This Week in Wall Street Reform | August 4 - 17

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CONSUMER FINANCE AND THE CFPB

Watch: Consumer 'Protector' Is Ready To Make It Easier For Debt Collectors To Harass You | Huffington Post

On May 8, the biggest players in the American debt collection business traveled to Philadelphia to have a talk with Kathy Kraninger, the new director of the Consumer Financial Protection Bureau.

A day earlier, Kraninger's agency had introduced a slate of regulations ostensibly designed to curb the worst abuses in the notoriously predatory world of debt collection. But the proposal appalled consumer advocates; instead of reforming debt collection, the plan had transformed into an excuse to legalize a host of shady practices. Instead of cracking down on bad actors, the CFPB planned to unleash their worst instincts.

Listen: How the CFPB's Proposed Debt Collection Rules Could Impact the Student Loan Industry | National Law Review
In this podcast, we look at the unique challenges that the CFPB's proposal may create for student loans. Our discussion focuses on how the proposal's call attempt limits, time/place limits for calls, texts, and e-mails, and special restrictions that apply to the aggregation of multiple student loans could impact communications with borrowers.

Zombie Debt: How Collectors Trick Consumers Into Reviving Dead Debts | Washington Post
The effort to revive Raymer's old debt was part of what consumer advocates and financial experts say is an accelerating effort within the $11 billion debt collection industry to make profits from debts that the financial industry once wrote off. The practice could prove increasingly profitable as the country's consumer debt reaches record levels — more than $4 trillion this year — and the industry is able to bring in "tens of billions of dollars" from debt past the statute of limitations every year, according to a report by the Receivables Management Association International.

In Rayman's case, Rausch Sturm dropped its lawsuit after being contacted by The Washington Post. It declined to comment on Raymer's case, citing consumer privacy, but said in a statement it complies with all relevant laws.

The efforts to collect on old debts often focus on getting consumers to reset the statute of limitations through a variety of means, including sending them credit cards that let them pay off their old debts or by allowing them to make a small payment to halt debt collection calls. The efforts have contributed to the flood of debt-collection lawsuits clogging courts across the country, consumer advocates say. In New York City, the number of debt-collection lawsuits surpassed 100,000 last year, compared with 47,000 in 2016, according to data from the New Economy Project, an advocacy group.

CFPB on Verge of Industry-Changing Lawsuit | Dodd Frank Update
The Consumer Financial Protection Bureau is on the verge of filing a lawsuit against an independent mortgage lender concerning violations of the Equal Credit Opportunity Act (ECOA).

Sources have told The Title Report that the target of the investigation is a small, three-person mortgage company located in Chicago, which marketed their services on a conservative AM radio station in the area. The Title Report reached out to legal counsel for the firm but has not gotten a response.

If the regulators file expected allegations, sources said the lawsuit could effectively end the industry's ability to market and advertise their services through a variety of channels, including trade publications, online media, newspapers, radio stations and TV for fear of regulators charging companies with ECOA violations based on the predominant demographics or political leanings of each media outlet.

Mortgage Company Owner Confirms Identity In CFPB Investigation | Dodd Frank Update

The owner of an independent mortgage company in Chicago, which The Title Report reported Sunday was under investigation by the Consumer Financial Protection Bureau (CFPB), has confirmed his company's role in the investigation.

Townstone Financial CEO Barry Sturner told The Title Report that his company had received a civil investigative demand (CID) from the CFPB in the summer of 2017. The CID concerned potential violations of the Equal Credit Opportunity Act, involving redlining, because of the radio advertising practices of the company and the company's radio show.

The Fed Says It Will Build A Real-Time Interbank Payments System | The Economist
In several countries—Britain, say, or Sweden—bank transfers are more or less instant. The moment your wages leave your employer's bank account, they arrive in your own, giving you the wherewithal to pay the bills and feed the family. But America is far behind. Transfers can take days to clear, landing many Americans—chiefly those who can least afford additional expense—with hefty overdraft fees or pushing them towards payday lenders charging high interest rates. In an age when millennials can split a drinks tab on their smartphones before leaving the bar, this almost beggars belief.

The Federal Reserve wants to speed things up. On August 5th it said that it would build a faster-payments system, as central banks have in other countries. But not, alas, instantly. FedNow, its proposed service, will not start before 2023. Covering all of America's 10,000 banks and other depository institutions will take even longer.

Fed to Create Payments System to Speed Money Transfers | Wall Street Journal
The Federal Reserve plans to develop a faster payments system for banks to exchange money, providing a public option to another real-time network built by big banks.

The new system would allow bill payments, paychecks and other common consumer or business transfers to be available instantly and round-the-clock, a change from the government's current system that is closed on weekends and can at times take days to settle a transaction.

