

WEEKLY CURRENT

January 23, 2015

Weekly Current: Ocwen Moves to Turn the Corner, Keystone's Key Amendments, Hillary's Populist Embrace?**Issues Making A Splash This Week**

Ocwen Moves to Turn the Corner: Since the New York State Department of Financial Services brought an enforcement action and the California Department of Business Oversight made its court filing against Ocwen public, the company has been in damage control and investor reassurance mode. It took additional steps this week to improve its management by appointing two new independent directors who have political, regulatory, and community activist backgrounds--Phyllis R. Caldwell, Vice Chair of Community Preservation and Development Corporation, and DeForest Blake Soaries, Jr., Senior Pastor, First Baptist Church of Lincoln Gardens, New Jersey. Caldwell was previously the chief of the Homeownership Preservation Office at the Treasury Department under the Obama administration. Soaries was the New Jersey secretary of state under former Republican Governor Christine Todd Whitman, served under President George W. Bush at the Election Assistance Commission and Office of Faith Based Initiatives, and is currently an independent director of the Federal Home Loan Bank of New York. *We believe that this quick move to add diverse and highly respected board members with government and housing market experience demonstrates that the new management of Ocwen understands the severity of their problems and will continue to not only improve the economics of the company, but also its reputation and risk management practices, by sourcing new voices for advice and paying far better attention to inquiries from any regulatory body or monitor. Should Ocwen be able to continue the slow repair of its reputation, settle the California action, and meet the expectations of the monitor for both the Consumer Financial Protection Bureau and the State of New York, we have every reason to believe that the firm is now undervalued, both in terms of its debt and equity. For investors, it is important to note that the company remains better capitalized than its peers, will see several positive catalysts related to new capital rules compared to its competitors, and if its new business plans are*

successful (calling and resecuritizing bonds and selling agency mortgage servicing rights), then it will be able to generate enough cash flow to support its share price and ensure prompt payment of all debts. In the meantime, the agency servicing space has been flung wide open to Ocwen's competitors, such as Nationstar and Walter Investment Management. The race is on between these firms to see who can grow and fill the void in this sector, as Nationstar purchased a huge portfolio worth \$8.5 billion from Fannie Mae and Freddie Mac this week.

Keystone Amendments Key to 2015 Energy Agenda: The Keystone bill, hanging under the threat of President Obama's veto, will not actually lead to the approval of the pipeline. But for those who want to know this Congress's energy priorities, the amendments that get added to the bill will serve as an invaluable resource. Thus far, senators have proposed at least 92 amendments, but the relatively small number that have gotten significant discussion are important to watch. *Democrats laid out their agenda early, pushing particularly hard for a vote on whether climate change was real, with the hope that they would force Republicans in vulnerable states to take an uncomfortable stand on the issue. But Republicans arranged the amendments so that they could first vote that climate change was real and happening, but then vote that there was not evidence that it was caused by human action, thus allowing them to stay on message and thwart the Democrats' political messaging. Another amendment, proposed by Senator Ted Cruz (R-TX), that would lift the oil export ban received blow back from Republicans, Democrats, and even the oil industry itself, which is concerned about submitting the issue to a vote before they are guaranteed to win. Cruz is still expected to introduce the amendment, but then pull it from consideration so that it is not subject to a vote. Perhaps what is most notable about this amendment process is that nearly all of the amendments, whether Republican or Democrat, have failed to pass the 60 vote threshold required to attach them to the Keystone bill. It is a reminder that Republicans will still be dependent on Democrats to achieve nearly all energy legislation, and that the legislation we actually see reach Obama's desk will consequently need to be largely bipartisan compromises. This pattern is already playing out in a bill to expedite the approval of LNG export terminals. The legislation is bipartisan and does not move the process as far along as Republicans had hoped, but it will likely make it to the White House within the next few months.*

Hillary's Populist Embrace?: President Obama's top campaign advisor, David Axelrod, made waves last month when he publicly opined that, while there is a lot of buzz around the "Ready for Hillary" movement, it is not clear exactly what Hillary Clinton is ready for. Axelrod went on to advise that Clinton will need to define what she stands for in her inevitable presidential campaign. Clinton might be heeding Axelrod's advice, as following the president's State of the

