Reuters quotes a “former administration official” saying, “Most people are aligned that it’s time to be tough on China now.” Among the advisers that “will help shape Trump’s decision,” Reuters says Treasury Secretary Steven Mnuchin “has long been a voice of moderation on China.” However, “as pressure has mounted over China’s handling of the coronavirus, Mnuchin has shown signs of being less hesitant about stronger measures, including restricting Chinese tech company Huawei Technologies.” Mnuchin “could still advise caution” on Hong Kong, “to avoid upsetting markets.” The Secretary “has often been allied with Trump’s son-in-law and adviser, Jared Kushner.”

Trump Lays Wreath At Memorial Day Ceremony. (NYPOST)

The [New York Post](#) (5/25, Nelson) reports President Trump “presented a wreath at the Tomb of the Unknown Soldier to commemorate Memorial Day.” The Post mentions Trump was accompanied by several Cabinet members, including Secretary of State Mike Pompeo, Treasury Secretary Steven Mnuchin, and Transportation Secretary Elaine Chao.

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FW: FOR REVIEW: Tribal Communities Data for COVID-19 Factsheet

From: "Kautter, David" <"o=ustreasury/ou=exchange administrative group (fydibohf23spdl)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Vallabhaneni, Krishna" <krishna.vallabhaneni@treasury.gov>
Date: Tue, 26 May 2020 11:57:04 -0400

FYI

From: Dwyer, David <David.Dwyer@treasury.gov>
Sent: Tuesday, May 26, 2020 11:35 AM
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Callanan, Brian <Brian.Callanan@treasury.gov>; Myers, Baylor <Baylor.Myers@treasury.gov>; (b)(6) <(b)(6)@treasury.gov>; Morgenstern, Brian <Brian.Morgenstern@treasury.gov>; Crowley, Monica <Monica.Crowley@treasury.gov>; Kowalski, Daniel <Daniel.Kowalski@treasury.gov>; Patel, Bimal <Bimal.Patel@treasury.gov>; Kranbuhl, Kipp <Kipp.Kranbuhl@treasury.gov>; McIntosh, Brent <Brent.McIntosh@treasury.gov>; Poulson, John <John.Poulson@treasury.gov>; Eisner, David <David.Eisner@treasury.gov>; Kautter, David <David.Kautter@treasury.gov>; Faulkender, Michael <Michael.Faulkender@treasury.gov>
Cc: Dwyer, David <David.Dwyer@treasury.gov>; Gaiser, Alexandra <Alexandra.Gaiser@treasury.gov>
Subject: FW: FOR REVIEW: Tribal Communities Data for COVID-19 Factsheet

Attached is a factsheet the White House Office of Intergovernmental Affairs put together back in early May regarding the Administration's support of tribal communities during COVID-19. **Could the following agencies take a look at their respective sections and make any necessary updates?** Requesting to have this information back by **Thursday, May 28, at 1:00 pm**.

Reach out directly with questions.

Thanks!

- FEMA
- HHS
- USDA
- DOI/BIA
- ED
- DOI
- Commerce
- DOT
- SBA
- VA
- DHS
- HUD
- Energy

Madison Porter
Assistant Staff Secretary
Cell: (b)(6)

From: Porter, Madison F. EOP/WHO <WHO_EOP>
Sent: Tuesday, May 26, 2020 10:08 AM
To: Blackwell, Juliana <juliana.blackwell@HQ.DHS.GOV>; FEMAExecSec <FEMAExecSec@fema.dhs.gov>; Dyson, Nicole <Nicole.Dyson@fema.dhs.gov>; Cook, Jaime <Jaime.Cook@fema.dhs.gov>; Boyse, Natalie (OS/IOS) <Natalie.Boyse@hhs.gov>; Ghee, Hailey - OSEC, Washington, DC <hailey.ghee@usda.gov>; todd_willens@ios.doi.gov; Rogers, James <James.Rogers@ed.gov>; Moran, John (OAG <John.Moran@usdoj.gov>; Levi, William (OAG <William.Levi@usdoj.gov>; JRockas@doc.gov; ruth.knouse@dot.gov; SBAExecSec@sba.gov; Syrek, Christopher D. (Chris) <Christopher.Syrek@va.gov>; clark.barrow@hq.dhs.gov; Hughes, Andrew <Andrew.Hughes@hud.gov>; McCall, Drew A <Jonathan.A.McCall@hud.gov>; Cato, Sierra <sierra.cato@hq.doe.gov>; Dwyer, David <David.Dwyer@treasury.gov>; Eilts, Andrew <Andrew.Eilts@treasury.gov>
Cc: Crozer, William F. EOP/WHO <WHO_EOP>
Subject: FOR REVIEW: Tribal Communities Data for COVID-19 Factsheet

**** Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

UST_001185

Hi all,

Hope you had a nice weekend. Attached is a factsheet the White House Office of Intergovernmental Affairs put together back in early May regarding the Administration's support of tribal communities during COVID-19. **Could the following agencies take a look at their respective sections and make any necessary updates?** Requesting to have this information back by **Thursday, May 28, at 1:00 pm**.

Reach out directly with questions.

Thanks!

- FEMA
- HHS
- USDA
- DOI/BIA
- ED
- DOJ
- Commerce
- DOT
- SBA
- VA
- DHS
- HUD
- Energy

Madison Porter
Assistant Staff Secretary
Cell: (b)(6)



UST_001186

FW: ERTC essential business / healthcare

From: "Kautter, David" </o=ustreasury/ou=exchange administrative group (fydibohf23spdl)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Weiser, Carol" <carol.weiser@treasury.gov>, "Morrison, Helen" <helen.morrison2@treasury.gov>
Date: Tue, 26 May 2020 16:00:51 -0400

FYI

From: Warren, Mark (Finance) <Mark_Warren@finance.senate.gov>
Sent: Tuesday, May 26, 2020 2:30 PM
To: Kautter, David <David.Kautter@treasury.gov>
Subject: ERTC essential business / healthcare

**** Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

Dave – thanks again for the quick catch-up. Below is the email I mentioned from the Iowa physician groups. They make a reasonable case for the retention credit to apply in cases like the hospitals where large segments of operations were forced to shut down to ensure the essential services could remain open. Any thoughts on exceptions to the essential-business limitation would be very helpful given the financial state of many in the healthcare industry.

Thanks again. I hope you and the OTP family are safe and well.

Mark

From: Baker, Brett (Finance) Senate email [REDACTED]
Sent: Tuesday, May 26, 2020 1:07 PM
To: Warren, Mark (Finance) Senate email [REDACTED]; Cummins, Jamie (Finance) Senate email [REDACTED]
Cc: Portman, Stuart (Finance) Senate email [REDACTED]
Subject: FW: Thanks for your time last week, Brett. This seems like a sadly correct read of the situation...Dan

Hope you guys had a good weekend. Flagging an issue raised by a consultant (you guys probably know Dan) who represents a lot of physician groups, including a large physician group in Iowa. Is his read of IRS rules related to health care providers correct?

From: Dan Boston [<mailto:dboston@healthpolicysource.com>]
Sent: Tuesday, May 26, 2020 10:01 AM
To: Baker, Brett (Finance) Senate email [REDACTED]
Subject: Thanks for your time last week, Brett. This seems like a sadly correct read of the situation...Dan

As I mentioned from a client:

"...On May 5 (approximately), the IRS issued the above overview of the program. At that time, I was pleased to see that the description of eligible employers to be those who experience either 1) the full or partial suspension of the operation of their trade or business... or 2) a significant decline in gross receipts, consistent with the language of the legislation.

However, in the past week, a series of FAQs have been issued by the IRS. Among them are the following specific assessments for any entity that is considered an "essential business", and we would qualify as an essential business:

UST_001187

30. If a governmental order requires non-essential businesses to suspend operations but allows essential businesses to continue operations, is the essential business considered to have a full or partial suspension of operations?

No. An employer that operates an essential business is not considered to have a full or partial suspension of operations if the governmental order allows the employer to remain open, even though the governmental order requiring non-essential businesses to close may have an effect on the employer's operations. For more information regarding the application of the full and partial suspension rules if the essential business' suppliers are required to close due to a governmental order, see [if a governmental order causes the suppliers to an essential business to suspend their operations, is the essential business considered to have a suspension of operations?](#) For more information regarding the application of the full and partial suspension rules if the essential business's operating hours are affected by a governmental order, see [Are an employer's operations considered to be partially suspended for purposes of the Employee Retention Credit if the employer is required to reduce its operating hours by a governmental order?](#)

Although an employer with an essential business may not be considered an Eligible Employer as a result of a full or partial suspension of its operations due to a governmental order, the employer may be considered an Eligible Employer if it experiences a significant decline in gross receipts. For more information on what constitutes a significant decline in gross receipts, see [Determining When an Employer is Considered to have a Significant Decline in Gross Receipts](#).

