

THIS WEEK IN WALL STREET REFORM

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Big Picture

White House Threatens To Veto Bill On CFPB, SEC, IRS Funding

Maya Jackson Randall (Dow Jones Newswires)

July 13, 2011

"Slashing the CFPB's budget would "compromise the bureau's independence" and "severely undercut the agency's statutory responsibility to oversee consumer financial products such as mortgages and credit cards," the White House said. [Click here for more.](#)

House Democrats Slam Republican Members Of Financial Crisis Panel

Alan Zibel and Louise Radnofsky (Dow Jones Newswires)

July 13, 2011

"U.S. House Democrats on Wednesday accused Republicans of undermining a panel that investigated the 2008 financial meltdown in order to launch attacks on the Dodd-Frank financial overhaul and promote a dubious theory of what caused the crisis." [Click here for more.](#)

Dodd-Frank Act Forcing Banks to Slim Down, Reshape Swaps: One Year Later

Clea Benson and Phil Mattingly (Bloomberg)

July 11, 2011

*"Jamie Dimon keeps a tally of the ways Wall Street already has been affected by the largest overhaul of financial regulation in generations. At a June 7 conference in Atlanta, the JPMorgan Chase & Co. (JPM) chief executive officer reeled off items from his list during a session with Federal Reserve Chairman Ben S. Bernanke: Banks are putting aside more capital. Off-balance-sheet business has been 'virtually obliterated.' Accounting is more transparent. ... "It feels like passing the legislation was one stage of a battle. Now we have to continue the work of implementing it," said Lisa Donner, executive director of **Americans for Financial Reform**, an advocacy group that includes the AFL-CIO labor federation. ... So long as '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,' Thomas M. Hoenig, president and chief executive officer of the Federal Reserve Bank of Kansas City, said at a conference on Dodd-Frank in June. 'To more fundamentally address this issue, we must go beyond today's Dodd-Frank.'"* * [Click here for more.](#)

* Note – Mr. Hoenig's remarks were made at the half-day seminar sponsored by AFR, AFL-CIO, Alliance for a Just Society, Demos, Main Street Alliance, Public Citizen, U.S. PIRG entitled "Restoring the Balance: Financial Regulation and the Real Economy."

Op-ed - Sheila Bair's Bank Shot

Joe Nocera (NYT)

July 9, 2011

"'They should have let Bear Stearns fail,' Sheila Bair said. It was midmorning on a crisp June day, and Bair, the 57-year-old outgoing chairwoman of the Federal Deposit Insurance Corporation the federal agency that insures bank deposits and winds down failing banks was sitting on a couch, sipping a Starbucks latte. We were in the first hour of several lengthy on-the-record interviews. She seemed ever-so-slightly nervous." [Click here for more.](#)

Dodd-Frank Act Standing Up After First Year, Rep. Frank Says

Phil Mattingly (Bloomberg)

July 11, 2011

"The U.S. law reshaping the financial system has stood up well to the challenges and criticisms it's faced in its first year of existence, Representative Barney Frank said. "I believe that the year's study, examination, criticism, advocacy, et cetera, leaves this legislation holding up very well," Frank, a Massachusetts Democrat and co-author of the financial overhaul law, said today in remarks at the National Press Club in Washington. "There have been very few calls for any substantial amendment on the part of the financial services community." [Click here for more.](#)

Op-ed - Dodd-Frank addresses financial risks

Neal Wolin (Politico op-ed)

July 10, 2011

“Nearly a year ago, on July 21, President Barack Obama signed into law the strongest financial reforms since the Great Depression. And for the past year, regulators have been hard at work putting these reforms into place. Now, as we take stock of our progress, it’s also worth remembering why we passed these critical reforms.” [Click here for more.](#)

Op-ed - This is no time to weaken new financial industry regulations

Rep. Gary Peters (Detroit Free Press)

Jul 7, 2011

“Imagine a wave of arson attacks in your town, burning down homes and businesses. Then imagine that the city council responded by trying to delay new laws making arson a crime, refusing to appoint a police and fire chief, and gutting funding for public safety. It sounds farfetched, but that’s exactly what’s happening in the aftermath of the 2008 financial crisis.” [Click here for more.](#)

Buffett Says Banks Are ‘Plenty Profitable’ After Leverage Cut

Andrew Frye, Noah Buhayar and Dakin Campbell (Bloomberg)

