# THIS WEEK IN WALL STREET REFORM

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## *Consumer Financial Protection Bureau (CFPB) Nomination/Appointment*

**Political battle threatens centerpiece of financial reform**
Ylan Q. Mui (WP)
June 14, 2011

*"A year ago, President Obama championed the creation of a government agency that would be charged with protecting Americans' wallets and restore certainty to the nation's financial system. But just weeks before its official launch, the future of the Consumer Financial Protection Bureau is in danger, hamstrung by a partisan standoff that has ground work on Capitol Hill to a virtual halt. The protracted battle threatens to rob the agency of many of the powers that Obama once cited as crucial to preventing another financial crisis." Click here for more.*

**Top Dems Believe Warren Warming To Senate Recruitment**
Dan Friedman (National Journal blog)
June 16, 2011

*"Top Senate Democrats believe Elizabeth Warren, who is overseeing the establishment of the Consumer Financial Protection Bureau, is warming to their entreaties to seek the Democratic nomination to take on Sen. Scott Brown, R-Mass., next year." Click here for more.*

**Click here** to view a letter from the Leadership Conference on Civil and Human Right urging President Obama to nominate Elizabeth Warren as CFPB director.

**Click here** to sign AFR's petition to President Obama: Nominate Elizabeth Warren to the CFPB.

**No consumer chief? No problem**
Josh Boak (Politico)
June 16, 2011

*"The new Consumer Financial Protection Bureau won't necessarily be handicapped by President Barack Obama's delay in naming a director. If the bureau launches on July 21 without a director, Wall Street analysts and attorneys for the financial services industry are bracing for a slew of enforcement actions against major banks." Click here for more.*

**New US Consumer Bureau Likely To Be Hobbled On Day One**
Maya Jackson Randall (Dow Jones Newswires)
June 14, 2011

*"The U.S. consumer protection agency so central to last year's financial-regulatory overhaul will almost certainly begin its life temporarily hobbled, operating without a director or broad new powers to prevent fraudulent and abusive financial practices. The White House is struggling to install a director before the Consumer Financial Protection Bureau officially opens its doors in mid-July. Failure to get a confirmed director will represent a significant--if short-lived--victory for the agency's fierce critics." Click here for more.*

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## *Editorials and op-eds*

**Op-ed - No regulators, no regulation**
Rep. Brad Miller (Politico op-ed)
June 16, 2011

*"Reforming the financial system required new laws, but laws don't enforce themselves. Senate Republicans, to please their patrons in the financial services industry and sabotage reforms, are abusing Senate rules and constitutional confirmation powers by blocking the confirmation of regulators to enforce the new laws. No regulators, no regulation. Fully half of the top financial regulator positions are now vacant or soon will be — including that of comptroller of the currency, chairman of the Federal Deposit Insurance Corp., director of the Federal Housing Finance Agency and director of the new Consumer Financial Protection Bureau, the GOP's new least-favorite federal agency." Click here for more.*

**Op-ed - Blocking Elizabeth Warren**
Joe Nocera (NYT)
June 10, 2011

*"It's official: Elizabeth Warren will return to the torture chamber known as the House Committee on Oversight and Government Reform on July 14. Earlier this week, Darrell Issa, the California Republican who is chairman of the committee, tweeted the news. Apparently, Democrats aren't the only ones who use Twitter to harass women. …In politics, there are certainly times when compromise is the right approach. But this is not one of those times. The agency needs to begin its life unafraid to do its job, which won't happen if the White House backs down now. By contrast, nominating Elizabeth Warren, who is nothing if not unafraid, would send exactly the right signal. Yes, the nomination would spark a partisan fight, and, yes, there is a high likelihood that she would not win confirmation. But it would redound nicely to the president's advantage. Americans would be able to see, in the starkest way imaginable, who's trying to help them — and who's not." Click here for more.*

**Editorial - Nearly a Year After Dodd-Frank**
New York Times editorial
June 13, 2011

*"Without strong leaders at the top of the nation's financial regulatory agencies, the Dodd-Frank financial reform doesn't have a chance. Whether it is protecting consumers against abusive lending, reforming the mortgage market or reining in too-big-to-fail banks, all require tough and experienced regulators." Click here for more.*

**Op-ed - GOP Lawmakers Finally Settle on Who They Want to Lead the CFPB: Nobody**
Alain Sherter (BNet - CBS)
June 10, 2011

*Republicans in Congress would presumably rather get Che Guevara tattoos than back Elizabeth Warren to head the Consumer Financial Protection Bureau. Ok, so who* do *they want to lead the new agency? Click here for more.*

**Op-ed - Small Banks, Big Banks, Giant Differences**
*Robert G. Wilmers (Bloomberg op-ed)*
*June 13, 2011*

*"There are reasons for bankers like me to view these as good times. Bank profits are up and failures have ebbed. Nonetheless, I remain troubled about the state of the financial-services industry. Here's why: community banks have given way to big banks and excessive industry concentration; profits are increasingly driven by risky trading; leverage is taking precedence over prudent lending; compensation is out of control. This toxic combination leads to continued taxpayer risk and threatens long- term U.S. prosperity." Click here for more.*

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## *Capitol Hill*

**Background Memo: Dodd-Frank Repeal Backers' Wall Street Cash**
John Papagiannis (Public Campaign)
June 14, 2011

*"As the Senate resumes consideration this week of the "Economic Development Revitalization Act of 2011" (S. 782), GOP Senators may take the opportunity to offer amendments to the bill that would weaken or repeal the entire Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Two of the senators offering amendments attacking financial regulation and consumer protection have raised more than $4 million in combined campaign cash from the Finance, Insurance, and Real Estate (FIRE) sector during their careers. Sen. Jim DeMint (R-S.C.) proposes repealing the Dodd-Frank law by offering an amendment modeled on a bill he introduced in late March, titled the 'Financial Takeover Repeal Act of 2011.' Sen. Jerry Moran (R-Kan.) has submitted an amendment that would substantially weaken the Consumer Financial Protection Bureau, the regulatory entity envisioned by Elizabeth Warren." Click here form more.*

