THIS WEEK IN WALL STREET REFORM

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Big Picture

While Fighting To Block SEC Investigation Of Goldman Sachs, Rep. Darrell Issa Bought Goldman Sachs Bonds
Lee Fang (Think Progress)
June 29, 2011

"Oversight Committee Chairman Rep. Darrell Issa (R-CA) raised hell last year to stop the federal government from investigating Goldman Sachs regarding allegations that the company defrauded investors. In April 2010, shortly after the Securities and Exchange Commission (SEC) announced a civil suit against Goldman Sachs, Issa sent a letter to SEC Chairwoman Mary Schapiro demanding to know if there was "any sort of prearrangement, coordination, direction from, or advance notice" between the SEC and the Obama administration or congressional Democrats over the timing of the lawsuit. Click here for more.

Killing Dodd-Frank Softly
David Callahan (The American Prospect)
July 1, 2011

"If Jim DeMint gets his way, the Senate will vote any day now on repealing the historic Dodd-Frank financial-reform law. While Senator DeMint is receiving a big assist from conservative lobbying groups, his amendment is sure to fail given the Democratic majority. Still, the tireless war against Dodd-Frank - a law that marks its first anniversary next month - will go on." Click here for more.

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CFPB and Consumer Issues

Elizabeth Warren: Baltimore's rock star
Eileen Ambrose (Baltimore Sun)
June 30, 2011

"There's more than 40 miles that separate Baltimore from Washington. In Washington, Elizabeth Warren has undergone some merciless grilling by members of Congress about the new Consumer Financial Protection Bureau she is setting up. But in Baltimore, speaking at Rep. Elijah E. Cummings' town hall meeting tonight, Warren received rock star treatment. In fact, she was called a "rock star" a few times and received two standing ovations in the overcrowded auditorium." Click here for more.

Elizabethan Drama
Michael Crowley (Time)
June 30, 2011

"Clarification Appended: June 30, 2011- Here's some good news for consumers who feel themselves trampled by soulless banking and credit giants: on July 21, a new consumer-protection agency will open its doors in Washington, with the mission of making everything from mortgage documents to credit statements fairer and easier to understand and generally giving the little guy more power against the financial corporate juggernauts." Click here for more.

Senate Will Remain in Pro Forma Session During July 4th Break
Dan Friedman (National Journal – subscription required)
June 28, 2011

"The Senate is expected to remain in pro forma session next week, instead of formally adjourning for the July 4th recess, senior aides in both parties said -- a step that rules out any recess appointments during the break. 'You can expect the July recess to look similar to the Memorial Day recess,' a Democratic leadership aide said. The Senate did not officially adjourn for that break, with Sen. Mark Warner, D-Va., gaveling the chamber into and out of session when necessary. The House must approve any Senate recess of more than three days. That is normally a noncontroversial step. But Republicans in both chambers have clamored for House Speaker John Boehner, R-Ohio, to refuse to okay a Senate exit in order to block President Obama

from making recess appointments -- particularly Elizabeth Warren as the head of the Consumer Financial Protection Bureau." Subscription required

The Consumer Financial Protection Bureau: Not Yet Open and Already Under Attack
Marlys Harris (MarketWatch)
June 25, 2011

"The other day, Bloomberg Businessweek *reported that the Center for Responsible Lending had spent$96.000 on lobbying in the first quarter of 2011 compared with $130,000 in the last quarter of 2010. In case you didn't know, CRL, a non-profit advocacy organization, backed — and continues to support — the creation of the Consumer Financial Protection Bureau. ... Well, when I saw* Businessweek's *report on the Center for Responsible Lending, I decided to take a look at the money. In the consumer's corner, you have the Center for Responsible Lending with its $96,000 lobbying budget. You can add in another $50,000 from Consumers Union, $10,000 from the Consumer Federation of America and less then $5,000 from the National Association of Consumer Advocates. (These totals by the way come from the Secretary of the Senate which requires lobbyists to file reports every three months.) Another group, Americans for Financial Reform, which is composed of some 250 organizations favoring the Financial Bureau, includes some important players, including AARP, the AFL-CIO, the American Federation of State Municipal and County Employees and SIEU, another union. Americans for Financial Reform has no lobbying budget. …Even if all these folks devote, say, 15 percent to fighting the Financial Bureau, they have $3.65 million or seven times as much money as the pro-consumer guys. And, of course, I haven't added in the millions in contributions made to politicians by the financial services industry — about $3.5 million last year or nearly $880,000 a quarter. So what chance do you think the Finance Bureau has of becoming a strong and effective voice for consumers? I did the math. You draw the conclusions." Click here for more.*

Defining Larger Nonbank Participants
Consumer Financial Protection Bureau
June 23, 2011

"The Consumer Financial Protection Bureau will have the power to supervise and examine a wide variety of nonbanks. It has full authority over payday lenders, student lenders and the mortgage market, but only over the 'larger' participants in other markets.Comments are due August 15." Click here for more.

