Americans for Financial Reform

# This Week in Wall Street Reform | Feb. 20–Feb. 26, 2016

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## CONSUMER FINANCE & THE CFPB

### Watch This Congressman Plagiarize A Lobbyist On Payday Loans

**Zach Carter and Ben Walsh, Huffington Post, 2/18**

Good lawmakers borrow, great lawmakers steal. Rep. David Scott (D-Ga.) is a great lawmaker.

At a House Financial Services Committee hearing last week on new rules intended to rein in abusive forms of payday lending, Scott couldn't seem to stop praising the industry, using language that sounded, well, bizarre. He bemoaned over-regulation by two agencies that don't actually oversee payday lenders. He said such "small-dollar" loans were "highly transparent" with "built-in controls to limit the use" -- products so good, they're designed to prevent people from using them. And then Scott gave away the game.

"They've all received positive feedback from our borrowers," Scott said. As a member of Congress, David Scott doesn't have any borrowers. But Richard Hunt, the top lobbyist for the Consumer Bankers Association, represents plenty of companies that do. Scott, it turns out, was basically reading from 2013 testimony that Hunt gave to the Senate without disclosing his source. He was literally plagiarizing a lobbyist.

### Payday loans return

**Linda Valdez, Arizona Republic, 2/25**

A bill enabling triple digit interest loans previously was rejected in committee. Now it's back.

The proposal allows rates that translate into APR of 204 percent over 24 months, according to the Consumer Federation of America. A $2,500 loan would cost more than $10,000 to pay off. That doesn't include fees.
Arizonans banned this kind of predatory loan in 2008. "They don't call them payday loans," says Cynthia Zwick of the Arizona Community Action Association told me when the last bill was defeated. "They call them flex loans – but it's essentially the same product."

### Big Banks and the White House Are Teaming Up to Fleece Poor People

**Pedro Nicolaci Da Costa, Foreign Policy, 2/23**

…In reality, it is the banks themselves that appear to have cut off and driven away the low-income consumer, not the other way around. Wall Street won't make loans to the poor — at least not directly. But large banks, it turns out, are behind many of the predatory nonbank, high-cost lenders that notoriously prey on poor communities. Most recently, the same JPMorgan Chase that's working with the White House to reach the unbanked partnered with OnDeck Capital, an online lender that approves loans in a flash and charges eye-popping interest rates that averaged around 54 percent as of 2014.

### Trump's Opponents Bash Back In Their Most Desperate Hour

**Jason Linkins, Huffington Post Podcast, 2/26**

…Finally, Alexis Goldstein of **Americans for Financial Reform** joins us to talk about how the Consumer Financial Protection Bureau's efforts to rein in predatory payday lenders might get undercut by Congress, which aims to bail out the industry with a weak bill of its own.

[Citibank fined over debt collections and sales]
**Kevin McCoy, USA Today, 2/23**
Citibank was ordered to pay a $3 million penalty and provide nearly $11 million in consumer relief or refunds in a settlement over illegal debt sales and debt collection practices, a federal consumer agency said Tuesday.
The New York-based bank broke the law by selling credit card debt with inflated interest rates and failing to forward consumer payments promptly to debt buyers, the [Consumer Financial Protection Bureau said in a consent order].

Additionally, Citibank and two debt collection law firms that worked with the bank falsified court records filed in debt collection cases in New Jersey state courts, the CFPB said.

[Feds hit Citibank for illegal debt sales & collection practices]
**James Hood, Consumer Affairs, 2/24**

[Arbitration, Overdraft, Mortgages, Business Loans on CFPB Radar]
**ABA Banking Journal, 2/25**

See [CFPB Policy Priorities Over the Next Two Years]

[CFPB 2015: A Year of Growth and Expansion]
**Kyle Correa-Brady, Katherine Sear and Michelle Layser, Bloomberg Legal, 2/24**
The number of enforcement actions initiated by the Consumer Financial Protection Bureau (CFPB) has increased each year since it began enforcement activity in summer 2012. This has led to speculation that the CFPB prefers to regulate through enforcement rather than through rulemaking. The upward trend in enforcement activity continued in 2015, and the CFPB's 56 formal enforcement actions marked a nearly 65 percent increase over the number of actions initiated in 2014 and the largest year-over-year increase in the history of the agency. Notably, the CFPB began 2015 with the appointment of Anthony (Tony) Alexis, a former federal prosecutor, as the agency's new enforcement director. With the CFPB's continued growth and expansion, the consumer financial services industry is eager to understand where the agency's focus will be in the coming months and years.

