This Week in Wall Street Reform | May 26 – June 1

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THE FED'S MOVE TO SOFTEN THE VOLCKER RULE

Fed Releases Proposal for Easing Volcker Rule Trading Limits | Bloomberg
"The objective behind this proposal is straightforward: simplifying and tailoring the Volcker Rule in light of our experience with the rule in practice," said Randal Quarles, the Fed's point man on bank regulation. "This is a goal that is shared among all five agencies and among policymakers at those agencies with many different backgrounds."

The revisions aren't just a rollback, Quarles said, calling them "the fruit of long and shared experience" and not "assumptions of a few recently appointed individuals..."

Liberal groups called the Fed plan a dangerous giveaway to Wall Street that could fuel the next financial crisis. "This proposal is no minor set of technical tweaks to the Volcker Rule, but an attempt to unravel fundamental elements of the response to the 2008 financial crisis, when banks financed their gambling with taxpayer-insured deposits," said Marcus Stanley, policy director at **Americans for Financial Reform**.

Fed Looks to Ease Rule That Limits Risky Bank Trading | Associated Press
The Federal Reserve is preparing to ease a rule aimed at defusing the kind of risk-taking on Wall Street that played a role in triggering the 2008 financial meltdown. The Volcker Rule, crafted by regulators 4 1/2 years ago, changed the way the biggest U.S. banks do business. It prohibits them from using the deposits of customers to fund risky trades. It's a key plank of the landmark Dodd-Frank financial regulation law intended to reduce the likelihood of another crisis and taxpayer-funded bank bailout. President Donald Trump has blamed Dodd-Frank for constraining economic growth. When the Fed meets Wednesday, it will propose changes to the Volcker Rule...

"Our goal is to replace overly complex and inefficient requirements with a more streamlined set of requirements," Fed Chair Jerome Powell said at a meeting of the central bank's governors...

The proposal "is an attempt to unravel fundamental elements of the response to the 2008 financial crisis, when banks financed their gambling with taxpayer-insured deposits," Marcus Stanley, policy director at **Americans for Financial Reform**, said in a statement. "If implemented, these proposals could turn the Volcker Rule into a dead letter."

Fed Looks to Ease Rule That Limits Risky Bank Trading | NY Times
The proposal "is an attempt to unravel fundamental elements of the response to the 2008 financial crisis, when banks financed their gambling with taxpayer-insured deposits," Marcus

Stanley, policy director at **Americans for Financial Reform**, said in a statement. "If implemented, these proposals could turn the Volcker Rule into a dead letter."

Wall Street about to snag one of biggest victories of Trump era | Washington Post
Consumer advocates warned that banks could exploit even a small loophole created by regulators. The rule's complexity is a byproduct of lawmakers' and regulators' attempts to accommodate the industry's initial concerns, they argue. And despite the rule's complexity, banks have strongly rebounded since the financial crisis.

"Even as banks make record profits, their former banker buddies turned regulators are doing them favors by rolling back a rule that protects taxpayers from another bailout. This kind of corruption is common in Trump's Washington," said Sen. Elizabeth Warren (D-Mass.), a fierce Wall Street critic.

Fed looks to ease rule that limits risky bank trading | Orlando Sentinel
The move coincides with other government efforts to ease financial regulations and protections that were tightened after the 2008 crisis. President Donald Trump has pushed for such changes, arguing that the stricter financial regulations have constrained economic growth...

The proposal "is an attempt to unravel fundamental elements of the response to the 2008 financial crisis, when banks financed their gambling with taxpayer-insured deposits," Marcus Stanley, policy director at **Americans for Financial Reform**, said in a statement. "If implemented, these proposals could turn the Volcker Rule into a dead letter."

Federal Reserve scales back 'Volcker Rule' limits on bank trading | The Oregonian
Consumer advocates worry that even a slight easing of the standards could open the door for the type of risky trading that contributed to the near collapse of the economy a decade ago.