July 8, 2011

“Warren Buffett, whose Berkshire Hathaway Inc. (BRK/A) is the largest shareholder in Wells Fargo & Co. (WFC), said the U.S. will benefit from reduced leverage at banks and that financial firms will be able to earn sufficient returns. Banking can “still be plenty profitable,” Buffett told Bloomberg Television’s Betty Liu today on the ‘In the Loop’ program in an interview from Sun Valley, Idaho. ... Buffett praised Elizabeth Warren, 62, the Harvard University law professor, assigned by President Barack Obama to set up the U.S. Consumer Financial Protection Bureau. Senate Republicans have sought changes to the new agency’s structure before confirming anyone as its director. ... ‘She’s made a lot of enemies,’ Buffett said. ‘But we needed a lot of correction. I mean, when you see what happened in the mortgage issuance market of five years ago, a lot of things took place that shouldn’t have taken place.’” [Click here for more.](#)

Wall Street strikes at regulations

Josh Boak (Politico)

July 10, 2011

“Wall Street’s epic battle over financial reforms didn’t end when the Dodd-Frank law was enacted a year ago. It simply shifted from Capitol Hill to the regulatory agencies, with banks claiming the new rules will cripple a hurting economy. In the first quarter of this year, a record number of companies were lobbying the Commodity Futures Trading Commission, the Federal Reserve, the Federal Deposit Insurance Corp. and the Office of the Comptroller of the Currency, according to the Center for Responsive Politics.” [Click here for more.](#)

Regulators industry cozy up at conferences

Laura Hautala (Politico)

July 10, 2011

*“Want to talk to a Dodd-Frank rule writer? Try Las Vegas. Traveling to glitzy locales to meet with regulators responsible for ironing out the details of the new financial regulation law has been a tactic for bankers and traders hoping to persuade regulators to keep bank capital requirements low, to lessen position limits on trading derivatives and to shield commodity-buying businesses from new swap rules — the next targets on the banking industry’s hit list. ... ‘The sheer number of opportunities and the sheer level of outreach that can be funded by the industry can lead to a situation where the regulators spend most of the time paying attention to input of the regulated industries,’ said **Marcus Stanley** from **Americans for Financial Reform.**” [Click here for more.](#)*

Wall Street Lobbyists Aim to ‘Reform the Reform’

Ben Protess (NYT/Dealbook)

July 14, 2011

“An unexpected voice dominated a closed-door meeting a few months ago on Capitol Hill, where senior Senate aides were discussing the financial regulatory overhaul adopted last summer. It was not a lawmaker, or even a Congressional staff member. It was a Wall Street lobbyist. ... That is not how critics of Wall Street

see it. After being saved by government largesse, they say, big banks then moved to thwart reforms aimed at preventing future meltdowns caused by excessive risk-taking. Wall Street 'should have learned that these practices threatened the global economy,' said Barbara Roper, director of investor protection for the **Consumer Federation of America**, an advocacy group. But "they're right back to spouting the same line." [Click here for more.](#)

Chamber targets regulations as economic roadblock

Peter Schroeder (The Hill)

July 11, 2011

"The U.S. Chamber of Commerce identified government regulations as a major speed bump to the economy Monday, calling on the federal government to lighten its load on the private sector." [Click here for more.](#)

[Click here](#) to view "**Industry Repeats Itself - The Financial Reform Fight**" a report by Public Citizen and the Cry Wolf Project released on Tuesday

Excerpt:

"Bankers and business leaders described the reforms following the financial meltdown in foreboding language, such as "monstrous systems" imposing an "impossible degree of regulation" that would "cripple" the economy and set the country on a course toward socialism. Many of the chieftains' complaints centered on matters affecting their own industries, but they portrayed regular Americans as the true victims because, they said, new laws and regulations were halting the flow of capital, grinding the nation's job creation engine to a halt....In retrospect, the business community's wildly inaccurate forecasts over the New Deal reforms should serve as data points in evaluating whether the ominous predictions surrounding recent financial reforms, particularly the Dodd-Frank Act of 2010, should be taken seriously or dismissed out of hand as mere special interest hyperbole."

US Chamber of Commerce - One of these Things is not like the Others

Jess Sharp (Chamber of Commerce)

July 13, 2011

"As we close in on the one-year anniversary of Dodd-Frank, the new Consumer Financial Protection Bureau (CFPB) prepares to open its doors for business on July 21, 2011. On that day, enormous power to regulate and sanction banks, financial service companies, and even Main Street businesses will be vested in a new agency that will not look like or act like its fellow regulators in Washington. In designing the CFPB, Congress did something it is normally loathe to do— it gave up the traditional oversight ties that bind executive branch agencies to the American Peoples' elected representatives." [Click here for more.](#)

Op-ed - Dodd-Frank blocks road to recovery

Rep. Spencer Bachus (R-AL)

July 10, 2011

"The Dodd-Frank Act has been described by supporters and opponents alike as the most sweeping reform of the financial services industry since the Great Depression. It can also be described as a story of the 'good, the bad and the ugly.' [Click here for more.](#)

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CFPB and Consumer Issues

Elizabeth Warren fends off GOP critics at Oversight hearing

Peter Schroeder (The Hill)

