



Wall Street insider Mnuchin nominated Treasury secretary over Allison, other contenders

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Former Goldman Sachs executive and Hollywood movie producer Steve Mnuchin was today nominated by President-elect Donald Trump to his cabinet as secretary of the Treasury, a position that former BB&T CEO John Allison was reportedly being considered for.

Mnuchin, who would be Trump's primary economic advisor and responsible for formulating tax policy, told CNBC that tax reform will be his top priority, promising the largest tax overhaul since the Reagan administration, and he pledged to cut corporate taxes to "bring huge amounts of jobs back to the United States."

Steven Mnuchin, chief executive officer of Dune Capital Management LP, listens to the...more

Mnuchin addressed Trump's proposed tax cuts on CNBC this morning, explaining that they will primarily serve the middle class and not include an "absolute tax cut" for the wealthy.

"Any reductions we have in upper-income taxes will be offset by less deductions so that there will be no absolute tax cut for the upper class," he said. "When we work with Congress and go through this, it will be very clear. This is a middle-income tax cut. And the child care credit is a big aspect of this."

Mnuchin said some deductions that involve mortgages and charities would likely still be accepted.

"We'll cap mortgage interest but allow some deductibility," he said.

Mnuchin also said that Federal Reserve Chair Janet Yellen has done a "good job" and that he expects interest rates to stay low for the next two years.

Trump called Mnuchin a "world-class financier, banker and businessman" and praised his ability to build "a dynamic, booming economy that will create millions of jobs."

A strong track record in banking was a big part of why Trump may have been considering Allison, who led BB&T from 1989 to 2008 and remains an executive in residence at Wake Forest School of Business, Allison was in October of last year appointed as an independent

director of investment bank Moelis & Co. (NYSE: MC). After leaving BB&T, Allison served as CEO of the libertarian think tank Cato Institute from October 2012 to April of 2015 and remains on the organization's board.

Peter Goettler, president and CEO of the Cato Institute, gave Allison a ringing endorsement for the post. " John Allison has both the experience and the economic knowledge to be an excellent Treasury Secretary," Goettler said. "Through his work with small businesses at BB&T, he has seen up close the negative effect of regulatory overreach on growth and innovation."

As for Mnuchin, there's mixed sentiment on how well he will fare in the role.

Mnuchin, who co-produced major motion pictures including "Avatar" and "Suicide Squad" through his firm Dune Capital, reminds Sen. Elizabeth Warren of one particular movie character — and not in a good way.

According to the Los Angeles Times, the liberal Massachusetts senator called Mnuchin “the Forrest Gump of the financial crisis,” citing his participating "in all the worst practices on Wall Street."

This “is the latest sign that Donald Trump has no intention of draining the swamp and every intention of running Washington to benefit himself and his rich buddies," Warren warned.

Indeed, Mnuchin was the head of mortgage lending at Goldman and remained with the bank over a 17-year period. He left in 2002, five years prior to when the financial crisis occurred due to credit default swaps and the subprime mortgage market.