

A photograph of Barack Obama and Elizabeth Warren at a podium. Barack Obama is on the left, wearing a dark suit, white shirt, and purple tie, with his right hand raised in a wave. Elizabeth Warren is on the right, wearing a black blazer over a red top, with her left hand on Barack's shoulder. They are both smiling. The background features a red and white striped banner and a blue field with a white star.

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The Comeback Cop

Bankers beware—credit cop Elizabeth Warren is running for Senate. Why are some embracing the sheriff of Wall Street?

By Ryan Schuette

By this time last year, pundits had all but written off Elizabeth Warren, the controversial Treasury special assistant struggling to find a foothold for the infant Consumer Financial Protection Bureau (CFPB) in the nation's Capitol, newly under Tea Party sway.

Finally, in late July, she joined President Barack Obama in the White House Rose Garden to confirm what had until then been speculation: Warren, who had withstood public hearings and quarrels with Republican lawmakers, was out. Richard Cordray, her handpicked enforcement chief—whom their boss would later recess-appoint in defiance of Republican obfuscation—was in. And in August, the woman who aspired to police Wall Street left the halls of power in Washington, D.C., for more ivory ones at Harvard University, ostensibly to resume an academic career—and stay out of politics.

Funny how quickly things change. Flash-forward one year, and the bookish underdog is in the running for the Senate seat once held by the late Sen. Ted Kennedy in Massachusetts, out-raising—and out-spending—her Republican rival, Sen. Scott Brown, whom she leads by a hair in recent polls. Experts say that her plainspoken advocacy for middle-class values makes her a darling of the left, siphoning off dollars and disaffected Obama supporters to fuel her insurgent candidacy.

Just how popular is the consumer advocate? The numbers are telling. According

to OpenSecrets.org, Warren has raised nearly \$16 million for her war chest, nearly \$4 million more than her rival, undoubtedly helping make the race for Senate in Massachusetts the second most expensive one in the nation this year. Cementing the speed of her insurgency, a Suffolk University/7NEWS poll found that Warren ran neck-and-neck with Brown at 47 percent to 48 percent in May, up nine points from a lowly 40 percent in February.

Don't include the financial services community in Camp Warren. If dollars were votes, then Brown would take his to the bank, with a financial lifeline in place with the likes of Goldman Sachs (\$73,900); JPMorgan Chase (\$60,155); Barclays (\$41,999); and Bank of New York Mellon (\$39,350), according to OpenSecrets.org (Bain Capital, the tarred-and-feathered firm where former Massachusetts Gov. Mitt Romney

made his bones, notably gave \$55,200 to the Brown campaign.).

Warren, by contrast, counts six major universities, a few liberal advocacy groups, and several law firms among her financiers. And not one major bank.

The People's Sheriff

Ed Mierzwinski, consumer program director with U.S. PIRG and someone who worked for years with the candidate on reform bills, finds it easy to understand anti-Warren sentiment in the financial services industry.

"Elizabeth Warren has spent her career working on behalf of consumers victimized by a financial industry where the table is tipped against them," he tells us. "The financial services industry does not want her to have a bully pulpit."

Warren didn't always cut a divisive figure. For much of



her career, the twice-married mother with a juris doctor from Rutgers University Law School distinguished herself mostly in academic journals on bankruptcy, floating between university teaching positions and advisor roles. She only came to real national prominence in 2008 when Senate Majority Leader Harry Reid (D-Nevada) tapped her to chair the commission needed to oversee bailout funds for the nation's biggest banks.

It was that job that allowed Warren to grill the likes of Treasury Secretary Timothy Geithner, then-president of the New York Federal Reserve—and make few friends in the process. A 2011 story in *Vanity Fair* fielded an anonymous administration official who said that the Treasury secretary, under whom Warren would technically later serve, “hated her” and ultimately allowed her unpopularity to run its course on Capitol Hill.

Warren, suddenly special assistant to the president in 2010, found herself and the fledgling CFPB subject to frequently testy hearings on Capitol Hill. Faced with unyielding Republican opposition, she didn't always toe the line with members of Congress, a courtesy that is required for anyone remotely serious about leading a federal agency. A televised spat with Rep. Patrick McHenry (R-North Carolina) in May last year memorably signaled a premature end to her early bid to lead the CFPB. (Perhaps as memorably, Warren fans reacted by littering the Republican lawmaker's Facebook page with thousands of angry comments.)

But experts say that skirmishes like these inspired liberal activists to rally around the person whom some labeled—perhaps derisively—a “consumer cop.” A few months after her quarrel with McHenry, Massachusetts-based Progressive Political Action Committee launched a Draft Warren website that spokesman Neil Sroka

credits with convincing the Harvard professor to declare her candidacy. A \$100,000 money-bomb from the same group in August reassured Warren's supporters—as well as her detractors—that she had the momentum she needed to mount a serious campaign.

“Folks are really excited about electing and supporting someone who will fight for Washington's accountability,” he tells us.

According to Sroka, the PAC has raised more than \$800,000 for candidate Warren since

\$1.7 million and giving her \$13.5 million in cash on hand for the fall election. Eighty-one percent of grassroots contributors gave \$50 or less. In a side-by-side comparison with the Brown campaign, *The Boston Globe* reported in July that Warren outraised her rival—even with his own considerable war chest—by roughly two-to-one over the fourth and first quarters.

“Voters have made clear that they support her,” Sroka adds.

Money talks, but so do polls. In a straw poll conducted by

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she announced her run in September. He says that much of it came from some 47,000 individual contributors, who gave \$17 on average—a throwback to the same crowd-sourcing bonanza that gave a certain Illinois senator the grits to run a national campaign in 2008.