[Cordray: CFPB weighing QM for small-dollar loans]
**Jon Prior, Politico, 2/23**
The Consumer Financial Protection Bureau may allow lenders a shortcut to meet upcoming requirements on small-dollar loans if the financing they offer comes with protections for the borrower, Director Richard Cordray said today. The proposal would echo similar guidelines for so-called "qualified mortgages" lenders can offer that are considered safe enough that borrowers can repay them while meeting other living expenses. The new guidelines would come under restrictions the bureau is expected to formally propose next month to rein in abuses in the payday lending market and establish a more thorough underwriting process.

[FTC sends letter to CFPB on 2015 debt collection activities]
**John Culhane Jr., CFPB Monitor, 2/22**
The FTC has sent a [letter] to the CFPB summarizing the FTC's debt collection activities in 2015. The letter is intended to provide the CFPB with information for its annual report to Congress on the federal government's FDCPA activities.

[Consumer Watchdog Tries to Play Nice With Financial Technology Firms]
**Peter Rudegeair, Wall St. Journal, 2/19**
A U.S. regulator says it will try to make it easier for financial-technology upstarts to bring new innovations to the often-staid field of consumer finance. The Consumer Financial Protection Bureau finalized a new policy this past week aimed at reducing regulatory uncertainty hanging over companies that develop untested financial products and services with potential for "significant consumer benefit." In recent years, some fintech companies have held off on launching new ideas because there hasn't been a formal process in place to find out whether regulators would view a new product as raising consumer-protection or antidiscrimination concerns.

[CFPB finalizes no-action policy for innovative financial products]
**Alan Kaplinsky, CFPB Monitor, 2/22**
The CFPB has issued a final policy statement on issuing "no-action" letters (NAL) for innovative financial products or services. The CFPB's statement that the final policy was released on its website on February 18, 2016 presumably means that the final policy became effective immediately. The policy is part of "Project Catalyst," the CFPB's initiative launched in November 2012 for facilitating innovation in consumer-friendly financial products and services. Under Project Catalyst, the CFPB finalized a trial disclosure policy in October 2013 for exempting individual companies, on a case-by-case basis, from applicable federal disclosure requirements to allow those companies to test trial disclosures.

CFPB policy priorities confirm rulemaking plans, interest in small business lending
**Barbara Mishkin, CFPB Monitor, 2/26**

Government may soon begin putting an end to forced arbitration
**David Lazarus, Los Angeles Times, 2/26**

Read the Fine Print
**KCRW Radio, 2/26**
Say you want to sue your cell phone provider. You could file a lawsuit ... or could you? If you read the fine print of your contract, there's a good chance you've signed away your day in court. Many consumer contracts these days, from cellphones to hotel rooms to car repairs, say you must take complaints to an arbitrator instead of a judge. Arbitrators are private individuals who settle disputes. They aren't necessarily lawyers, and some arbitration firms aren't playing by the rules.

Car insurers' widow's penalty catches consumer off guard
**Tim Grant, Pittsburgh Post-Gazette, 2/22**
After his wife of nearly 47 years passed away in March 2015, Robert Balas thought he was doing the right thing when he called his automobile insurance carrier to let them know. The 81-year-old Butler resident thought his insurance payments would drop since there would only be one driver on the policy. Instead, he was unpleasantly surprised when his annual AAA insurance bill almost immediately jumped — from $1,166 to $1,258.

Prepared Remarks of CFPB Director Richard Cordray at the Credit Union National Association
**CFPB Newsroom, 2/23**
It is time for credit unions, and CUNA, to wake up and smell the coffee: the Consumer Financial Protection Bureau is not your enemy; on the contrary, it is an important new friend and ally.

Marketplace Lending's Big Investors Grow Anxious
**Kevin Wack, American Banker, 2/25**
The go-go days of marketplace lending have screeched to a halt in recent weeks, as anxiety spreads among the big-money investors who fueled the sector's rapid growth.

The worries are being fanned by an uptick in delinquent loans at some of the leading online platforms, which has contributed to a decline in the returns enjoyed by loan purchasers, as well as by mounting doubts about the industry's short track record and diminishing confidence in the U.S. economic outlook.