"Everyone deserves the same ability to make and receive payments immediately and securely, and every bank deserves the same opportunity to offer that service to its community," Fed Gov. Lael Brainard said in a speech at the Federal Reserve Bank of Kansas City Monday.

Fed Says It Will Develop Faster Digital Banking System. But Wall Street Fears Tech Incursion. | Washington Post
The Federal Reserve announced Monday it will develop a service to eliminate the frustrating delay many Americans face between when they deposit a check and when it's recognized in their account.

Such delays cost billions of dollars in late fees and overdraft charges for millions of people living paycheck-to-paycheck, industry experts and regulators say.

The announcement could pit the Fed against some of the country's biggest banks, including Bank of America and JPMorgan Chase, who have already developed rival technology and fear that Silicon Valley companies could use the Fed system to push their way further into the banking world.

What Employers Need to Know About Advance Wage Payment Products | National Law Review
A hot topic of discussion in payroll offices around the country is the prospect of new services that provide workers with immediate access to their wages for hours they have worked but which aren't due to be paid until after the end of the current payroll cycle. Variously referred to as "Advance Wage Payment," "Earned Wage Access," or "Wages-on-Demand" products, these services are becoming popular with employees, especially those who work for minimum wage. Employers who offer the programs often see a boost in employee morale and retention. These programs, however, raise a number of tricky legal issues. Depending on how it is structured, a program may run afoul of lending law or wage and hour rules. Several states are investigating whether certain wage advance providers are violating state law. Companies that are considering offering wage advance benefits to their employees should carefully review the programs for regulatory compliance.

Nonbank Lender's Results Bolster Case For Alternative Data, CFPB Says | American Banker
The Consumer Financial Protection Bureau on Tuesday released performance metrics from a nonbank lender that provide some support for using alternative credit data for underbanked consumers.

The agency shared results from the Upstart Network, which has participated in a CFPB program that tests promising digital platforms. The startup reported to the bureau that since late 2017 it has approved nearly 30% more loans using alternative data.

Lendingclub Eyes 3Q Profit, Looks To Reopen Credit Spigot | American Banker
LendingClub, after recording outsize losses over the last few years, said Tuesday that its cost-cutting plans are ahead of schedule and that it expects to record a small profit in the third quarter.

The San Francisco company also announced that it is starting a program that will allow sophisticated investors to purchase loans made to borrowers whose applications would have previously been rejected.

Where You Went to College May Matter on Your Loan Application | Wall Street Journal
Should borrowers be denied new loans because they didn't finish college?

That sort of question is vexing policy makers as they seek to encourage lenders to use new types of data and computer-driven models to allow more borrowers to qualify for loans and at lower prices.

Such efforts seek to address mounting criticism of an existing credit-evaluation system that relies on past loan-repayment history but also raises questions about fairness and accessibility to credit.

Payday Loans Decline In Calif. As Borrowers Turn To Installment Products | American Banker
Cash-strapped Californians continue to migrate away from payday loans and toward larger installment loans, but they are not necessarily paying less to borrow.

Last year, consumers in the Golden State took out 10.2 million payday loans, the lowest number since 2006, according to data released Thursday. The number of payday loans made in California has declined for five straight years.

Online Lenders Under Investigation By Regulators In 10 States, Puerto Rico | New York Post
The New York Department of Financial Services is leading an investigation into a new breed of online lender that claim to provide advance payments on workers' paychecks — but are possibly violating usury and other payday lending laws, The Post has learned.

The investigation, which includes a coalition of 10 state banking regulators and Puerto Rico, is centered on companies like Earnin and others that charge "tips" or monthly memberships that can add up to annual percentage rates of over 400 percent.

ENFORCEMENT

JPMorgan's Chase Private Client Group Used False Evidence To Fire An Advisor. This Is How The Firm Tried To Make Sure No One Knew. | Financial Planning
Four years after JPMorgan admitted to harming clients nationwide, Burris continues to ask why FINRA, the SEC and other regulators have not taken any public action against the bank's executives. To him, a recurring theme is that, while he lost his job over complaints disavowed by his clients, Jamie Dimon remains as CEO, despite the company's regulatory settlements following nationwide breaches of fiduciary duty to clients, the type of which Burris had resisted. Dimon also has three criminal disclosures on his BrokerCheck listing. One was posted in 2014, the day after it was announced the bank agreed to pay $1.7 billion to avoid prosecution for serving as Bernie Madoff's banker for decades. Another followed JPMorgan's 2015 guilty plea for rigging foreign currency exchanges. A related disclosure in 2016 remains on Dimon's BrokerCheck record as a "pending charge," although the bank persuaded a French court to dismiss a criminal finding that it helped clients evade taxes.