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## *CFPB and Consumer Issues*

**Appropriators approve bill curbing Dodd-Frank reforms**
Erik Wasson (The Hill)
June 16, 2011

*"The House Appropriations Committee financial services subcommittee on Thursday approved its 2012 appropriations bill, which curbs the Consumer Financial Protection Bureau (CFPB) created by the Dodd-Frank financial reform law." Click here for more.*

**Click here** to view AFR's press statement, **click here** to view CFA's, **click here** Green America's and **click here** to view AFR's letter to members of Congress,

**Excerpt:**

*…provisions in the Fiscal Year 2012 appropriations bill that attempt to assert Appropriations authority over and then make critical cuts to the independent funding for the new Consumer Financial Protection Bureau (CFPB). When Congress established the landmark agency as part of its efforts to restore the economy wrecked by predatory Wall Street practices, its clear intention was to insulate the CFPB from efforts by the big banks to cut its funding and weaken its authority. Instead, Section 101 of the FY 2012 bill would allow Wall Street to run wild over consumers – and taxpayers -- all over again.*

**Republicans In Congress Concerned About CFPB's Power**
NPR
June 14, 2011

*"The Consumer Financial Protection Bureau opens next month. The new federal agency was created in the wake of the financial crisis, and it's charged with creating and enforcing consumer financial protection laws. Even before the agency starts operating, there is a great deal of controversy about its reach. Host Michel Martin discusses the CFPB and how it will change things for consumers with NPR business reporter Tamara Keith and Money Coach Alvin Hall." Click here for more.*

**US Bancorp's Davis Warns Against Overreaction to Consumer Bureau**
Carter Dougherty (Bloomberg)
June 13, 2011

*Richard K. Davis, chairman and chief executive officer of US Bancorp (USB), said banks shouldn't 'overreact' to the creation of the U.S. Consumer Financial Protection Bureau, or worry about its effect on business. 'It is just simply timely and topical because it's new and we haven't had it before," Davis said today at a conference of the Consumer Bankers Association in Orlando, Florida. "But don't think it's going to be that harmful.' Click here for more.*

**States to Fight Lawsuit Accord**
Jessica Silver-Greenberg (WSJ – subscription required)
June 14, 2011

*"Attorneys general in 38 states are fighting a proposed class-action settlement they said could make it much harder for state law-enforcement officials to regulate debt collectors.The proposed settlement involves a February agreement by Encore Capital Group Inc., the nation's largest debt buyer by revenue, to pay $5.7 million to settle all class-action lawsuits accusing the San Diego company of violating U.S. or state laws with flawed or phony affidavits." Click here for more.*

**Debt Collectors Ask to Be Paid a Little Respect**
Andrew Martin (NYT)
June 13, 2011

*"As a longtime debt collector, Lesllie Rogers has been routinely insulted, pummeled with obscenities, crudely propositioned and threatened with violence by the people she calls. 'They want you to feel as small and*

*insignificant as possible,' said Ms. Rogers, who works for a collection agency in Rochester, Minn. 'The guy who sits across from me just was threatened with getting his legs and arms cut off.'"* [Click here for more.](#)

**Lawmakers Urge Crackdown on Business Cards**
Jessica Silver-Greenberg (WSJ – subscription required)
June 15, 2011

*"A group of four U.S. Senate Democrats, including New York's Charles Schumer and Florida's Bill Nelson, urged the Federal Reserve today to crack down on the marketing of business credit cards, which don't come with many protections that are standard on basic consumer credit cards."* [Click here for more.](#)

**Consumer-Credit Raters to Open Books to Critics on U.S. Board**
Carter Dougherty (Bloomberg)
June 16, 2011

*"The U.S. Consumer Financial Protection Bureau is likely to place the three major credit- reporting bureaus, Equifax Inc., Experian Plc and TransUnion LLC, under direct supervision by federal examiners.The Dodd-Frank financial regulatory overhaul requires the new agency to propose regulations by July 21, 2012 on whether a company constitutes a "larger participant" in consumer financial services. That designation would lead to supervision similar to that of banks for the three firms, which provide credit reports on borrowers to prospective lenders.* [Click here for more.](#)

**CRL: Proposal on Bank Overdraft Fees, Payday Shows Need for CFPB**
Center for Responsible Lending
June 13, 2011

*"New guidelines proposed by the Office of the Comptroller of the Currency (OCC) illuminate the abuses in banks' overdraft and payday lending practices but don't go far enough to bring lenders back in line. As a result, the OCC's proposal risks legitimizing national banks' abusive payday lending and overdraft fee practices."* [Click here for more.](#)

**CFPB Bank Supervisor Says Agency Oversight Set to Start July 21**
Carter Dougherty (Bloomberg)
June 15, 2011

*"Steven Antonakes, the top bank supervisor at the Consumer Financial Protection Bureau, said oversight of banks with more than $10 billion in assets will start as planned on July 21. 'We are all engines ready to go,' Antonakes, the assistant director for large bank supervision, said at a conference of the American Bankers Association in Washington."* [Click here for more.](#)

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## *Shadow Markets and Systemic Risk*

**AFR's comment letter to the FDIC and the Federal Reserve on living wills**

[Click here](#) to view AFR's comment letter to the FDIC and the Federal Reserve on the rules implementing the Dodd-Frank requirement that companies submit "living wills" and records of credit exposures. "Living Wills" are plans detailing how the company could be resolved through the bankruptcy process without a need for government intervention. AFR supported the rules but suggested they be strengthened by requiring planning for situations of market stress and also by establishing more thorough and continuous records of credit exposures.