July 14, 2011

"Elizabeth Warren, the architect of the Consumer Financial Protection Bureau (CFPB), said Thursday she was not looking to ban specific financial products when the new agency begins work on July 21 but that she did not want to give up the ability to do so either." [Click here for more.](#)

Elizabeth Warren's Summer Grilling

Gary Rivlin (The Daily Beast)

July 14, 2011

*"Summer is the season of reruns, so anyone tuning in this morning to watch the latest appearance of Elizabeth Warren on Capitol Hill can be forgiven for thinking they've seen this show before. ...But the hearing was never really about listening to Warren might have to say. (She's actually rather more moderate than her critics make out.) It was about ... well, that's the million-dollar question, isn't it? Is it about the tens of millions of dollars the banks have donated to the political coffers of elected officials and the hundreds of millions they've spent on lobbyists?... To **Lisa Donner**, executive director of **Americans for Financial Reform**, a coalition of consumer advocates that came together during the debate over Dodd-Frank, it's about both at once. 'You make noise at the behest of interests opposed to this stuff,' Donner said. 'That keeps the trade associations and interest groups happy. It allows them to say they're working for their members. 'I'm delivering, I'm performing.' ' " [Click here for more.](#)*

[Click here](#) to view the hearing video and/or to read Professor Elizabeth Warren's testimony

Financial Consumer Agency Prepares for Launch

Maya Jackson Randall (WSJ – subscription required)

July 13, 2011

"The new Consumer Financial Protection Bureau will begin supervision of the nation's largest banks next week and expects to subject the biggest of those firms to year-round supervision, the agency said Tuesday."

[Click here for more.](#)

CFPB sets bank supervision plan

Steve Goldstein (MarketWatch)

July 12, 2011

"The Consumer Financial Protection Bureau on Tuesday outlined its approach to large-bank supervision as the agency starts business on July 21. It will supervise 111 institutions that have assets over \$10 billion with a team of staffers out of four regional offices, the CFPB said in a statement." [Click here for more.](#)

U.S. Consumer Bureau Outlines Bank Exams Starting July 21

Carter Dougherty (Bloomberg)

July 12, 2011

"The Consumer Financial Protection Bureau will begin supervision of the 111 largest U.S. banks for consumer protection problems on July 21, according to a statement issued by the Treasury Department. 'Starting on July 21, we will be a cop on the beat -- examining banks and protecting consumers,' Elizabeth Warren, the Obama administration adviser who is setting up the new agency, said in the statement today."

[Click here for more.](#)

[Click here](#) to view the press statement from the CPFEB

Op-ed - Don't weaken the watchdog

Jacque Germany (Washington Post Capital Business op-ed)

July 10, 2011

"The long-awaited Consumer Financial Protection Bureau is supposed to begin its work on July 21. But Congress is attempting to delay and weaken provisions of the Dodd-Frank law establishing the new office, moves that would impede the ability of small businesses in the Washington area and around the country to restore their customer base. Wall Street excesses triggered the financial crisis that shattered consumer confidence and hurt small businesses. With more than 13.5 million Americans still out of work and small businesses still struggling to win their customers back, the high cost of failing to oversee the financial sector is devastatingly clear." [Click here for more.](#)

CFPB to consult small businesses before finalizing TILA-RESPA mortgage disclosures

Kerri Panchuk (Housing Wire)

July 13, 2011

“The Consumer Financial Protection Bureau says it will spend the next few months accelerating its work on regulations associated with the agency's proposed mortgage disclosure forms, while also reviewing several mortgage-related rules proposed under the Truth-in-Lending Act that have yet to go into effect. Before finalizing any new rules tied to the TILA-RESPA mortgage disclosure integration, Kelly Thompson Cochran, deputy assistant director for the CFPB, says the bureau will consult with a panel of small businesses to discuss any unforeseen consequences the rules could have on the marketplace.” [Click here for more.](#)

Banks to Pay Price for Director-less CFPB

Kate Davidson (American Banker)

July 12, 2011

“While some bankers are secretly gleeful the Consumer Financial Protection Bureau does not yet have a director, they are the ones likely to pay a heavy price as a result. Like what you see? [Click here to sign up for our daily newsletter to get the latest on advisor market trends, investment management, retirement planning, practice management, technology, compliance and new product development.](#) Although the agency will be constrained on July 21 if it does not yet have a Senate-approved leader, those restrictions largely apply to nonbanks, not the banking system. As a result, the CFPB will be free to examine and take action against banks with more than \$10 billion of assets, while their nonbank competitors face no extra scrutiny.” [Click here for more.](#)

New Fraud Protection For Soldiers And Their Families

Christopher Maag (Business Insider)

July 11, 2011

“The government’s newest consumer watchdog says it will pay special attention to financial crimes committed against members of the military and their families. The Consumer Financial Protection Bureau and the judge advocate generals of all five military branches announced Wednesday that they will work together to spot and prosecute financial scams targeted at military families.” [Click here for more.](#)

[Click here](#) to read the testimony and report from the forum on illegal service member foreclosures that happened on Tuesday.

