



Strategies Key Contacts

Shane Doucet
202-220-6929
sdoucet@lockelord.com

Denise Hanna
202-220-6992
dhanna@lockelord.com

Brian Heindl
202-220-6994
bheindl@lockelord.com

Harriet Miers
202-220-6925
hmiers@lockelord.com

Jim Moriarty
202-220-6915
jmoriarty@lockelord.com

Phil Rivers
202-220-6927
privers@lockelord.com

Mark Siegel
202-220-6926
msiegel@lockelord.com

www.lockelord.com

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MAY 3 - 7: THIS WEEK

Budget/Appropriations

Different groups within the House Democratic Caucus have yet to reach an agreement on when an FY 2011 budget resolution will reach the floor. The **Senate Budget Committee** passed their \$3.7 trillion resolution on April 22, however uncertainty remains on the House side, as

fiscally conservative Blue Dog Democrats are advocating spending cuts, while liberal members believe those cuts will hurt education and other domestic programs. Budget resolutions are non-binding and often not passed during election years.

Banking/Financial Services

On Tuesday, April 27, the **Senate Homeland Security and Governmental Affairs Committee Permanent Subcommittee on Investigations** heard testimony from Lloyd Blankfein, President and CEO of Goldman Sachs. The subcommittee is investigating the causes of the financial crisis and **Chairman Carl Levin (D-Mich.)** has advocated adding a provision to financial regulatory overhaul legislation to prevent firms from participating in deals that present a conflict of interest, as Goldman Sachs has been accused of doing.

financial regulatory reform bill. In the negotiations to bring the bill to the floor, **Senate Banking Committee Ranking Member Richard Shelby (R-Ala.)** was successful in eliminating the \$50 billion resolution fund that was intended to pay for the liquidation process for firms deemed "too big to fail." No other significant changes were made to the bill. The bill faces a lengthy floor debate in the Senate the week of May 3, as numerous amendments will be considered including **Agriculture Chairwoman Blanche Lincoln's (D-Ark.)** provision regulating derivative trading by banks and **Sen. Brownback's (R-Kan.)** proposal to exempt auto dealers from the Consumer Financial Protection Bureau.

Following several days of filibuster, Senate Republicans agreed on Wednesday, April 28, to pass the cloture motion and begin debate on S. 3217, the

Cuba

On Thursday, April 29, the **House Ways and Means Subcommittee on Trade** held a hearing on U.S. – Cuba policy. The purpose of the hearing was to examine whether relaxing U.S. restrictions on

travel to and trade with Cuba would advance U.S. economic objectives, as well as benefit democracy and human rights in Cuba.

Defense

According to House Democratic leadership, there is no set date for when the supplemental funding bill for defense spending will reach the floor. **House Majority Leader Steny Hoyer (D-Md.)** stated on Thursday, April 29, that he hopes to move the bill as soon as possible. President Obama requested \$33 billion for the Pentagon's war efforts: \$5.1 billion for the Federal Emergency Management Agency; \$4.5 billion for the State Department's work in Afghanistan, Pakistan and Iraq; and \$2.8 billion for Haiti. It also is possible that lawmakers will include funds to aid in cleanup of the oil spill in the Gulf of Mexico.

On April 28, the House passed **H.R. 5013, IMPROVE Acquisition Act of 2010**, by a vote of 417-3. The bill, which aims to improve the Department of Defense's acquisition process, would expand the authority of acquisition workers and add performance incentives. There is no similar bill in the Senate, although it is possible that the House proposals will be included in the annual Defense Authorization bill.

Energy/Environment/Climate Change

House Energy and Commerce Committee Chairman Henry Waxman (D-Calif.) and Oversight and Investigations Subcommittee Chairman Bart Stupak (D-Mich.) have asked for documents from the owners of the oil rig that exploded on April 20, in the Gulf of Mexico. Requests were sent on Tuesday, April 27, to Transocean, Ltd. and BP Amoco PLC for company documents related to the risk of an accident, potential responses, and contingency plans. Several other committees have announced plans for hearings to further investigate the explosion as well as long term offshore oil and gas drilling including the **Select Committee on Energy Independence and Global Warming**, the **House Natural Resources Committee**, and the **Senate Energy and Natural Resources Committee**.

On Wednesday, April 28, **Sens. John Kerry (D-Mass.), Lindsey Graham (R-S.C.), and Joe Lieberman (D-Conn.)** sent an outline of their energy and climate change legislation to the Environmental Protection Agency for economic analysis. The EPA will examine the plan and produce a report within 4 to 8 weeks. Sen. Graham also reasserted his position last week that he would not assist in moving the energy bill if **Senate Majority Leader Harry Reid (D-Nev.)** chooses to bring immigration legislation to the floor first.

