This Week in Wall Street Reform | June 23 – 29

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THE TRUMP ADMINISTRATION, CONGRESS & WALL STREET

Fed's Quarles Defends Global Regulatory Bodies | Wall St. Journal
The Federal Reserve's point man on financial regulation defended U.S. participation in global committees that agree to set minimum financial rules, pushing back against Republican criticism of the panels.

Both Ms. McWilliams and Mr. Quarles will represent U.S. bank regulators in discussions at the FSB, which looks broadly at financial regulations, and the bank-focused Basel Committee on Banking Supervision. The bodies come up with global standards, but it is up to national regulators to implement them.

Dodd-Frank aided 'too-big-to-fail'; new bank law will halt that | The Hill (Scott A. Shay)

CONSUMER FINANCE AND THE CFPB

Mulvaney aims to cement CFPB legacy with successor's confirmation | The Hill
Mulvaney has been one of Kraninger's biggest advocates, playing an unexpectedly prominent role in selling Republican senators on her nomination.

Kraninger will likely face a lengthy confirmation process as Congress rushes to finish a slew of must-pass bills before the November midterm elections. Sen. Elizabeth Warren who's considered the CFPB's architect, said she would place a hold on Kraninger's nomination, further slowing down the process.

Chaos atop CFPB could get worse after appeals court ruling | American Banker
With leadership of the Consumer Financial Protection Bureau already facing plenty of uncertainty, a looming court decision could further upend the calculus of who runs the agency.

The U.S. Court of Appeals for the D.C. Circuit has been deliberating since April on whether Mick Mulvaney can continue as acting CFPB director. The three-judge panel appeared skeptical of the claim by Leandra English, the chief of staff under former CFPB Director Richard Cordray, that she is the rightful acting director. But the judges also raised questions about Mulvaney's dual role running the bureau and the Office of Management and Budget.

Lawyers say while a victory is unlikely for English, they are still preparing for a possible outcome where Mulvaney is disqualified as acting director as well. That could repeat the scenario from last fall where, for a short time, no one really knew who was in charge.

Mugger Mick Mulvaney—Trump's Sadist-in-Chief | Common Dreams (Ralph Nader)
Nowhere has Mugger Mick been more blatant about his ugly mission than in his efforts to freeze and dismantle the Consumer Financial Protection Bureau (CFPB). The CFPB was created after the Wall Street collapse of the economy, which displaced millions of workers and drained trillions of dollars from pension and mutual funds. Remember Wall Street then had to be bailed out by America's taxpayers.

Mulvaney has jettisoned ongoing enforcement actions, driven or reassigned personnel, zeroed out the CFPB's first quarter budget, and prioritized the protection of Wall Street in the CFPB mission statement. How grotesque a response to the corporate crime wave in this country that has been stealing trillions of dollars from defenseless consumers, workers, and investors!

Mick Mulvaney turned the CFPB from a forceful consumer watchdog into a do-nothing government cog | Rawstory (Jeff Sovern)
Until last Thanksgiving, the Consumer Financial Protection Bureau was known for forcefully pursuing its core mission, returning nearly US$12 billion to about 30 million consumers who had been taken advantage of by financial institutions.

But since then, the bureau has been known for … well, not much. After Obama-appointee Richard Cordray stepped down in November, President Donald Trump named as interim director, his budget chief Mick Mulvaney, who has long been a foe of the CFPB.

The president recently nominated a new permanent director – who has no consumer finance experience but is one of Mulvaney's own deputies at the Office of Budget and Management – for a five-year term, with hearings likely to take place later this year.

Treasury Official Calls for a New Regulatory Approach for Fintech | Think Advisor
The report, like the three that preceded it, will serve as a basis for regulatory reform directed at specific parts of the financial system, namely financial technology and innovation and nonbank financial systems. Previous reports looked at banks and credit unions, capital markets, and asset management and insurance.
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NY Ruling Could Fuel Push To Turn CFPB Into Commission | Law 360
A Manhattan federal judge's recent ruling that the Consumer Financial Protection Bureau is structured unconstitutionally could strengthen the hand of those who want to convert the agency's leadership from a single director to a bipartisan commission, experts said.

CFPB: Payday Loan Rule May Be 'Arbitrary and Capricious' | CU Times (David Baumann)

Lending rules issued by former CFPB Director Richard Cordray may be arbitrary and capricious and should delayed until they are fixed, the current CFPB regime says.

