Americans for Financial Reform

This Week in Wall Street Reform | Aug 4 – 10

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KAVANAUGH NOMINATION

Supreme Court Nominee Takes Hard Line on Federal Regulations | NY Times
Supreme Court nominee Brett Kavanaugh has expressed concern about federal agencies running amok. But his view that they should adhere strictly to laws passed by Congress worries liberals, who say it could hamper efforts to implement commonsense restrictions to tackle climate change, improve workplace safety and protect consumers. In a dissent last year as a judge on the U.S. Court of Appeals for the District of Columbia Circuit, Kavanaugh cited Supreme Court decisions for his argument that agencies can regulate major social or economic activities only if Congress clearly allows them to do so. A widely followed competing judicial philosophy holds that courts should largely step aside and give agencies broad leeway. Kavanaugh has rejected a variety of federal regulations during his 12 years on the D.C. appeals court.

Shunting Aside Chevron Deference | Reg Review (Jonathan H. Adler)

THE TRUMP ADMINISTRATION, CONGRESS & WALL STREET

Big banks take aim at a post-crisis regulation with help from Congress | Fox Business
Wall Street spent millions of dollars in campaign cash while enlisting some of the most powerful Republican congressmen in the banking industry's latest effort to neuter a key post-financial crisis regulation, FOX Business has learned. The rule – known as the G-SIB surcharge – is a seemingly arcane bank law that has been a thorn in the side of the big banks since it was implemented by the Federal Reserve as part of a series of regulations to protect the banking system after the 2008 financial collapse. G-SIB stands for Global Systemically Important Bank and it forces eight of the biggest U.S. financial institutions to hold even more capital than already mandated by banking laws such Dodd-Frank or the Basel Accord…

According to the rule, the amount of capital needed is based largely on size: JPMorgan is mandated to hold more capital than one of the smaller systemically important banks, State Street. But what binds all these players, large and small, is the view that the surcharge is redundant and squeezes profits. But a FOX Business investigation shows that the rule may be in jeopardy of being significantly watered down or possibly eliminated – a casualty of intense lobbying from the big banks, and a steady stream of campaign cash from the financial industry to bank-friendly politicians.

New FDIC Leader Joins Push to Re-Evaluate Banking Rulebook | Wall St. Journal
Federal Deposit Insurance Corp. Chairman Jelena McWilliams, in her first interview since being sworn in June 5, said she is ready to re-evaluate rules on bank capital, small-dollar loans and investments in low-income areas...

The Republican-controlled Congress earlier this year passed a law calling for easing banking rules, especially for small lenders. But much of Dodd-Frank remained intact, leaving the Trump administration's financial-regulatory overhauls to be carried out largely by bank regulators such as Ms. McWilliams… a 44-year-old former bank lawyer and congressional staffer…

States Spar with Trump Administration Over Fintech Oversight | Wall St. Journal
The Trump administration's plan to expand the federal government's role in overseeing financial-technology startups has prompted pushback from some states, setting up a fight over who will regulate new markets for online lending and other banking products…

The U.S. Treasury Department last week released a report calling on financial regulators to embrace fintech developments, and the Office of the Comptroller of the Currency said it would accept applications for banking charters from startups. The Consumer Financial Protection Bureau and Commodity Futures Trading Commission in recent weeks and months have both launched their own sandbox initiatives. State officials fear the federal push will limit their states' ability to influence new businesses to the benefit of consumers in their states. One worry is that federal financial agencies will override state usury laws against excessive interest rates.

Fintech charter: Be wary of innovating into another crisis | The Hill (Chris Odinet)
The Treasury Department released a long-awaited report on financial technology (fintech) firms on Tuesday. As expected, the document advocates a light-touch approach for fintech regulation. After all, no one wants to stifle innovation. But before we allow fintech firms to bound over the regulatory mound, it's important to take a hard look at why we regulate the financial services sector so thoroughly to begin with.

