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# The 119th Congress: Investigative and Legislative Priorities

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# Agenda

- Overview
- Congressional Landscape
- Navigating Congressional Investigations
- Key Legislative Issues in Financial Services

# Congressional Landscape

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# Emerging Priorities

- GOP controls both chambers – not a new phenomenon, doesn't always mean more legislation or collaboration with Administration
- The House Financial Services Committee is led by Rep. French Hill (R-AR), with priorities that include:
  - Comprehensive crypto legislation;
  - Insurance reauthorization; and
  - Reducing regulatory burden on community banks
- Senate Banking Committee is chaired by Sen. Tim Scott (R-SC), who is focused on:
  - Access to credit and financial inclusion
  - Financial literacy
  - Fostering innovation
  - Reduced regulatory burden for agencies under its authority
- Monitoring foreign investment, especially in countries of concern, is a key issue for House Financial Services and Senate Banking
- Ballooning debt problem is gaining broader attention, will economic growth be enough to avert an economic and political crisis?

# Big Picture Legislative Issues

- “One Big Beautiful” Reconciliation Bill is **THE** legislative priority through Q2 of this year
  - Reduce the maximum amount that the CFPB may request from the Federal Reserve to 5% (from up to 12%) adjusted for inflation each year beginning in 2025
  - Prohibit the CFPB from spending amounts in the Civil Penalty Fund for any purpose other than to pay victims of violations of consumer financial law for which penalties have been imposed; ends the practice of using amounts associated with one penalty to pay victims associated with another penalty
  - 3.5% tax on foreign remittances by non-U.S. citizens
  - Bill is through the House but will face a rewrite of some provisions in the Senate
- Undoing Biden-era regulations and other legislation via Congressional Review Act remains active
- Improving “Domestic Security” is a key concept driving Administration and Congressional policies; this includes growing the economy and empowering the financial services sector

# Navigating Congressional Investigations

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# What are Congressional Investigations?

- Used to promote legislative and executive branch priorities
- Requests for information, documents, public or private testimony
- No formal predicate needed; can target industries broadly
- Committee Chairs vs. other members
- Begin as requests, many have subpoena authority
- No neutral arbiter



# Navigating Congressional Investigations – Challenges and Strategies

## Challenges

- Operational impact – public inquiries
- Coordinated Parallel Investigations (Executive Branch, congress, private litigation)
- Demands for sensitive documents

## Strategies to prepare

- Assess risk
- Develop process for response
- Understand committee rules/practices; leverage legal and regulatory experts

# Relevant House Committees

- Committee on Financial Services
  - Subcommittee on Oversight and Investigations led by Rep. Meuser (R-PA), who is on record as
    - Concerned about “unfair debanking”
    - Seeking to promote innovation of digital assets and AI in financial services sector
- Committee on Oversight and Government Reform
  - Chaired by Rep. Comer (R-KY)
  - Focused on “unnecessary government spending, fraud and abuse” with a particular lens toward examining Biden administration initiatives
  - Review of prior DEI initiatives could implicate financial services providers

# Relevant Senate Committees

- Committee on Banking, Housing, and Urban Affairs led by Sen. Scott (R-NC)
  - Shared focus on debanking and digital assets
  - Targeted focus on FHFA “waste, politicization”
- Homeland Security & Governmental Affairs Permanent Subcommittee on Investigations led by Sen. Johnson (R-WI)
  - Historically has had resources to conduct in-depth investigations on complicated financial matters

# Key Legislative Issues in Financial Services

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# Areas of Potential Interest to Majority

- “Debanking”: Closure of accounts deemed risky and with little notice or explanation
  - Potentially of bipartisan interest given there is direct consumer impact as well as impact to Republican allies
  - Hearings and legislative work could be bolstered by investigative-style requests to financial institutions
    - House Oversight already initiated an inquiry
    - Senate Banking Committee Republicans co-sponsoring legislation to address, in part, the issue
- Fair lending
  - Aggressive Trump administration policy reversal could result in scrutiny over past practices
  - Biden administration redlining initiatives included pressure to higher diverse sales teams
  - Recent promotion of special purpose credit programs resulted in favorable terms to minority consumers or consumers in high minority areas
  - Lending initiatives to make credit available to non-citizens
- If next Congress flips, committees could investigate regulator cooperation with industry, including with respect to handling of prior settlements

# Other Areas of Inquiry Initiated by Minority

- Overdraft fees, particularly with respect to servicemembers
- Artificial intelligence
  - Antitrust concerns and big tech
  - Chatbot ability to assist consumers and those seeking services
- Student loan servicing
- Consumer reporting agencies and furnishing
- CFPB employee firings, stop-work announcements and positions in lawsuits
- Review of GSE overhaul and FHFA reforms

# Financial Services Legislative Issues

- Status of key financial services nominees in the Senate
  - Major nominations confirmed through Senate Banking Committee, but many sub-Secretary level positions remain open
  - CFPB nominee Jonathan McKernan, withdrew in May
- What will Congress do about DOGE?
- What about prior rulemakings?
  - On May 9, 2025, Congress overturned the overdraft fee rule and larger participants in consumer payments rule
  - Small business reporting (1071 Rule)
  - Open Banking Rule (1033 Rule)
    - On May 23, 2025, CFPB indicated in court filing that CFPB leadership determined the rule is unlawful and should be set aside
    - CFPB will file motion for summary judgment by May 30, 2025
    - Congress at the moment is not considering CRA action on rule

# Questions?

For questions, comments, or additional information, please contact the team.



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