Fast-Growing Lending Club To Change Its Fee Model
**Peter Rudegeair and Telis Demos, Wall St. Journal, 2/26**

Is Green Dot Bending to Outside Criticism?
**Adam Rust, Bank Talk, 2/25**
In a previous entry, I reviewed Harvest Capital's critique of Green Dot. Harvest said that it wanted to re-direct the company's product strategy, alter its capital structure, and rethink some of its past acquisitions… Harvest Capital proposed a new strategy that involved the resurrection of the MoneyPak and the extension of consumer credit.

Although Harvest's concerns were not cited as a motive for their decisions, the essence of Green Dot's investor call was that it would conform to Harvest's critique. In November 2014, Streit told the same committee that approximately $30 million in fraudulent MoneyPak transfers occurred in the course of a year…

# DERIVATIVES, COMMODITIES AND THE CFTC

**Why Elizabeth Warren Is on the Warpath This Week**

**David Dayen, The New Republic, 2/26**

One of the many ways that you can discern how unserious Washington is about strong oversight and enforcement of big business is through the spectacle of "advisory committees." Many federal agencies rely on these assemblies of experts to review policies and formulate recommendations. But the committees can also become an enhanced form of lobbying, where industry participants with a direct motive to loosen regulatory reins get a direct line to policymakers.
That's exactly what's going on with a long-delayed rule by the Commodity Futures Trading Commission (CFTC), designed to curb runaway speculation in oil, gas, and other energy markets. The CFTC's Energy and Environmental Markets Advisory Committee recommended Wednesday that the agency abandon the so-called "position limits" rule. But the members of the committee almost all come from companies and trade groups that would stand to profit if the CFTC followed their advice.

"It is no surprise that a skulk of foxes has decided that chicken is delicious," said Sen. Sherrod Brown in a statement.

"What is surprising is that the CFTC would create a committee designed to undermine the law it's charged with enforcing." Sen. Elizabeth Warren called the report "little more than a list of talking points for an industry that hopes to escape meaningful regulation." And Hillary Clinton, through her campaign's chief financial officer Gary Gensler (himself a former head of the CFTC), said that she "rejects these recommendations," adding that the rules "are a critical tool in curbing excessive speculation and protecting the integrity of markets.

See AFR statement.

**Elizabeth Warren Tells Wall Street It Can't Write Its Own Rules**

**Ben Walsh, Huffington Post, 2/25**

A group of Wall Street insiders is trying to stop the government from limiting their ability to take risks, and Sen. Elizabeth Warren (D-Mass.) is calling them out for it. The fight is over position limits, which restrict how big a share of the market individual speculators are allowed to have. For example, these rules would limit how many oil futures contracts one hedge fund can own. The Dodd-Frank financial reform law, passed in the wake of the 2008 meltdown, required the Commodities Futures Trading Commission to write position limit rules. (The CFTC regulates commodities and a host of derivatives, including the credit contracts at the heart of the financial crisis.)

So the commission wrote the rules. But of course, the financial industry sued, saying the rules were unfair and unnecessary, and in 2012, a judge threw the regulations out. The CFTC has now proposed a new set that Warren supports, but they haven't been implemented yet. The problem is that even though the CFTC is supposed to be reining in Wall Street, some of its committees include industry leaders.

# THE ELECTION AND WALL STREET

**Income gap, Wall Street rules big for Dems**

**Ken Thomas and Emily Swanson, Associated Press, 2/20**

The poll found that reducing income inequality, a message championed by Sanders, resonates deeply with Democrats. More than three-quarters of them in the poll say reducing the gap between rich and poor is very or extremely important for the next president to address. And 8 in 10 Democrats, but just 3 in 10 Republicans, say the government has some responsibility to reduce those income differences….

Half of Democrats in the poll say government regulation of financial institutions and markets put in place after the 2008 financial crisis did not go far enough. An additional 35 percent think the rules were about right, and 15 percent said they went too far. More than two-thirds of Democrats call regulating financial markets a very important issue. Among all

Americans, 54 percent call financial market regulation a very or extremely important issue. And they're slightly less likely than Democrats to feel the reaction to the financial crisis was too weak, with 42 percent thinking that regulations put in place did not go far enough, 31 percent felt they were about right and 25 percent thought they went too far. Among Republicans, only a third think regulations after the financial crisis did not go far enough, and only 4 in 10 call financial market regulation an important issue. On the other hand, two-thirds of Republicans — but just under half of Americans overall — call "reducing government regulation" a very important issue.