EXECUTIVE COMPENSATION

Watch: Wall Street Bonuses to Take a Hit From This Year's Trading Slump | Bloomberg
The worst first half in a decade for Wall Street's trading desks is poised to hit year-end pay. Bonuses for equities traders could fall as much as 15% from a year earlier, while their fixed-income counterparts could see a 10% drop, according to a report released Tuesday from compensation consultant Johnson Associates Inc. It predicts total incentive compensation for investment and commercial banks will drop in 2019 -- the third time in the last four years -- on geopolitical and rate uncertainty.

INVESTOR PROTECTION, SEC, CAPITAL MARKETS

Potential Nominee for Democratic Slot on the SEC Troubles Advocates | The American Prospect
Reuters reported on Friday that two people were under consideration for the job: Caroline Crenshaw, an attorney working in Jackson's office who previously worked for progressive commissioner Kara Stein; and Urska Velikonja, a securities law professor at Georgetown University Law Center. These are not the only two under consideration. But the process has certainly advanced for the two women, and if one of them is chosen it would create the first majority-female panel in SEC history.

Velikonja has been one of the foremost academics studying the SEC's enforcement statistics. I spoke with her in 2015 about how the SEC artificially inflated its enforcement numbers to look tougher than it really is. She recently gave testimony to the House Financial Services Committee, advocating for stiffer enforcement.

But advocates caution that Velikonja has no known policy views on the many areas of securities law that come before the commission. "The commission does far more than enforcement," says Micah Hauptman, financial services counsel for the Consumer Federation of America. "It's not clear to me that Ms. Velikonja has an interest or expertise in these issues. Our view is that it is critical to choose commissioners who have a demonstrated commitment to investor protection and particularly retail investor protection."

Call Comes for Stiffer Penalties on Recidivist Brokers and Firms That Hire Them | Financial Advisor IQ
The American Securities Association believes Finra isn't going far enough in its efforts to deal with member firms who regularly hire bad actors with significant misconduct records.

The ASA says the self-regulator should impose stricter penalties — including a lifetime ban on the bad actors and a capital charge on the erring member firms — to weed out the worst actors that tarnish the industry. The ASA is a lobby group for middle-market financial services firms, including broker-dealers and advisory firms.

Labor Nominee Would Likely Sit Out Financial-Advice Rule Making | Wall Street Journal
President Trump's pick to be the next secretary of labor would likely have to sit out the department's rewrite of a closely watched investment-advice rule if he is confirmed, according to people familiar with the matter.

Eugene Scalia, a Washington lawyer who has helped companies challenge financial rules, previously handled a legal challenge to the Obama administration's version of the regulation, known as the fiduciary rule. Government ethics rules generally prevent officials from participating in issues they were involved in while in the private sector to guard against potential conflicts of interest.

Mr. Scalia's likely recusal suggests that his ties to the financial-services industry could complicate his tenure on high-profile initiatives should he win Senate confirmation to lead the Labor Department in the coming months.

Best Interest Rule for Annuities Goes Into Effect in New York | Financial Advisor IQ
Broker-dealers selling annuities in New York state must now abide by the best-interest standard, according to news reports.

Passed last July, Regulation 187, as it's known, requires financial services providers to consider clients' interests first when recommending annuities and puts new disclosure and training requirements on broker-dealers and insurers selling annuities, WealthManagement.com writes.

The rule, which went into effect Aug. 1, also bars annuity sellers from calling themselves advisors unless they are licensed to do so, according to the web publication.

State Securities Regulators Back Massachusetts' Fiduciary Rule | Financial Advisor IQ
State securities regulators are supporting state-level efforts to put forth fiduciary standards, most notably in Massachusetts, according to news reports.

In June, Massachusetts Secretary of the Commonwealth William Galvin introduced a proposal for such a rule saying that the SEC's own package of rules governing broker and investment advisor conduct, Regulation Best Interest, adopted days earlier, "fails to establish a strong and uniform fiduciary standard."

PRIVATE FUNDS

Warren's Push For Changes Brings More Attention To Industry Reforms | Pensions and Investments
Some of the ideas in private equity reform legislation recently introduced by Democratic presidential candidate Elizabeth Warren may be as provocative as the title — Stop Wall Street Looting Act — while others are stimulating discussions of where there might be room for improvement as far as investors are concerned.

Ms. Warren, a Massachusetts senator, and 13 other Democratic members of Congress so far are supporting the multifaceted — and decidedly ambitious — proposal that would require Congress to revisit the tax code, corporate and bankruptcy laws, and more.

Riches to Rags: Hedge Funds and Retailers Don't Mix | Wall Street Journal
Barneys New York owner Richard Perry isn't the only deep-pocketed money manager to watch over the decline of a storied retailer.