**New Financial Rules Delayed**
Deborah Solomon and Jamila Trindle (WSJ - subscription required)
June 15, 2011

*"U.S. regulators, behind schedule in finalizing key rules mandated by last year's financial-regulatory overhaul, agreed to delay a host of new requirements scheduled to hit the $600 trillion derivatives market next month. The move offers temporary relief to banks, companies and investors who have worried their use*

*of derivatives—sometimes-complex financial products used to hedge risk or speculate for profit—could run afoul of regulation. Certain parts of the Dodd-Frank financial law automatically take effect July 16, though regulators have yet to issue final rules in affected areas." Click here for more.*

**Click here** to view AFR's press statement

**Excerpt:**

*"The Commodity Futures Trading Commission announced today that it will be delaying the implementation of some of the new derivatives rules required by the Dodd-Frank Wall Street Reform Act.*

*Systemic risk created by the vast unregulated over-the-counter derivatives market was a key cause of the 2008 financial crisis that has cost the US economy millions of jobs and trillions of dollars in lost retirement savings and other assets. It is crucially important that new, effective rules and safeguards for the derivatives market be put in place expeditiously. Given the CFTC's limited resources and the scope of the rulemakings under Dodd-Frank, it is understandable that the Commission may need some limited additional time to harmonize the details of the new regulations and to continue to consult with interested parties."*

**Click here** to view the written testimony of CFTC Chairman Gary Gensler before the U.S. Senate Committee on Agriculture, Nutrition & Forestry on Wednesday

***Click here*** *to view the opening statement of CFTC Chairman Gary Gensler's before a public meeting of the CFTC about granting exemptive relief from certain requirements of the Commodity Exchange Act on Tuesday*

**C.F.T.C. Faces More Budget Woes**
Ben Protess (NYT)
June 15, 2011

*"Gary Gensler is fighting for funding — again. The Republican-controlled House of Representatives on Tuesday debated a measure that would slash the budget at the Commodity Futures Trading Commission by $30 million." Click here for more.*

**Click here** to view AFR's statement on House markup of the FY 2012 Agriculture Budget and **click here** to view AFR's letter to members of Congress urging them to oppose the funding cuts for the CFTC

**Excerpt:**

*"The House Appropriations Committee must instead reconsider the funding level for the CFTC. The bill you will vote on today would cut funding for the agency by 44 percent, forcing cuts in staffing levels and seriously undermining the CFTC's ability to protect investors and consumers by effectively policing the commodities marketplace through its current market oversight and enforcement functions. The lack of ability to regulate these crucial markets would expose American consumers to manipulation of oil and food prices."*

**Dodd-Frank Cause Concern**
Ben White (Politico's Morning Money)
June 13, 2011

*"House Agriculture Committee Chairman Frank Lucas (R-Okla.) wrote a letter to CFTC Chairman Gary Gensler on Friday expressing concern that many Dodd-Frank provisions are scheduled to go into effect July 16 before agencies charged with implementing them have written rules to make the provisions clear. Specfically, Lucas asked for clarity on Dodd-Frank provisions dealing with derivatives transactions. Read the letter: http://politi.co/kEACbP"*

**Biggest banks face capital clampdown**
Brooke Masters and Patrick Jenkins in London (FT – registration required)
June 16, 2011

*"Global regulators are poised to set a new tiered regime of additional capital requirements for about 30 of the world's biggest banks, in the latest effort to ensure the next financial crisis can be contained. The regulators plan to place each institution into a 'bucket' carrying a particular surcharge based on bank size, global reach,*

*structural complexity and whether other banks could absorb its business. Banks could move between categories as their size, structure and risk appetite change."* *Click here for more.*

**Bank capital, swaps dominate financial regulation outlook**
Kevin Drawbaugh (Reuters)
June 12, 2011

*"Global inconsistencies and industry resistance are clouding the outlook for world financial regulation reform in two key areas -- swaps oversight and bank capital, both set for debate this week."* *Click here for more.*

**Hedge fund regulation? What hedge fund regulation?**
Rob Curran (Fortune-contributor)
June 14, 2011

*"Thousands of hedge funds and private equity firms were supposed to file with the SEC to meet new requirements by Dodd-Frank by now. Instead, no one seems to know what's going on."* *Click here for more.*

**A Conversation with Sheila C. Bair**
Council on Foreign Relations
June 9, 2011

*"…I'm Andrew Ross Sorkin from The New York Times, and I'm here with the 19th chairwoman of the FDIC, Sheila Bair, for what may be described, if I could, as an exit interview of sorts. We are almost counting down on a month…. I think capital requirements need to be higher. They especially need to be higher for large systemic entities. And I don't think that -- that might have some incremental impact on lending longer term, but right now they're not lending, for a couple of reasons."* *Click here for more.*

**Dimon's Critique of Bank Regulation Draws Rave Review -- From Bernanke**
Charlie Gasparino (FoxBusiness.com)
June 13, 2011

*"Wall Street executives are applauding JPMorgan chief Jamie Dimon's recent harsh critique of new banking regulations, but so apparently is the target of his attack; Fed chairman Ben Bernanke, the FOX Business Network has learned. People close to both Dimon and Bernanke say the Fed chairman agrees with the two main contentions Dimon made while speaking with the Fed chairman at a conference in Atlanta last week, namely that overly harsh new banking regulations in the Dodd/Frank financial reform law may be hindering economic growth as banks cut back on business lending, and the uncertainly of how the new rules will be written by Congress is also preventing banks from lending to businesses."* *Click here for more.*