**Mrs. Clinton, Show Voters Those Transcripts**

**Editorial, New York Times, 2/25**

"Everybody does it," is an excuse expected from a mischievous child, not a presidential candidate. But that is Hillary Clinton's latest defense for making closed-door, richly paid speeches to big banks, which many middle-class Americans still blame for their economic pain, and then refusing to release the transcripts.

A televised town hall on Tuesday was at least the fourth candidate forum in which Mrs. Clinton was asked about those speeches. Again, she gave a terrible answer, saying that she would release transcripts "if everybody does it, and that includes the Republicans."

**The New York Times just perfectly explained why Hillary Clinton's answers on her paid speeches don't work**

**Chris Cillizza, Washington Post, 2/25**

**Whistleblowers Challenge Candidates: Stand Against Wall Street Fraud**

**Isaiah Poole, Campaign for America's Future, 2/26**

Four people who have been at the center of some of the nation's biggest Wall Street scandals have come together to send a message to the 2016 presidential candidates: Pledge to stand against Wall Street fraud and corruption – not just with words, but with the kind of actions that Americans have long expected but have yet to see.

The four veterans of battles with banksters – Gary J. Aguirre, William K. Black, Richard M. Bowen III and Michael Winston – on Thursday called on the candidates to not take contributions from financial companies or officers that have been charged with fraud, particularly related to the 2008 financial meltdown.

**Risky Shadow Banks Become Campaign Fodder For Democrats**

**Jim Zarroli, NPR, 2/24**

Under fire for her ties to Wall Street, [Hillary] Clinton increasingly has talked about the need to crack down on the hedge funds, private equity firms, money market funds and derivatives traders that perform many of the same functions as banks without being regulated the same way.

While shadow banks like these are more heavily regulated than they were before the 2008 financial crisis, the International Monetary Fund warned in October 2014 that their unchecked growth "could compromise global financial stability."

**Republican Marco Rubio winning Wall Street fundraising race**

**Ginger Gibson, Reuters, 2/22**

# ENFORCEMENT

**Banc de Binary Reaches $11 Million Settlement with U.S. Authorities**

**Margot Patrick, Wall St. Journal, 2/25**

Banc de Binary Ltd., a financial trading company and a sponsor of Liverpool Football Club, has agreed to an $11 million settlement with U.S. authorities over allegations it illegally signed up U.S. investors to its binary options trading platform.

# EXECUTIVE PAY

**Could you be supporting America's most "overpaid" CEOs with your retirement plan?**

**Jena McGregor, Boston Globe, 2/18**

A report released Wednesday from As You Sow, a nonprofit that focuses on corporate social responsibility, named the 100 CEOs it said have the most outsize pay packages, using an analysis of both shareholder returns and a range of compensation indicators the nonprofit said raise red flags about their pay.

Those among the top names included Discovery Communications CEO Jeffrey Zaslav at No. 1, whose 2014 compensation was valued at $156 million, thanks to his signing of a six-year employment agreement with big equity and option awards designed to encourage long-term ownership that will vest over time.

# FEDERAL RESERVE

**Fed Gets Tough on Stress Test**

**Ben McLannahan, Financial Times, 2/21**

The biggest US banks are bracing for a tougher round of stress tests from the Federal Reserve, which could crimp their plans for higher dividends and share buybacks. The two-part exam ... is designed to assess whether banks have enough loss-absorbing capital to keep trading through a shock to the system similar to the collapse of investment bank Lehman Brothers in 2008. The basic framework for this year's test was toughened up last month, with the Fed assuming bigger falls in unemployment, a deeper trough in Europe and negative short-term interest rates throughout the nine-quarter planning horizon.

The chief US bank regulator then said last week it would look more critically at operational risks, assuming bigger hits from events such as class-action lawsuits, a rogue trader or a major cyber security breach. As a result, banks are likely to be wary when asking the Fed for permission to return capital through dividends and buybacks ... The stress tests have become the Fed's main tool for keeping the big banks in check, forcing them to put every part of their books through the same drill

# HEDGE FUNDS AND PRIVATE EQUITY FUNDS

**A burgeoning group aims to crash N.Y.C.'s hedge fund parties**

**Anthony Noto, New York Business Journal, 2/25**

Hedge funds are on notice. A New York City-based group of activists is ramping up efforts to disrupt the goings-on at various investor gatherings and headquarters throughout the city. The most recent demonstration was at midtown's upscale Waldorf-Astoria hotel.