Investors from Eddie Lampert—once lauded as the next Warren Buffett—to Bill Ackman have taken on clothing chains only to walk away with their wallets and reputations in tatters. The retailers' fates might not have otherwise been any different, but the managers could have done without the experience.

Retail disasters are by no means unique to the hedge-fund world. The managers of private-equity firms KKR and Bain forked over $20 million last year to assist thousands of workers at Toys R Us left jobless after the buyout firms' more than 10-year reign ended with a thud. The buyout business is littered with other examples of retailer bankruptcies and restructurings including Claire's Stores and J.Crew.

What Elizabeth Warren Plans for Your Clients' Alternative Asset Investments | Financial Advisor IQ
Financial advisors might want to pay closer attention to what presidential hopeful Senator Elizabeth Warren (D-Mass.) has proposed that could potentially create consequences for their clients as her standing in the polls has risen after her strong debate performances.

Warren's newest "I've got a plan for that" focuses on the private equity sphere.

"She's pretty much proposing a total revamping of the way private equity firms do business," Robert Willens, a New York-based tax analyst and a former managing director at Lehman Brothers told the Washington Post. "She didn't miss anything, that's for sure."

Elizabeth Warren Wants To Change The Bankruptcy Code. Here's What That Could Mean For American Workers | CNN Business
Democratic presidential candidate Elizabeth Warren wants to change the way bankruptcy works in America.

Warren's plan would give everyday workers a better chance of getting severance when a company goes belly-up. And executives at companies that enter bankruptcy would no longer be allowed to pocket bonuses.

But most of all, she wants to prevent companies from going bankrupt in the first place. Warren plans to accomplish that by making private equity firms responsible for the debts they add to companies' balance sheets when they buy businesses, and by eliminating some tax incentives for taking on debt. Private equity investors would also have to fund certain pensions, so companies continue to pay workers' retirement benefits in bankruptcy.

Barneys Seeks Bankruptcy Protection, Closes Most Stores | Associated Press
Barneys New York is filing for Chapter 11 bankruptcy protection, the latest retailer to buckle as shoppers move online.

The iconic clothier founded almost a century ago will keep the doors open at its 10-story Madison Avenue store, but it has secured $75 million in financing to pay employees and vendors as it seeks a buyer.

Barneys, controlled by New York hedge fund Perry Capital, listed more than $100 million in debt and more than $100 million in assets in its bankruptcy filing in the Southern District of New York.

The picture for most traditional retailers grows worse by the year.

Gatehouse, Gannett To Merge For $1.4b, Build Newspaper Giant | Associated Press
Two of the largest U.S. newspaper companies have agreed to combine for roughly $1.4 billion, creating a new industry giant that hopes to manage the crisis of print's decline through sheer size.

GateHouse Media, a fast-growing chain backed by an investment firm, is buying USA Today owner Gannett, promising to speed up a digital transformation as readers shift online. The companies say they are committed to "journalistic excellence" — while also cutting $300 million in costs every year.

The resulting company would be the largest U.S. newspaper company by far, with a print circulation of 8.7 million, 7 million more than the new No. 2, McClatchy, according to media expert Ken Doctor.

GateHouse's owner, New Media, is taking on new debt to get the deal done — a $1.8 billion loan from private equity firm Apollo Global Management. That will have to be paid back.

MORTGAGES AND HOUSING

Consumer Watchdog Blasts Government's Loan Sales Program — Says It Has 'no Rules' In Place To Help People Save Their Homes | MarketWatch
Some Americans were left worse off after their mortgages were sold to private-equity firms by the Department of Housing and Urban Development.

That's according to a report released by the U.S. Government Accountability Office, which this month released a new analysis of HUD's Distress Asset Stabilization Program. That program has overseen the sale of roughly 111,000 loans insured by the Federal Housing Administration, which were valued at around $19 billion, between 2010 and 2016.

"The GAO's report shows that HUD had no rules in place to ensure that the sales would help homeowners, and in fact, the GAO's data show that homeowners lost out while private equity companies gained," said Geoff Walsh, a staff attorney with the National Consumer Law Center, in a statement following the report's release.

Don't Diminish The Importance Of Homeownership In CRA Reform | NCRC (Josh Silver)
With proposed changes to Community Reinvestment Act rules expected in late summer or early fall, we must remind federal regulatory agencies not to diminish the importance of home mortgage lending in CRA exams. Some industry stakeholders have suggested that stagnant wages, the high cost of housing and bottlenecks in housing supply have created significant barriers to homeownership. Hence, CRA exams should diminish their attention to home mortgage lending.

Some stakeholders would rather have CRA exams emphasize community development financing over traditional home mortgage lending. Community development financing supports affordable rental housing and economic development projects such as shopping centers. While it is critical, CRA exams must maintain their current attention to home mortgage lending if our country wants to narrow the growing inequalities in wealth and income.