Credit-card interest rate increases can take effect as quickly as 14 days

Associated Press

July 13, 2011

“If you get a notice that your credit card interest rate is going up, don’t rush to charge your summer vacation before the rate increase kicks in. Under regulations that took effect last year, banks must notify customers about rate hikes 45 days in advance. But the 45 days applies to when the customer must pay for the higher rate, not when banks can start assessing it.” [Click here for more.](#)

Annuity probes drop in Florida — sparking questions

Richard Burnett (Orlando Sentinel)

June 28, 2011

“By the time she asked for help, the 70-year-old Lake County widow had lost so much money in her variable annuity, her life savings had been nearly wiped out. Whoever sold her that annuity, with its returns tied to declining stock funds, received a big commission but violated the cardinal rule of financial advice by not putting the client's interests first, said Susan Spraker, a Maitland financial planner who took the woman on as a client. ‘That was the worst case I've seen recently,’ she said. ‘But that kind of thing has been prevalent among my newer clients, especially women who are retired or approaching retirement.’ [Click here for more.](#)

Community Action Partnership Offers Free Personal Finance Classes

Dianne Anderson (Precinct Reporter – CA)

July 13, 2011

“Ever feel like you’d rather be shot in both legs than pay your rising unfair credit card APR and hidden fees? You’re not alone. Month after month, millions of Americans are faced with the same pitfalls of personal finance. From now through September, Long Beach Community Action Partnership is offering financial literacy classes to help residents avoid the loan shark types and make sense of the fine print. ...Next week, the opening of the new federal Consumer [Financial] Protection Bureau also adds another layer of protection

for consumers mired in debt, but not of their own making. **Bruce Mirken**, spokesperson for the **Greenlining Institute**, said African Americans and Latinos were a heavy target by predatory lenders, and too many people are still unaware that the new bureau exists." [Click here for more.](#)

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Shadow Markets and Systemic Risk

On Friday, July 15th from 10 AM to 11:30am Americans for Financial Reform held a discussion of the controversy around heightened bank capital requirements in the Dodd-Frank Act and the new Basel III regulatory standards. Speakers will include Paul Pfleiderer of Stanford University's Graduate School of Business, Doug Elliott of the Brookings Institution, Jane D'Arista of the Political Economy Research Institute at the University of Massachusetts, and others.

Comment letter to CFTC on Margin and Capital Requirements (prepared by Professor Michael Greenberger and Jung Lee on behalf of AFR)

The CFTC's proposed rules on margin and capital requirements must be substantially strengthened. Specifically, the process of collecting margin must be generally improved, both in terms of quantity and quality required. The suggested revisions would not only improve the overall effectiveness of the rules, but also the fairness, as the proposed rules seem to favor swap dealers. [Click here for more.](#)

AFR comment letter o Prudential Regulators on margin and capital requirements

The prudential regulators' proposed rules on margin and capital requirements must be strengthened. There are several areas which could be improved upon, particularly the calculation and collection of margin. [Click here for more.](#) *

Wrangling Continues Over New Derivatives Rules

Jamila Trindle (WSJ – subscription required)
July 12, 2011

"The financial arms of U.S. manufacturing companies, nervous about new derivatives rules that could curb their financial hedging activity, continue to press federal regulators attempting to decide which companies escape the regulations." [Click here for more.](#)

Consumer group backs self-regulation for advisers

Sarah N. Lynch (Reuters)
July 12, 2011

*"A major U.S. consumer advocacy group dropped its opposition to the establishment of a self-regulatory organization for investment advisers, saying it could support such a measure as long as it is done properly. **Barbara Roper** of the **Consumer Federation of America** told the Senate Banking Committee on Tuesday that her group's long struggle to help the Securities and Exchange Commission win additional resources to police investment advisers had failed."* [Click here for more.](#)

Bank Liabilities Facing Scrutiny

Dan Fitzpatrick and Jean Eaglesham (WSJ – subscription required)
July 14, 2011

"As big banks prepare to report their second-quarter results, federal regulators are scrutinizing what these institutions are telling shareholders about possible payouts to clean up mortgage-related messes, according to people familiar with the matter. Officials at the Securities and Exchange Commission are looking closely at banks' estimates of possible liability in the wake of a surprise June 29 announcement that [Bank of America Corp.](#) would take mortgage-related charges of \$20.6 billion during the second quarter, the people added. The total cost was greater than some investors and analysts had expected." [Click here for more.](#)