CFPB Releases Round Two of New Mortgage Disclosures, Seeks Feedback
Elizabeth Ecker (Reverse Mortgage Daily)
June 27, 2011

"The CFPB released the first round of revamped forms on May 18, after which it received more than 13000 comments on the disclosures. The feedback was "largely consistent with the one-on-one interviews we conducted with consumers, lenders, and brokers." Click here for more.

Click here to view the new forms – part of the "Know Before You Owe" project

Homeownership goals still hotly debated as CFPB and Dodd-Frank regs take hold
Kerri Panchuk (Housing Wire)
June 28, 2011

"Beginning July 21, CFPB officials will be charged with creating "laws that outlaw discrimination and other unfair treatment in consumer finance," according to the agency's website. But the CFPB's interest in creating opportunities in housing will be ..." Click here for more.

Bank service fees fall $1.6 billion after new overdraft regulations
Max Thompson (e-Wisdom)
June 30, 2011

"New regulations aimed at how banks handle overdraft fees contributed to a decrease in bank account service fees by $1.6 billion in the six months following the enactment of the changes, a recent report from Market Rates Insight (MRI) revealed." Click here for more.

What Can The CFPB Do To Regulate Payday Lenders?
Nathalie Martin (Creditslips.com)

June 28, 2011

"Even though the CFPB cannot cap interest rates on payday loans, there is still plenty that the CFPB can do to regulate these lenders. But what should the Bureau do? Some of the trickiest aspects of the payday lending issue have nothing to do with interest rates, and everything to do with how the loans are marketed and used." Click here for more.

Reason 549 Why We Need a Strong CFPB Director
Peterr Firedoglake blog)
June 28, 2011

"My wife and I recently bought a home, with a nightmare of a path from signing the contract to closing the sale. I'll spare you the details, but it involved hailstorms, insurance companies, building contractors, a pending divorce (the sellers, not us), numerous banks, a tax consultant, the IRS, and MERS. Suffice it to say that much sleep was lost." Click here for more.

Failed Gods of Behavioral Law & Economics
Alan White (Public Citizen)
June 30, 2011

"At this week's International Association of Consumer Law conference, scholars from Europe and Brazil, among others, embraced the new orthodoxy of behavioral law and economics. As I have argued elsewhere, the important insights of behavioral science have important normative implications (and law is about norms) that have been largely ignored. Behavioralism undermines two key tenets supporting the edifice of neoclassical law and economics: 1) that unregulated markets promote consumer autonomy, i.e. freedom of choice, and 2) that this consumer autonomy happily and simultaneously advances the utilitarian value of maximizing consumer welfare." Click here for more.

Op-ed - New rules give nonbanks a pass
Arkadi Kuhlmann (Atlanta Journal Constitution)
June 28, 2011

"The Consumer Financial Protection Bureau opens for business next month. Without question, the agency could help reduce risk, increase transparency, and prevent the kind of bad lending that led to the current recession. In creating the CFPB, though, lawmakers missed an opportunity to address the simple fact that U.S. financial regulation remains too fragmented and too complex….Arkadi Kuhlmann is president and CEO of ING DIRECT USA." Click here for more.

Bernanke appoints Bialek inspector general for CFPB
Jon Prior (Housing Wire)
June 30, 2011

"Federal Reserve Chairman Ben Bernanke appointed Mark Bialek to inspector general of the central bank and the Consumer Financial Protection Bureau, effective July 25. Bialek recently served as the inspector general of the Environmental Protection Agency. He replaces Elizabeth Coleman, who served as inspector general of the Fed for four years and sat on the Federal Reserve Board of Governors for 22 years." Click here for more.

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Shadow Markets and Systemic Risk

AFR: Restoring The Balance: Financial Regulation and The Real Economy
Sponsored by: Americans for Financial Reform and AFL-CIO, Alliance for a Just Society, Demos, Main Street Alliance, Public Citizen, U.S. PIRG

Panelists - Margaret Blair Professor of Law, Vanderbilt University, Robert Atkinson Executive Director, Information Technology and Innovation Foundation, Scott Paul Executive Director, Alliance for American Manufacturing, Thomas Hoenig President, Kansas City Federal Reserve, Damon Silvers Policy Director and Special Counsel, AFL-CIO, and Graham Steele, Office of Senator Sherrod Brown

Kansas City Fed's Hoenig Wants Aid For Manufacturers Over Banks
Maya Jackson Randall (Automated Trader)
June 28, 2011

*"Federal Reserve Bank of Kansas City President Thomas Hoenig, along with other panel members at a conference Tuesday, argued that U.S. policies have tended to boost Wall Street at the expense of the nation's manufacturing industry. They said policymakers need to rebalance the U.S. economy by strongly enforcing key pieces of the Dodd-Frank financial overhaul, such as trading restrictions and capital rules, while also instituting new policies that could help manufacturing flourish. The panelists also agreed that financial policies have enabled certain banks to grow into behemoths that put the economy at risk and they voiced skepticism that the Dodd-Frank Act would be enough to put the economy on the right path. 'I would rather subsidize the manufacturing sector,' Hoenig said at a conference in Washington sponsored by **Americans For Financial Reform, Public Citizen**." Click here for more.*