Advocates Oppose FHFA's Decision to Remove Language Preference Question from Loan Application | Americans for Financial Reform and Americans for Financial Reform Education Fund This should get moved to housing section
The Americans for Financial Reform (AFR) Language Access Task Force strongly opposes the decision announced yesterday by the Federal Housing Finance Agency (FHFA) to remove the question about a borrower's language preference from the revised Uniform Residential Loan Application (URLA). The Task Force members include the Americans for Financial Reform Education Fund, the Center for Responsible Lending, Connecticut Fair Housing Center, Consumer Action, Empire Justice Center, NAACP, National Coalition for Asian Pacific American Community Development (National CAPACD), National Consumer Law Center, National Council of Asian Pacific Americans, National Fair Housing Alliance, and UnidosUS.

"We are deeply disappointed that FHFA has suddenly decided to reverse course and set aside the thoughtful, inclusive, multi-year process that led to the decision to add a language preference question to the URLA." said Linda Jun, Senior Policy Counsel at the Americans for Financial Reform Education Fund. FHFA crafted the language preference question after careful consideration and vetting over 200 public comments on its Request for Information. The decision was also based on research that FHFA conducted through the Kleimann Group, including focus groups with non-English-speaking consumers. The question on the URLA included a clear disclaimer that informs the applicant that the loan transaction "is likely to be conducted in English" and "communications may not be available in your preferred language."

Waters Statement on GAO Report Confirming Concerns about HUD's Distressed Asset Stabilization Program | U.S. House Committee on Financial Services. This should go in housing section

Waters Statement on GAO Report Confirming Concerns About HUD's Distressed Asset Stabilization Program

Today, Congresswoman Maxine Waters (D-CA), Chairwoman of the House Financial Services Committee, released a statement on a Government Accountability Office (GAO) report entitled, "Federal Housing Administration: Opportunities Exist to Improve Defaulted, Single-Family Loan Sales." (GAO-19-228).

The GAO report was requested in 2016 by Chairwoman Waters to ensure the Federal Housing Administration's (FHA's) Distressed Asset Stabilization Program (DASP) is serving its dual purpose of helping FHA borrowers struggling to pay their mortgages and minimizing losses to the FHA. DASP has been operating as a demonstration program to date, and this GAO report follows a recent advance notice of proposed rulemaking and request for public comment from the Department of Housing and Urban Development (HUD), signaling that the agency is looking to formalize the program. The GAO report's findings show that HUD will need to make significant reforms to DASP in formalizing the program's requirements in order to ensure that it does not continue to harm borrowers.

Rashida Tlaib: How To Reverse The Decline In Black Homeownership | CNN (Rashida Tlaib)

While there are a number of contributing factors, including the Great Recession spurred by Wall Street greed and predatory lending, one thing is certain: Provisions in the Fair Housing Act of 1968 do not go far enough to protect our communities in this time of corporate-driven economics that puts profits before people.

And the White House is determined to make the situation worse.

Much of my district is either unbanked or underbanked, with few options or access to credit. Although some banks in my district have been criticized for performance in some areas that is not satisfactory, ultimately, they still receive their CRA credit largely because they lend in low and moderate income areas versus receiving credit for lending to low and moderate income borrowers. It is time to explore a change that would ensure that CRA credits are based more heavily on a person's income, rather than location.

We must also ensure that area assessments of banks continue to be based on the locations of their branches and beat back attempts to change this. The Community Reinvestment Act should be as community-focused as possible, and that means the policy should be reflective of the community's true needs.

If the Tuition Doesn't Get You, the Cost of Student Housing Will | Bloomberg Business

In 2015, Sabrina Martinez got into the University of Texas at Austin, the UT system's flagship campus and its most selective. She was thrilled. Her parents, not so much. "They were just like

‘Nope. You can’t afford it. You shouldn’t go. Loans are ridiculous.’ ” They encouraged her to go to the cheaper University of Texas at El Paso, to which she could commute while living at home. “But I clicked ‘accept’ on my admission anyway,” she says, figuring that attending UT Austin’s lauded journalism school would lead to more internship opportunities and, ultimately, a job after she graduated.

Martinez’s parents are divorced. Her mother works as a teacher and receives child support from her father, who works in the oil fields of West Texas. Her family always had money for necessities, Martinez says, but with her two younger siblings to take care of, there usually wasn’t much left over for luxuries. That meant paying for college fell squarely on her shoulders.

Even with student aid, a $5,000-a-year scholarship, and some income from a part-time job on campus, Martinez has had to take on far more debt than she expected. She’s hardly alone: Average student debt has climbed from about $11,000 in 1990 to around $35,000 in 2018. The cost of tuition at public colleges roughly tripled in that time, to $10,270, but that’s far from the only expense forcing students to take on loans.