Banks act to woo hedge funds

Tom Braithwaite and Dan McCrum (FT – registration required)
July 12, 2011

“Banks are offering easier credit terms to hedge funds in an increasingly fierce competition for their business, according to new Federal Reserve survey data. The Fed’s poll of 20 of the largest securities dealers, launched last year in an attempt to fill in information black holes that stoked the crisis, also found a rebound in their clients’ leverage.” [Click here for more.](#)

Fed to Allow Banks to Pay Interest on Demand-Deposit Accounts

Jeannine Aversa (Bloomberg)

July 14, 2011

“The Federal Reserve has adopted a rule allowing member banks of the Fed system to pay interest on demand-deposit accounts. The rule implements a provision of the Dodd-Frank Act, the law enacted last year that revamps financial regulations in response to the financial crisis.” [Click here for more.](#)

CFTC Will Postpone Dodd-Frank Regulations for \$601 Trillion Swaps Market

Silla Brush (Bloomberg)

July 14, 2011

“The U.S. Commodity Futures Trading Commission finalized a plan delaying until as late as the end of the year new regulations for the \$601 trillion swaps market. The CFTC published an order today that would provide “temporary relief” from Dodd-Frank Act rules that had been slated to take effect on July 16, a year after the law’s enactment. The delay will give the CFTC time to write more than 40 rules aimed at reducing risk and boosting transparency after largely unregulated trades helped fuel the 2008 credit crisis.” [Click here for more.](#)

[Click here](#) to view Rep. Frank’s letter to Deven Sharma, President of Standard & Poor’s, courtesy Ben White and Politico’s Morning Money.

Commodity Speculation

Market frenzy

Jayati Ghosh (Frontline – India)

July 16, 2011

*“THERE was a time when global oil prices reflected changes in the real demand and supply of crude petroleum. Of course, as with many other primary commodities, the changes in the market could be volatile, and so prices also fluctuated, sometimes sharply. More than anything else, the global oil market was seen to reflect not only current economic conditions and perceptions of future activity, but also geopolitical changes and cross-currents.... As noted by **Robert Pollin** and **James Heintz** (“How Wall Street speculation is affecting gasoline prices today”, **Americans for Financial Reform** mimeo, July 2011), the overall level of futures market trading of crude oil contracts on the New York Mercantile Exchange is currently 400 per cent greater than it was in 2001, and 60 per cent higher than it was two years ago. Even relative to the increases in the physical production of global oil supplies, trading is still 300 per cent greater today than it was in 2001, and 33 per cent greater than two years previously.” [Click here for more.](#)*

Report says speculation accounts for 83 cents per gallon of ...

Olivia Kabat (WMNF - FL)

July 12, 2011

*“Those high gasoline prices you're paying at the pump may have a lot to do with Wall Street speculation. According to a new report, because of the risky speculative trading on oil in the commodities futures market, the average consumer in the United States is paying much more for gas than they should be. Sheena Rolle is with Organize Now, one of two groups that researched the report. Rolle says she knows what 83 cents per gallon extra means for working class families. **Marvin Silver**, Outreach Director with **Americans for Financial Reform**, says he understands the financial hurt consumers are feeling from high gas prices.” [Click here for more.](#)*

[Click here](#) to read a summary of the release and press coverage of our report with Robert Pollin and James Heintz, “How Wall Street Speculation is Driving Up Gas Prices Today”

[Click here](#) to read prepared remarks from CFTC Commissioner Bart Chilton to the American Soybean Association Legislative Forum – the speech is entitled “**Caging the Financial Cheetahs**” and was delivered on Tuesday.

Excerpt:

"...From 2005 to 2008, roughly \$200 billion in new speculative massive passive money came into the commodity markets in the U.S. alone. At the time, consumers were outraged about gas prices and food prices. So, should we be worried that maybe that's what's going on today? Is that at least part of the reason gas is historically high in the U.S.? Consumers are certainly outraged again."

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Foreclosures and Housing

U.S. Tackles Housing Slump

Nick Timiraos (WSJ - subscription required)

July 12, 2011

"The Obama administration is ramping up talks on how to revive the housing market, which is weighing on the economic recovery—and possibly the president's re-election in 2012. Last year, advisers considered several housing-policy prescriptions but rejected them in favor of letting the market sort things out. Since then, weak demand and a stream of foreclosed properties have put renewed pressure on home prices, prompting concern within the White House." [Click here for more.](#)

As Government Nears Accord With Banks, Questions Swirl Over Scope Of Investigation

Shahien Nasiripour (Huffington Post)

July 11, 2011

"State and federal prosecutors are pressing to complete a proposed settlement with the nation's five largest home loan companies over alleged mortgage abuses, even though they've only initiated a limited investigation that hasn't examined the full extent of the alleged wrongdoing, according to interviews with more than two dozen officials and others familiar with the state and federal probes." [Click here for more.](#)