Union address Tuesday evening, she tweeted: "@BarackObama #SOTU pointed way to an economy that works for all. Now we need to step up & deliver for the middle class. #FairShot #FairShare." *This tweet might foreshadow a populist embrace by Clinton, who some on the left warily view as being too cozy with Wall Street. Although the former senator and secretary of state is unlikely to face any serious challenge in next year's primaries, she will encounter pressure to adopt progressive policy positions to quell misgivings among some on the left that she is not liberal enough. Clinton appears to be getting out in front of the issue, adopting some of the more populist policies championed by Obama and Senator Elizabeth Warren (D-MA), who is the latest darling among progressives. The real question though is not whether Clinton adopts populism during the primaries, but whether she maintains the theme once the campaign transitions from the primaries to the general election.*

A Quick Look Back

Senate

On Monday, the Senate was on recess in honor of Martin Luther King Day.

On Tuesday, the Senate began voting on amendments to a bill that would approve the Keystone XL pipeline. The House and Senate later held a joint session to receive President Barack Obama's State of the Union address.

On Wednesday, the Senate resumed consideration of a bill to approve the Keystone XL pipeline.

On Thursday, the Senate continued consideration of a bill to approve construction of the Keystone XL pipeline.

Today, the Senate is not in session.

House

On Monday, the House was on recess in honor of Martin Luther King Day.

On Tuesday, the House convened but no roll call votes were called. The House and Senate later held a joint session to receive President Barack Obama's State of the Union address.

On Wednesday, the House passed a bill that would set statutory deadlines for the

permitting of natural gas pipelines.

On Thursday, the House passed a bill that bans federal funding for abortion services.

Today, the House is not in session.

White House

On Tuesday, President Obama delivered the State of the Union address.

On Wednesday, President Obama traveled to Boise State University in Boise, ID as the beginning of a tour to spark regional media interest in his State of the Union initiatives.

On Thursday, President Obama traveled to the University of Kansas in Lawrence, KS where he continued to promote initiatives he highlighted during his State of the Union address on Tuesday evening.

Today, President Obama will deliver remarks and host a reception for the nation's mayors at the White House, where the mayors will spend the day interacting with cabinet members and senior White House officials to expand the partnerships between cities and the federal government.

Spotlight Review

Tuesday: [Wholesale Gas Tax: Where the Rubber May Meet the Road](#)

Wednesday: [Net Neutrality Debate Heads to Capitol Hill](#)

Thursday: [SGR Patch Needed, Medicare Changes Discussed](#)

On the Horizon

Macroeconomic

On Monday at 9:30 a.m., the Brookings Institution will hold an event on dynamic scoring. [More information here.](#)

On Tuesday at 9:00 a.m., the Federal Open Market Committee (FOMC) will begin its latest two-day monetary policy meeting and release its policy statement

after the conclusion of the meeting on Wednesday at 2:00 p.m.

On Tuesday at 10:30 a.m., the House Budget Committee will hold a hearing titled "The Congressional Budget Office's Budget and Economic Outlook."

On Wednesday at 10:00 a.m., the Senate Budget Committee will hold a hearing on the Congressional Budget Office and the economic forecast for the next 10 years.

On Wednesday at 12:00 p.m., the Heritage Foundation will hold a book discussion on "Hidden in Plain Sight: What Really Caused the World's Worst Financial Crisis and Why It Could Happen Again." [More information here.](#)

On Thursday at 8:30 a.m., the Cato Institute will host an event on federal and state policies aimed at fighting poverty. [More information here.](#)

On Thursday at 9:00 a.m., the Heritage Foundation will host a conference titled "Obama Administration Antitrust Policy: A Report Card." [More information here.](#)

Defense

On Wednesday at 9:30 a.m., the Senate Armed Services Committee will hold a hearing on the impact of the Budget Control Act of 2011 and sequestration on US national security.