CFPB Releases Report on Consumer Credit Card Market | Bloomberg Business

The Consumer Financial Protection Bureau (Bureau) today released its fourth biennial report on the state of the credit card market for the period 2017-2018. In 2009, the Credit Card Accountability Responsibility and Disclosure Act (Act) made substantial changes to the legal requirements applicable to the credit card market, with Section 502 of the Act also requiring that a report be issued every two years with respect to the market.

Credit cards remain central to Americans’ financial lives, constituting the largest U.S. consumer lending market (measured by the number of users). Market conditions remain stable as a result of low unemployment, modest wage growth and high consumer confidence. Consumer satisfaction with credit cards remains high and debt service burdens are near the lowest level in more than a decade. Late payment and default rates have risen modestly but remain below pre-recession levels. Since 2015, consumers have more than doubled spending with credit cards with only modest balance growth. The great majority of credit card spending results in consumers obtaining rewards, and surveys indicate rewards are the primary factor consumers consider in choosing a credit card.

HUD to propose more hurdles to prove housing discrimination **| Politico**

Late Monday, August 12, 2019, the U.S. District Court for the Northern District of California largely DENIED Fannie Mae’s Motion to Dismiss a fair housing lawsuit concerning housing discrimination against communities of color. The lawsuit, brought by the National Fair Housing Alliance (NFHA) and 20 local fair housing organizations, charged Fannie Mae with failing to maintain foreclosed properties (also known as Real Estate Owned or “REO” properties) in Black and LatinX neighborhoods, even as Fannie Mae simultaneously was keeping foreclosed properties in predominately White communities well-maintained. The fair housing groups allege that Fannie Mae's poor and improper maintenance policies and practices in Black and LatinX communities contributed to blight and other challenges in these areas.

SMALL-BUSINESS LENDING

The Richer The Area, The Better The Small Business Service From Banks, Report Says | Chicago Sun-Times
Small businesses and startups in lower-income parts of the Chicago area have a harder time getting bank loans than counterparts in wealthier regions and often resort to online financing with interest rates so high that it threatens their solvency, said a report issued Tuesday by the nonprofit Woodstock Institute.

The report found that despite an overall increase in bank lending in the Chicago area, small businesses in low-income census tracts or those with a large population of minorities still don't get a proportionate share of loans less than $100,000.

STUDENT LOANS AND FOR-PROFIT SCHOOLS

Thousands Of Scammed Student-loan Borrowers Filed Claims For Debt Relief — The Feds Haven't Approved Any In Over A Year | MarketWatch
Over the past year, the Department of Education has received tens of thousands of applications of student-debt relief from borrowers who say they've been scammed by their schools.

The agency hasn't approved any.

That's according to data obtained from the Department and released Wednesday by the office of Senator Patty Murray, the ranking Democrat on the Senate's Health, Education, Labor and Pension committee, which oversees the Department.

9 Ways Student Debt Is One More Thing That's Worse For Women Than Men | Business Insider
The student-loan debt crisis is hurting many Americans — but it's hitting women particularly hard.

As the cost of college continues to climb, so too does the nation's student-loan debt total, which currently sits at $1.5 trillion. Women hold the majority (two-thirds) of that total, according to the American Association of University Women.

While that finding is influenced by the fact that more than half of women have bachelor degrees compared to men, the gender pay gap is also at play. Women earn less than men in the workforce, which means it takes them longer to pay off their student-loan debt. This gives interest more time to accrue, further widening the debt load.

How Financially Troubled Colleges Rip Off Veterans | Salon
Since DeVos and team greenlighted the accreditation of one of the nation's largest chains of for-profit colleges, Dream Center Education Holdings, and its purchase of schools, thousands of students have been affected by school closures and conversion to nonprofit status. One group of students that have been greatly affected are military veterans, who have racked up useless credits and massive debts that can become the burden of taxpayers and the federal government to the tune of hundreds of millions of dollars.

The deregulation efforts of the for-profit college sector began back in 2017, soon after Dream Center — a charity affiliated with a Los Angeles-based megachurch with no higher-education experience — acquired some colleges from a major for-profit player in bankruptcy. DeVos had made it a priority to bolster for-profit schools, according to an article by The New York Times. In addition to relaxing oversight on the sector, DeVos also allowed for-profit schools to convert to non-profit status by loosening the rules of that process.

Why California Needs To Institute A 'Student Borrower Bill Of Rights' | LA Times (Suzanne Martindale)
Several million Californians have education debt to pay off but too often get tripped up by a terribly complex repayment system and shoddy treatment by loan servicers. To make matters worse, the Department of Education under Secretary Betsy DeVos has refused to set loan servicing standards to help struggling student borrowers.