The Hedge Clippers— backed by a collection of teachers, labor unions and community groups — crashed a conference held in the hotel's Grand Ballroom yesterday, stalled the proceedings and made an example of the Waldorf's shoddy security. Garbed in red T-shirts that read "Hedge Funds = Inequality," the group chanted in opposition to the hedge funders in attendance, including those from EnTrust Capital and Avenue Capital.

**Protesters bypass hotel security to disrupt investors conference**

**Josh Kosman, New York Post, 2/24**

Talk about your security failures. A conference at the posh Waldorf-Astoria with some of the wealthiest investors in the world in attendance was temporarily halted on Wednesday after a group of protesters waltzed past hotel security and into the third-floor meeting.

More than a dozen hedge fund-hating protesters, many wearing red T-shirts that read "Hedge Funds = Inequality," shoved a female conference organizer out of the way and stormed into the Grand Ballroom, chanting and yelling, sources told The Post… Former President George W. Bush appeared at the conference the day before.

[Hedge Clippers shut down major investor conference]
**Fox News, 2/24**

## HIGH SPEED TRADING AND FINANCIAL TRANSACTION TAX

**[Would Mr. Sanders's financial transaction tax work? It depends on a lot of 'ifs.']**
**Editorial, Washington Post, 2/25**
The first thing to be said about Sen. Bernie Sanders's (I-Vt.) hot new democratic socialist idea — [a levy on stock, bond, derivative and partnership interest transfers] big enough to fund free public college tuition for all — is that it is neither new nor particularly socialist. The very capitalist United States actually taxed securities transactions at various times during the 100 years before 1966. Britain has taxed stock trades for centuries. We don't know how "democratic" the tax is, but it's certainly not exclusively Democratic: Republican President George H.W. Bush's treasury secretary, [Nicholas Brady,] was a big supporter.

**[The Washington Post Treats a Financial Transactions Tax Seriously]**
**Center for Economic and Policy Research, 2/26**
Are rivers flowing upstream? Has anyone seen four horsemen? Anyhow, it seems that the Washington Post editorial board is now acknowledging that a financial transactions tax [FTT] could be a serious policy. It ran an editorial which included a few derisive comments directed towards Senator Bernie Sanders, who has advocated a financial transactions tax in his presidential campaign, but favorably cited the Tax Policy Center's analysis and said:

"They [FTTs] represent a 'tempting' option that might help the United States raise revenue while curbing speculative excess." There are a few points worth adding to the Post's comments...

## INVESTOR PROTECTION AND THE SEC

**[Staying compliant as U.S. regulators crack down on dark pools]**
**Todd Ehret, Regulatory Intelligence, 2/22**
"I think you'll see more dark pool cases," U.S. Securities and Exchange Commission Chair Mary Jo White said on Friday. The spate of record fines at the private stock-trading venues, flash crashes, market volatility, fund closures, and the worst showing for stocks for the month of January since 2009, has caused great concern over market structure and fragmentation. High frequency trading (HFT), dark pools, spoofing, and algorithms have also been under immense scrutiny from industry participants as well as regulators. With this increased awareness surrounding trading desks and quality of executions, compliance officers must review policies and procedures and stay abreast of the evolving and technology-driven trading landscape. Below are some helpful reminders and suggestions for firms to manage these risks.

**[U.S. securities regulator working toward algorithmic trading rule]**
**Lisa Lambert, Reuters, 2/22**

## MORTGAGES & HOUSING

**[New Report Finds Racial Disparities, Possible Redlining In Oakland Mortgage Lending]**
**Hannah Albarazi, CBS San Francisco, 2/25**
A new report by two Bay Area racial justice organizations found significant racial disparities in mortgage lending in Oakland, as well as other California cities.

This month, Berkeley's Greenlining Institute and Oakland's Urban Strategies Council found significant discrepancies in the lending market by [analyzing] data from California's top 12 lenders by mortgage volume, released under the federal Home Mortgage Disclosure Act of 1975. The study titled, *Locked Out of the Market: Poor Access to Home Loans for Californians of Color*, found that in 2013, the top 12 lenders financed just four Oakland home purchases for African American buyers. Those same lenders [financed] only seven homes for Hispanic buyers, yet financed 40 homes for white buyers in Oakland.