[DOJ Inks Deals With Two Tribes In Payday Lending Case] | **Law 360**
Two Native American tribes have agreed to pay a combined $3 million and have admitted that auto racer Scott Tucker used tribe-owned companies to try to avoid state laws as part of a massive, fraudulent payday lending scheme, according to a U.S. Department of Justice statement on Tuesday.

[Mulvaney-led U.S. CFPB slashes payday lender penalty: sources] | **Reuters**

[CFPB drops case against Zillow] | **Housing Wire**

[8 States Impose New Rules on Equifax After Data Breach] | **NY Times**
Equifax agreed to a number of data security rules under a consent order with eight state financial regulators that was announced on Wednesday, the latest regulatory response to the breach that [allowed hackers to steal sensitive personal information] on more than 147 million people.

[Citibank to repay customers $335M in settlement with consumer bureau] | **The Hill**
Citibank is paying $335 million to credit card customers that didn't receive legally mandated interest rate reductions [in a settlement] announced Friday by the Consumer Financial Protection Bureau (CFPB).

Citibank agreed to repay credit card customers the excess interest they paid, but the CFPB did not fine the bank beyond the ordered restitution. The bureau said it agreed not to issue further penalties because Citibank reported the violations to the CFPB and and sought to compensate customers well before the Friday settlement.

[America's fastest-growing credit card is also its least favorite] | **American Banker**
Credit One Bank is America's fastest-growing credit card issuer. It's also the most complained about.

Customers filed more grievances about Credit One last year than Citigroup and JPMorgan Chase combined, although the Las Vegas-based lender has issued a 13th as many cards, according to Federal Trade Commission data. On a per-card basis, Credit One got twice as many complaints as Wells Fargo, even though that bank's numbers include unrelated issues, like its fake-accounts scandal.

DERIVATIVES, COMMODITIES & THE CFTC

[Crypto Industry Frustrated by Haphazard Regulation] | **NY Times**
Asked to describe the current state of crypto regulation in the United States, Perianne Boring, president and founder of the Chamber of Digital Commerce, an industry group, said, “It’s unorganized and incredibly complicated, and it’s really putting the U.S. at risk of falling behind from an innovation and technology perspective. There are turf wars between the different regulatory agencies and turf wars between the feds and the states, and none of this is in the best interest of the U.S. or the blockchain technology industry.” Two of the biggest issues that touch an alphabet soup of regulators are securities law and taxation. Most pressing in the securities realm is the question of whether projects raising funds with cryptocurrencies like Bitcoin or Ether should be subject to federal registration and disclosure requirements.

[Crypto Insiders Want Clearer Regulation Of Their Industry] | **Law 360**

[Other Countries Forge Ahead on Crypto Regulations](#) | NY Times

INVESTOR PROTECTION, THE SEC, AND RETIREMENT SAVINGS

[SEC Probes Whether Companies Rounded Up Earnings Per Share](#) | Wall St. Journal
Enforcement officials at the Securities and Exchange Commission have sent queries to at least 10 companies, asking the firms to provide information about accounting adjustments that could push their reported earnings per share higher, one person familiar with the matter said.

Public companies have strong incentives to report higher earnings per share, particularly those followed by Wall Street analysts whose quarterly forecasts are used to benchmark corporate performance. Investors often snap up shares of companies that beat expectations, even by a cent, and, likewise, sell shares of companies that miss their forecasts.

The SEC has for several years sought to bring more cases over accounting fraud. Probes involving financial reporting previously had taken a back seat to investigations over complex financial instruments and insider trading after the 2008 financial crisis.

[Regulatory State Has a Bad Day in Court](#) | Wall St. Journal (Adam J. White)
The Securities and Exchange Commission's ALJs wield significant powers, exercising discretion and issuing decisions that become final and binding unless the SEC's commissioners act to overturn them. Because they have such power, they are what the Constitution calls "officers," and thus can be appointed only through the process that the Constitution mandates—by the president with Senate consent; or, if they are (in the Constitution's words) "inferior" officers, then by the president alone or by department heads (or perhaps by the courts). The SEC's ALJs, however, were simply appointed by the SEC's staff, as if they were ordinary employees.