**Lenders Dig In on Rules**
Deborah Solomon and Victoria McGrane
June 16, 2011

*"Financial firms are making an aggressive, last-ditch push to ward off stricter capital requirements ahead of an international agreement that could come later this month. Global regulators are close to a deal on how much additional capital large, complex firms that pose risk to the financial system should hold. Agreement on a so-called surcharge may be reached at a June 25 meeting in Basel, Switzerland, according to government officials, as global bank supervisors attempt to strike an agreement ahead of a Group of 20 meeting this fall."* *Click here for more.*

**Two Views on Bank Rules: Salvation and Jobkillers**
Andrew Ross Sorkin (NYT)
June 13, 2011

*"Jamie Dimon is frustrated. In a surprisingly public demonstration of his aggravation, Mr. Dimon, the chief executive of JPMorgan Chase, unloaded last week on Ben Bernanke, the chairman of the Federal Reserve, critically questioning the government's efforts to regulate the banking industry."* *Click here for more.*

**Click here** to view the prepared remarks for SEC Chairman Mary L. Schapiro before the Bennett S. LeBow College of Business at Drexel University on Saturday

**Financial Reform And International Context**

**Lawmakers Seek Assurances on Bank Regulations**
Bloomberg
June 16, 2011

*"Financial regulators sought to reassure lawmakers that they could coordinate with global officials and still maintain industry competitiveness as they rewrote Wall Street oversight rules. Harmonization has been a top consideration in international talks related to how much capital the biggest banks must maintain and methods for orderly wind-downs of large firms, several officials told the House Financial Services Committee on Thursday at a hearing in Washington." Click here for more.*

**Click here** to view a webcast of the hearing and/or to view the written testimony of panelists including, Sheila C. Bair, Chairman of the FDIC, Lael Brainard, Under Secretary of the Treasury for International Affairs, and Timothy Ryan, President & CEO of the SIFMA, and Damon A. Silvers, Associate General Counsel, AFL-CIO, who testified on behalf of the AFL-CIO and AFR

**Commodity Speculation**

**Senator Sanders: Stop Oil Speculation Now**
Senator Bernie Sander (Huffington Post)
June 16, 2011

*"The increased cost of oil and gasoline is damaging the American economy and is causing severe economic pain to millions of people, especially in rural America, who often have to drive long distances to work. Many workers are already seeing stagnant or declining wages and high gas prices are just taking another bite out of their paychecks…. Therefore, today I introduced legislation with Senators Blumenthal, Merkley, Franken, Whitehouse and Bill Nelson to end excessive oil speculation once and for all." Click here for more.*

**Click here** to view a letter in support of the End Excessive Oil Speculation Now Act with 36 co-signers, including, Public Citizen, Americans for Financial Reform, Main Street Alliance, and New England Fuel Institute

**IATP – For UNCTAD Public Symposium 2011 - "Making Trade and Finance Work for People and the Planet"**
Steve Suppan (Institute for Agriculture and Trade Policy)

*"The financial services industry opposition to financial and commodity market reform, supported by some elements of the U.S. government, raises doubt about the likelihood of effective oversight recommendations by the Group of 20 financial ministers for the Heads of State summit in November in France." Click here for more.*

**Sarkozy urges firmer commodities rules**
Nikki Tait in Brussels (FT - registration required)
June 14, 2011

*"French President Nicolas Sarkozy has stepped up his call for tougher regulation and tighter surveillance of commodity markets trading, warning that raw materials' inflation is one of the chief threats to global economic growth. 'It risks keeping millions of men and women in poverty. It could lead to social unrest . . . which would threaten the cohesion of the poorest countries,' he said." Click here for more.*

**Click here** to view the prepared remarks of President Sarkozy and **click here** to view CFTC Commissioner Bart Chilton's positive response to President Sarkozy's comments

**Meet the man with the power to crack down on oil speculators**
Kevin G. Hall (McClatchy)
June 15, 2011

*“Most Americans don't know who Gary Gensler is or the agency he runs. They should. It falls to him as the chairman of the Commodity Futures Trading Commission to rein in the flood of speculative money flowing into financial markets that many experts fear is driving up the price of oil, gasoline and basic foodstuffs. …Barbara Roper, the director of investor protection for the Consumer Federation of America, pointed to last year's Dodd-Frank revamp of financial regulation, in which Gensler criticized the Obama administration's position on complex financial instruments as too soft and convinced Congress to get even tougher. ‘I've been quite impressed with Gensler, which doesn't mean we agree with every sentence in every rule proposal. But I think he has done a good job of getting the strongest possible package of rules through the agency, under extraordinarily difficult circumstances,’ Roper said.If there's a dink in the glowing reviews, it's on the issue of position limits, mandated by Congress to cap how much of any commodity any one trader or company can control. It's intended to curb speculation. In January, the CFTC proposed a 10 percent cap and began taking input, but the agency has told lawmakers it may not take effect until next year.* *Click here for more.*

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## *Foreclosures and Housing*

**SEC could file civil charges against some raters**
WSJ (via Reuters)
June 17, 2011

*“U.S. regulators could file civil fraud charges against some credit rating agencies, and settle with more Wall Street banks, for their role in developing mortgage-bond deals that helped trigger the financial crisis, the Wall Street Journal reported, citing people familiar with the matter. Click here for more.” Click here for more.*