On Wednesday at 2:00 p.m., the Heritage Foundation will hold a panel discussion titled "Department in Transition: Challenges and Opportunities Facing SecDef [Secretary of Defense] Nominee Ashton Carter." [More information here.](#)

Education

On Monday at 8:00 p.m., the Cato Institute will host an event on scholarship tax credits under the New Hampshire Opportunity Scholarship Act. [More information here.](#)

Energy

On Monday at 9:30 a.m., the Center for American Progress will host an event titled "Emerging Models for Energy and Climate Cooperation in the Asia-Pacific Region." [More information here.](#)

On Monday at 11:30 a.m., the George Washington University Elliott School of International Affairs will hold a discussion titled "Crude Awakening: Latin America and the New Oil Price Paradigm."

On Tuesday at 10:00 a.m., the Center for Strategic and International Studies will hold an event on grid storage technologies. [More information here.](#)

On Tuesday at 10:00 a.m., the The United States Energy Association will hold a discussion titled "M-WERC's Role in Growing the Energy, Power and Control Sector Through Open Innovation."

On Tuesday at 12:30 p.m., Federal Energy Regulatory Commission Chairman Cheryl LaFleur will deliver a National Press Club Newsmaker Luncheon address on challenges "to maintain the reliability of the nation's electricity grid and reasonable prices for consumers."

On Tuesday at 12:30 p.m., the Atlantic Council will hold a discussion titled "Assessing US and Chinese National Plans and Their Potential Impacts on a Paris Agreement."

On Wednesday at 8:30 a.m., America's Natural Gas Alliance will host a discussion with Adam Sieminski, administrator of the US Energy Information Administration, to discuss global energy after the oil price fall.

On Wednesday at 10:00 a.m., the Center for Strategic and International Studies will hold an event titled "The Energy Market Impacts of Low Oil Prices: How Low? How Long?" [More information here.](#)

On Thursday at 9:00 a.m., the EPA will hold a hearing to take public comment on the agency's proposal to tighten air quality standards for ozone.

On Thursday at 10:00 a.m., the Senate Energy and Natural Resources Committee will hold a hearing on legislation pertaining to liquefied natural gas exports.

On Thursday at 10:00 a.m., the Bipartisan Policy Center will host an event on the EPA's proposed Clean Power Plan. [More information here.](#)

On Thursday at 11:00 a.m., Greenhouse Gas Protocol will host an event on how the new rules will bring clarity and direction to corporate greenhouse gas reduction strategies, low-carbon and renewable electricity procurement goals, and market opportunities.

Financial Services

On Tuesday at 8:00 a.m., the Securities and Exchange Commission's Division of Corporation Finance Director Keith Higgins and Deputy Director Shelley Parratt will hold a panel discussion at the 42nd Annual Securities Regulation Institute focusing on recurring disclosure challenges.

On Wednesday at 8:00 a.m., the Securities and Exchange Commission's General Counsel Anne Small and Division of Enforcement Director Andrew Ceresney will hold a panel discussion at the 42nd Annual Securities Regulation Institute focusing on enforcement and criminal investigations.

On Thursday at 6:00 p.m., the Securities and Exchange Commission's Boston Regional Office Regional Director Paul Levenson will speak at the Association of Latino Professionals in Finance and Accounting's Leadership Summit.

Geopolitical

On Tuesday at 9:30 a.m., the Brookings Institution will host Ambassador Victoria Nuland, Assistant Secretary of State for Europe and Eurasia, to discuss how the events of last year have forged a new spirit in the TransAtlantic Alliance. [More information here.](#)

On Tuesday at 10:00 a.m., the Senate Banking, Housing and Urban Affairs Committee will hold a hearing on Iran sanctions.

On Tuesday at 10:00 a.m., the House Foreign Affairs Committee will hold a hearing titled "Iran Nuclear Negotiations After the Second Extension: Where Are They Going?"

On Tuesday at 10:30 a.m., the Heritage Foundation will hold a panel discussion on the release of the 2015 Index of Economic Freedom, which evaluates economic conditions and government policies in 186 countries. [More information here.](#) Expected participants include:

- Rep. Paul Ryan (R-WI)

On Tuesday at 12:15 p.m., the Peterson Institute for International Economics will hold a panel discussion on the current economic outlook for Latin America, focusing on the region's key vulnerabilities and policy challenges.