Retiring member of Fed says new bank regulations do not go far enough
Luca Di Leo and Jeffrey Sparshott (TwinCities.com)
June 27, 2011

"Thomas Hoenig, retiring president of the Federal Reserve Bank of Kansas City, launched his fiercest attack to date against big banks Monday, warning they are putting U.S. capitalism at risk. So long as big, complex financial firms exist and there are 'institutions so powerful and considered so important that they require special support and different rules, the future of capitalism is at risk, and our market economy is in peril,' Hoenig said in prepared remarks." Click here for more.

In U.S. Monetary Policy, a Boon to Banks
Jesse Eisinger (NYT-Dealbook)
June 29, 2011

"The most pronounced development in banking today is that executives have become bolder as their business has gotten worse. The economy is clearly weaker than expected, and housing prices are falling throughout the land, eroding bank asset values. Yet regulators are on their heels in Washington as bankers and their lobbyists push back against the postcrisis regulations, even publicly condemning the new rules." Click here for more.

Analysis: CFTC's Gensler stickhandles to keep influence
Christopher Doering (Reuters)
June 29, 2011

"Gary Gensler, head of the U.S. futures regulator, risks losing influence in Congress as his Wall Street reform efforts become bogged down in the details, possibly impairing progress on his ambitious agenda." Click here for more.

US SEC to propose conduct rules for swap dealers
Sarah N. Lynch (Reuters)
June 29, 2011

"U.S. securities regulators are poised on Wednesday to propose rules for how swap dealers interact with their customers, in a move designed to manage risk and protect clients from abusive practices." Click here for more.

Trading Firms Await New Derivatives Regulations
Ben Protess (NYT/Dealbook)
June 29, 2011

"While regulators struggle to finalize a series of rules for derivatives trading, many firms are already gearing up to comply with the sweeping new requirements, trading firms told Congress on Wednesday." Click here for more.

Senate Democrats Urge House Not to Short SEC Funding Request
Ben Weyl (CQ – subscription required)
June 28, 2011

"A group of Senate Democrats charged Tuesday that a House appropriations bill does not adequately fund the Securities and Exchange Commission, though GOP lawmakers appeared dismissive of their concerns. 'With our markets and economy still struggling to recover from the worst financial crisis in 80 years, this is hardly the time to handcuff the primary cop on the beat in our financial markets," wrote Jack Reed of Rhode Island, Robert Menendez of New Jersey, Charles E. Schumer of New York and Richard J. Durbin of Illinois, in a letter to House Appropriation Chairman Harold Rogers, R-Ky….Last week, the House Appropriations Committee approved a draft spending bill along party lines that would provide $1.2 billion to the SEC — equal to fiscal 2011 spending but roughly $222 million less than President Obama's proposal." Subscription required.

Capital Push Back
Ben White (Politico's Morning Money)
June 27, 2011

"Reps. James Renacci (R-Ohio), Nan Hayworth (R-N.Y.) and John Carney (D-Dela.) wrote to federal regulators arguing that the new capital requirements to be imposed on the world's 30 largest banks not be augmented by any extra surcharges in the U.S.: "There are serious concerns that unnecessarily high capital surcharges - on top of Basel III and other reforms - could present an untimely drag on the U.S. economy and recovery." Full letter: http://politi.co/iUwOtE"

Commodity Speculation

AFR releases "How Wall Street Speculation is Driving Up Gasoline Prices Today"

On Tuesday, June 28th on a national press conference call with reporters and bloggers, Americans for Financial Reform released *"How Wall Street Speculation is Driving Up Gasoline Prices Today*" by Robert Pollin and James Heintz at the Political Economy Research Institute at the University of Massachusetts, Amherst.

Excerpt from the report:

"We estimate that, without the influence of large-scale speculative trading on oil in the commodities futures market, the average price of gasoline at the pump in May would have been $3.13 rather than $3.96. This means that the average U.S. consumer paid a 83-cent-per-gallon premium in May for their gasoline purchases due to the huge rise in the speculative futures market for oil. Considering the U.S. economy as a whole, this translates into a speculation premium of over $1 billion for May alone. If the May price were to hold for a year, that would mean that the speculative premium would total $12 billion. For the average U.S. auto owner, the speculative premium amounted to about $41 in May. This means speculative premium for the average two-car family was about $82 in May. That is, each such family spent $82 more in May than necessary for gasoline, and most of this $82 will have made its way into the pockets of large-scale speculators in the oil commodities futures market." Click here for more to view the report.