CONSUMER FINANCE AND THE CFPB

CFPB no place for Donald Trump's neophyte nominee | USA Today (editorial)
You wouldn't send in a relief pitcher who never pitched an inning. Or take your car to an auto mechanic who never repaired one. You certainly wouldn't get surgery from someone who didn't go to medical school. But if President Donald Trump has his way, someone with zero experience regulating or overseeing financial institutions will be charged with protecting American consumers against scams by banks, loan issuers, debt collectors and other financial players...

Presidents deserve wide latitude in choosing agency heads to carry out their mission in line with the administration's priorities. And USA TODAY has a long history of supporting those choices even when we disagree with the views of particular nominees. But the public should be able to demand, at a minimum, that the leaders of powerful regulators charged with vital government functions have a passing acquaintance with the industry that is their agency's focus. Kathy Kraninger doesn't meet even such a low standard. That is reason enough for the Senate to reject her.

CFPB Nominee Kraninger Approves of Mulvaney's Policies | Credit Union Times
CFPB Director nominee Kathy Kraninger continues to refuse to answer many of the questions that Democratic senators have posed, but some of her answers provide some hints about how she might run the agency.

Responding to written questions posed by Senate Banking Committee Democrats, Kraninger said she agrees with the pro-business regulatory approach undertaken by Acting Director

Mick Mulvaney. “Based on the information that is available to me at this time, I cannot identify any actions that Acting Director Mulvaney has taken with which I disagree,” she said.

Vulnerable Dems side with Warren in battle over consumer bureau | The Hill
Some of the Senate's most vulnerable Democrats are siding with Sen. Elizabeth Warren (D-Mass.) in a fight with President Trump over his pick to lead the controversial Consumer Financial Protection Bureau (CFPB). Democratic Sens. Heidi Heitkamp (N.D.) and Jon Tester (Mont.), both big GOP targets this November in states won easily by Trump in 2016, say they are opposed to supporting Kathy Kraninger’s nomination to lead the CFPB, joining forces with Warren and other liberal colleagues.

New National Poll Finds Consumers Still Want Financial Regulation | LA Sentinel (Charlene Crowell)
[A] new poll finds that even with the passage of a decade, consumers still support financial regulation and related enforcement. Moreover, when it comes to payday and car-title lending, consumer scorn has grown even stronger over the past year for these small-dollar, debt trap loans that come with triple-digit interest rates. The 2018 poll, conducted by Lake Research Partners and Chesapeake Beach Consulting, found that among respondents more than 90 percent viewed regulation of financial services to be very important, and registered support across partisan affiliations. Among Republicans, 85 percent supported regulation, compared to 92 percent of independents and 96 percent of Democrats...

The effort was jointly underwritten by **Americans for Financial Reform** (AFR) and the Center for Responsible Lending (CRL).

New National Poll Finds Consumers Still Want Financial Regulation | Pittsburgh Courier (Charlene Crowell)

New National Poll Finds Consumers Still Want Financial Regulation | RealTimes Media (Charlene Crowell)

Majority of likely voters support consumer bureau mission | The Hill
Roughly three-fourths of likely 2018 voters support the existence of the Consumer Financial Protection Bureau (CFPB) and more than half are concerned about Republican efforts to restrain it, according to poll results shared Thursday with The Hill. The poll commissioned by **Americans for Financial Reform** and the Center for Responsible Lending, nonprofits that support vigorous financial sector regulation, surveyed 1,000 registered voters who said they plan to vote in the upcoming midterm elections. The results found broad support for the CFPB’s historically aggressive oversight coupled with opposition to changes implemented or proposed by Acting Director Mick Mulvaney to ease the bureau’s strain on banks and lenders. The survey, conducted by polling firms Lake Research Partners and Chesapeake Beach Consulting found widespread support for the CFPB, a stark contrast from its polarizing presence in Washington. The poll’s results were broken down by U.S. region — Northeast, Midwest, South and West—and respondents from each area held similar levels of support for the CFPB’s purpose.

Consumer Group Poll Shows Voters Disfavor Current Direction of BCFP but Support its Overall Mission | Inside ARM
A new poll released by **Americans for Financial Reform** and the Center for Responsible Lending suggests that voters are concerned about the current direction of the Bureau of Consumer Financial Protection (BCFP) and want more regulation of Wall Street.