32. If a governmental order causes the customers of an essential business to stay at home is the essential business considered to have a suspension of operations?

No. An employer that operates an essential business that is not required to close its physical locations or otherwise suspend its operations is not considered to have a full or partial suspension of its operations for the sole reason that its customers are subject to a government order requiring them to stay at home.

The employer may be considered an Eligible Employer and may be eligible for the Employee Retention Credit if it experiences a significant decline in gross receipts. For more information on what constitutes a significant decline in gross receipts, see [Determining When an Employer is Considered to have a Significant Decline in Gross Receipts](#).

Example: Employer B, an automobile repair service business, is an essential business and is not required to close its locations or suspend its operations. Due to a governmental order that limits travel and requires members of the community to stay at home except for certain essential travel, such as going to the grocery store, Employer B's business has declined significantly. Employer B is not considered to have a full or partial suspension of operations due to a governmental order. However, Employer B may be considered an Eligible Employer if it has a significant decline in gross receipts.

There is absolutely NO indication that these interpretations are part of the legislative intent of the CARES Act that I can see. In our case, I believe that it is very possible that we will experience the worst of all possible results because of these interpretations. Our business (and all healthcare organizations) was absolutely and specifically directed by the Governor's order, to discontinue all non-emergent health care services in an effort to preserve the limited amount of PPE that was available, and also to free up bed capacity in hospitals for a potential tsunami of sick COVID-19 patients. Our revenue for the entire month of April was 40% of normal. However, for the entire quarter ending June 30, 2020, it is very possible that through a great deal of effort we will increase our revenue to 51% or 52% of normal, and therefore be eliminated from the opportunity for aid that this section of the CARES Act intends. This is because we are excluded from consideration by the ridiculous and arbitrary interpretations above by the IRS, and we won't qualify on the basis of the defined term "significant decline in gross receipts", which is defined in the law as a 50% or greater decrease in revenue. We may miss that cutoff by 1 or 2 percent.

We might have to intentionally shut down our clinics for several days in June (a bizarre option), in order to force revenue below 50%. I don't even know whether it would be ethically possible for us to do that and force patients to delay needed care.

Healthcare organizations were uniquely impacted by the shutdown orders issued by governors in nearly all states. Even though healthcare organizations were deemed to be essential businesses, those orders specifically prescribed the discontinuation of services normally offered by those organizations. That is much different from the example above related to an automobile repair service. However, there is nothing that I can see in the legislation that would indicate that the application of the IRS interpretation above should apply to essential services like the auto repair business either. These IRS interpretations will be a killer for MANY organizations who should qualify for this relief..."

Dan Boston, President & CEO
Health Policy Source, Inc.
211 N. Union Street, Suite 310
Alexandria, VA 22314
Direct: (571) 858-5123
Cell: (b)(6)
Fax: (202) 318-4533
Main: (571) 858-5151
website: www.healthpolicysource.com



UST_001188

UST_001189

RE: ERTC essential business / healthcare

From: "Kautter, David" <"o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Warren, Mark (Finance)" <Senate email [REDACTED]>
Date: Tue, 26 May 2020 16:01:13 -0400

We will take a look

Thanks for sending

From: Warren, Mark (Finance) <Senate email [REDACTED]>
Sent: Tuesday, May 26, 2020 2:30 PM
To: Kautter, David <David.Kautter@treasury.gov>
Subject: ERTC essential business / healthcare

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Sent: Tuesday, May 26, 2020 1:07 PM
To: Warren, Mark (Finance) <Senate email [REDACTED]>; Cummins, Jamie (Finance) <Senate email [REDACTED]>
Cc: Portman, Stuart (Finance) <Senate email [REDACTED]>
Subject: FW: Thanks for your time last week, Brett. This seems like a sadly correct read of the situation...Dan

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From: Dan Boston [<mailto:dboston@healthpolicysource.com>]
Sent: Tuesday, May 26, 2020 10:01 AM
To: Baker, Brett (Finance) <Senate email [REDACTED]>
Subject: Thanks for your time last week, Brett. This seems like a sadly correct read of the situation...Dan

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However, in the past week, a series of FAQs have been issued by the IRS. Among them are the following specific assessments for any entity that is considered an "essential business", and we would qualify as an essential business:

UST_001190

30. If a governmental order requires non-essential businesses to suspend operations but allows essential businesses to continue operations, is the essential business considered to have a full or partial suspension of operations?