Justice Kagan is a scholar of "presidential administration," keenly aware of why the Constitution ensured that the appointment of constitutional "officers" could not be delegated down into the bureaucracy itself. Justice Kennedy has repeatedly expressed concerns about committing too much power and discretion to agencies, and has joined other justices' opinions raising explicit questions about judicial deference.

[Wells Fargo fined by SEC over investment sales misconduct](#) | Reuters
Wells Fargo & Co will pay more than $5.1 million to settle U.S. Securities and Exchange Commission charges it improperly pushed retail customers to actively trade complex investments in order to generate higher fees.

The SEC on Monday said the payout includes a $4 million civil fine, plus the return of ill-gotten gains and interest, over misconduct by the Wells Fargo Advisors brokerage in its sale of so-called market-linked investments.

Wells Fargo was accused of reducing investor returns by encouraging customers to actively trade the investments though they were intended to be held to maturity, and despite an internal policy prohibiting "short-term trading" and "flipping."

[Trump administration has made it harder to save for retirement](#) | Washington Post (Helaine Olen)
The financial industry claims those complaining about the end of the Obama-era fiduciary standard are overreacting. They point out the Securities and Exchange Commission is also working on an enhanced investor protection standard that would cover consumers whenever they seek advice about any of their investment accounts, not just those containing retirement savings. But that plan is in the very early stages, and the SEC is considered more friendly to the financial services industry than the Labor Department. So it's no surprise the enhanced financial guidance regulation it is currently seeking comments on is riddled with loopholes.

The SEC Has Had Its Own Questions About LaCroix | Wall St. Journal
LaCroix maker National Beverage Corp. is known for issuing colorful news releases peppered with exclamation points, outsize boasts and attacks on critics. Two of those releases recently caught the attention of the Securities and Exchange Commission, which in January asked the flavored seltzer company to clarify what its billionaire chairman and chief executive, Nick Caporella, meant when he wrote that the company had "magnified" two proprietary sales metrics to create "growth never before thought possible."

House Republicans pitch senators on JOBS Act sequel | PoliticoPro
House Republicans, looking to jump-start legislation to ease capital markets regulations, are planning to hit up senators this week in their effort to assemble a follow-up to 2012's JOBS Act.

House Financial Services Chairman Jeb Hensarling (R-Texas) said the discussions were underway as he prepared to put together a package in the weeks to come.

Congress shouldn't silence American workers at the behest of corporate interests | The Hill (Gary Retelny)
Through concerted pressure on lawmakers, corporations and their lobbyists are seeking to deny important shareholder rights for tens of millions of American workers who are invested in public companies through their 401(k)s, pensions, college savings plans, and individual retirement accounts. As the true owners of these companies, American workers, and the investment firms that manage their savings plans, have a voice when it comes to corporate governance matters such as CEO pay and the makeup of boards. Sadly, powerful companies and those beholden to them are seeking to silence this voice and deny the rights of retail and institutional investors through a campaign of misinformation.

Companies find a regulation to love with bill to curb shareholder power | PoliticoPro
Republicans will suspend their crusade to roll back financial regulations on Thursday as the Senate Banking Committee considers imposing new government oversight on businesses that are key to the surge in socially conscious investing.

After years of lobbying by pro-business groups, lawmakers will weigh whether to require the firms that advise shareholders on how to press issues such as environmentalism and executive pay to register with the Securities and Exchange Commission. That could saddle the firms with costly reporting requirements.

Former Equifax Manager Charged With Insider Trading | Wall St. Journal
A former manager at Equifax Inc. is facing civil and criminal insider-trading charges related to the credit-reporting company's wide-reaching data breach last year. The Securities and Exchange Commission accused Sudhakar Reddy Bonthu, who was a software engineering

manager at Equifax, of trading on nonpublic information he received while creating a website for users affected by the breach.

SEC Moves to Streamline Exchange-Traded Fund Launches | Wall St. Journal
On Thursday, the Securities and Exchange Commission proposed rules for the fast-growing $3.5 trillion ETF industry to replace a system that currently relies on narrow exemptions to rules written nearly 80 years ago. Market participants hope industrywide guidelines, once they are in place, will make it easier for companies to offer new ETF products to investors.

Under the proposed process, common ETF products, such as an S&P 500 index ETF, would receive streamlined SEC approval. The rule would apply only to ETFs that disclose full portfolio holdings each day, and doesn't cover funds that use leverage to amplify gains and losses.