Press Coverage

The Ed Schultz Show - http://www.msnbc.msn.com/id/21134540/vp/43602694#43602694

Speculation Behind High Gas Prices, Report Says
Ben Protess (NYT/Dealbook)
June 28, 2011

"Speculative commodities trading on Wall Street is significantly inflating prices at the gas pump, according to a new report by researchers at the University of Massachusetts, Amherst." Click here for more.

Paying Wall Street at the gas pump
David R. Baker (SF Chronicle)
June 28 2011

"Just how much do oil-market speculators add to the price of gasoline? About 83 cents, according to a study released today. Two researchers from the University of Massachusetts, Amherst looked at this spring's spike

in gasoline prices and tried to filter out the effects of speculative traders -- those who buy and sell oil futures strictly as an investment." *Click here for more.*

Study finds financial speculation in oil led to higher gasoline prices
Dennis Sadowski (Catholic News Service)
June 30, 2011

"Excessive speculation in crude oil futures on the part of financial traders added 83 cents to the cost of a gallon of gasoline in May, two University of Massachusetts professors reported. 'The problem is through the investment in commodity derivatives, (the speculators) are directly contributing to the increase in prices of gas and food around the world,' explained David Kane, a staff member at the Maryknoll Office for Global Concerns in Washington, which is part of the Americans for Financial Reform coalition." Click here for more.

Report: Oil Speculation Is Jacking Up Gas Prices Dramatically
CBS 2 (Chicago)
June 28, 2011 11:35 AM

"Some University of Massachusetts Amherst professors have authored a study for the Public Interest Research Group, which concludes that speculation in the oil futures market is having a big impact on prices at the pump. As WBBM Newsradio 780's Mike Krauser reports, the report says a decade ago, speculators controlled less than 30 percent of the oil futures market." Click here for more.

Drivers could have saved $41 on gas - Wall Street speculation being blamed for prices
Shannon Halligan (22 News – Springfield, MA)
June 29, 2011

"A new report out says gas prices could have been 83 cents lower last month. Gas prices topped off at $3.96 in May and a report from the Americans for Financial Reform and MASSPIRG blames it on Wall Street speculation." Click here for more.

Speculation adds 83 cents a gallon to gas prices at the pump
Peter Schorsch (St. Petersburg, FL blog)
June 28, 2011

"Today, two Florida community organizations, Organize Now and the Florida Institute for Reform and Empowerment, released a new report entitled "How Speculation is Affecting Gasoline Prices Today" authored by Robert Pollin and James Heintz at the University of Massachusetts, Amherst. They called on regulators to act now to stop excessive Wall Street speculation that is driving up prices and costing families money." Click here for more.

Report: Speculators Drive Up Prices At The Pump
Aricka Flowers (Progress Illinois)
June 28, 2011

"As drivers prepare to hit the road this coming weekend for their Fourth of July trips and festivities, talk about gas prices is sure to come up. A new report (PDF) released by Illinois PIRG shows that drivers are actually spending close to one dollar more at the pump than they should due to 'excessive Wall Street speculation." Click here for more.

From Your Gas Tank to World Hunger: The Dangers of Speculative Futures
Elizabeth Palmberg (Sojourners blog)
June 28, 2011

"Wall Street may seem far away, but it's actually as near as your gas tank — and as widespread as global hunger. That's the message of activists holding vigil today in downtown Manhattan to mark the release of a study that shows Wall Street speculation is driving up the price of gas — to the tune of $41 per U.S. car owner in the month of May alone. The study, authored by two economics professors at the University of Massachusetts, Amherst, says that the average U.S. consumer paid a 83-cent-per-gallon premium in May for their gasoline purchases due to the huge rise in the speculative futures market for oil." Click here for more.

Faith and hunger groups hold vigil in front of NYMEX
Dave Kane (StopGamblingonHunger.com)
June 27, 2011

"Taking advantage of the ironic juxtaposition of the Irish Hunger Memorial park in front of the New York Mercantile Exchange (NYMEX), a group of faith-based and hunger organizations held a vigil today to draw attention to the problem of excessive speculation in commodity markets." Click here for more.

Speculation Adds 83 Cents A Gallon to Gas Prices at the Pump
Jonathan Fox (CALPIRG)
June 28, 2011

"CALPIRG, a statewide consumer advocacy organization I work for, just released a new report entitled 'How Speculation is Driving Up Gasoline Prices Today'. The report was authored by Robert Pollin and James Heintz with University of Massachusetts, Amherst and Americans for Financial Reform (AFR), a coalition of more than 250 national and state organizations working together for strong financial reform." Click here for more.