"This proposal is no minor set of technical tweaks to the Volcker Rule, but an attempt to unravel fundamental elements of the response to the 2008 financial crisis, when banks financed their gambling with taxpayer-insured deposits," Marcus Stanley, policy director at **Americans for Financial Reform**, a nonprofit advocacy group, said in a statement.

Sen. Jeff Merkley, who-authored the Volcker Rule, condemned the move as a "backdoor attempt to roll back financial reform laws without going through Congress."

Fed votes to scale back hated 'Volcker Rule' on Wall Street | NY Post
"What is critical is that simplification not undermine the core principle at stake — that taxpayer-supported banking groups, of any size, not participate in proprietary trading at odds with the basic public and customers' interests," Paul Volcker said in a statement. "I trust the final rule will strongly maintain that position by, as intended, facilitating its practical application."

Wall Street critics sought to paint the changes as dangerous to the markets and could lead to another financial collapse. The new rule is set to be voted on by four other regulators, and is subject to a 90-day comment period.

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No, Repealing the Volcker Rule Won't Cause an Economic Collapse | Reason Blog
This proposal is no minor set of technical tweaks to the Volcker Rule, but an attempt to unravel fundamental elements of the response to the 2008 financial crisis, when banks financed their gambling with taxpayer-insured deposits," Marcus Stanley, policy director at **Americans for Financial Reform**, told The New York Times. "If implemented, these proposals could turn the Volcker Rule into a dead letter, a regulation that would not meaningfully restrict trading activities at the banks whose problems could drag down the entire financial system—again."

The reality is quite different. For starters, that's because the Volcker Rule isn't actually being repealed...

Banks would be freer to trade for profit under Fed proposal | Virginian Pilot
Financial industry groups welcomed the proposal Wednesday, while consumer and investor advocates expressed alarm.

The proposal "is an attempt to unravel fundamental elements of the response to the 2008 financial crisis, when banks financed their gambling with taxpayer-insured deposits," Marcus Stanley, policy director at **Americans for Financial Reform**, said in a statement. "If implemented, these proposals could turn the Volcker Rule into a dead letter."

Trump's regulators deliver new victory for banks | Politico
"This proposal is no minor set of technical tweaks to the Volcker Rule, but an attempt to unravel fundamental elements of the response to the 2008 financial crisis, when banks financed their gambling with taxpayer-insured deposits," said Marcus Stanley, policy director at **Americans for Financial Reform**.

Big banks to get reprieve from Volcker rule | San Antonio Express-News
The changes are already prompting outrage among consumer advocates and other financial watchdogs, who warn it will allow a return to the Wild West days on Wall Street.

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Foreign Banks to Benefit From U.S. Bid to Simplify 'Volcker Rule' | NY Times

Fed votes to advance rule loosening Volcker rule on big banks | The Hill

Banks Need Volcker Rule's Degree of Difficulty | Bloomberg (Stephen Gandel)
Ever since the financial crisis, and the passage of Dodd-Frank, debate has been growing about the best way to regulate banks. One method is to put in a lot of rules that limit risky behavior. The other is to force banks to hold a lot of capital, as much as 25 percent of assets — in the run-up to the financial crisis, capital ratios had shrunk as low as 3 percent — and leave the rest up to them. There is an argument to be made that Dodd-Frank saddled banks with too much of

the first. And there has been some support on both sides of the aisle, from both Democratic Senator Elizabeth Warren and Republican Representative Jeb Hensarling, for more of the latter. For effective bank regulation, you need to do one or the other. The easing of the Volcker Rule would normally seem to suggest that the Trump administration's regulators prefer the second path. But that's wishful thinking. The White House has shown zero inclination to raise the capital bar while stripping away other rules, which means we can use all the cumbersomeness we can get.

Federal Reserve Proposes Changes To Volcker Rule | KTEP (El Paso TX)
Banks may no longer have to follow something called the Volcker Rule. This was a landmark regulation put in place after the financial crisis to protect banks from themselves. The Federal Reserve has unveiled proposed changes to the rule, which blocks banks from trying to make money with speculative investments. NPR's Chris Arnold reports.