[Market for Fixer-Uppers Traps Low-Income Buyers in Akron]
**Matthew Goldstein and Alexandra Stevenson, NY Times, 2/20**
Hundreds of broken-down houses still dot the streets of this onetime tire capital of the world, a scar from the financial crisis and housing bust. The wood has rotted in some; others have black mold, broken windows or failing foundations. Many lack working electrical systems or are missing water pipes and furnaces. The unpaid property taxes mount.

Dozens of these houses were scooped up after the financial crisis by investors, who then make deals with low-income home buyers unable to get traditional mortgages. The arrangement is something like buying a home on an installment plan, with a high-interest, long-term loan called a contract for deed, or land contract. But for buyers lured by the dream of homeownership, these seller-financed transactions can become a money trap that ends with a quick eviction by the seller, who can flip the home again. Before the housing crisis, low-income buyers got too much of a house that they couldn't afford. Now, they are getting too little of a house that they can't afford to repair… See contract language of the deeds.

[Mortgage lenders launch programs to turn more renters into homeowners]
**Kenneth Harney, Washington Post, 2/24**
Pushed by regulators and consumer groups to expand home-loan opportunities for first-time and moderate-income buyers, major mortgage players have come out with nationwide programs designed to turn renters who are creditworthy — but don't have big down payments or closing-cost cash — into homeowners. The newest option, known as the Affordable Loan Solution plan, launched Feb. 22. It allows for down payments as low as 3 percent, no minimum cash reserves and loan amounts as high as $417,000 — and, unlike other low-down-payment mortgages, there are no charges for traditional private mortgage insurance.

## MUNICIPAL FINANCE

[George K. Baum Overcharged School District, Regulator Says]
**Darrell Preston, Bloomberg, 2/22**
Municipal-bond underwriter George K. Baum & Co. agreed to pay a $100,000 fine over allegations it charged a school district four times the typical fee to sell debt, in part to help cover the cost of bond elections, a regulator of securities dealers said. The firm in 2011 charged an unnamed district $416,173, or $43 per $1,000 of bonds issued, according to the Financial Industry Regulatory Authority, or Finra. The fee was "was inappropriate given the underwriting work it performed," Finra said. Baum had told the school district a typical fee would be $7 to $9 per $1,000 of bonds.

[George K. Baum FINRA Case Shows Excessive Fee, Bond Ballot Concerns]
**Jack Casey, The Bond Buyer, 2/23**

## RETIREMENT SECURITY & FIDUCIARY DUTY RULE

[Closing The Loophole That Costs People $17 Billion In Retirement Savings]
**Nancy LeaMond, Huffington Post, 2/26**
If you get advice from a professional like a doctor, a lawyer or a financial professional, you should be able to rely on knowing that it will always be in your best interest. Unfortunately, that is not always the case when it comes to financial advice. While some financial professionals are held to a standard that requires them to give advice that is in your best interest, others are not held to that same standard. Because of this, some may put their clients' hard-earned retirement savings into investments that may have higher fees or give higher commissions to the adviser. The White House estimates that this costs millions of retirement savers about $17 billion per year.

Taking action on this $17 billion problem, one year ago today, President Barack Obama came to AARP to join members of the Save Our Retirement Coalition -- including the Consumer Federation of America, Better Markets**, Americans for Financial Reform**, the Pension Rights Center, AFSCME and the AFL-CIO -- to announce a proposed rule to close this loophole and protect workers' and retirees' hard-earned retirement savings.

[Adviser Twitter fight erupts when Dave Ramsey bashes DOL fiduciary rule]

**Mark Schoeff Jr., InvestmentNews, 2/23**

One widely followed radio show host's opposition to the Labor Department's proposed rule to raise investment advice standards for retirement accounts sparked backlash from investment advisers on Monday. Dave Ramsey, the founder of Ramsey Solutions and host of "The Dave Ramsey Show," criticized the measure from President Barack Obama's administration, implying it would raise advice costs and price out savers with modest accounts… "He has a huge conflict of interest," said Carolyn McClanahan, founder of Life Planning Partners. "If everyone was required to be a fiduciary, all the advisers on his platform would be hurt. Of course he's going to be against it."