Radio Hits

KPFA – Berkley, CA (listener supported), evening news (6-7pm, 28 June 2011, Min 56)
KCBS – CBS, San Francisco, CA, Anna Duckworth, here
KGO – San Francisco, CA, Scott Lettieri, here (Min 40)

Foreign Language Press

Consumer groups denounced the manipulation of oil prices on Wall Street
Jocelyn Xie, Sing Tao Newspapers (Mandarin)
June 30, 2011

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Preemption

Treasury Blasts OCC on Its Approach to New Bank Rules
Victoria McGrane (WSJ – subscription required)
June 29, 2011

"The Treasury Department sharply criticized a fellow regulator for violating the intent of Congress's financial-regulation overhaul, in the latest sign of conflict among key officials as they approach a series of deadlines to implement the law. In a letter, Treasury officials contend the Office of the Comptroller of the Currency, the federal regulator of national banks, wrote a draft rule that provides national banks too broad a shield from state consumer financial laws, which in many cases are tougher than federal regulation. The OCC's proposal 'is inconsistent with the plain language of the statute and its legislative history,' Treasury General Counsel George Madison wrote to the OCC's temporary director, John Walsh, in a letter viewed by The Wall Street Journal." Click here for more.

Click here to view AFR's comment letter

Excerpt:

"We have seen the havoc that weak consumer protection wreaked on communities across the country. Dangerous mortgages, unfair credit card practices, plots to increase overdraft fees, and a number of other bank practices not only inflicted immense harm on consumers but destroyed banks, our financial system and our economy. States and state laws attempted to stop these practices but they were thwarted by federal preemption."

Click here to view the joint comment letter from CRL, NCLC, and Public Citizen

States say bank regulator still in their way
Dave Clark (Reuters)
June 28, 2011

"The federal regulator of the largest U.S. banks is attempting to maintain too much power to preempt state consumer financial laws and is ignoring the intent of the 2010 financial reform law, state attorneys general complained in a letter released on Tuesday." Click here for more.

Anti-Regulation Bank Regulator Draws Democrats' Ire
Christopher Maag (Business Insider via Credit.com)
June 27, 2011

"A month ago, one of the nation's most powerful bank regulators caught our attention when he said in public that the U.S. has too many bank regulations. Now he's done it again. And this time, it isn't just us and a few other credit nerds who noticed. John Walsh, acting director of the Office of the Comptroller of the Currency, plays the leading role in regulating the nation's largest banks. In a speech this week in London, Walsh criticized efforts by the Obama administration and Democratic leaders in the Senate to impose rules on the banks requiring them to retain a percentage of the riskier investments. 'To put it plainly, my view is that we are in danger of trying to squeeze too much risk and complexity out of banking as we institute reforms to address problems and abuses stemming from the last crisis," Walsh told the Centre for the Study of Financial Innovation" Click here for more.

Bank Regulator Comes Under Fire
Victoria McGrane and Alan Zibel (WSJ - subscription required)
June 22, 2011

*"On Tuesday, Acting Comptroller of the Currency **John Walsh** said regulators are in danger of going too far to curb risk-taking by big banks. Now, some Democratic senators are calling for his head. Three Senate Democrats – **Jack Reed** of Rhode Island, **Carl Levin** of Michigan and **Jeff Merkley** of Oregon – have publicly called for the White House to replace Mr. Walsh, a Republican, following his speech in London Tuesday. … Mr. Levin, who leads an investigative committee that investigated the 2008 financial crisis, said it is 'past time for the president to nominate new leadership at the OCC to protect American families and businesses from the excesses of Wall Street.' And Mr. Merkely, who also sits on the Senate Banking panel, said that "Mr. Walsh demonstrated once again that he just doesn't get it. He persists in arguing for the minimal capital standards and lax regulation that brought down our entire economy in 2008. It is time – way past time – for the President to nominate a leader for the OCC who is committed to building a solid long-term foundation for our economy.'" Click here for more.*

Dodd-Frank Rekindles Old Debate
Louise Story (NYT)
June 28, 2011

"One of the most classic American political debates — state versus federal law — is surfacing again in the banking sector, as regulators work to put in place the financial reforms passed a year ago in Washington. At issue is whether state banking regulators will be undercut by their federal counterparts when it comes to consumer financial protection laws. Banks, state regulators and consumer advocates have been sparring in legalese-filled comment letters over the last month in response to rules proposed by the Office of the Comptroller of the Currency, which regulates national banks." **Click here for more.**

Foreclosures and Housing

Barney Frank: Partisan Meddling Watered Down Financial Reform
Anthony Karge (Newton Patch – MA)
July 1, 2011

"Despite more than 2,000 pages in legislation aiming to regulate Wall Street, Massachusetts Congressman Barney Frank said the legislation doesn't do enough to limit foreclosures. …'Go tell a Republican,' Frank said at the University of New Haven on Thursday to a crowd of bankers and Realtors. 'You have people now who

say you got to cut the deficit, you got to stay in Afghanistan, we got to stay in Iraq, you can't raise the taxes on Warren Buffet and you have to cut the crap out of everything else.'" Click here for more.