**Two States Ask if Paperwork in Mortgage Bundling Was Complete**
Gretchen Morgenson (NYT)
June 12, 2011

*“Opening a new line of inquiry into the problems that have beset the mortgage loan process, two state attorneys general are investigating Wall Street’s bundling of these loans into securities to determine whether they were properly documented and valid.” Click here for more.*

**Bank Of America Faces New Probe; New York Attorney General Launches Investigation Into Mortgage Securitization [EXCLUSIVE]**
Shahien Nasiripour (Huffington Post)
June 13, 2011

*"New York Attorney General Eric Schneiderman has targeted Bank of America, the biggest U.S. bank by assets, in a new probe that questions the validity of potentially thousands of mortgage securities and their associated foreclosures, two people familiar with the matter said.” Click here for more.*

**Concern rises over US mortgage defaults**
Suzanne Kapner in New York (FT)
June 12, 2011

*“Mortgages held by US banks are performing far worse than home loans sold to **Fannie Mae** and **Freddie Mac**, the government-controlled mortgage finance companies, according to federal data made available to the Financial Times. The Office of the Comptroller of the Currency has never before released the data but is considering adding the information to its monthly mortgage report. Nearly 20 per cent of non-government-guaranteed mortgages held by the banks are at least 30 days late or in some stage of foreclosure, compared with 7 per cent for loans held by Fannie Mae and Freddie Mac, now controlled by the federal government, according to the data.” Click here for more.*

**Issa wants more evidence before granting servicer subpoenas**
Jon Prior (Housing Wire)
June 13, 2011

*“Rep. Darrell Issa (R-Calif.) asked Rep. Elijah Cummings (D-Md.) last week to present ‘a clear case’ before he issues a subpoena to mortgage servicers under investigation for possible mishandled foreclosures.*

*Cummings, a ranking member of the House Committee on Oversight and Government Reform, opened his investigation in February. In May, he sent a letter to Issa, chairman of the committee, formerly requesting to subpoena servicers that refused his requests for information." Click here for more.*

**Societe Generale On The Three Ways Underwater Mortgages Are Halting The American Recovery**
Gregory White (Business Insider)
June 11, 2011

*"More than a quarter of all U.S. mortgages remain underwater, and that's having a damaging impact on the U.S. consumer recovery, according to Societe Generale. The latest CoreLogic data shows that 27.7% of mortgages are underwater. And no matter how low interest rates go, many U.S. mortgage holders with underwater mortgages are no longer eligible for refinancing, according to Societe Generale. This, along with a rise in uncertainty and reduction in mobility, is damaging the U.S. recovery." Click here for more.*

**Bank Of America 'Significantly Hindered' Federal Investigation, U.S. Official Says**
Shahien Nasiripour (Huffington Post)
June 13, 2011

*"Bank of America, the largest U.S. bank by assets, 'significantly hindered' a federal investigation into the firm's faulty foreclosure practices on potentially billions of dollars worth of taxpayer-backed loans, a federal auditor told an Arizona court." Click here for more.*

**Misdirection in Goldman Sachs's Housing Short**
Jesse Eisinger (ProPublica)
June 15, 2011

*"Goldman Sachs appears to be trying to clear its name. The compelling Permanent Subcommittee on Investigations report on the financial crisis is wrong, the bank says. Goldman Sachs didn't have a Big Short against the housing market. But the size of Goldman's short is irrelevant. No one disputes that, by 2007, the firm had pivoted to reduce its exposure from mortgages and mortgage securities and had begun shorting the market on some scale. There's nothing wrong with that. Don't we want banks to reduce their risk when they see trouble ahead, as Goldman did in the mortgage markets? Click here for more.*

**Research Links Financial Crisis To Revolving-Door Lobbyists**
Dan Froomkin (Huffington Post)
June 13, 2011

*"Two economists at the International Monetary Fund crunched the numbers and determined lobbying by lenders and other U.S. financial interests encouraged the watering-down of regulations that contributed to the 2007 meltdown of the mortgage market." Click here for more.*

**Conference of Mayors teams up with Wells Fargo to prevent foreclosures**
Christine Ricciarid (Housing Wire)
June 14, 2011

*"The United States Conference of Mayors and Wells Fargo recently entered into a strategic partnership to promote homeownership and advocate foreclosure prevention." Click here for more.*

**NCRC – Tell Congress: Restore Housing Counseling to Keep People in Their Homes!**

*"As you know, earlier this year, Congress cut housing counseling funds from the Department of Housing and Urban Development (HUD) as part of the budget deal. These funds provide critical foreclosure prevention counseling, as well as counseling and education for first time homebuyers, seniors and others." Click here to sign the petition.*

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## *Executive Compensation*

**Bank chiefs' pay rises by 36%**
Megan Murphy and Sharlene Goff in London (FT – registration required)

June 14, 2011

*"Bank chiefs' average pay in the US and Europe leapt 36 per cent last year to $9.7m, according to data compiled for the Financial Times, despite variable performance across the sector."* *[Click here for more.]*

**AFL-CIO Threatens To Primary Tim Johnson Over CEO Pay**
Zach Carter and Adi Cohen (Huffington Post)
June 10, 2011

*"The nation's largest labor union on Friday threatened to challenge the powerful chairman of the Senate Banking Committee in the 2014 elections, if he allows a key set of new executive pay regulations be weakened. The surprising remark occurred during a panel discussion moderated by The Huffington Post at the Social Investment Forum Conference. The summit was attended by hundreds of socially conscious investors ranging from religious groups like the Unitarian Church to high-profile investment houses like Mesirow Financial."* *Click here for more.*