No. An employer that operates an essential business is not considered to have a full or partial suspension of operations if the governmental order allows the employer to remain open, even though the governmental order requiring non-essential businesses to close may have an effect on the employer's operations. For more information regarding the application of the full and partial suspension rules if the essential business' suppliers are required to close due to a governmental order, see [if a governmental order causes the suppliers to an essential business to suspend their operations, is the essential business considered to have a suspension of operations?](#) For more information regarding the application of the full and partial suspension rules if the essential business's operating hours are affected by a governmental order, see [Are an employer's operations considered to be partially suspended for purposes of the Employee Retention Credit if the employer is required to reduce its operating hours by a governmental order?](#)

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Dan Boston, President & CEO
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Cell: (b)(6)
Fax: (202) 318-4533
Main: (571) 858-5151
website: www.healthpolycysource.com

UST_001191

Fwd: McConnell says another relief package is coming

From: "Muzinich, Justin" </o=ustreasury/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=3d2afce60d7e464fbd30ff8dbedefecb-muzinich, jus">
To: Secretary Mnuchin
Date: Wed, 27 May 2020 08:20:09 -0400

From: POLITICO's Morning Money <morningmoney@politico.com>
Date: May 27, 2020 at 8:05:06 AM EDT
To: Muzinich, Justin <Justin.Muzinich@treasury.gov>
Subject: McConnell says another relief package is coming

**** Caution:** External email. Pay attention to suspicious links and attachments. Send suspicious email to suspect@treasury.gov **

May 27, 2020

[View in browser](#)

B VICTORIA SUBRAE ELIZA WEAVER

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QUICK FIX

McConnell says another relief package is coming — Senate Majority Leader [Mitch McConnell](#), who has lived up to his self-description as “the grim reaper” by discouraging hopes for a quick new economic rescue package, may be coming around. “In the next month or so we’ll be talking about possibly another bill,” McConnell told reporters in Louisville, Ky., on Tuesday, his most definitive statement yet suggesting another relief measure will be coming in the short term. The door had always stayed open to more action, but his timeline is a sign that things are starting to move. “It won’t be [a] \$3 trillion left-wing wish list like the House cobbled together the other day,” he said, according to our Marianne LeVine.

White House economic adviser Larry Kudlow [said the Trump administration “may well” get behind the idea](#) of a back-to-work bonus for workers in the next coronavirus aid package, a proposal that’s starting to gain momentum among some GOP senators. That would be an alternative to extending the \$600/week addition to unemployment benefits, something Democrats have been pushing to extend. Kudlow and McConnell both said they don’t want workers to earn more by staying on unemployment benefits than by returning to their jobs.

McConnell’s timeline of about a month from now gets into the territory when the economy might need a new jolt of help, depending on whether the coronavirus can be brought under control. Small businesses that borrowed money under the Paycheck Protection Program

UST_001192

have to rehire workers by June 30 to be eligible for loan forgiveness, while enhanced unemployment benefits run out on July 31. Meanwhile, toward the end of the second quarter, more midsized companies might see defaults — no doubt why the Federal Reserve is rushing to open the doors of its “Main Street” lending program in the next couple of weeks.

IT’S WEDNESDAY (I THINK) — Ben White’s off this week, so please send news to me at: vguida@politico.com or [@vtg2](https://twitter.com/vtg2), and to Aubree Eliza at aweaver@politico.com or [@AubreeEWeaver](https://twitter.com/AubreeEWeaver).

HAPPENING TODAY – GLOBAL BANKING AND INVESTING DURING A PANDEMIC: Join Global Translations author Ryan Heath today at 9 a.m. EDT for a virtual interview with Suma Chakrabarti, president of the European Bank for Reconstruction and Development (EBRD). Why is so much of the Covid-related government spending is inefficient? How did EBRD become the world’s first Covid-only bank? Will the push for the private sector to become more sustainable pay off? Don’t miss out on this fascinating conversation presented in partnership with The Atlantic Council. [REGISTER HERE](#).