Instead, he says, banks would come up with their own systems to make sure that they're square with the Volcker Rule with regulators signing off on their plans. But that sounds too much like banks policing themselves to Marcus Stanley. He's with the watchdog group **Americans for Financial Reform**. He worries that the changes let banks off the hook too much.

Paving Way for Next Taxpayer-Funded Wall Street Bailout, Trump Fed Unveils Plan to Gut Volcker Rule | Common Dreams
While the Fed's rule changes are being framed by supporters—including the major banks that will profit immensely from them—as minor tweaks that will relieve financial institutions of onerous and complicated burdens, Marcus Stanley of **Americans for Financial Reform** (AFR) argued that the proposals are nothing less than "an attempt to unravel fundamental elements of the response to the 2008 financial crisis, when banks financed their gambling with taxpayer-insured deposits."

Happy bank-deregulation day! | Vanity Fair (Bess Levin)
Less than a week after Trump signed a bill gutting key aspects of Dodd-Frank, bank regulators have another sweet treat for the industry:

While Fed Chairman Jerome Powell said the proposal merely eliminates "some of the uncertainty and complexity that now make it difficult for firms to know how best to comply, and for supervisors to know that they are in compliance," critics are having none of it. "This proposal is no minor set of technical tweaks to the Volcker Rule, but an attempt to unravel fundamental elements of the response to the 2008 financial crisis, when banks financed their gambling with taxpayer-insured deposits," Marcus Stanley, policy director at **Americans for Financial Reform**, told The New York Times.

The Volcker Rule Never Really Worked. No Need to Mourn Its Demise. | Slate (Felix Salmon)
The problem with the Volcker rule as implemented was that it forced banks to justify, on a trade-by-trade basis, that what they were doing was necessary for their clients, rather than just speculative proprietary trading. That's hard for the banks, which is why they wanted the rule changed. But it was also incredibly cumbersome for regulators, who were equally forced to try to implement the Volcker "don't do proprietary trading" rule on a case-by-case basis. It makes vastly more sense, for banks and regulators both, for the Volcker rule to be enforced at a much

higher level, with bank CEOs being held personally accountable for any lapses. (No more blaming rogue traders.)

Architect of Sweeping Post-Crisis Bank Regulation Warms Toward Smaller Banks | Wall St. Journal
The bill passed last Tuesday raises the limit defining big banks to $250 billion. Mr. Frank joined the board of Signature Bank in 2015, which has about $44 billion in assets. He said he is happy to work with the community lender because it fulfills a social need and doesn't trade large positions in derivatives or bonds.

See Fed summary of proposal and statements by Americans for Financial Reform, Better Markets, Center for American Progress and Public Citizen.

THE TRUMP ADMINISTRATION, CONGRESS AND WALL STREET

Elizabeth Warren Maintains a Hard Line on Big Banks | Wall St. Journal
Ms. Warren publicly lambasted the Senate's vote to loosen restrictions on banks created by the Dodd-Frank Act of 2010, running counter to some members of her own Democratic Party who had decided that smaller banks need relief from restrictive oversight. The bill, which passed the Senate in March, was approved by the House and signed into law last week. Ms. Warren criticized Democrats who voted for the bill, characterizing them as siding with big banks. She and other detractors have argued that relaxing regulation would hurt consumers and increase financial risk, even as banks have recorded record profits. As the banking deregulation bill passed in the Senate, Ms. Warren introduced her own bill, aimed at making it easier to investigate senior bank executives for fraud.

Spurning left, centrist Dems tout bank law for midterms | The Hill
Democratic Sens. Heidi Heitkamp (N.D.), Jon Tester (Mont.) and Joe Donnelly (Ind.) co-authored the bipartisan legislation, signed by Trump on Thursday, that eases the regulatory oversight imposed on banks and credit unions by the Dodd-Frank Act.

The senators say their bill is a prime example of their ability to work across party lines and solve problems, a message they are eager to bring back to voters in their home states.