On Wednesday at 10:00 a.m., the Senate Foreign Relations Committee will hold

a hearing titled "The National Interest: Articulating the Case for American Leadership in the World."

On Thursday at 8:00 a.m., the Center for Strategic and International Studies will hold an event on the US strategic rebalance to Asia in 2015. [More information here.](#)

On Thursday at 3:00 p.m., the Heritage Foundation will hold a panel discussion titled "A New Foreign Policy Agenda: Looking Toward 2016." [More information here.](#)

On Friday at 8:30 a.m., the Atlantic Council of the United States will host a conference titled "Toward a Transatlantic Strategy for Europe's East." [More information here.](#)

Healthcare

On Tuesday at 10:15 a.m., the House Energy and Commerce Committee's Health Subcommittee will hold a hearing on public health legislation.

On Tuesday at 6:00 p.m., the District of Columbia Bar will hold a discussion titled "The Changing Health Policy Landscape: Accountable Care Organizations (ACOs), Health Reform and Increased Consumerism." [More information here.](#)

On Wednesday at 9:30 a.m., the Brookings Institution's Engelberg Center will host a panel moderated by Mark McClellan, with provider, payer, and policy experts to discuss the best path toward Medicare modernization and stability.

Housing

On Tuesday at 10:00 a.m., the House Financial Services Committee will hold a hearing titled "Sustainable Housing Finance: An Update from the Director of the Federal Housing Finance Authority." Expected witnesses include:

- Mel Watt, Director, Federal Housing Finance Authority

Tech-Media-Telecom

On Wednesday at 9:00 a.m., the House Science, Space and Technology Committee's Energy Subcommittee will hold a hearing titled "Supercomputing and

American Technology Leadership."

On Wednesday at 12:30 p.m., the American Enterprise Institute will host an event on tech policy in 2015. [More information here.](#)

On Wednesday at 1:00 p.m., the Center for Strategic and International Studies will host an event titled "Data Beyond Borders: Mutual Legal Assistance in the Internet Era." [More information here.](#)

Trade

On Tuesday at 10:00 a.m., the Senate Finance Committee will hold a hearing titled "President Obama's 2015 Trade Policy Agenda."

On Tuesday at 2:00 p.m., the House Ways and Means Committee will hold a hearing titled "US Trade Policy Agenda." Expected participants include:

- Michael Froman, US Trade Representative

On Friday at 9:00 a.m., the American Enterprise Institute will host an event titled "Trade in 2015: Senate Finance Committee Chairman Orrin Hatch on how America can succeed in today's global economy." [More information here.](#)

Afterthoughts

#YESWETAN: As White House fashionistas may be aware, President Obama caused a stir on Twitter last summer when he wore a tan suit while speaking about ISIL. On Tuesday, White House aide Dan Pfeiffer, Obama's senior adviser for strategy and communications, tweeted a picture of a tan suit (with a flag pin on the lapel), suggesting that the president would be wearing it again during his speech. Pfeiffer, who was only joking, tweeted in follow up: "@Pfeiffer44: Everyone visit the Obama library years from now, pull all the reporter emails on the tan suit tweet and then decide whether to laugh or cry." [View the tweet \(with image\) here.](#)

TWEET OF THE WEEK IS A FASHION FOLLOW UP FROM @arogDC: Miami reporter just asked Sen Rubio "who are you wearing?" #sotu

We Were Promised Space Lasers: Head over to BloombergBusinessweek to see all the cool stuff we'd have if past SOTU promises actually came true. Highlights include organ regeneration clinics, high speed rail of dreams and

magic, and a 3D-printed boomtown (formerly Detroit). [Check it out here.](#)

From Canada, With Love: Hillary Clinton, while at an event in Winnipeg, Canada, attempted to draw a contrast between the electoral process in Russia and the United States. The former secretary of state and presumptive 2016 presidential candidate illustrated these differences with an impersonation of Russian President Vladimir Putin. [Watch the video here.](#)