The Warren campaign fields the same numbers. According to a recent statement, Warren for Senate raised more than \$8.6 million over the second quarter, bringing up the rear for the first quarter by a difference of

progressive groups in June, Democratic voters placed Warren at the top of their wish-lists for presidential contenders in 2016, ahead of even Hillary Clinton.

Warren for Banks?

Timing helps her, too. A recent stream of less-than-stellar publicity for the financial services industry feeds into progressive narratives about reform and gives Warren the opportunity to capitalize on her resume.

When JPMorgan Chase revealed that it lost \$3 billion (and counting) in a massive trading bet in June—a loss that showed up in the form of new calls to implement the Volcker Rule under Dodd-Frank—the consumer cop made sure to flash her badge.

The Boston Globe reported that Warren accused Chase of “lobbying to cut the legs out from underneath” Dodd-Frank, framing herself as a “strong cop on the beat to make sure no one steals your purse on Main Street and no one steals your pension on Wall Street.”

Such tough, borderline folksy talk reinforces her reputation among bankers, who overwhelmingly receive the academe-turned-activist warily at best. Many conservative lawmakers viewed Warren as one in the same with the new regulatory regime during her tenure with the CFPB, and critics arguably still do: The *Vanity Fair* story quoted one anonymous administration official, who said the financial services community viewed her as “the Antichrist.”

The Brown campaign certainly walks this line with voters. In recent statements, her rival likened “Professor Warren” (a not-so-thinly veiled attack on her Ivy League credentials) to a “jobs destroyer” eager to hike taxes in a rough economic climate.

Those unable to find traction with her regulatory credentials take aim at her middle-class lapels, much as the Massachusetts Republican Party revealed in recent statements critical of Warren for the small fortune she reportedly made by flipping foreclosed properties in Oklahoma. Bay State GOP chairman Bob Maginn slammed the candidate for her “long, and apparently rewarding, history of real estate speculation,” which he said sharply contrasts her “carefully constructed political image of a ‘warrior’ for the middle class.”

Their critiques may not be entirely without merit. The woman who woos the Occupy

Wall Street crowd by galvanizing against one-percenters is the same person who continues to court some of the nation's wealthiest donors. According to the Sunlight Foundation, Warren adopted a busy fundraising schedule across the East Coast in March, raising at least \$23,500 from 33 donors at one event and meeting with one well-to-do couple who have fronted half a million dollars for political causes since 1996.

Still—despite her tough talk for Wall Street—not every lender rails against the idea of a Sen. Warren. That became apparent when former Oklahoma Gov. Frank Keating, president of the conservative-leaning American Bankers Association, all but lined up behind Warren for the CFPB nomination in a speech in May last year.

That may be because Warren, by all accounts, wanted a warmer, more collaborative relationship with the financial services industry. The Sunlight Foundation reported that the CFPB leader held no fewer than 15 private meetings in December 2010 with prominent bankers like Bank of America CEO Brian Moynihan.

One of them, Roger Beverage, CEO of the Oklahoma Bankers Association, remembers Warren, a fellow Oklahoman, as someone “very open and receptive” to the needs of the banking community.

The 20-plus-year industry veteran admits that he “judged her before I got to know her based on her reputation,” which he says follows from her scholarly work as a bankruptcy lawyer and professor. An Oklahoma City meeting in September 2010 changed his opinion.

“I felt like she was someone who understood the nature of community banks better than anyone else,” he says. “At the time it was my view that Elizabeth was more open to community banking than anyone else was. And that she could be someone we could work with when she was appointed to the bureau.

“I still believe that,” he tells us.

The Comeback

In many ways, the comeback candidacy of Elizabeth Warren mirrors the fiery defense she so often articulates for working-class values. When she left the Beltway last year, a faded political future awaited the woman who first conceived of a consumer bureau and nearly saw it through to fruition. Opportunity sent her back into the ring to fight for those values, or so her campaign would say.

unemployment rates stay above 8 percent.

Mark Calabria, a political veteran and director of financial regulation studies with the conservative-leaning Cato Institute, doesn't see much in the way of political points for Warren so far. “She's running in Massachusetts—arguably the most liberal state in the nation—and she's neck-and-neck,” he tells us. “This woman should be 10 to 15 points and she's not. It's a 50-50 race.”

seat for Massachusetts in the Senate would certainly aid the embattled consumer bureau as it struggles under Republican efforts to defund it and change the way it operates. For the residential mortgage marketplace, which remains under scrutiny by the CFPB, the success of her political career could mean momentum for half of the more than 300 rules that still need writing under Dodd-Frank.

Beverage hasn't changed his mind about the candidate. Asked



Whether she returns to Washington, D.C., as Sen. Warren is subject to the twists and turns of similar narratives. Like any candidate for higher office, the Harvard professor faces the unpredictable sway of long coattails in a presidential election year. A Gallup poll from June found that 47 percent of respondents disapprove of Obama's turn with the economy, a message historically more likely to resonate if job growth continues to wind down and

With Warren, Democrats have skin in the game, he says. “If the Democrats want to keep control of the Senate, this is a big race,” he adds. “If they don't win Massachusetts”—a possibility since Brown assumed the Kennedy seat in 2009—“they have no chance of keeping the Senate.”

Of more interest to some—especially those in the banking community—is how the CFPB founder will transition to lawmaker if she wins. A Democratic

how he would feel about a Sen. Warren, he admits that he hasn't followed the horserace in Massachusetts, but stands by his first impression of the candidate when her job was to stand up the CFPB.

“If she's elected, she'll be someone we can talk to about community banking issues, and I suspect they're not any different in Massachusetts,” she says. “I think she'll be someone approachable and good for community banks.”