Stuart Roy, a GOP strategist and former aide to Senate Majority Leader Mitch McConnell (R-Ky.), said "endangered Democrats will find this vote as helpful as a parachute that opens after the second bounce..." Roy also said Democrats could risk suppressing their base by touting efforts to scrap regulations.

A February poll commissioned by **Americans for Financial Reform**, a nonprofit supporting tough bank laws, found that only 17 percent of voters support loosening regulations on the biggest firms impacted by the bipartisan bill. The survey, conducted by left-leaning Public Policy Polling, also found that 59 percent of voters support Dodd-Frank, and only 25 percent believe it went too far in regulating banks.

Billionaire Koch brothers' network launches digital ad blitz thanking Democrat Heidi Heitkamp as midterms near | CNBC
Americans for Prosperity, an arm of the influential network supported by conservative billionaire industrialists Charles and David Koch, is unleashing a digital advertising campaign on Friday

thanking Heitkamp for co-sponsoring the Economic Growth, Regulatory Relief and Consumer Protect Act, a bill that rolls back Dodd-Frank regulations mainly on community banks, or those with less than $100 billion in assets. It recently passed in Congress with bipartisan support.

Banks must be on best behavior after winning Dodd-Frank rollback |The Hill (Bert Ely)
Given that bankers get blamed far more than is justified whenever the economy tanks, they need to be especially prudent in exercising these recent and forthcoming regulatory relaxations. Just as important, they need to be vocal in warning of practices that currently magnify banking risk, such as excessively loose credit standards (perhaps already too loose), unwise acquisitions and growth and excessively risky interest-rate bets.

The story isn't how much Dodd-Frank has been changed. It's how little. | Washington Post (editorial)
This moderately pro-industry tweak [involving stress tests and Orderly Liquidation Authority] is all opponents have to show for eight years of hammering Dodd-Frank as a drag on economic growth. This is all they got, even after the election of a president who pledged to do a "big number" on the law, and Republican majorities in both houses of Congress. The basic architecture of the 2010 act remains; it's arguably that much stronger for having withstood so much pressure. Indeed, members of both parties have now signaled that they are willing to live with it. Entirely satisfactory to none, but minimally acceptable to most, the Dodd-Frank system, as newly amended, now represents that rarest but, potentially, most durable of American political phenomena: a consensus.

Dodd-Frank rollback will reinvigorate Main Street | The Hill (Alfredo Ortiz)

Two-and-a-half cheers for May's historic CRA actions | The Hill (Todd Gaziano)

Banks Tried to Curb Gun Sales. Now Republicans Are Trying to Stop Them. | NY Times
When Congress decided not to take significant action after a spate of mass shootings this year and last, some big banks opted to take matters into their own hands by restricting financing for gun sellers. Now, Republican lawmakers are pressing regulators to stop banks from doing so, over concerns they are veering too far into social activism… Guns are creating a rare rift between Republicans and the financial industry, which has been among the party's biggest contributors.

CONSUMER FINANCE AND THE CFPB

CFPB to Resume Private Consumer Data Collection | Wall St. Journal
The interim head of the Consumer Financial Protection Bureau announced Thursday he would lift the freeze on the bureau's collection of private consumer data, which helps its examiners oversee financial institutions. "Out of an abundance of caution and a desire to protect Americans' privacy, I placed a hold on the collection of personally identifiable information and other sensitive data," Mick Mulvaney said in a memo to agency staff. "We can lift that hold." Mr. Mulvaney said the concerns he had raised when he implemented the freeze in December had been assuaged after an independent review of the CFPB's cybersecurity defenses.

[A return to bank-payday lender partnerships? Not on Otting's watch] | American Banker
The once-close relationships between banks and payday lenders that fell out of favor with Washington regulators more than a decade ago may not be poised for a comeback after all…

[L]ast week the OCC threw cold water on the possibility that rent-a-charter partnerships will stage a revival. In a bulletin that encouraged banks to make small-dollar consumer loans without the involvement of payday lenders, the agency stated that it takes an unfavorable view of firms that partner with banks for the purpose of evading state interest rate rules.

"We don't believe," Otting said during a call with reporters, "that an institution should effectively lend its charter out to a vendor."