**Exclusive: New stock rules proposed**
Dan Primack (Fortune)
June 14, 2011

*"Congress may soon change the law that is compelling Facebook to go public in early 2012, Fortune has learned. Reps. David Schweikert (R-AZ) and Jim Himes (D-CT) are among those who plan to introduce a bill that would amend the Securities Exchange Act of 1934."* *Click here for more.*

**Investor 'Say on Pay' Is a Bust**
John Helyar (Bloomberg)
June 16, 2011

*"This was supposed to be the year when shareholders at public companies finally had their say about executive pay. As a result of the passage of the Dodd-Frank Act last July, shareholders for the first time can cast proxy votes on top executives' compensation. Median pay of chief executives jumped 35 percent, to $8.4 million, for Standard & Poor's 500 CEOs in 2010. So shareholders' say-on-pay votes, although only advisory, were expected to widely challenge companies where compensation didn't reflect performance or were out of line with those at competitors."* *Click here for more.*

**Pay up - Overpaid bosses are back**
The Economist
Jun 16, 2011

*"SINCE the financial crisis American bosses have made sacrifices. The average pay for the chief executive of a public company fell from $15.1m in 2007 to $13.5m in 2008. It fell again in 2009, to $10.1m. But the days of eating at Taco Bell and wearing second-hand clothes are over. According to GovernanceMetrics International (GMI), a research firm, bosses' pay rose sharply in 2010. The average among firms that have already reported was nearly $12m."* *Click here for more.*

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## *Interchange*

**Financials to take another swipe**
Chris Frates (Politico)
June 14, 2011

*"Don't count them out yet. Big banks, credit unions and other financial services players lost a crucial vote in the Senate last week to delay new Federal Reserve rules to limit how much they can charge merchants who accept debit cards — a move that would have saved them billions of dollars. But they vow to fight on."* *Click here for more.*

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## *Student Lending*

**Editorial - Subprime Education**
New York Times editorial
June 10, 2011

*"The Obama administration is right to tighten rules for for-profit colleges, which have come under scrutiny for deceptive practices and burying students in unreasonable debt. But the Department of Education is limited in its regulatory authority. It is up to Congress to rein in abuses by toughening the laws that govern this industry.  The for-profit system, which enrolls only about 12 percent of all students in higher education, absorbs about a quarter of the federal government's $155 billion student aid budget. These schools, some of which get as much as 90 percent of their money from federal student aid, earn a profit partly by charging higher tuition than public colleges and by driving their students into debt. Among bachelor's degree recipients, for example, nearly a quarter of 2008 graduates from for-profit colleges owed $40,000 or more, compared with just 6 percent of graduates from public colleges." Click here for more.*

**Obama Administration Caved On For-Profit College Regulations, Insiders Say**
Chris Kirkham (Huffington Post)
June 16, 2011

*"A year ago, the Obama administration crafted a set of proposed regulations aimed at limiting abuses by the swiftly growing for-profit college industry. The initial draft threatened severe consequences for institutions that churned out large numbers of graduates with outsized debts and meager job prospects: Schools would quickly lose access to the multi-billion dollar pool of federal student aid dollars that supplies the vast majority of their profits. But when the Department of Education delivered the final rules earlier this month, they were substantially weakened from the initial draft dding a three-year grace period before severe sanctions will kick in -- a major triumph for the industry's lobbyists and their relentless pressure campaign on the Obama administration. Click here for more.*

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## *OTHER*

**Obama Seeks to Win Back Wall St. Cash**
Nicholas Confessore (NYT)
June 13, 2011

*"A few weeks before announcing his re-election campaign, President Obama convened two dozen Wall Street executives, many of them longtime donors, in the White House's Blue Room. The guests were asked for their thoughts on how to speed the economic recovery, then the president opened the floor for over an hour on hot issues like hedge fund regulation and the deficit. Click here for more.*

**Banks battle over US tax law**
Tom Braithwaite in Washington, Vanessa Houlder in London, Nikki Tait in Brussels and James Wilson in Frankfurt (FT - registration required)
June 12, 2011

*"Banks and foreign governments are mounting an increasingly desperate push against a sweeping US tax law that will force overseas institutions to report their American clients to the Internal Revenue Service. The Foreign Account Tax Compliance Act was passed by Congress last year and comes into force in 2013. Last week, senior bank executives implored Tim Geithner, US Treasury secretary, to modify the law, according to people familiar with the meetings." Click here for more.*

**Banks Turn to Schumer on Patents**
Edward Wyatt (NYT)
June 14, 2011

*"For years and much to their frustration, big banks have paid hundreds of millions of dollars to a tiny Texas company to use a patented system for processing digital copies of checks, making Claudio Ballard, the inventor of the system, a wealthy man and the bank industry's biggest patent foe." Click here for more.*

**US Bankers Lament Regulations On Community Banks**
Alan Zibel (Dow Jones Newswires)
June 15, 2011

*"Overzealous U.S. bank examiners are placing too many restrictions on the nation's smallest banks, causing increased and unnecessary costs for a sector that wasn't the main cause of the financial crisis, community bankers said Wednesday." Click here for more.*

**Op-ed - The jobs crisis**
Lawrence H. Summers (Reuters blog/op-ed)
June 13, 2011

*"Even with the massive 2008-2009 policy effort that successfully prevented financial collapse and Depression, the United States is now half way to a lost economic decade. Over the last 5 years, from the first quarter of 2006 to the first quarter of 2011, the U.S. economy's growth rate averaged less than 1 percent a year, about like Japan during the period when its bubble burst. At the same time the fraction of the population working has fallen from 63.1 to 58.4 percent, reducing the number of those with jobs by more than 10 million. The fraction of the population working remains almost exactly at its recession trough and recent reports suggest that growth is slowing." Click here for more.*