Fragmented Regulation Exposes Consumers to Potentially Harmful Financial Products, Study Argues | Forbes
Harm comes especially because new entrepreneurs bringing financial innovation to the marketplace are frequently uncertain about how consumer protections and other rules apply to new products and services, says the study. The authors charge most measures by financial overseers to provide regulatory relief to emerging companies have yet to demonstrably encourage creation of consumer-friendly products. In an attack on a major bank regulator, the Office of the Comptroller of the Currency, the authors claim OCC's plan to provide a national charter to nonbank firms may increase consumer harm by exempting the new companies to some state regulations and usury laws.

Facebook to Banks: Give Us Your Data, We'll Give You Our Users | Wall St. Journal
The social media giant has asked large U.S. banks to share detailed financial information about their customers, including card transactions and checking account balances, as part of an effort to offer new services to users.

Facebook increasingly wants to be a platform where people buy and sell goods and services, besides connecting with friends. The company over the past year asked JPMorgan Chase & Co., Wells Fargo & Co., Citigroup Inc. and U.S. Bancorp to discuss potential offerings it could host for bank customers on Facebook Messenger, said people familiar with the matter. Facebook has talked about a feature that would show its users their checking-account balances, the people said.

Your banking data was off-limits to tech companies. Now they're racing to get it. | Washington Post
Facebook's push to gain access to users' banking data and other sensitive financial information could help make online banking more efficient — or it could backfire among those skeptical that the world's biggest social network can reliably safeguard personal data. The site has joined a growing race among big technology companies seeking private information once regarded as off-limits: users' checking-account balances, recent credit card transactions and other facts of their personal finances and everyday lives.

Legislation Introduced to Limit Overdraft Fees | Credit Union Watch (Keith Leggett)
Senators Cory Booker (D-NJ) and Sherrod Brown (D-OH) have introduced The Stop Overdraft Profiteering Act of 2018. The bill would amend the Truth in Lending Act to limit overdraft fees and to regulate the marketing and provision of overdraft coverage programs...

The legislation has been endorsed by various liberal advocacy groups, including the Center for Responsible Lending, National Consumer Law Center, **Americans for Financial Reform**, and Consumer Federation of America.

CFPB joins global fintech regulation effort | Housing Wire
The Consumer Financial Protection Bureau announced it will begin working with other regulators across the globe on fintech regulation efforts. The bureau will be working in collaboration with 11 other financial regulators in their new initiative to create the Global Financial Innovation Network.

Why Apple Pay Is the Highest-Rated Mobile P2P Payment Service | Consumer Reports

Critics Say PAL Program Would Make CUs No Better Than Payday Lenders | CU Times
A proposed NCUA Payday Alternative Loan program would not expand credit opportunities to members and would blur the line between credit unions and predatory lenders, the National Federation of Community Development Credit Unions has charged.

“By creating products modeled on the payday lending industry we are slowly eroding the strong brand equity of credit unions reducing our ability to justify the many benefits of being socially responsible institutions,” Cathleen Mahon, president of the federation said, in a letter to the NCUA… More than 100 consumer groups also have filed their opposition to the proposal.

‘Are you a U.S. citizen?’ How a Kansas couple didn’t get a bank account. | Washington Post

DERIVATIVES, COMMODITIES & THE CFTC

Ex-Regulators Join Advisory Board of Cryptocurrency Startup Omniex | Reuters
Former U.S. Securities and Exchange Commission chairman Arthur Levitt and former Federal Deposit Insurance Corp chair Sheila Bair have joined the board of advisors of cryptocurrency trading platform Omniex, the company said on Tuesday. Omniex also said it had hired Maartje Bus, former head of capital markets at Thomson Reuters Corp, as director of strategic partnerships, and Tom Eidt, former head of KCG's regulatory affairs, as chief compliance officer and general counsel. More former watchdogs and financial services executives have been joining the cryptocurrency ranks, as the nascent sector looks to mature and cope with more regulatory scrutiny.