SEC Seeks Right to Cut Whistleblower Bounties | Wall St. Journal
The Securities and Exchange Commission voted to propose potential cuts in the bounties that tipsters who report major securities-law violations can receive under its whistleblower-reward program, sparking concern that people with knowledge of the worst fraud will no longer want to offer information.

The SEC proposal, which is subject to public comment, would give the commission discretion to limit awards in the biggest cases, when it collects penalties of $100 million or more, to a level "that is reasonably necessary to reward the whistleblower and to incentivize other similarly situated whistleblowers," the SEC said in a summary of the proposal.

Proxy advisors do need to be regulated | The Hill (George David Banks)
The unregulated efforts of proxy advisory firms have in recent years skewed to favor special interests. That's why it is particularly troubling to see ISS CEO Gary Retelny claim in an opinion that proposed legislation "would harm many hard working Americans… by depriving the institutional investors who represent them of the unbiased information that helps them make informed decisions." Mr. Retelny's piece fundamentally mischaracterizes the legislation, as well as the objectives of those who support it, including my own organization, the Main Street Investors Coalition.

Piwowar: Comments will be critical in shaping SEC advice rule | Investment News
In April, the SEC released a package of proposals designed to raise client-care requirements for brokers while clarifying for investors the different standards that brokers and investment advisers must meet. The comment deadline is Aug. 7…

Mr. Piwowar said the agency will take a long time to review the comments. "Staff is going to be very deliberative going through the comments," he said. "The staff and the commissioners are going to take a lot of meetings this fall on it. From there, a lot depends on the comments we get.

MORTGAGES AND HOUSING

White House pushes surprise Fannie, Freddie reform plan, but is it workable? | American Banker
The Trump administration proposed Thursday to rip off the Band-Aid from Fannie Mae and Freddie Mac, ending conservatorship of the mortgage giants and leaving them to raise their

own capital in the private market. But the plan raises a whole host of questions and left many wondering whether it could advance.

Included as part of an Office of Management and Budget plan for reorganizing the government, the housing finance reform proposal would appear to require both legislative and administrative action, such as creating an explicit government guarantee for mortgage-backed securities for "limited, exigent circumstances."

White House Proposal Would Worsen Affordable Housing Crisis | Center for Responsible Lending

New Home Sales Surge on Rising Purchases in the South | Wall St. Journal

Mortgage rates slump as trade fears weigh on a housing market that's running dry | Market Watch
Demand for mortgages has held steady in the face of rising rates, according to weekly application activity data from the Mortgage Bankers Association. Applications have been lower than their year-ago levels for two of the last three weeks, though it's not clear whether that's because would-be buyers are deterred by higher rates or the lack of inventory.

The chronic supply shortage has an increasing number of economists convinced that the U.S. has reached the high point for housing market activity, or will soon.

Yet another sign that San Francisco's housing market is out of control | CNN
Only 15% of San Francisco county residents could afford a median-priced home in the first quarter of 2018, according to Paragon Real Estate Group. That compares to 57% in the United States overall.

Civil rights groups bring shocking housing discrimination lawsuit against Bank of America | HousingWire
The National Fair Housing Alliance, a group of 19 fair housing organizations and two homeowners from Maryland filed a lawsuit Wednesday against the two companies. According to the lawsuit, the defendants intentionally failed to provide routine exterior maintenance and marketing for Bank of America-owned homes in African American and Latino neighborhoods across 37 metro areas.

PRIVATE FUNDS

The Brexit Short: How Hedge Funds Used Private Polls to Make Millions | Bloomberg

REGULATION IN GENERAL

[Hyping the Cost of Regulation] | Regulatory Review (Richard W. Parker)
With the full participation of Congress, the Trump Administration has embarked upon a radical project to freeze and roll back federal regulations that protect public health, safety, the environment, and the economy. Congress has used the Congressional Review Act to repeal 15 vital rules issued in the waning days of the Obama Administration. The Trump Administration has initiated the reversal of scores of others. In addition, lack of enforcement may be accomplishing the *de facto* repeal of many rules still on the books.

STUDENT LOANS AND FOR-PROFIT SCHOOLS

Student Loan Biz's $1M TCPA Deal Gets Initial OK | Law 360
A California federal judge on Monday preliminarily approved a $1.1 million settlement between consumers and a student loan management company accused of violating the Telephone Consumer Protection Act by using an automatic dialing system to place unwanted calls.