[Dave Ramsey's Conflict of Interest Corrupts His Financial Advice]

**Hal Bundrick, Money Cynic, 2/24**

[Emails suggest discord in administration over financial adviser rule]

**Tim Devaney, The Hill, 2/25**

The Labor Department's move to regulate financial advisers has drawn pushback from within the Obama administration, new emails released by Senate Republicans suggest. The Labor Department is on the verge of finalizing a fiduciary rule that would require retirement investment advisers to act in the best interest of their clients. Business groups have blasted the regulation, warning it would drive up costs and deprive low-income people of investment advice.

But the regulatory push has also created tensions inside the federal government, with agency officials at times battling behind the scenes, according to emails unearthed by Republicans on the Senate Homeland Security and Governmental Affairs Committee.

[DOL Fiduciary Rule Will Force Brokers Out, Ex-SEC IM Director Says]

**ThinkAdvisor, 2/25**

[A New Fiduciary Paradigm Before Year End?]

**John Manganaro, Plan Adviser, 2/24**

[Marco Rubio Has One Great Money Idea]

**Helanie Olen, Slate, 2/18**

…But Rubio has one very good, potentially very effective financial idea—one that he barely discusses. That would be opening up the federal government's Thrift Savings Plan to Americans who lack a workplace retirement plan of their own.

Here's why doing that—or setting up a similar system for nonfederal employees—is a great notion. The Thrift Savings Plan, or TSP, is the defined-contribution employee retirement savings plan that the federal government offers to its employees. If there is a better defined-contribution plan—that's wonk-speak for your 401(k) or 403(b)—out there, I don't know it, and neither do any of the experts. David John, now deputy director of the Retirement Security Project at the Brookings Institution, noted a decade ago, the "TSP is one of the most successful retirement investment vehicles ever created."

[White workers have nearly five times as much wealth in retirement accounts as black workers]

**Monique Morrissey, Economic Policy Institute, 2/18**

## STUDENT LOANS & FOR-PROFIT EDUCATION

[Senator Warren Presses For Debt Cancellation NOW for Defrauded Students]

**Alexis Goldstein, Medium, 2/26**

In the Senate HELP Committee's confirmation hearing for Acting Education Secretary John B. King Jr, Senator Elizabeth Warren asked why the defrauded students of the now-bankrupt Corinthian Colleges have not received the debt relief they've been promised, despite the fact that the Department of Education has both the authority and the legal obligation to grant it.

**Democrats ask King to do more on for-profits**
**Maggie Severns, Politico, 2/25**
Senate Democrats probed for ways the Education Department could intervene more aggressively in the for-profit college industry during Acting Education Secretary John B. King Jr.'s confirmation hearing today. Sen. Elizabeth Warren wanted to know why Corinthian College students who were promised debt relief months ago haven't had their debt repaid yet.

"The department made a lot of promises to Corinthian's victims," Warren said, but the process has been "moving painfully slowly." King said that the department is working diligently on the issue. Figures from earlier this month showed that about 1,300 claims had been approved out of 8,400.

**Did Trump University Scam Low-Income Students Who Are Now Suing the GOP Front-Runner?**
**Democracy Now, 2/26**
During Thursday's GOP presidential debate, Florida Senator Marco Rubio said Trump University is a "fake school" where students who paid up to $50,000 were promised they would meet Trump, but instead "got to take a picture with a cardboard cutout." Many of the students are now suing. Rubio urged viewers to google "Trump University." We get details from The Intercept's Lee Fang, who reports Trump could be forced away from the campaign trail to testify in the case. He says mostly low-income students had enrolled in Trump University. "It shows Trump's contempt for working-class people that he would scam people in this way."

**Predatory Schools That Deny Students' Legal Rights Should Not Receive Federal Funding**
Common Dreams, 2/24
The U.S. Department of Education should deny Title IV funding to for-profit and other schools that require students to sign away their legal rights and submit to binding arbitration in future disputes with their schools, Public Citizen said today in a petition (PDF). Forced arbitration clauses are detrimental to students and hamper efforts by government watchdogs to uncover wrongdoing at these institutions, Public Citizen's petition says. The petition echoes a recent letter sent by nine U.S. senators to the Department of Education asking the agency to take action on the use of these clauses.