[CFPB looking to hop on fintech sandbox bandwagon] | American Banker
The Consumer Financial Protection Bureau is developing a regulatory sandbox for fintech firms, with help from the Commodity Futures Trading Commission, acting CFPB Director Mick Mulvaney said Tuesday.

Mulvaney provided little detail about the sandbox project, but said the bureau is looking at what some states have done and is working "very closely" with the CFTC. In his remarks, Mulvaney also addressed his previous comments about the CFPB complaint database.

A sandbox, which provides relief from certain regulatory requirements in a space where fintech startups can test products and government authorities can offer guidance, would follow progress the United Kingdom has already made to provide startups with such a testing ground.

[Effort to coax banks back into small-dollar lending likely to fall short] | American Banker (Jim Wells)
The FDIC's two-year pilot program, launched in 2008, was intended "to illustrate how banks can profitably offer affordable small dollar loans as an alternative to high-cost credit products, such as payday loans and fee-based overdraft protection..." When the program ended in June of 2010, only 28 banks remained. Out of 34,400 loans made in the preceding two years, only 18,163 loans were under the original cap of $1,000. The average loan amount was roughly $700 — twice the size of the average payday loan at the time.

If the OCC really wants to play a constructive role in ensuring more widespread access to credit for all bank customers… it could get banks back into basic banking — taking deposits and making a wide variety of loans tailored to the credit needs of their depositors. U.S. banks have a regulatory monopoly on deposit-taking and have almost unlimited lending powers in return for their commitment to serve the financial needs of American consumers.

[CFPB, Trade Group Ask for Delay in Payday Loan Rule & Lawsuit] | Credit Union Times
In a joint filing in the U.S. District Court for the Western District of Texas, the Community Financial Services Association of America and the CFPB asked that the effective date of the payday lending rule be delayed until a new rule is issued or the lawsuit is resolved.

The two groups asked that all proceedings in the lawsuit be placed on hold. And if the lawsuit is revived in the future, the two sides asked that implementation of the payday loan rule be delayed until 445 days after the final ruling.

CFPB and trade groups jointly seek stay of lawsuit challenging CFPB payday loan rule and compliance date | National Law Review

See AFR statement, **"Mulvaney Makes Common Cause With Payday Lenders to Delay Rule"**

NCUA Payday Loan Proposal Locking Borrowers in Cycle of Debt: Lending Group | Credit Union Times
The NCUA's proposed new additions to its Payday Alternative Loan program still would trap borrowers in a cycle of debt, advocates of strict short-term loan regulations said. "We're concerned about further encouragement of a significant fee-per-loan model," said Rebecca Borne, senior policy counsel at the Center for Responsible Lending, an affiliate of the Self-Help Credit Union.

The NCUA board last week approved a plan to seek public comment on a new loan program that would supplement but not replace the existing PAL program.

The new program would increase the maximum loan amount to $2,000, increase the maximum loan term to 12 months, require no minimum length of membership to obtain loans and eliminate the provision that allows a federal credit union to make only three loans to a member in a six-month period.

Online Lenders Tighten Rules as Default Wave Rattles Investors | Credit Union Times
It's gotten a lot harder to borrow money from the raft of fintech firms looking to bring online lending into the mainstream.

Besieged by a wave of defaults after several years of rapid growth, the biggest online-lending platforms have been forced by bond investors to tighten underwriting standards. Social Finance, Prosper, LendingClub and Avant now demand higher average credit scores and offer shorter maturities to boost the quality of loans they repackage into asset-backed securities.

"Investors are changing their behavior on the margin and tending to gravitate toward higher quality, lower risk grades," Jessie Szymanski, chief of staff to LendingClub's capital officer, said in a phone interview.

Rate of violations to factor in future CFPB actions | PoliticoPro
Mulvaney, speaking at a Washington event, offered a hypothetical case of a company committing thousands of violations — yet still only a fraction of the transactions it makes.