**Thieves Found Citigroup Site an Easy Entry**
Nelson Schwartz and Eric Dash (NYT)
June 13, 2011

*"Think of it as a mansion with a high-tech security system — but the front door wasn't locked tight. Using the Citigroup customer Web site as a gateway to bypass traditional safeguards and impersonate actual credit card holders, a team of sophisticated thieves cracked into the bank's vast reservoir of personal financial data, until they were detected in a routine check in early May." Click here for more.*

**J.P. Morgan Overhauls Management**
*Dan Fitzpatrick (WSJ - subscription required)*
*June 15, 2011*

*"J.P. Morgan Chase & Co. boss James Dimon replaced longtime lieutenant Charles Scharf, who oversaw a large retail-banking and mortgage unit that is still reeling from the U.S. housing crisis. The decision to move Mr. Scharf, who first began working for Mr. Dimon more than two decades ago, to a less senior role is part of a management shakeup that also includes the planned retirement of Heidi Miller, another of Mr. Dimon's longtime allies. Although Mr. Scharf is joining the bank's small private-equity arm, analysts say he is now an unlikely successor to the 55-year-old Mr. Dimon, who has served as chief executive since 2005." Click here for more.*

**An Open letter to JPMorgan Chase Board of Directors**
Anat Admati (Risk Magazine)
June 14, 2011

*"I own some JPMorgan Chase (JPM) shares through mutual funds in my retirement account. I have read Mr. Dimon's recent letter to shareholders and some of his public comments. I write to urge you to reconsider JPM's actions related to capital regulation. For the overall economy, as well as for JPM, these actions are misguided." Click here for more.*

**White House's Daley seeks balance in outreach meeting with manufacturers**
Peter Wallsten and and Jia Lynn Yang (WP)
June 16

*"It was supposed to be the White House's latest make-nice session with corporate America — a visit by Chief of Staff William M. Daley to a meeting with hundreds of manufacturing executives in town to press lawmakers for looser regulations. But the outreach soon turned into a rare public dressing down of the president's policies with his highest-ranking aide." Click here for more.*

**Martin J. Gruenberg To Be Nominated By Obama For FDIC Chairman**
Darlene Superville (AP)
June 10, 2011

*"President Barack Obama said Friday that he will nominate Martin J. Gruenberg to become chairman of the Federal Deposit Insurance Corp."* [Click here for more.]

**Obama Is Said to Talk With Economist Blank About Heading Economic Advisers**
*Hans Nichols (Bloomberg)*
*June 16, 2011*

*"President Barack Obama has interviewed Rebecca Blank, a labor economist at the Commerce Department, to replace Austan Goolsbee as head of the White House Council of Economic Advisers, according to a person familiar with the matter. Another potential candidate under consideration is Alan Auerbach, an economics professor at the University of California at Berkeley, said another person. The job will be vacated by Goolsbee when he returns to the University of Chicago this summer."* Click here for more.

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## Upcoming Events

**The Empire Strikes Back: The Fate of Wall Street Reform**

Fri, 06/17/2011 - 3:00pm, M100 H

The Big Banks are biting back and trying to undermine the Wall Street Reform bill that President Obama signed it into law in July 2010. An army of Big Bank lobbyists are descending on an alphabet soup of agencies--the CFPB, the CFTC, the SEC and the FDIC--demanding an array of loopholes large and small. In the first quarter of 2010, the top 25 banking firms spent $11 million re-fighting the same issues already won with the passage of financial reform. But Americans for Financial Reform and its allies are fighting back to preserve the Consumer Financial Protection Bureau and other important gains. Leading policymakers, grassroots leaders, and experts will discuss what we are working on and what we are up against, almost one year after the passage of financial reform.

**From our friends at the National Council of La Raza:**

**Life without Housing Counseling:**
**Top Researchers Discuss Effectiveness of Housing Counseling Program**

**Date**: Tuesday, June 21, 2011
**Time**: 10am (food and refreshments will be provided)
**Location**: HVC-215 of the Capitol Visitors Center

On April 12, 2011, Congress passed a fiscal year 2011 budget, which zeroed out the ***HUD Housing Counseling Assistance Program***. Painful budget cuts were expected, but the decision to completely zero out the housing counseling program was astonishing, given the effectiveness of the program and the ongoing housing crisis. Resources for first-time homebuyers, seniors, renters, homeless individuals, and families facing foreclosure are vital to our economic recovery. In response to a request from Congress for more information and data about the effectiveness of the housing counseling program, the Coalition of HUD Housing Counseling Intermediaries has invited several of the nation's leading researchers to participate in a panel to discuss their most recent studies and evaluations of housing counseling. Panelists will describe their work in examining foreclosure prevention, pre-purchase, rental, homelessness prevention and reverse mortgage counseling. The panelist will also answer questions related to the impact and effectiveness of housing counseling, as well as any other questions you may have.

**Panelists**:
Chris Herbert, Director of Research, the Joint Center for Housing Studies at Harvard University
Peter Tatian, Senior Research Associate, The Urban Institute
Max Schmeiser, Economist, Federal Reserve Board of Governors
Barb Stucki, Vice President Home Equity Initiatives National Council on Aging

**SEC**

**No public meetings as of 6/17/11**

**CFTC**

**No public meetings as of 6/17/11**

## Capitol Hill

**House Committee on Financial Services**

**Hearings**

*Field Hearing entitled "Hacked Off: Helping Law Enforcement Protect Private Financial Information"*
Full Committee
June 29, 2011 2:00 PM in Hoover, Alabama

*Hearing entitled "Investigating the Gold: H.R. 1495, the Gold Reserve Transparency Act of 2011 and the Oversight of United States Gold Holdings"*
Domestic Monetary Policy and Technology
***June 23, 2011 2:00 PM in 2128 Rayburn HOB***

**House Small Business Committee**

Full Committee
"The State of Small Business Access to Capital and Credit: The View from Secretary Geithner"
Wednesday, June 22, 2011
10:00 am
2360 Rayburn HOB

The purpose of this hearing is to review the current state of small business access to equity capital and debt financing. The hearing will focus on the Department of Treasury's current and future efforts to assist the private sector in providing the needed funds for small businesses to expand and grow. The only witness at the hearing will be the Secretary of the Treasury, the Honorable Timothy Geithner.