LPS Finds Serious Delinquencies Outnumber Foreclosure Sales 50:1
Carrie Bay (DSNews.com)
June 29, 2011

"There were 4,084,557 mortgages in the United States 90 or more days delinquent or in foreclosure as of the end of May, according to Lender Processing Services (LPS). With foreclosure sales at 78,676 at month end, the volume of seriously past due loans over-shadowed the number of completed foreclosures by 50 to 1, according to LPS' May Mortgage Monitor report released Wednesday." Click here for more.

$8.5 Billion Deal Near in Suit on Bank Mortgage Debt
Nelson D. Schwartz and Eric Dash (NYT)
June 28, 2011

"Bank of America Corp. is close to an agreement to pay $8.5 billion to settle claims by a group of high-profile investors who lost money on mortgage-backed securities purchased before the U.S. housing collapse, said people familiar with the matter. Click here for more.

Group challenges foreclosure policies - Push for municipal divestment meant to pressure banks
Sara Foss (Daily Gazette, NY – registration required)
June 26, 2011

"As a political tactic, divestment was far more common in the 1980s, when activists urged governments to sell their stock in companies that did business with South Africa to protest that country's system of apartheid. But now, a statewide organization is hoping to use divestment as a tool to pressure banks to help homeowners in foreclosure to get loan modifications. Click here for more.

Oregon judge voids foreclosure sale, casting doubt on others
Brent Hunsberger (The Oregonian)
June 29, 2011

"U.S. Bank says it will cease eviction action against Martha Flynn while it determines its next step. That could include demanding the loan's previous servicer, a unit of Wells Fargo, take the mortgage back, legal experts say. A Columbia County judge has blocked U.S. Bank from evicting a Vernonia woman whose home it purchased in foreclosure, concluding in a case with far-reaching implications that her lenders had not properly recorded mortgage documents." Click here for more.

Op-ed - Homeowners deserve more than halfhearted mortgage relief
Michael Hiltzik (LA Times)
June 28, 2011

"Almost anywhere you look, assessments of the state of the economic recovery are muddled — job growth is positive but fading, consumer spending ebbs and flows, corporate profits are surging but corporate spending is not. The exception is housing, on which everyone agrees.The housing market stinks."Click here for more.

Finishing what Dodd-Frank started: Why housing finance reform still matters
Megan Haberle, The Opportunity Agenda (Alternet)
June 30, 2011

"While the subprime mortgage rupture and the foreclosure crisis have been making headlines for several years now, steep and unequal barriers to sustainable lending have characterized the housing landscape for decades. Minority and low-income communities were targeted by predatory lenders against the backdrop of a dual credit market in which affordable, sustainable loans were out of reach for many qualified prospective homeowners." Click here for more.

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Executive Compensation

Pandit's Payouts Climb Toward $200 Million as Top Bailout Recipient Slips
Donal Griffin
July 1, 2011

"Citigroup Inc. (C) Chief Executive Officer Vikram Pandit, who took a $1 salary after his bank received the most taxpayer assistance of any U.S. lender, is poised to collect $80 million from other payments and awards that may eventually total more than $200 million." Click here for more.

Why we're (well, I'm) on the fence about the CEO/worker pay ratio
Paul Hodgson (Chief Communications Officer)
June 30, 2011

"Internal pay differentials have been a key metric at GovernanceMetrics International and it's predecessor companies because it helps us understand the power balance in both the boardroom and the executive suite. The reason we are on the fence, or should I say I am on the fence, about the Dodd-Frank mandated pay ratio (CEO compensation versus the median compensation of all other employees) is that I believe there may be better ratios out there to measure that internal differential than the one proposed by Dodd-Frank. That might be the ratio between the pay of the next highest paid executive (as used by old GMI) and the CEO, or the median of the other four named executive officers (as used in GMI's Executive Pay Scorecard), or the CFO's compensation as used in Audit Integrity's AGR rating. Any of these might be more indicative of governance problems than the Dodd-Frank ratio." Click here for more.

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Interchange

Durbin Shock: Swipe Fee Cap Doubled
Ben White (Politico's Morning Money)
June 30, 2011

"The Fed's surprising move to double the debit swipe fee cap to 21 cents from its initial 12 cent proposal and delay implementation until October shocked retailers and surprised banks, who still stand to lose billions in revenue but nowhere near as much as they feared. ... The change came after a fierce late-stage lobbying effort in which the banking industry took its arguments about swipe fee costs straight to the central bank. Retailers thought these efforts would fail. They did not. The Tester vote, which failed to hit 60 but got close, clearly also an impact on the Fed, which in the end came closer to splitting the baby than giving a resounding win to either side. Still, it seemed like a big win for bankers who only a few days ago were despondent after the Tester failure. Consumer Bankers Association President Richard Hunt emailed M.M. last night: "Final thoughts from 32,000 feet (gotta love wifi) ... We are just as surprised as big box retailers are disappointed on the Fed rule. This ruling plus the majority of Senate supporting a study to delay implementation demonstrates there are consequences to rushing price control measures without any committee action, hearings or studies."