Who Pays? How Industry Insiders Rig the Student Loan System—and How to Stop It | Roosevelt Institute
The student loan program today serves industry insiders over its core stakeholder: students. The government justifies bailing out these other participants—lenders, servicers, debt collectors, and even colleges—as being in the best interests of students, student loan borrowers, and taxpayers. These claims, however, do not hold up.

The student loan program operates according to a certain set of norms and guidelines about what is best for the public and for students, but research increasingly suggests that these norms are fundamentally flawed. To combat corruption and pave the way for better policymaking, Margetta Morgan argues that advocates and researchers need to not only change the rules of the system that it is also critical that we change the way we think about the system, too.

GOP higher education legislation will hurt service members, veterans and their families | Denver Post (Jarrod Thoma)
PROSPER Act (HR 4508), the proposed legislation would hurt service members and their family members by cutting federal financial aid, eliminating student loan forgiveness programs, and repealing existing protections for service members and veterans from predatory practices by for-profit colleges.

35,000 Former Corinthian College Students Granted Private Loan Forgiveness | StudentLoans.net
California Attorney General Xavier Becerra recently announced that the state reached a settlement with Balboa Student Loan Trust on behalf of students who attended the defunct for-profit school Corinthian Colleges Inc. This means that nearly 35,000 former students will receive loan forgiveness; this is significant because private student loans are notoriously difficult to get discharged via forgiveness.

The state of California is planning to take on Navient | Market Watch (Jillian Berman)
Xavier Becerra, California's attorney general, said Thursday he'll file a lawsuit against alleging that the student-loan servicer threw roadblocks in the way of borrowers successfully

repaying their loans in violation of California law.

“Navient’s loan servicing abuses have compounded the misery of parents and students who sacrificed to pay for college,” Becerra said in a statement announcing the lawsuit. “Our students can’t afford to be cheated out of any more money than they legally owe simply because Navient knew how to game the system.”

SYSTEMIC RISK

Hensarling's effort to close financial research office a big mistake | The Hill (Allan Grody)
Dino Falaschetti, current OFR chief economist, was recently nominated to head the office. Falaschetti’s current boss, House Financial Services Committee Chairman Jeb Hensarling has long advocated for abolishing the OFR.

The mission of the OFR was to provide a set of data standards for financial institutions and agencies, the same set of standards, so that reporting can be streamlined, can be provided for at a more granular level and reported only once. Thereafter, each agency can provide its own analysis relying on the same data sets.

To realize this objective, we need the OFR to continue its standards initiatives in the U.S. and be the contact point to foster global adoption of these standards. Sustaining the U.S. government's interest in financial industry data standards without the OFR may leave the various government financial agencies to their own regulatory silo self-interests and abandon this global initiative.

Banks Failing Stress Tests? Not for Much Longer | Wall St. Journal
The Fed is moving toward eliminating passing and failing grades from the annual exams, which test whether banks could continue lending during a severe recession. In future years, perhaps as soon as 2019, a bank’s public grade will instead take the form of a capital ratio that the firm must meet during the following year.

The Fed is reviewing public comments on the draft quantitative changes, which officials hope to implement for the 2019 exams. That would mean next year’s tests only include pass-fail grades based on subjective factors, not banks’ numerical scores.

Largest Banks Clear U.S. Fed's Toughest Annual Stress Tests | NY Times
The 35 largest U.S. banks are poised to put more money toward dividends, share buybacks and business investments, after clearing the first stage of an annual regulatory stress test on Thursday, showing they have enough capital to withstand an extreme recession.

Although the lenders would suffer $578 billion in total losses in the Federal Reserve's most severe scenario to date, their level of high-quality capital would be greater than the threshold that regulators demand - and above levels seen immediately leading up to the 2007-2009 crisis, the Fed said.

Fed Should Raise Banks’ Capital Buffer, Now at Zero, Official Says | Wall St. Journal
The Federal Reserve should toughen banks’ capital requirements to reduce the risks of a credit crunch in the next downturn, Boston Fed President Eric Rosengren said in an interview Wednesday.

He said the Fed should start requiring banks to increase their levels of loss-absorbing capital, using a rule known as the countercyclical capital buffer. Raising the requirement, currently set at zero, would force banks to boost their capacity to absorb losses during good times, so they are less likely to pull back from lending when a recession begins.