Opening Statement: Chairman Sam Graves (R-MO)

Witnesses and Testimony: The Honorable Timothy Geithner, Secretary, United States Department of the Treasury, Washington, DC

**Committee on Oversight and Government Affairs**

**No pertinent full committee hearings scheduled as of 6/17/11**

**No pertinent markups scheduled as of 6/17/11**

**Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs**

**No markups scheduled as of June 17, 2011**

**Senate Banking, Housing, and Urban Affairs Committee**

**Hearings**

**Cybersecurity and Data Protection in the Financial Sector**
Tuesday, June 21, 2011
10:00 AM - 12:00 PM
538 Dirksen Senate Office Building
The witnesses will be Professor Kevin Streff, Associate Professor and Director of the Center for Information Assurance, Dakota State University; Mr. Leigh Williams, BITS President, The Financial Services Roundtable;

and Mr. Marc Rotenberg, President, Electronic Privacy Information Center. Additional witnesses may be announced.

All hearings are webcasted live and Individuals with disabilities who require an auxiliary aid or service, including closed captioning service for webcast hearings, should contact the committee clerk at 202-224-7391 at least three business days in advance of the hearing date.

**Senate Committee on Finance**

**No pertinent markups/hearings scheduled as of 6/17/11**

**Senate Committee on Agriculture, Nutrition, and Forestry**

**No pertinent markups/hearings scheduled as of 6/17/11**

**American Banker:**

**The CFPB: What to Expect in the First Six Months**
Date: June 29, 2011
Time: 03:00PM ET
Duration: 60 Minutes
Price: $99.00

The Consumer Financial Protection Bureau (CFPB) officially opens its doors in July, set up to provide rules regulating mortgages, credit cards, and other consumer financial products and services.

With such vast authority, what power will the CFPB ultimately wield? What have we learned so far in the run up to the agency's debut about the impact it will have on your financial institution?

*American Banker* is hosting this live Web seminar, allowing you to pose questions to our expert panel about how the CFPB could affect your bank and the products you offer.

**Topics to be addressed include:**

- What is the full scope of the CFPB?
- The structure of the CFPB, how it's funded and how it will work with other bank regulatory agencies

How the CFPB's broad rulemaking authority could impact origination, marketing and servicing practices for the card and mortgage industries
Moderator:

- Kate Davidson, Reporter, *American Banker*

**From our friends at the National Council of La Raza:**

The White House has confirmed that President Barack Obama will speak at the 2011 NCLR (National Council of La Raza) Annual Conference, NCLR President and CEO Janet Murguía announced today. The NCLR Annual Conference and National Latino Family Expo, the single largest national Latino event of the year, will be held in Washington, D.C., July 23–26, at the Washington Marriott Wardman Park Hotel. More than 25,000 participants are expected to attend the four-day event.

Also confirmed as Conference speakers are Democratic Rep. Emanuel Cleaver, II of Missouri, Chair of the Congressional Black Caucus; author, columnist, and president and editor-in-chief of the Huffington Post Media Group Arianna Huffington; renowned actress and NCLR ALMA Awards® host and executive producer Eva Longoria; and Department of Labor Secretary Hilda Solis. Republican presidential candidates also have been invited to speak. Times and dates for all speakers, including President Obama, will be released in the coming weeks.

For additional information, please visit www.nclr.org/events.

**From our friends at National Consumer Law Center:**

H**andling Mortgage Cases from A to Z: Training and Hands-On Workshops for Litigators at All Levels** Training Conference. It will be held at the Boston Marriott Newton on July 14-15, 2011. The conference offers two tracks: Introductory and Advanced.

**REGISTER ONLINE HERE**: http://www.nclc.org/conferences-training/foreclosure-training-conference.html

**Where:** Boston Marriott Newton, 2345 Commonwealth Ave., Newton, Massachusetts. Located at the "crossroads" of Massachusetts, the Boston Marriott Newton is situated on 22 acres of spectacular, scenic conservation land along the Charles River. Discounted kayak boat rentals available for hotel guests. Rooms are $103 single or double occupancy on a first come basis until June 21, 2011, when the rate may increase. When making a reservation over the phone, call 1-800-228-9290 or 617-969-1000 and use the code “NCLC Mortgage Conference.” Or book online from the link at www.nclc.org .

**Topics will include:**

State and federal claims challenging the origination of mortgage loans, Advanced TILA rescission, servicing claims and deciphering payment histories, loan modification promises and problems (HAMP and non-HAMP issues), and more.

To **SAVE MONEY** be sure to take advantage of money-saving conference deadlines:

- June 3, 2011: Scholarship deadline
- June 24, 2011: Deadline for early conference registration reduced rate.
- June 21, 2011: Space permitting, hotel rooms are available at a special conference rate of $103/night

To register online and to see more information about the conference such as the agendas, hotel, and scholarships please visit: http://www.nclc.org/conferences-training/foreclosure-training-conference.html

**Complied by our friends at NFHA:**

September 9-10 - John Marshall Law School 2011 National Conference (Chicago, IL)

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