Cryptocurrencies: Regulating the new economy | CNBC

ENFORCEMENT

Goldman Sachs Is Said to Be Under U.S. Scrutiny in Malaysian Inquiry | NY Times
The investigation centers on the disappearance of about $4 billion from a giant Malaysian government investment fund known formally as 1Malaysia Development Berhad, or 1MDB. Goldman provided an array of services to the fund, including helping it sell billions of dollars in bonds to investors. The bank earned about $600 million in fees for its work. Authorities are examining whether the firm played a role in the 1MDB fraud or should have done more to uncover the misappropriation of funds, the four people said.

Rep. Chris Collins (R-N.Y.) charged with insider trading | Washington Post
Federal prosecutors charged Rep. Chris Collins (R-N.Y.), one of President Trump’s earliest congressional supporters, with insider trading on Wednesday, alleging the congressman schemed with his son to avoid significant losses in a biotechnology investment. Collins’s son, Cameron Collins, and Stephen Zarsky, the father of Cameron Collins’s fiancee, were also charged.

The indictment, secured by the U.S. attorney in Manhattan, is related to Collins’s relationship with Innate Immunotherapeutics, an Australian biotech company that was developing a treatment for multiple sclerosis. Collins was the company’s largest shareholder and on its board of directors, giving him access to confidential corporate information.

Should Members of Congress Be Allowed to Sit on Corporate Boards? | Associated Press
Members of Congress are not prohibited from serving on corporate boards as long as they don’t receive any compensation for doing so. The thinking behind this exception, which doesn’t extend to top-level executive branch officials, is to ensure that lawmakers aren’t prevented from accepting positions on the boards of charities or other philanthropic

organizations, according to Craig Holman of the nonpartisan advocacy group Public Citizen.

Holman, who lobbies in Washington for stricter government ethics and lobbying rules, noted that lawmakers are often privy to sensitive information before it becomes public. That makes the opportunity for insider trading "very prevalent," he said. "My own office was stunned" by Collins' position, said Holman. "'Really, they can sit on a board of directors?'"

HSBC To Pay US Regulators $765M To Settle Loans Probe | Law360
HSBC Holdings PLC has agreed to pay U.S. regulators $765 million to settle an investigation by the U.S. Department of Justice into its selling of controversial mortgage securities in the years before the financial crisis, the bank revealed in half-year results on Monday.

INVESTOR PROTECTION, THE SEC, AND RETIREMENT SAVINGS

What the SEC's "best interest" rule for advisers won't do for investors | CBS News MoneyWatch (Steve Vernon)
Many financial institutions worked furiously to overturn the "fiduciary" rule promulgated by President Barack Obama's Department of Labor, and now they may be quietly relieved with the recently proposed "best interest" rule from the U.S. Securities and Exchange Commission (SEC). Should investors also be relieved -- or wary...?

The rule would require brokers to act in the best interest of their customers when making recommendations regarding insurance or investment products. But it doesn't provide specifics about exactly how brokers are supposed to act in their customers' best interest. The proposal also relies on brokers to disclose potential conflicts of interest to their customers, which assumes customers will be able to understand these disclosures and make informed choices.

That's a pretty significant -- and potentially naïve -- assumption.

Trump leaves elderly savers vulnerable by dooming broker-conflict rule | Politico
Months after President Donald Trump abandoned a sweeping Obama-era rule preventing conflicts of interest among financial advisers, some of his biggest supporters are finding themselves vulnerable to abuse: elderly investors. Older savers are often the targets of brokers' self-enriching sales that saddle them with expensive products or investments they can't easily exchange for cash… And the problem is probably being underreported since seniors are usually reluctant to disclose questionable conduct…

AARP Says SEC Proposed 'Best Interest' Rules Fall Short | Sierra Sun Times
AARP said that although the proposals are a good first step, they fail to protect consumers in two specific ways: the proposals do not clearly define the standard of conduct for investment professionals as a "fiduciary standard," and the proposals do not provide investors with clear, concise disclosure forms.

Here's what you need to know about this new 'investor protection' rule | CNBC

See joint letter from AFR and 26 allied organizations, joint AFR/CFA memo, and statements by Consumer Federation of America and US PIRG.