Bank of America's Mortgage Deal Questioned

Gretchen Morgenson (NYT)

July 12, 2011

"Eric Schneiderman, the New York attorney general, has asked for information about the \$8.5 billion settlement agreed to late last month by Bank of America and representatives of 22 large investment firms holding soured mortgage securities, indicating that he may intervene to challenge the deal. Letters sent by Mr. Schneiderman's office to the firms that agreed to the settlement point to concerns by the attorney general that the deal may have been struck without full participation by all investors who would be affected by its terms. The letters, obtained by The New York Times, were sent to BlackRock Financial Management, Metropolitan Life Insurance, Pimco, Goldman Sachs Asset Management and 18 other parties, asking for information "regarding participation by both your firm and clients" in the settlement." [Click here for more.](#)

Bank's Deal Means More Will Lose Their Homes

Nelson D. Schwartz (NYT)

July 11, 2011

"Tens of thousands of Bank of America's most distressed borrowers could be evicted and lose their homes more quickly as a result of a proposed settlement between the bank, which is the country's largest mortgage servicer, and investors in its troubled mortgage securities." [Click here for more.](#)

Freddie Mac authorizes HUD unemployment program

Jon Prior (Housing Wire)

July 14, 2011

"Freddie Mac directed its servicers to fully participate in the Emergency Homeowner Loan Program, which provides mortgage assistance for the unemployed. The Dodd-Frank Act [authorized](#)^[1] the Department of Housing and Urban Development to allocate \$1 billion toward EHLP in the form of interest-free loans to roughly 30,000 borrowers in 27 states and five others with a similar program. The loans can range as high as

\$50,000, but HUD expects the average amount to be \$35,000. The borrower must put at least \$150 toward the monthly mortgage payment themselves.” [Click here for more.](#)

Foreclosure fraud investigators forced out at attorney general's office

Kimberly Miller (Palm Beach Post)

July 12, 2011

“A lead foreclosure fraud investigator for the state said she and a colleague were forced to resign from the Florida attorney general's office, unexpectedly ending their nearly yearlong pursuit to hold law firms and banks accountable. Former Assistant Attorney General Theresa Edwards and colleague June Clarkson had been investigating the state's so-called 'foreclosure mills,' uncovering evidence of legal malpractice that also implicated banks and loan servicers.” [Click here for more.](#)

Oregon Legislature shut door in homeowners' faces over foreclosures

Brent Hunsberger (The Oregonian)

July 9, 2011

“You hear lots of talk about Washington's supremacy over Oregon when it comes to doing business and avoiding taxes. But after the recently ended legislative session in Salem, the average Oregon consumer might consider fording the Columbia River for good. Although the Oregon Legislature wrestled with a number of issues this session, consumer protection was not one of them. Nowhere was lawmakers' collective apathy more evident than in the way Washington and Oregon addressed the growing foreclosure crisis.” [Click here for more.](#)

Study Points to Improvement in Post-Modification Default Trends

Carrie Bay (DSNews.com)

July 12, 2011

“Putting struggling borrowers into mortgages with more manageable monthly payments via a loan modification is a key element of the industry's effort to cut the nation's foreclosure crisis short. A recent study by the Office of the Comptroller of the Currency (OCC) and the Office of Thrift Supervision (OTS) took a look at loan performance post-modification.” [Click here for more.](#)

Modifications and Strategic Behavior: A Countrywide Case Study

Carrie Bay (DSNews.com)

July 13, 2011

The promise of a loan modification based on delinquency status induces some financially proficient borrowers to intentionally fall behind on their mortgage payments, according to a study commissioned by the [National Bureau of Economic Research](#) in Massachusetts and conducted by researchers at Columbia University. Led by Christopher Mayer, senior vice dean and professor of real estate at Columbia Business School, the research team examined the modification policies of Countrywide Financial. [Click here for more.](#)

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Executive Compensation

CEOs reap huge payouts in 2011, corporate filings show

Gary Strauss (USA Today)

July 7, 2011

“If 2010 was a banner year for CEO pay gains, 2011 could provide even bigger windfalls. A USA TODAY analysis of corporate filings through early July shows CEOs reaping huge 2011 payouts, largely due to stock option valuations up sharply from pre-recession levels. ‘Some of the gains are humongous,’ says Paul Hodgson, a compensation expert for GovernanceMetrics, who expects more executives to reap big 2011 payouts.” [Click here for more.](#)

A 'Yes' in Say on Pay

Jessica Holzer (WSJ – subscription required)

July 8, 2011

“Congress gave shareholders a new ‘say on pay’ over executive compensation. And the returns are in: At 98.5% of companies, the answer was yes. Of 2532 companies reporting, shareholders at 39 of them rejected executive pay plans, according to Mark Borges, a principal at executive pay consultancy Compensia Inc. The tally, which includes Hewlett-Packard Co. and Stanley Black & Decker Inc., was roughly in line with expectations. The votes, which were put into place by the Dodd-Frank financial overhaul, are non-binding, so companies don’t have to change anything even if shareholders disapprove. H-P and Stanley Black & Decker declined to comment.” [Click here for more.](#)

Is Public, Written Dialogue with Investors Doing Companies Any Good?