Fed Softens 'Swipe' Fees
Victoria McGrane and Robin Sidel (WSJ)
June 30, 2011

"The [Fed] ordered the nation's banks to cut the rate they charge merchants for debit-card transactions roughly in half, dealing banks a softer blow than many had feared ... Shares of card companies Visa Inc. and MasterCard Inc. surged after the Fed revealed the more generous cap. The rule will still take a significant bite out of banks' revenue. The limits will slice the industry's annual debit-card revenue roughly in half to about $10 billion, according to consulting firm Oliver Wyman. That's less than the $11.8 billion revenue hit that would have resulted if the Fed's initial proposal had stuck." Click here for more.

Click here to view the press statement from Public Citizen

Excerpt:

"'While Congress spoke clearly that fee-fat banks can no longer sneak billions of dollars in stealth charges from debit card users, it appears that the Federal Reserve buckled under the weight of the banking lobby,' said Bartlett Naylor, Public Citizen financial policy advocate."

Fed swipe fee rule bends over backwards to serve the big banks, hurt consumers
Ed Mierzwinski (U.S. PIRG)
June 29, 2011

*"While we expected the Federal Reserve to raise its proposed allowable interchange swipe free rules slightly from 7-12 cents per transaction, **today's final rule** doubles the allowable charge to around 24 cents (on an average $38 transaction). While I will have more comment after digesting the voluminous materials, here are some quick observations: While this is an improvement from the current fee averaging 44 cents, it negates the benefits that lower-cost and more fraud-resistant PIN debit has had over bank-friendly signature debit. It may even raise the price of food (since the bank networks have allow lower interchange on food stores, which have low margins). Click here for more.*

How Wal-Mart Swiped JPMorgan in $16 Billion Debit-Card Lobbying Battle
Phil Mattingly and Robert Schmidt (Bloomberg)
June 28, 2011

"…The behind-the-scenes story of the swipe-fee war -- reconstructed from public and confidential documents and interviews with more than 30 people in Congress, regulatory agencies and industry -- shows how far the richest interest groups can go when a single decision puts billions of dollars up for grabs." Click here for more.

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Student Lending

Educating Sergeant Pantzke
PBS Frontline
June 28, 2011 (aired)

"For-profit colleges promise veterans a high quality degree -- but do they deliver?" Click here for more.

FTT

EU calls for 'Tobin' tax in a move to raise direct revenue
Ian Traynor in Brussels (The Guardian)
July 1, 2011

"The European commission has called for Tobin-style taxes on the EU's financial sector to generate direct revenue for its first trillion-euro budget. Unveiling its blueprint for the EU budget for the seven years from 2014, the commission demanded a bigger share of its spending supplied from "own resources" – tax revenue or other levies that go auto- matically to Brussels rather than being handed over by the 27 member states." Click here for more.

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OTHER

Threat of $100bn hit if US top rating lost
Michael MacKenzie (FT – registration required)

June 27, 2011

"Investors in the US government bond market could face losses of up to $100bn if the largest economy loses its triple A rating, according to a research arm of McGraw-Hill, the parent of Standard & Poor's. A ratings downgrade that results in higher bond yields and lower prices could also mean the US Treasury paying $2.3bn-$3.75bn a year more in interest on financing a $1,000bn annual budget deficit." *Click here for more.*

On Obama, Wall St. Shows a Reluctance to Commit
Andrew Ross Sorkin (NYT/Dealbook)
June 27, 2011

"President Obama's $35,800-a-plate fund-raising dinner was the talk of Wall Street last week. Held at Daniel, the Michelin three-star restaurant of Daniel Boulud on the Upper East Side, the event was seen as a test of the president's popularity among the deep-pocketed financiers he has often vilified but has long relied on to finance his campaign. The tables were filled with moneymen like Marc Lasry, the billionaire founder of the hedge fund Avenue Capital; Robert Wolf, the chief executive of UBS Group Americas; and Mark T. Gallogly, a co-founder of Centerbridge Partners. The big news, however, was who wasn't there: No Jamie Dimon, once referred to as the president's "favorite banker."

Banks Trim Ranks as Trading Wilts; A Hit to New York
Aaron Lucchetti and Liz Rappaport (WSJ)
June 29, 2011

"The trading slump on Wall Street has battered profits and is about to cost some people their jobs. Credit Suisse Group AG started laying off investment-banking employees Tuesday, and the cost-cutting push could claim 400 to 600 jobs ... This month, Barclays PLC has eliminated 100 jobs in its investment bank, including some stock-trading employees. The latest cuts are on top of 600 layoffs in January. And at Goldman Sachs Group Inc., the annual survival-of-the-fittest culling of 5% of the securities firm's employees won't be enough in 2011." *Click here for more.*

Economic benefits of regulations outweigh costs, OMB says
Charles S. Clark (GovernmentExecutive.com)
June 27, 2011