DRIVING THE DAY

FIRST LOOK: UNIONS WARN DEMS AGAINST PPP REVAMP — Our Zachary Warmbrodt: “Leaders of more than a dozen labor unions are warning Democrats against passing legislation this week that would undo a key restriction on government-backed small business loans designed to avert layoffs, arguing that doing so would give employers less incentive to rehire workers.

“In a letter to House Speaker [Nancy Pelosi](#) and Senate Minority Leader [Chuck Schumer](#), senior officials from 17 unions targeted a bipartisan measure that would change the rules of the so-called Paycheck Protection Program, which provides businesses with low-interest loans that can be forgiven if they maintain their payrolls.”

DOJ DROPS PROBES INTO SOME SENATOR TRADES — WSJ’s Aruna Viswanatha: “The Justice Department is closing investigations into three U.S. senators for stocks trades made shortly before the coronavirus market turmoil, but is continuing a related investigation into GOP Sen. [Richard Burr](#), according to people familiar with the matter.

“Prosecutors on Tuesday alerted defense attorneys for Republicans Kelly Loeffler of Georgia and James Inhofe of Oklahoma as well as Democrat Dianne Feinstein of California that they are closing investigations into their trading, the people said.”

DIMON SEES GOOD CHANCE FOR RAPID ECONOMIC RECOVERY — Bloomberg’s Michelle Davis: “Jamie Dimon sees ‘pretty good odds’ of a fast economic rebound starting in the third quarter thanks to the U.S. government’s stimulus programs and the strength of the consumer going into the pandemic. ‘You could see a fairly rapid recovery,’ the JPMorgan Chase & Co. chief executive officer said Tuesday at

UST_001193

a virtual conference hosted by Deutsche Bank AG. “The government has been pretty responsive, large companies have the wherewithal, hopefully we’re keeping the small ones alive.”

JUST IN: SURVEY ON COVID AND THE WORKPLACE — Per a new survey from Prudential out this morning, 63 percent of workers believe the way Americans work will never go back to “normal” after the coronavirus pandemic, while 49 percent of workers are worried that open offices and workspaces aren’t safe for their health. More than half — 54 percent — want to work remotely more often going forward.

WHO BENEFITS FROM MORE UNEMPLOYMENT BENEFITS — CNBC’s Greg Iacurci: “Certain jobs and industries are benefiting from enhanced unemployment pay more than others — and have the most to gain from an extension of benefits. Workers in lower-paying sectors of the economy, such as accommodation and food services, benefit more from the unemployment increase than those in finance and insurance that pay workers better. And the difference could be quite stark.”

CALIBRA GETS A MAKEOVER — The digital wallet designed to hold the Facebook-led cryptocurrency known as Libra will no longer be called “Calibra.” The wallet, which will be used to hold and send Libra currencies, has been dubbed “Novi.” The announcement after the Libra Association last month announced it was shifting away from exclusively offering a single Libra coin backed by a basket of existing fiat currencies as initially envisioned. Instead, the association now plans to support single currency-backed “stablecoins” such as a Libra dollar and a Libra euro that could be used for payments.

JUST IN: BPI LAUNCHES CYBER STANDARD COALITION — Per press release: “The Bank Policy Institute today led a coalition of trade associations and financial institutions to create the Cyber Risk Institute. CRI is a coalition of more than 31 firms and growing, representing the entire spectrum of the financial services industry. The organization was established to develop cybersecurity and resiliency strategies and standards to help institutions respond to evolving threats. By implementing a common language for cybersecurity risk assessment, CRI will continue to maintain and develop the Financial Services Cybersecurity Profile.”

FLY AROUND

WALL STREET UP ON RECOVERY HOPES — AP’s Alex Veiga: “Stocks surged on Wall Street Tuesday, driving the S&P 500 and Dow Jones Industrial Average to their highest levels in nearly three months as optimism over the reopening of the economy overshadowed lingering worries about the coronavirus pandemic. The S&P 500 was up 1.8 percent to 3,007 points. It’s the first time the benchmark index has been above the 3,000-point mark since March 5. The Dow crossed the 25,000-point threshold for the first time since March 10, before widespread business shutdowns aimed at slowing the spread of the outbreak sent the U.S. economy into a sharp skid.”