See also video with two Colorado victims of broker deception

Posse of top cops from 17 states dresses down SEC | RIABiz
In a prelude of what could be a major legal challenge of the Securities and Exchange Commission's (SEC) proposed "best" interest" regulation, a coalition of 17 state Attorneys General charges the measure fails to hold broker-dealers to the same fiduciary standard as RIAs. The group also cites a number of other "egregious" deficiencies that could be open to challenge.

Since the 5th Circuit Court of Appeals in March struck down the Department of Labor's (DOL) embattled "fiduciary rule," broker-dealers have been operating with a virtual "get-out-of-jail-free" card, according to Jason Roberts, president of the Pension Resources Institute in Los Angeles.

Trump Is Said Likely to Nominate Allison Lee as SEC Commissioner | Bloomberg Government
Lee, a former aide to Commissioner Kara Stein, would replace her former boss on the five-member panel, said the people who requested anonymity to discuss the matter.

Financial watchdog ends Exxon accounting probe without taking action | The Hill

The NYSE's Owner Wants to Bring Bitcoin to Your 401(k). Are Crypto Credit Cards Next? | Fortune

MORTGAGES AND HOUSING

Wells Fargo Admits Hundreds of Customers Lost Homes Due to Software Glitch | Newsweek
Wells Fargo, the third-largest bank in the U.S. by total assets, first disclosed the issue in a regulatory filing on Friday, indicating it had set aside $8 million to compensate the customers who were affected.

In 2009, the Treasury Department set up a program to help which allowed Americans who were struggling to make mortgage payments to apply for a loan modification. However, approximately 625 applicants who should have qualified had their application turned down by Wells Fargo due to the computer glitch.

Some 400 customers among the 625 eventually had their homes foreclosed, the bank said. According to the filings, the foreclosures took part between April 2010 and October 2015, when the issue was rectified.

Wells Fargo ‘failed customers so miserably,’ advocates say | Charlotte Observer
Linda Jun, senior policy counsel for **Americans for Financial Reform**, called the new findings “more pieces” that “just keep getting added to the piles of evidence that Wells Fargo has systematically wronged consumers.

“It’s entirely consistent with their repeated pattern of abusive and deceitful practices,” she said. “What’s needed is both real recompense for people’s losses and suffering, and a whole different level of accountability for Wells Fargo, and for the individuals in senior management.”

[Wells Fargo's foreclosure confession stirs new indignation](#) | **Northwest Arkansas Democrat Gazette**
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[Fresh outrage at Wells Fargo for mortgage error](#) | **SFGate**

[Housing finance system roiled by maze of investigations: Here's a guide](#) | **Politico**
The U.S. housing finance administration has been rocked by a series of investigations that have raised fresh doubts about the federal government's management of the vast system that supports most of the nation's mortgages. The country's top housing regulator is under investigation for alleged sexual harassment. The watchdog looking into his behavior is herself under a probe — partly over claims that her office is too cozy with his. And the outgoing CEO of the largest mortgage financier was faulted in a report for failing to disclose potential conflicts stemming from a romantic relationship.

Congress is also getting involved, with the House Financial Services Committee planning to hold a hearing in September on the oversight of the system. The revelations of alleged misconduct are emerging against a backdrop of pressure to overhaul the entire system. Federal Housing Finance Agency Director Mel Watt's term expires in January, and the Trump administration is expected to replace him with someone who takes a dimmer view of Fannie Mae and Freddie Mac, the dominant mortgage-finance companies under his watch. The investigations could boost the case for reform.

REGULATION IN GENERAL

[What happens when the government stops doing its job?](#) | **Washington Post (Steven Mufson)**
The CFPB is just one of a host of agencies that, under Trump, are not vigorously enforcing the law… What are good-government activists and consumer-protection advocates supposed to do when the government declines to sue a bank that defrauds its clients, or punish an oil and gas company for spewing forbidden pollutants from its storage tanks and flares? Indeed, they might not even know it's happening.