"12,000 out of 3.5 million [transactions] is not that many. And so the question then becomes, is this systematic, is it intentional? So we are going to start to look at that," he said at a Women in Housing & Finance lunch.

Trump is enabling a predatory economy. Here's how he's doing it. | Washington Post (Helaine Olen)
Despite the fact that Donald Trump campaigned on a promise to drain the swamp, Trump appointees are distinguishing themselves by prioritizing big business over our personal finances

at almost every opportunity: Over at the Consumer Financial Protection Bureau, temporary head Mick Mulvaney, who famously described the agency he now heads as a “sick, sad” joke, has presided over a neutering of the agency, closing down investigations of payday loan lenders, and supporting legislation signed by Trump that overturned regulations meant to protect African Americans and Latinos from paying higher rates for auto loans than white consumers.

Credit Unions Give CFPB ‘No Confidence’ Vote in CUNA Survey | Credit Union Times
About two-thirds of the 272 credit union officials responding to the CUNA survey say the agency should be issuing fewer rules, do a better job of aligning policies with the NCUA, conduct more analysis before issuing rules and more narrowly focus rules on bad actors.

“The Bureau should spend less time trying to fix a system that is not broken—and spend more time firmly focusing on bad actors in the marketplace, whose risks pose threats to the financial system,” CUNA said, in the white paper.

The rise and fall of the CFPB’s assault on dealer participation | F&I Showroom (Gregory Arroyo)

You’ll soon be able to freeze your credit for free — but that won’t be the end of identity theft | Washington Post
By Sept. 21, everyone will be able to place and remove a “security freeze” on their credit files for free. Such a freeze — also called a “credit freeze” — blocks lenders from pulling your credit reports. It’s a powerful tool to thwart identity thieves from using your financial information to open credit cards or take out loans.

With so much of our data being stolen, having the ability to quickly freeze and unfreeze your files at no cost is a good step toward protecting your identity. But don’t be overly confident that your credit is so secure that you can’t still become a victim of identity theft. The threat is still out there.

DERIVATIVES, COMMODITIES & THE CFTC

Policing Cryptocurrencies Has Become a Game of Whack-a-Mole for Regulators | NY Times
The nonprofit Anti-Phishing Working Group estimated that about $1.2 billion in cryptocurrencies has been stolen since early 2017. Just this week, the Securities and Exchange Commission obtained an emergency court order halting an initial coin offering by Titanium Blockchain Infrastructure Services that the agency claimed had defrauded investors out of about $21 million. Regulators have become so concerned about misconduct that the S.E.C. even unveiled a fake website for an initial offering of HoweyCoins — a play on a 1946 Supreme Court case that gave a broad definition of what constitutes a “security” — to demonstrate just how easy it is for investors to be fooled into parting with their money. But fighting fraud in virtual currencies has almost become a game of Whac-A-Mole for regulators and federal prosecutors, who find each new iteration seemingly a few steps ahead them.

ENFORCEMENT

Judge approves a $142-million settlement over the Wells Fargo accounts scandal, calling it 'rough justice' | LA Times
U.S. District Judge Vince Chhabria agreed Wednesday to issue final approval for a $142-million class-action accord that will pay an average of $35 for account holders at the center of the company's worst scandal in modern history.

The San Francisco judge told attorneys who objected to the settlement that it has flaws, but said it's "rough justice" and was better than pressing forward with trial or proceeding with lots of individual lawsuits.

Goldman VP Charged in Alleged Insider Trading Scheme | NY Law Journal
Goldman Sachs vice president Woojae Jung, who goes by Steve, was charged with seven counts of securities fraud, including conspiracy, in connection with an alleged insider trading scheme, according to a complaint provided by the U.S. Attorney's Office for the Southern District of New York. He is expected to appear in the U.S. District Court for the Northern District of California later Thursday.

SEC charges Goldman Sachs vice president with insider trading | The Hill
The Securities and Exchange Commission (SEC) on Thursday charged a Goldman Sachs vice president with insider trading. Woojae "Steve" Jung, a San Francisco-based Goldman executive, allegedly made $140,000 in trades on companies that the bank was advising, according to the SEC complaint. The agency's complaint only referred to a "prominent investment bank," but a listing in the industry database of brokers and a LinkedIn account with Jung's name identified him as a Goldman Sachs vice president for investment banking.