WHY THE S&P SOARED BACK PAST 3,000 — Reuters’ David Randall: “Unthinkable just two months ago as the world economy shut down in response to the coronavirus pandemic, the U.S. stock benchmark S&P 500 index broke through the psychologically important 3,000 level on Tuesday, capping a 37 percent stock rally since its March low. But the market may be priced for an economic recovery that the data so far does not support, and some participants say the rally has gone too far, too fast. ... Analysts cautioned that they do not expect the market to continue its rapid path upward.”

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[SEC CRACKS DOWN ON CORONAVIRUS MISCONDUCT](#) — Reuters’ Katanga Johnson: “The novel coronavirus outbreak and economic fallout is proving to be a bonanza for whistleblower lawyers as the U.S. securities regulator cracks down on a range of related misconduct from companies touting sham cures to misuse of federal aid. The Securities and Exchange Commission (SEC) fielded about 4,000 complaints from mid-March to mid-May, a 35 percent increase on the year-ago period, Steven Peikin, the agency’s co-head of enforcement, said this month as cases of COVID-19, the respiratory illness caused by the coronavirus, shot up.”

[AS ITS ECONOMY SLOWS, CHINA EMBRACES A WEAKER CURRENCY](#) — WSJ’s Joanne Chiu: “China set a reference rate for the yuan at its weakest point in 12 years, a signal that Beijing sees the benefits of a weaker currency as it grapples with an economic slowdown and rising tensions with Washington. On Tuesday, the People’s Bank of China set a daily midpoint for the yuan at 7.1293 per dollar, the lowest level since February 2008. The central bank lets the onshore yuan trade in a band around this fix, which it sets based partly on previous market prices. The currency also trades in less tightly controlled offshore markets, in Hong Kong and elsewhere.”

[BULLARD: JOBLESS RATE CAN GO BELOW 10 PERCENT THIS YEAR](#) — Bloomberg’s Steve Matthews: “Federal Reserve Bank of St. Louis President James Bullard predicted the U.S. economy will recover from the highest unemployment since the 1930s with a rapid rebound that will push the jobless rate below 10 percent by December. Bullard, in a television interview Tuesday with Fox Business Network, said the business shutdowns imposed due to Covid-19 can’t go on too long without risking much worse economic outcomes.

“‘Growth right now is probably the worst it’s ever been’ with much of Wall Street predicting a ‘minus 40 percent’ contraction in second-quarter economic growth, Bullard said. ‘The third quarter very likely, right behind the worst quarter, will be the best quarter of all time on the growth perspective.’”

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FW: IRS Letter

From: "Kautter, David" <"o=ustreasury/ou=exchange administrative group (fydibohf23spdlit)/cn=recipients/cn=946683dadce24f0fb93291a12cafc0f7-kautter, dave">
To: "Harter, Chip" <lafayettechip.harter@treasury.gov>, "Poms, Douglas" <douglas.poms@treasury.gov>
Cc: "Van Hove, Jeffrey" <jeffrey.vanhove2@treasury.gov>
Date: Thu, 28 May 2020 13:54:38 -0400

FYI

From: Rettig Charles P <Charles.P.Rettig@irs.gov>
Sent: Thursday, May 28, 2020 1:44 PM
To: Desmond, Michael J. <michael.j.desmond@irsounsel.treas.gov>; Kautter, David <David.Kautter@treasury.gov>
Cc: Haines Michelle C <Michelle.C.Haines@irs.gov>
Subject: FW: IRS Letter

From: Carol Doran Klein <cdklein@uscib.org>
Sent: Thursday, May 28, 2020 1:27 PM
To: Rettig Charles P <Charles.P.Rettig@irs.gov>
Subject: FW: IRS Letter

Dear Commissioner Rettig,

I am attaching a brief letter recommending some administrative simplifications that would be helpful responses during this Covid-19 pandemic.

Please let me know if you have any questions.

Best regards,

Carol

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Global Business Leadership as U.S. Affiliate of:
- International Chamber of Commerce
- International Organization of Employers
- Business at OECD
- ATA Carnet system



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