Robin Ferracone (Fortune - Executive Pay Watch)

July 12, 2011

“The spate of materials that have been issued to shareholders this year to explain executive compensation arrangements seems overwhelming, starting with the new and improved, but voluminous, proxy reports (form DEF14A). However, investors are telling us that they like the longer explanations, which help them understand how the compensation committees and boards are thinking about things.” [Click here for more.](#)

The Maximum Wage

Douglas K. Smith (nakedcapitalism.com)

July 12, 2011

“We face severe and growing income inequality with negative effects on people and the economy. Yet, no surprise, the ‘can’t do’ right wing continues a scorched earth campaign against the minimum wage. These self-promoting haters actually prefer no wages and indentured servitude – for example using prisoners to replace employees and cheerfully promoting ‘internships’ for the unemployed. They glory in income inequality and wish it to expand instead of contract. Enough of that. They are destroyers of the American Dream.” [Click here for more.](#)

Pay ratio spat: The high cost of embarrassment...

Theo Francis (footnoted.com)

July 13, 2011

“U.S. Capitol (Architect of the Capitol)News flash: Major corporations capable of ringing up billions in sales and hundreds of millions in profits are about to be brought to their knees by a government mandate that they — wait for it — figure out how much they’re paying their employees.” [Click here for more.](#)

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Interchange

Banks Should Love the Fed’s Durbin Amendment Ruling

Tim Chen (Fortune)

July 12, 2011

“In late June, the Federal Reserve issued its final regulations on debit interchange fees, handing both large banks and smaller credit unions a victory. Although the financial industry fought the Durbin Amendment from its inception, their lobbying efforts during the Fed’s open comment period paid off when the rules swung decisively in their favor.” [Click here for more.](#)

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Student Lending

Going After 'Gainful'

Inside Higher Ed

July 11, 2011

"Weeks after the U.S. Education Department issued softened regulations designed to ensure that vocational programs prepare graduates for "gainful employment," House Republicans made abundantly clear Friday that, in their view, the rules had not been eased nearly enough, and that they would continue to oppose them." [Click here for more.](#)

FTT

Think tank warns over 'counterproductive' Tobin Tax

Tim Cave (Financial News)

July 13, 2011

"An influential European think tank has joined calls for the European Commission to scrap its plans for a financial transactions tax, which could raise up to €50bn a year from 2014, criticising the levy as a counterproductive step and potentially destabilising for the region. The Edhec-Risk Institute, a European centre for financial research, yesterday sent an open letter to the European Internal Market and Services Commissioner, Michel Barnier, warning that the levy, known as a Tobin tax, would have 'either no effect on volatility or actually increases volatility'."

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OTHER

Wall St. Banks Expected to Post Weak 2nd-Quarter Results

Eric Dash (NYT)

July 10, 2011

"But when the bank reports its second-quarter results this week, that hot streak will have come to an end. Analysts expect JPMorgan to count an almost 20 percent drop in its sales and trading revenues, reflecting a slowdown in investor activity and the dismal performance of its fixed-income and commodities groups." [Click here for more.](#)

AIG Will Dump Some Bankers

Serena Ng (WSJ – subscription required)

July 11, 2011

"American International Group Inc. is planning to replace one or more Wall Street banks in a group of four managing its next sale of shares from the U.S. government, reflecting dissatisfaction about the first sale in May." [Click here for more.](#)

Why Prosecutors Don't Go After Wall Street

NPR

July 13, 2011

"When the energy giant Enron collapsed 10 years ago, top executives of the company faced criminal prosecution, and many served lengthy prison terms. In the savings and loan scandal of the 1980s, hundreds of bankers went to jail. But the financial meltdown of 2008 hasn't generated a single prosecution of high-level Wall Street players — even though the Securities and Exchange Commission has brought civil cases against some companies and reached financial settlements." [Click here for more.](#)

This Is The Part Where The Ratings Agencies Start Destroying The Economy

Joe Weisenthal (Business Insider)

July 14, 2011

"The hot news of the night comes from S&P, which has [warned](#) that there's a 50% chance that the US will lose its AAA rating over the next 90 days. Obviously the debt ceiling fight as a lot to do with this, but there's more! It seems S&P [specifically](#) wants to see \$4 trillion in deficit reductions, and if this debt deal doesn't produce that, then the US might still lose its AAA." [Click here for more.](#)

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Upcoming Events

US Chamber of Commerce:

The Dodd-Frank Act One Year Later: Keeping our Markets Competitive Post Regulatory Reform

Just confirmed: House Agriculture Committee Chairman, Rep. Frank Lucas (R-OK)

Thursday, July 19, 2011

Registration & Breakfast: 8:30 a.m. - 9:00 a.m.