Californians who are repaying debt could finally get some relief if state lawmakers pass Assembly Bill 376, also known as the "student borrower bill of rights," in the coming weeks. The Assembly approved the proposal in May, and it will face a critical vote on the Senate floor sometime after the Legislature returns in mid-August.

Want to Hire Millennials? Better Help Repay Their Student Debt | Bloomberg

Like millions of her peers, Nicole Read graduated with thousands of dollars of debt. Unlike most of them, she's getting direct help from her employer to pay it back.

The 26-year-old's job at event organizer Live Nation Entertainment in Beverly Hills, California, comes with a benefit that may be starting to catch on at U.S. companies: Contributions to her student loan bills. Offering such an incentive helps businesses lure prospective employees as they grapple with tight labor market conditions marked by a jobless rate near its lowest in almost five decades.

A Solution To The Student Loan Crisis May Be On The Horizon | Forbes
Paying off student loan debt is the financial priority in most young people's lives. That makes saving money for the future an afterthought at best.

A recent Private Letter Ruling by the IRS (PLR 201833012) will now allow employers to amend their 401(k) plans to benefit employees who are paying off student loans. Now, instead of matching employee contributions into retirement accounts, employers can actually contribute to retirement accounts as a match of their employees' student loan payments.

Rhode Island Governor Pushes Tuition-Free College In States | Politico
Raimondo, a Democrat who passed free community college in her state, is taking on a new national role to promote efforts by governors and state lawmakers to make public colleges tuition-free.

Raimondo will become co-chair of a new advisory council formed by The Campaign for Free College Tuition, the group will announce today.

"There's total inaction at the federal level, which means cities and states need to step up" when it comes to college affordability, Raimondo said in an interview with POLITICO.

Raimondo pitched tuition-free college as an economic boon for states. "It's an investment in our economy," she said. "Businesses benefit from it — every company I talk to says they want to be in states with talent."

Morehouse Launches New Fund To Help Eliminate Student Loan Debt | Black Enterprise
To help offset the stress of student debt on alumni, Morehouse is launching a funding initiative that will solicit and accept donations made specifically to reduce or eliminate the student loan debt of Morehouse Men. The goal of the Morehouse College Student Success program is to give grads greater financial freedom and the opportunity to pursue advanced degrees, start careers, and build wealth.

The program, which was established by the HBCU's Board of Trustees, will also function as a fund-raising and research initiative that will study the impact of the cost of higher education on Morehouse Men compared to the freedom that alumni experience in their careers when their student loan balances are paid in full or reduced.

CFPB's Appoints Private Education Loan Ombudsman | NCLC

The Consumer Financial Protection Bureau (Bureau) announced the appointment of Robert G. Cameron to serve as the Bureau's private education loan ombudsman. Mr. Cameron is a Colonel and Staff Judge Advocate for the Pennsylvania Army National Guard. He has served in the United States Army for 29 years. Mr. Cameron also joins the Bureau from the Pennsylvania Higher Education Assistance Agency where he was a high-ranking official responsible for litigation, compliance, and risk mitigation efforts.

The Dodd-Frank Act created a private education loan ombudsman position within the Bureau. The Dodd-Frank Act gave the Treasury Secretary, in consultation with the CFPB Director, the authority to designate the ombudsman. The ombudsman is responsible for receiving, reviewing, and attempting to resolve complaints from private student loan borrowers. The ombudsman is also responsible for compiling and analyzing complaint data on private education loans and making appropriate recommendations to the Secretary of the Treasury, the Bureau Director, the Secretary of Education, and Congress.

Trump Appoints Student Loan Industry Executive to be Top Loan Watchdog | Associated Press

The Trump administration has hired a longtime student loan industry executive to be the federal government's top watchdog for the $1.5 trillion student loan market.
Robert Cameron will serve as the Consumer Financial Protection Bureau's new student loan ombudsman, the bureau said Friday.

Committee Chairs to Secretary DeVos: Weak Oversight of Student Loan Industry is Hurting Students and Families | Education & Labor Committee

Today, Education and Labor Committee Chairman Bobby Scott (VA-03), Financial Services Committee Chairwoman Maxine Waters (CA-43), and Oversight and Reform Committee Chairman Elijah Cummings (MD-07) sent a letter to Secretary of Education Betsy DeVos expressing deep concern over the Education Department's failure to protect students and families from student loan companies.

The letter addresses recent reports that the Department is shielding student loan servicing companies from state law enforcement and undermining the Consumer Financial Protection Bureau's (CFPB) oversight of these companies. In March 2019, an independent watchdog found that the Department failed to establish policies to properly conduct oversight of student loan servicing companies.