"Cost-benefit analysis of major federal regulations over the past decade shows advantages outweighed expenses in most instances, according to the Office of Management and Budget's 14th annual report to Congress on regulatory costs." *Click here for more.*

Costly Rush Away From Risk
Serena Ng, Carrick Mollenkamp and Aaron Luchetti (WSJ – subscription required)
June 27, 2011

"A tumble in mortgage-bond prices set off a race by Wall Street to exit from money-losing trades in recent months, depriving banks of a source of profit and leaving some firms potentially nursing losses. The reversal of fortune illustrates how investment banks are struggling to find their footing, and sources of profitability, in the postcrisis regulatory and market environment." *Click here for more.*

Geithner to Consider Leaving After Debt Debate
Hans Nichols (Bloomberg)
June 30, 2011

"Treasury Secretary Timothy F. Geithner has signaled to White House officials that he's considering leaving the administration after President Barack Obama reaches an agreement with Congress to raise the federal debt limit, according to three people familiar with the matter. Geithner said speculation about his departure was being driven by his decision to commute to New York so his son can finish his final year of high school there." *Click here for more.*

Geithner: I'm Not Leaving
R.M. Schneiderman (The Daily Beast)
June 30, 2011

"Tim Geithner denied on Thursday that he had decided to leave his position as the nation's Treasury secretary 'for the foreseeable future.' Earlier today, Bloomberg News reported that Geithner would leave the Obama administration after Congress forged a deal on the debt limit, in part because his son has decided to finish high school in New York." Click here form more.

Exit Further Thins U.S. Regulatory Ranks
Deborah Solomon (WSJ – subscription required)
June 28, 2011

"Jeffrey Goldstein, a top Treasury official overseeing implementation of the Dodd-Frank financial-regulatory overhaul, will step down next month, adding to about a dozen empty seats ... Obama has to fill among the government's top financial-policy-making agencies. Treasury alone has several vacancies, including assistant secretaries for financial institutions, economic policy, tax policy and terrorist financing. ... Mr. Goldstein's departure comes amid industry efforts to derail and weaken the Dodd-Frank law and as many key aspects of the law have yet to be put into effect. Regulators are struggling to write numerous complicated new rules intended to prevent another financial crisis, including many aimed at reducing risk in the $600 trillion derivatives market." Click here for more.

Ex-Citi executive charged with fraud
Kara Scannell and Justin Baer in New York (FT – registration required)
June 27, 2011

"A former vice-president in Citigroup's finance department has entered a not guilty plea after being charged with embezzling $19m from the bank and depositing it into his personal account. Gary Foster, 35, was arrested on Sunday morning at John F. Kennedy airport in New York after returning from Bangkok. Click here for more.

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Upcoming Events

SEC

Roundtable on International Financial Reporting Standards
When: Thursday, July 7 (10 a.m.-4 p.m.)
Where: SEC Headquarters 100 F Street NE, Room L-006 (Multipurpose Room) Washington, DC 20549
Contact: Christopher White, Office of the Chief Accountant (202) 551-3461

CFTC

Meeting on Five Proposed Final Rules under the Dodd-Frank Act
Where: CFTC Hearing Room, 1155 21st Street, N.W. Washington, DC
When: Thursday, July 7, 2011, 9:30 a.m.

Viewing/Listening Information

Watch a live broadcast of the meeting via webcast on www.cftc.gov.

Conference call information: Domestic Toll-Free Number: 866-844-9416 - Participant Passcode/Pin: 5468756

International Toll Numbers: Listed under Related Links

The Senate will reconvene on Tuesday and the House returns from its recess on Tuesday (no votes scheduled until Wednesday)

Senate

Senate Banking, Housing, and Urban Affairs Committee

Website down as of 7/1/11

Senate Committee on Finance

No pertinent markups/hearings scheduled as of 7/1/11

Senate Committee on Agriculture, Nutrition, and Forestry

No pertinent markups/hearings scheduled as of 7/1/11

House

House Committee on Financial Services

No pertinent markups/hearings scheduled as of 7/1/11

House Small Business Committee

No pertinent markups/hearings scheduled as of 7/1/11

Committee on Oversight and Government Affairs

Elizabeth Warren will testify before full committee on July 14th, but no details on website.

No pertinent full committee hearings scheduled as of 7/1/11

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

No markups scheduled as of 7/1/11

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

Here is the link to the updated webpage for the next FTC auto lending roundtable: http://www.ftc.gov/bcp/workshops/motorvehicles/.

The FTC's second motor vehicle roundtable will take place at St. Mary's University School of Law, One Camino Santa Maria, San Antonio, Texas on August 2 - 3, 2011. Topics for the second roundtable may include motor vehicle sales and financing issues pertaining to military consumers, fair lending, and financial literacy. Additional information for the second roundtable will be posted on this webpage, when available.

Complied by our friends at NFHA:

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

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