[Regulation rollback and the 'Trump bump'](#) | **The Hill (James Broughel)**

[Reining in Technocracy to Increase Democratic Legitimacy](#) | **Reg Review (Paul Tucker)**

[Has the Trump administration repealed 22 regulations for each new one?](#) | **Washington Post (Glenn Kessler)**
There is data that indicates that growth in regulations has slowed significantly under President Trump, but that's apparently not a good-enough story to tell, from the

administration's perspective. Meanwhile, this 22-to-1 claim was debunked by experts after Trump announced it last December, yet the administration refuses to drop it.

Judge's ruling invalidates FEC regulation allowing anonymous donations to 'dark money' groups | Politico

STUDENT LOANS AND FOR-PROFIT SCHOOLS

Voters have spoken: Student-debt is officially a crisis | Market Watch
More than half of Republicans, 67% of Independents and 71% of Democrats agree that student debt is a crisis, according to a recent poll of 1,000 voters conducted by Lake Research Partners and Chesapeake Beach Consulting on behalf of **Americans for Financial Reform** and the Center for Responsible Lending, two consumer advocacy organizations.

"It's pretty clear that regardless of political orientation, people see it not just as a problem, but as a crisis-level problem," said Alexis Goldstein, a senior policy analyst at **Americans for Financial Reform**, a nonprofit organization advocating for stricter financial regulation.

Veterans groups concerned with DeVos 'borrower defense' plan | Politico
Will Hubbard, vice president of government affairs at Student Veterans of America, who represented veterans on the Education Department's negotiated rulemaking panel earlier this year, said the proposal creates a "strong market incentive to default" that would "directly harm" military servicemembers and veterans. "Is this department really interested in putting our national security on the line to protect bad schools...?"

Majorities of Republican and Democratic voters view the nation's $1.5 trillion outstanding student loan debt as a "crisis," according to a new poll commissioned by **Americans for Financial Reform** and the Center for Responsible Lending. The poll, being released this morning, also shows bipartisan concern over efforts by the Consumer Financial Protection Bureau to scale back efforts to protect student loan borrowers.

Betsy DeVos Is Making Life Harder for Students Screwed Over by Predatory For-Profit Schools | Mother Jones (Edwin Rios)
Two planned Education Department changes would make it more difficult for defrauded students to have their loans forgiven and, according to the New York Times and Wall Street Journal, reduce protections for current students. And last week, the department signaled that still other Obama-era higher-education measures could be at risk, leaving consumer advocates worried that students could become even more susceptible to fraud and predation. "These new regulations are really a giveaway to predatory for-profit colleges, especially the large chains, that have defrauded students at the behest of individual borrowers," says Aaron Ament, president of the National Student Legal Defense Network and former Education Department official during the Obama administration.

Borrower beware: Soon it will be tougher to unload college loans | Detroit Free Press (Susan Tompor)
Here's a good reason to think twice about taking out piles of student loans after watching a catchy TV ad for a for-profit college.

The U.S. Department of Education is on a path to make it far tougher to get federal college loans forgiven using the argument that the school cheated you out of a good education by misleading you about job prospects or engaging in fraud.

Winners and Losers From DeVos Approach | Inside Higher Ed (Andrew Kreighbaum)

With Proposed Rule Changes, Burden Shifted to Student Loan Borrowers | NPR (Gwendolyn Glenn)

The Trump Administration Targets Student Loan Protections | Reg Review

DeVos Aide Tailors Decisions to the Predatory Colleges That Employed Her | Republic Report (David Halperin)

SYSTEMIC RISK

Goldman, Morgan Stanley push for CCAR changes | Risk.net
The Federal Reserve has proposed relaxing its supervisory assumption that bank balance sheets will grow under stress, but Goldman Sachs and Morgan Stanley would like it to go even further by permitting balance sheets to shrink.

Trump Administration Cuts Staff at Financial Markets Watchdog | NY Times
The Trump administration moved on Wednesday to shrink a government agency tasked with identifying looming financial risks, notifying around 40 staff members they would be laid off, according to a person familiar with the changes… Staff at the [Office of Financial Research] were told in January that jobs would be eliminated as the administration sought to cut the OFR's budget by 25 percent to around $76 million, the person said.