SYSTEMIC RISK

CFTC Commissioner Dan Berkovitz Warns Of Systemic Risk From Clearing Services Concentration | Mondaq
In a speech before the National Cattlemen's Beef Association, CFTC Commissioner Dan M. Berkovitz expressed concerns about the concentration in clearing services and the systemic risk resulting from the materially reduced number of futures commission merchants ("FCMs").

Mr. Berkovitz reported that due to the concentration in clearing services, the number of FCMs actively clearing futures and options on behalf of customers has fallen from 90 firms in 2007 to 55 in 2019. He said that clearing services are provided primarily by the affiliates of big banks, with ten of the largest FCMs holding 75 percent of all required customer margin.

[Fannie Mae And Freddie Mac Need To Be Labeled As Systemically Important](#) | The Hill (Alex Pollock)
That would be a hopeless argument indeed, since Fannie Mae and Freddie Mac guarantee half the credit risk of the giant United States housing finance sector and have combined assets of $5.5 trillion. Fannie Mae is bigger than JPMorgan Chase and Bank of America, and Freddie Mac is bigger than Citigroup and Wells Fargo. They have already demonstrated that they can "pose a threat to the financial stability of the United States," to use the words of the Dodd Frank Act. Are they systemically important? Of course. Are they financial companies? Of course. They are systemically important financial institutions, as a matter of simple fact.

ELECTIONS, MONEY, AND POLITICS

Rookie Bundlers Power Buttigieg Fundraising Surge | Politico
Buttigieg's campaign has amassed 94 people and couples who have already raised more than $25,000 for him in the race, according to a list of his top bundlers obtained by POLITICO. But roughly two-thirds of those donors were not among the major fundraisers for Barack Obama or Hillary Clinton during recent election cycles, according to a POLITICO analysis — though in many cases they are well-connected people in their own right.

Buttigieg's roster of top bundlers, known inside the campaign as his "investor's circle," includes well-known hedge fund manager Orin Kramer and Esprit co-founder Susie Tompkins Buell — each of whom has raised upward of $25,000 for his campaign. The rainmakers were instrumental in making Buttigieg the biggest fundraiser in the Democratic presidential field this spring, as he brought in $24.8 million in the second quarter of the year.

Watch: Bernie Sanders Talks Medicare For All, Minimum Wage, Gun Control, UFOs On Joe Rogan Podcast | Real Clear Politics
Sen. Bernie Sanders, a 2020 presidential candidate, appeared Tuesday on the "Joe Rogan Experience" podcast to discuss a wide variety of issues including the "reality TV" nature of the presidential debates, his policy plans, and ideology.

Meet The Hedge Fund Manager Rooting For Elizabeth Warren In 2020 | CNN
Hedge fund manager Kyle Bass is no fan of Elizabeth Warren's populist platform. He calls her proposed wealth tax unconstitutional. Still, he's hoping she is the Democrats' presidential nominee and wins the White House in 2020.

Bass, founder of Hayman Capital Management, told CNN Business in an interview this week that he would "immediately" vote for Warren because of her tough stance on China's human rights and trade record.

"Warren would be a problem for China," said Bass, who is a longtime vocal critic of China.

How a President Bernie Sanders Could Take on Wall Street | Jacobin (Michael McCarthy)

If Bernie Sanders wins the presidency, he'll confront numerous obstacles to his agenda. To overcome those obstacles, we need a strategy to take on capital, especially Wall Street — and we need to start thinking about that strategy right now.

Banks Plan to Boost Campaign Spending in 2020 | Wall Street Journal (Lalita Clozel)
Banks plan to be more active in the 2020 elections, with a large industry group promising to boost campaign spending and political advertising after keeping a relatively low profile in the decade after the financial crisis.

The industry's re-emergence in the political arena comes amid a friendlier tone in Washington during the Trump administration. Congress and financial regulators have sought to ease capital rules, limits on trading and other restrictions placed on banks by the Obama administration after the 2008 crisis, arguing the financial system is more resilient now.

"They're using the current thaw in what had been a pretty contentious relationship between Wall Street and D.C. to tell their story a little better," said Ed Mills, managing director at Raymond James Financial.

OTHER TOPICS

Russians Pull Out Credit Cards, and Consumer Debt Spirals | New York Times
"Nobody wants to go into debt," Ms. Bulgakova, 21, said. Yet millions of Russians like her are doing just that, spurring a boom in consumer lending.

The growth in such lending has alarmed some economic policy officials, who note that a growing number of Russians are using a quick swipe of plastic or relying on payday lenders to cope with hard times brought on by Western sanctions and slumping prices for oil, one of the country's major export commodities. The spending has lifted the economy but with ballooning consumer debt that could help start a recession.