INVESTOR PROTECTION, THE SEC, AND RETIREMENT SAVINGS

It's in Your Own Best Interest to Be a Fiduciary: SEI | Financial Advisor IQ
John Anderson, Oaks, Pa.-based head of practice management solutions at SEI Advisor Network, believes the "fiduciary movement is here to stay" regardless of what happens to the Department of Labor's fiduciary rule or how the SEC's Regulation Best Interest package will look like once finalized...

Exchanges Blast SEC for Plan to Rein In Rebates | Wall St. Journal
Two of the biggest U.S. stock-exchange operators have accused the Securities and Exchange Commission of exceeding its legal authority with a proposal to limit the rebates they pay traders to attract stock orders. The attacks show that Nasdaq Inc. and Cboe Global Markets Inc. CBOE may sue the SEC to block the proposal, called the Transaction Fee Pilot, some observers said…

The two-year pilot program, which the SEC proposed in March, has riled big U.S. exchanges because it would undermine a key part of their businesses: a widely used system of fees and rebates called "maker taker," in which exchanges pay rebates for some orders and charge fees for others.

Sen. Warren gets Republican cosponsor on bill to fund unpaid arbitration awards | Investment News
Under the bill, written by Sen. Elizabeth Warren, D-Mass., the Financial Industry Regulatory Authority Inc. would have to establish a fund financed by Finra fine money to cover awards that firms and brokers fail to pay to customers who win arbitration claims.

Ms. Warren has been critical of the ongoing problem of unpaid Finra arbitration awards. Now a Republican, Sen. John Kennedy of Louisiana, has cosponsored her legislation.

If The SEC Guts Fraud Protections For Shareholders, More Than Our Retirement Savings Are At Risk | Forbes (Diana Hembree)
"Such a policy change could rob veterans and servicemembers of their hard-won savings and is an urgent threat to all other Americans with an IRA or 401(k)," said [John] Kamin, who is assistant director of The American Legion's Veterans Employment and Education Division. New servicemembers, he says, are at special risk since the military automatically enrolls them in a federal 401(k) that lets them grow their savings in the stock market. Pointing out veterans are more likely to be victims of investor fraud than the general population, he says that veterans and servicemembers "will not give any quarter to unscrupulous corporations' seeking to take away our rights."

PRIVATE FUNDS

Local family suing Wall Street-backed landlord | St. Augustine Record, 5/27/18
[A] January piece from The Intercept… raised concerns that Blackstone had not only initiated securitizations backed by its rental properties — which, the story suggested, could exacerbate the drive for profits and further squeeze tenants — but that, in January 2017, it also announced that government-backed Fannie Mae was backing what was then the most recent securitization to the tune of $1 billion.

The story cited a report released by **Americans for Financial Reform**, ACCE Institute, and Public Advocates, that, the story said, painted a picture of life renting from what is essentially a Wall Street firm as one of "aggressive rent hikes, fee gouging, and high rates of eviction."

'How can they walk away with millions and leave workers with zero?' // Washington Post
Toys R Us isn't paying severance to its 30,000 workers who will lose their jobs as the retailer shuts down, even though it doled out millions in executive bonuses a week before it filed for bankruptcy. Now, some workers are calling on lawmakers to create new rules that would require bankrupt companies backed by private-equity firms to provide compensation to their workers.

On Friday, more than a dozen workers met with lawmakers in New Jersey, where Toys R Us is based, to push for severance pay. Workers also called for new regulations on leveraged buyouts, as well as windfall taxes that would prevent private-equity firms from running a business into the ground and then walking away with huge sums of money.