Health Care

On Wednesday, April 28, the **House Appropriations Subcommittee on Labor, Health and Human Services and Education** heard testimony from National Institutes of Health (“NIH”) director Francis Collins. He stated that once the \$10.4 billion in stimulus funds allotted to NIH runs out, the agency will face a severe funding gap affecting grants. President Obama has requested an additional \$1 billion for NIH funding in FY 2011, however doubts remain about whether that increase will match the needs of the agency.

Despite the fact that the provision in the health care overhaul bill banning rescissions for people who become ill does not go into effect until September, Democrats have begun pressuring health insurance companies to stop the practice. By mid-afternoon on Tuesday, April 27, WellPoint had announced its decision to end the cancellations ahead of the law’s deadline. Lawmakers also asked insurers to institute a third-party review system that will ensure cancellations only result when deliberate fraud or misrepresentation has occurred.

Immigration

On Thursday, April 29, Senate Democrats released their blueprint for immigration overhaul legislation. The plan aims to improve border control with more personnel and advanced technology as well as imposing harsher penalties and a “zero tolerance” policy for people who enter the country illegally. The bill also includes a provision requiring the **Social Security Administration** to begin issuing fraud-resistant biometric Social Security cards which would then be the only acceptable method of employment verification. Employers who knowingly employ unauthorized workers would also face increased fines and other penalties. Additionally, a legalization registration program would also be established to allow illegal immigrants currently living in the U.S. to eventually obtain citizenship, after passing criminal and security background checks and paying applicable taxes. Green cards and visa programs for both highly skilled workers and students as well as low-skilled workers is also included.

Insurance

In an April 22 letter to Congress, the **National Conference of Insurance Legislators (“NCOIL”)** urged Congress to strike language in S 3217, the Restoring American Financial Stability Act of 2010, that would create an Office of National Insurance (“ONI”). According to NCOIL, the ONI would preempt state law and eventually threaten successful state insurance oversight. NCOIL, the National Conference of State Legislatures, the Council of State Governments and the National Association of Professional Insurance Agents strongly oppose the creation of a federal insurance office. NCOIL also questions the bill’s charge that the ONI evaluate and recommend to Congress the best ways to modernize the insurance system, stating that this sort of study should be done on an objective basis with input from all related state officials.

The **House Financial Services Committee** approved three insurance-related bills last week including **HR 5114, the Flood Insurance Reform Priorities Act of 2010**, which extends the National Flood Insurance Program (“NFIP”) to September 2015, increases coverage limits and provides for a five-year delay in the effective date of the mandatory purchase requirement for new flood hazard areas, **HR 2555, the Homeowners Defense Act of 2009**, which establishes the National Catastrophe Risk Consortium, directs the Treasury Secretary to make contracts for reinsurance coverage available for purchase by eligible state programs and establishes a Federal Natural Catastrophe Reinsurance Fund in the Treasury, and **HR 1264, the Multiple Peril Insurance Act of 2009**, which amends the NFIP to add coverage for windstorms.

The long-term reauthorization of the NFIP is supported by the insurance industry. However, the industry has voiced strong opposition to the Homeowners Defense Act (derisively labeled the “Beach House Bailout”) and the Multiple Peril Insurance Act, stating concerns that the bills would shift risk to the federal government that should be covered in the private market.

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Trade

On Wednesday, April 28, **House Ways and Means** and **Senate Finance Committee** leaders announced a legislative deal to promote Haiti's garment industry by tripling the volume to knit and woven apparel goods that are allowed into the U.S. duty-free. The bill comes after months of negotiations with domestic textile firms and retail trade associations. The bill, which will be placed on the suspension calendar, would also

renew existing Haitian trade preferences and separate programs for other Caribbean countries through September 30, 2020.

Transportation and Infrastructure

On Wednesday, April 28, the Senate cleared by voice vote temporary extensions of **Federal Aviation Administration ("FAA")** programs until July 3. Earlier in the day on Wednesday, April 28, the House cleared the same bill that would allow the FAA to continue collecting fuel and ticket taxes to fund the Airport and Airway Trust Fund, and to continue making expenditures from the fund. The bill did not include controversial language to change highway funding formulas that had delayed previous versions of the extension.

Senate Commerce, Science, and Transportation Committee Chairman Jay Rockefeller (D-W.V.) announced that he would soon be introducing

legislation that will respond to the Toyota recalls by strengthening the **National Highway Transportation Safety Administration ("NHTSA")**. The proposal which will also be supported by **House Energy and Commerce Chairman Henry Waxman (D-Calif.)** will increase NHTSA's enforcement and research budget as well as allow "imminent hazard" recall authority. The legislation will also place tougher mandates on automakers.