Big banks, declaring success of crisis reforms, push to ease key capital rule | PoliticoPro
The banks argue that post-financial crisis rules have made them more resilient and less likely to collapse during a crisis, and that the surcharge should be modified to reflect that. They also say they are burdened with multiple capital rules that address the same risks.

But top Fed officials are not convinced that new regulations have hurt the lenders and may not go along. The effort will also face fierce opposition from advocacy groups, which see this as yet another move by financial firms to weaken the rules.

"This… is like World War I," said Marcus Stanley, policy director at **Americans for Financial Reform**. "Every 100 yards of trench they take is that much more they can give to their equity holders and pin the risks on the public."

Deutsche Bank Fails Fed Stress Test While Three U.S. Lenders Stumble | NY Times
Deutsche Bank AG's U.S. subsidiary failed on Thursday the second part of the U.S. Federal Reserve's annual stress tests due to "widespread and critical deficiencies" in the bank's capital planning controls.

The Fed also placed conditions on three banks that passed the test. Goldman Sachs Group Inc and Morgan Stanley cannot increase their capital distributions and State Street Corp must improve its counterparty risk management and analysis, the Fed said.

Bank Stress Tests Don't Instill Confidence | Wall St. Journal
Goldman Sachs and Morgan Stanley were dealt an embarrassing setback by the Federal Reserve on Thursday. The damage will be minor, but investors deserve an explanation about what went wrong.

The two banks were forced to scale back their capital-payout plans after their initial proposals resulted in capital levels falling well below regulatory minimums during a hypothetical stress scenario.

Stress Test Keeps Banks Honest Despite Complaints | Bloomberg (Stephen Gandel)
On Thursday, the Fed, for the fourth consecutive year, gave JPMorgan Chase & Co., Bank of America Corp. and more than two dozen large U.S. bank the go-ahead to return buckets of cash to their shareholders — $93 billion in stock buybacks in the next year for the six largest banks, up from $66 billion last year. Goldman Sachs Group Inc. and Morgan Stanley, after doing worse than expected on the test, had to hold their payouts, including dividends, at the same level as last year. Those two banks, along with State Street Corp., will have to resubmit a portion of their test later in the year for final approval.

Four other banks, including JPMorgan, had to lower their capital distribution plans after seeing the results of the first portion of test, which came out last week. But nonetheless, all the banks, with the exception of the U.S. division of troubled Deutsche Bank, which was expected to fail, can claim a clean bill of health. And on average, banks will be able to distribute 95 percent of their profits, the Fed said, in line with analysts' estimates.

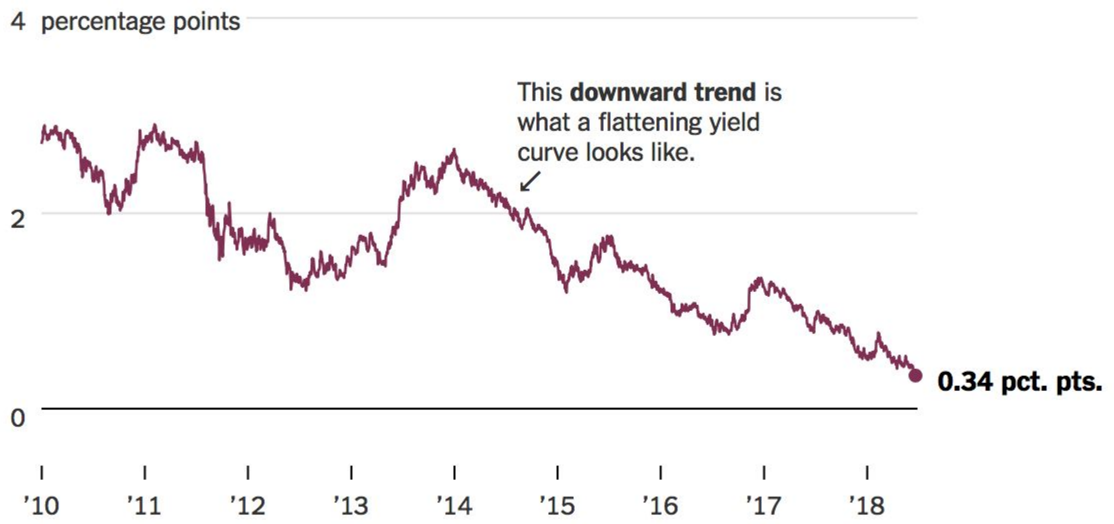
[Largest banks in the US pass the stress test](#) | **Forex News Now**
Critics have pointed out that the regulations were put in place to avoid a recession similar to the one that occurred a decade ago. Taking those regulations away would mean putting the global economy at risk again. After all, the banks have been conducting analysis to value their assets at risk long before the recession and the results seemed to have been acceptable to the authorities, leading up to the Great Recession.