Toys R Us Employees Fight for Severance Pay // CNBC

REGULATION IN GENERAL

[The Critical Role Regulation Plays In Business Success](#) | Forbes (Ofer Garnett)
In the age of digital disruption, regulation has taken a front seat. The latest headlines have social media companies like Facebook and Twitter in the spotlight as they continue to face questions about safeguarding customer data. As other companies scramble to get their house in order, fearing a similar fate, it's no longer a question of if governments should step in but how. General Data Protection Regulation (GDPR) legislation may not be perfect, but even its detractors must acknowledge Europe is ahead of the curve in stepping in to regulate the use of personal information.

An American Alternative to Europe's Privacy Law | NY Times (Tim Wu)

STUDENT LOANS AND FOR-PROFIT SCHOOLS

These are the students most crushed by the debt crisis | Philadelphia Inquirer (Anna Orso)
The image of a student plagued by debt is often of a middle-class millennial who owes $100,000 from attending a four-year college. Those students are no doubt struggling, whether it's having trouble affording a down payment on a house or delaying marriage until they're in a better financial situation.

But the data show those who are most buried in student debt are people like Rhapsody and Shawnta. A disproportionate number are black. They are often older than 40. Almost two-thirds of the student debt in the country is held by women. Many attended for-profit colleges. Some didn't graduate, leaving them in debt for a certificate they never received.

They're people like Elvis Vest, a 36-year-old Philadelphian whose wages are being garnished to cover the $13,000 he owes after attending the University of Phoenix but not graduating. They're like Alexis Wilson, a rising senior at St. Joseph's University who took out three loans to cover about $30,000 in expenses per year. She has no idea what her total tab is — she's too scared to look. And they're like Melody Bostic, who's $60,000 in debt after getting a marketing degree she says she's hardly used.

Study: Black and Hispanic Students Get Lower Return on Higher Ed Investment | Issues in Higher Education

Judge Blocks Devos Policy on Partial Loan Forgiveness | PoliticoPro
A federal judge in San Francisco blocked DeVos from carrying out her policy of granting only partial loan forgiveness to some defrauded for-profit college students. U.S. Magistrate Judge Sallie Kim ruled that the Trump administration's new "tiered relief" process for those student fraud claims violates a federal privacy law meant to protect how government agencies collect and use individuals' personal information…

"This is an important ruling for former Corinthian Colleges students," said Toby Merrill, the director of Harvard Law School's Project on Predatory Student Lending, which brought the lawsuit along with Housing and Economic Rights Advocates, a nonprofit legal advocacy group.

"It clearly states that the Department of Education must immediately stop using its lawless partial denial rule."

See joint letter to the Secretary of Education.

The 11 student loan companies N.J. hates most and why, explained | New Jersey Star-Ledger
The company with the most complaints was, far and away, Navient. Out of 1,944 total complaints from New Jersey student loan borrowers, 861 of them involved the student loan servicer. That's about 44 percent. Navient, which was formerly part of Sallie Mae, currently handles loans for 6.78 million borrowers nationwide.

The second-leading company, American Education Services/Pennsylvania Higher Education Assistance Agency, handles 8.1 million student loan borrowers but was the subject of 172, or 8.8 percent, of complaints from New Jersey borrowers.

New Jersey Attorney General On Investigating For-Profit Colleges | National Public Radio

With Legislation Stalled, DeVos Moves to Wield Deregulatory Power | NY Times

After Obama-Era Crackdown, For-Profit Colleges Seek Nonprofit Status | Wall St. Journal

Judge deals setback to DeVos' handling of student fraud claims | Politico

For-Profit Tuition Rises as GI Benefit Grows | Inside Higher Ed

Chinese Companies Are Buying Up Cash-Strapped U.S. Colleges | Bloomberg

OTHER TOPICS

'Golden age' of banking? Those words may haunt Jamie Dimon | American Banker (Kristin Broughton)
"You guys thought I was kidding when a few years ago I said, you can have a golden age of banking," said Dimon, chairman and CEO of JPMorgan. "I mean, you're going to have a golden age of banking. You have a golden age of banking."

While asset quality has been pristine in recent years, there are signs that deterioration is just around the corner. Just this week, the CEOs of major credit card issuers said they are starting to tighten their credit standards in preparation for an eventual downturn.