Program: 9:00 a.m. - 12:30 p.m.

Other participants include: Carol DeNale, Senior Vice President and Treasurer, CVS Caremark, The Honorable John Dugan, Partner, Covington & Burling; former Comptroller of the Currency, Randy Quarles, Managing Director, The Carlyle Group

SEC

No public meetings as of 7/15/11

CFTC

Meeting to consider Four Proposed Final Rules and One Proposed Rule under the Dodd-Frank Act

Where: CFTC Hearing Room, 1155 21st Street, N.W., Washington, D.C

When: Tuesday, July 19, 2011, 9:30 a.m.

Viewing/Listening Information: Watch a live broadcast of the meeting via webcast on www.cftc.gov.

Call-in to a toll-free or toll-telephone line to connect to a live audio feed. Call-in participants should be prepared to provide their first name, last name and affiliation. Conference call information is listed below:

Domestic Toll-Free Number: 866-844-9416

International Toll Numbers: Listed under Related Links

Participant Passcode/Pin: 71911

FTC

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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Senate

[Senate Banking, Housing, and Urban Affairs Committee](#)

Enhanced Consumer Financial Protection After the Financial Crisis

Tuesday, July 19, 2011

10:00 AM - 12:00 PM

538 Dirksen Senate Office Building

The witnesses will be: Mr. Michael Calhoun, President, Center for Responsible Lending; and Mr. Andrew J. Pincus, on behalf of the U.S. Chamber of Commerce. Additional witnesses may be added at a later date.

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.

Enhanced Oversight After the Financial Crisis: The Wall Street Reform Act at One Year

Thursday, July 21, 2011

10:00 AM - 01:00 PM

538 Dirksen Senate Office Building

The witnesses will be: The Honorable Neal S. Wolin, Deputy Secretary, U.S. Department of the Treasury; The Honorable Ben Bernanke, Chairman, Board of Governors of the Federal Reserve System; The Honorable Mary Schapiro, Chairman, U.S. Securities and Exchange Commission; The Honorable Gary Gensler, Chairman, Commodity Futures Trading Commission; The Honorable Martin J. Gruenberg, Acting Chairman, Federal Deposit Insurance Corporation; and Mr. John Walsh, Acting Comptroller of the Currency, Office of the Comptroller of the Currency.

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 7/15/11](#)

[Senate Committee on Agriculture, Nutrition, and Forestry](#)

No pertinent markups/hearings scheduled as of 7/15/11

House

Full House: A bill that combines the Duffy/Capito/Bachus bills from the FSC committee will be moved to the floor next week.

[House Committee on Financial Services](#)

No pertinent markups/hearings scheduled as of 7/15/11

[House Small Business Committee](#)

The State of Small Business Access to Capital and Credit: The View from Secretary Geithner

Wednesday, June 22, 2011 at 10:00 am

The purpose of this hearing was to review the current state of small business access to equity capital and debt financing. The hearing focused 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 was the Secretary of the Treasury, the Honorable Timothy Geithner.

Derivatives Reform: The View from Main Street.

Date and Time: July 21, 2011 | 02:00 PM

Location: 1300 Longworth House Office Building, Washington, D.C.

Description

Thursday, July 21, 2011 – 2:00 p.m.

1300 Longworth House Office Building

Washington, D.C.

Committee on Agriculture—Public Hearing

RE: Derivatives Reform: The View from Main Street.

[Committee on Oversight and Government Affairs](#)

No pertinent markups/hearings scheduled as of 7/15/11

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

[No markups scheduled as of 7/15/11](#)

The New Bottom Line Campaign:

Making Wall Street Work for the Real Economy: **How the Big Banks Can Pay their Fair Share Towards Recovery**

Thursday, July 28

9:30 – 11:30 AM

SEIU Building, 1800 Massachusetts Avenue NW, Room 2006

Note: you must bring a photo ID to get in the building

[Click here to RSVP](#)

Unemployment hovering at nine percent. Millions of families losing their homes. Housing values continuing to fall. State and local budgets on the brink. Medicaid and Medicare under attack. Health centers being shuttered and schools cutting back hours.

Policy experts, organizers, grassroots leaders including: Dr. Robert Pollin, Co-Director of the Political Economy Research Institute, Graciela Aponte, Senior Legislative Analyst, Wealth-Building Policy Project, Lisa Donner, Executive Director of Americans for Financial Reform, Damon Silvers, Policy Director for the AFL-CIO, Community and faith leaders from National People's Action, PICO National Network and Alliance for a Just Society

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. 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.