HSBC warns that Earth is running out of the resources to sustain life | Business Insider
The world spent its entire natural resource budget for the year by August 1, a group of analysts at HSBC said in a note that cited research from the Global Footprint Network (GFN).

That means that the world's citizens used up all the planet's resources for the year in just seven months, according to GFN's analysis. "In our opinion, these findings and events show that many businesses and governments are not adequately prepared for climate impacts, nor are they using natural resources efficiently," the HSBC analysts said in the note.

TAXATION

[Banks After Tax Cuts: Loan Growth Slows and 3,200 Jobs Disappear](#) | Bloomberg
Banks were among the top beneficiaries when Republicans slashed corporate taxes in December to stoke the U.S. economy. So how are the nation's largest financial institutions treating employees, customers and investors?

Twenty-three firms deemed most important by the Federal Reserve saved, on average, $388 million each in the first half of this year, based on declines in their reported tax rates. Over the same period, members of the group said they collectively eliminated 3,200 jobs.

Lending, their main contribution to the economy, rose 0.9 percent in the first half. But a year earlier -- before the tax cuts -- the growth rate was twice that.

Shareholders were the huge winners. After profits climbed during the first six months, firms signaled plans to boost dividends and other payouts by more than $28 billion through mid-2019.

[Rick Gates Delivers a Public Lesson on Money Laundering and Political Corruption](#) | New Yorker (John Cassidy)
The ability of rich people such as Manafort and his oligarchic clients to shuffle money across borders, beyond the purview of tax collectors and law-enforcement authorities, is a huge and intractable problem. In many places, these practices are denuding tax bases, corrupting a large class of professional enablers, and undermining public confidence in the political and financial systems.

According to Gabriel Zucman, an economist at the University of California, Berkeley, as recently as 2014 roughly $7.6 trillion, or eight per cent of the world's financial wealth, was held in offshore tax havens. In some countries, the proportion is much higher; in the case of Russia, it is more than half. This money can't be taxed. Zucman calculates the loss to taxpayers is about two hundred billion dollars a year. In the United States, he has estimated, the annual tax loss is about thirty-five billion dollars.

[Treasury releases proposed rules on major part of Trump tax law](#) | The Hill
The Treasury Department and IRS on Wednesday released eagerly-anticipated guidance on a key part of the new tax law that allows certain businesses to significantly reduce their tax

bills. The guidance is intended to answer questions related to the tax law's 20-percent deduction for income of non-corporate businesses known as "pass-throughs." The pass-through deduction is one of the areas of the tax law that businesses have most wanted guidance from Treasury and the IRS about, since the deduction is a brand-new section of the tax code and has a number of complexities to it.

Indexing Capital Gains to Inflation Will Only Further Rig the Economy Against Workers | Center for American Progress (Andrew Schwartz & Galen Hendricks)

OTHER TOPICS

New Details About Wilbur Ross' Business Point to Pattern of Grifting | Forbes
It is difficult to imagine the possibility that a man like Ross, who Forbes estimates is worth some $700 million, might steal a few million from one of his business partners. Unless you have heard enough stories about Ross. Two former WL Ross colleagues remember the commerce secretary taking handfuls of Sweet'N Low packets from a nearby restaurant, so he didn't have to go out and buy some for himself. One says workers at his house in the Hamptons used to call the office, claiming Ross had not paid them for their work. Another two people said Ross once pledged $1 million to a charity, then never paid. A commerce official called the tales "petty nonsense," and added that Ross does not put sweetener in his coffee.

There are bigger allegations. Over several months, in speaking with 21 people who know Ross, Forbes uncovered a pattern: Many of those who worked directly with him claim that Ross wrongly siphoned or outright stole a few million here and a few million there, huge amounts for most but not necessarily for the commerce secretary. At least if you consider them individually. But all told, these allegations—which sparked lawsuits, reimbursements and an SEC fine—come to more than $120 million. If even half of the accusations are legitimate, the current United States secretary of commerce could rank among the biggest grifters in American history.