The success in stress tests could be attributed to the general health of the financial sector, which could be reversed at any moment. The systemically important banks have to be ready for such situations. “This just shows that regulators’ models are saying that you have O.K. capital. But guess what, regulators’ models said before the financial crisis that you had O.K. capital, too. I don’t think that this is telling us that everything is O.K. and we don’t need to be vigilant,” – commented Marcus Stanley, policy director at **Americans for Financial Reform**.

[‘A Powerful Signal of Recessions’ Has Wall Street’s Attention](#) | **NY Times**
The yield curve is basically the difference between interest rates on short-term United States government bonds, say, two-year Treasury notes, and long-term government bonds, like 10-year Treasury notes.

Typically, when an economy seems in good health, the rate on the longer-term bonds will be higher than short-term ones. The extra interest is to compensate, in part, for the risk that strong economic growth could set off a broad rise in prices, known as inflation. Lately, though, long-term bond yields have been stubbornly slow to rise — which suggests traders are concerned about long-term growth — even as the economy shows plenty of vitality.

Economists and investors are watching the shrinking gap between interest rates on 2-year and 10-year U.S. government bonds — known in the bond market as a flattening yield curve.



By The New York Times | Source: Federal Reserve Bank of St. Louis | Note: Data as of June 21

TAXATION

What did corporate America do with that tax break? Buy record amounts of its own stock | NBC News
The Republican tax reform package that was supposed to raise wages and spur hiring has instead funded a record stock buyback and dividend spree, benefiting investors and company executives over workers.

Over the past year, S&P 500 companies have given their shareholders a record $1 trillion in the form of buybacks and dividends, led by Apple, Cisco Systems, and other technology giants.

Poll: Support for GOP tax law erodes | PoliticoPro
Public support for the recent tax overhaul plunged in the past two months, as more voters became ambivalent about it, according to a new POLITICO/Morning Consult poll.

Just 37 percent of registered voters said they supported the tax-cut laden law, down from 44 percent in an April poll. The number of voters who were undecided or offered no opinion leapt to 24 percent from 17 percent.

Trump nominee vows to restore 'trust' in IRS | The Hill
President Trump’s nominee to lead the IRS pledged in his confirmation hearing on Thursday to restore "trust" in the agency. "If I am privileged to serve as commissioner, my overriding goal will be to strengthen and rebuild the trust between the IRS, the American people and their representatives in Congress," IRS Commissioner nominee Chuck Rettig told the Senate Finance Committee.

OTHER TOPICS

SBA Taps Accountancy Group To Fight SMB Red Tape | Pymnts
The U.S. Small Business Administration (SBA) is launching a new initiative to help small firms struggling with regulatory issues and is enlisting the help of accountants to do so.

Accountants with small business customers facing regulatory compliance or enforcement issues will be able to seamlessly direct those clients to the SBA’s Office of the National Ombudsman (ONO), which helps to resolve those matters. The ONO focuses on small firms that have been unfairly treated by excessive regulation, like repeated audits and investigations, excessive fines or unfair activity on the part of a regulator.

Why This Matters: Knowing Who Shareholders Are Can Help Us Address Racial Inequality | Roosevelt Institute (Kendra Bozarth)
Structural racism is not inevitable, nor is it created by any one policy choice. America’s market power problem is to blame. So is skewed tax policy, outsized employer power, inequitable consumer protections, and more. In a new report, however, Roosevelt Fellow Susan R. Holmberg looks beyond the “what” and challenges us to ask “who?”

By examining the identity of shareholders, Holmberg finds a predominantly white cohort, but she also exposes the inequality of stock ownership, especially across race. In 2007, for instance, corporate stock, financial securities, mutual funds, and personal trusts accounted for more than 17 percent of total assets held by white families. For black families, this number drops to 3.4 percent, and it falls even further to 2.5 percent for Latinx households. As many black and brown Americans face an economy—and society—that holds them back in low-wage, insecure work, the disparities in this source of wealth are not promising for their economic futures.