**America's Most Valuable For-Profit College Has a New Plan to Go Non-Profit**
**Molly Hensley-Clancy, BuzzFeed, 2/22**
The country's most valuable publicly-traded for-profit college has hatched a complex and unprecedented plan to become a nonprofit. Grand Canyon Education told investors this week that it was trying to pull off a scheme that would essentially split the company in two — one part a nonprofit college, Grand Canyon University, and the other half a for-profit service provider.

**GI Bill funds still flow to troubled for-profit colleges**
**Kimberly Hefling, Politico, 2/25**

**Senators seek expedited loan forgiveness for Marinello students**
**Hartford Business, 2/22**

# SYSTEMIC RISK

**House Panel Considers Risk Retention, Volcker Bills**
**Rob Tricchinelli, Bloomberg Legal, 2/24**
House Republicans are floating bills to pare back the risk retention rules created by the Dodd-Frank Act that were designed to avert future financial crises.

The House Financial Services Capital Markets Subcommittee debated two measures Feb. 24—one, H.R. 4166, would lessen the rule for collateralized loan obligations and another, not yet introduced, would exempt some commercial real estate loans from the rule. The bills would effectively eliminate "risk retention requirements for loan securitizations that do not meet strict underwriting standards," Marcus Stanley, the policy director for **Americans for Financial Reform**, said at the hearing.

See testimony by AFR's Marcus Stanley.

# WHISTLEBLOWER PROTECTION

**Dodd-Frank Whistleblower Protections Insufficient, Dem Legislators Introduce Upgrades**
**Sam Sacks, District Sentinel, 2/25**
Those on the frontlines of the next financial crisis lack critical safeguards, lawmakers said, as they introduced new legislation that enhances protections and rewards for conscientious disclosures. Sen. Tammy Baldwin (D-Wisc.) and Rep. Elijah Cummings (R-Md.) on Thursday unveiled the Whistleblower Augmented Reward and Non-Retaliation Act, or WARN Act. The bill would target Wall Street employers that attempt to worm their way out of enhanced whistleblower laws established in 2010...

The bill enjoys the support of other organizations—both on and off the prudential regulation beat. Backers include the Communication Workers of America, the AFL-CIO, and **Americans for Financial Reform** (AFR). "It's incredibly difficult for would-be whistleblowers to overcome the culture of secrecy that permeates large financial firms, in large part because of the fear of retaliation," said Alexis Goldstein, the Senior Policy Analyst at AFR.

See video and transcript of Capitol Hill event.

**Democrats Introduce Bill to Expand Whistleblower Protections**
**Michael Cohn, Accounting Today, 2/26**

# OTHER TOPICS

**A lesson from Scalia: Regulatory reform is obstruction**
**Amit Narang, The Hill, 2/25**
In 1981, then-Professor Scalia took to the pages of the Cato Institute's magazine Regulation to urge Republicans in Congress not to pursue regulatory reform legislation, surprising many conservatives and Republicans. The article is an honest and transparent assessment of the true strategic aims and impacts of this legislation, and it is just as relevant and instructive today as it was in 1981…

The lesson from Scalia's article is clear: The GOP's current regulatory "reform" agenda — which mirrors that of 1981 — is little more than a power play by right-wing ideologues and business interests to block administration efforts to protect the public. Lawmakers and the public should be deeply skeptical of claims that these measures will improve the rule-making process or lead to "smarter" regulations. Partisan obstruction is their true goal.

**ICBA Releases Agenda**
**Ben White, Politico, 2/23 –**
Per release: "The Independent Community Bankers of America … launched its updated Plan for Prosperity regulatory relief platform for the 2016 session of the 114th Congress. The Plan for Prosperity is a set of common-sense legislative priorities to promote lending and stimulate local economies and job growth by relieving community banks from unnecessary and excessive government regulation while maintaining appropriate oversight of the largest and riskiest institutions."

**A New Breed of Trader on Wall Street: Coders With a Ph.D.**
**Landon Thomas Jr., NY Times, 2/22**
Jane Street, a secretive E.T.F. trading firm that, after years of minting money in the shadows of Wall Street, is now pitching itself to some of the largest institutional investors in the world.

And the message was clear: Jane Street, which barely existed 15 years ago and now trades more than $1 trillion a year, was ready to take on the big boys.

**Banking Committee Democrats Urge Chairman Shelby to Clear Nominations Backlog**
**RealEstateKarma, 2/23**

**Bank of America pushes into Twin Cities**
**Adam Belz, Star Tribune, 2/17**