



This Week in Wall Street Reform | July 23 – 29, 2016

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CONSUMER FINANCE & THE CFPB

[President Obama, Elizabeth Warren Defend Postcrisis Financial Regulations](#) | Wall Street Journal

Saturday to defend the Dodd-Frank Act, crediting the 6-year-old financial overhaul law with strengthening the U.S. economy, adding 15 million jobs and improving lending to businesses.

Answering repeated calls by Republicans to dismantle Dodd-Frank, the two used the president’s weekly address to rebut claims that postcrisis regulations have wreaked havoc on the economy and killed U.S. jobs. Mr. Obama pointed to the increased resiliency of the financial system and better financial protections for American consumers.

“Republicans and big banks who opposed these common-sense rules claimed they’d hurt the economy,” Mr. Obama said in prepared remarks. “But we’ve seen what happened to the economy when we didn’t have these rules. And despite their claims, our economy is stronger today than it was before the crisis.”

[Watch: Weekly Address](#) | The White House (With Elizabeth Warren)

[CFPB turns 5 years old. PIRG celebrates accomplishments, warns of ongoing threats](#) | US PIRG

This week, on July 21, the Consumer Financial Protection Bureau turns 5 years old. The CFPB, a brainchild of then-professor Elizabeth Warren, was championed by U.S. PIRG and **Americans for Financial Reform** (AFR), a PIRG-backed coalition of civil rights and community groups, as part of Wall Street Reform legislation enacted in the wake of the 2008 financial collapse triggered by risky bank practices.

[U.S. consumer agency seeks to overhaul debt collection industry](#) | Reuters

The U.S. watchdog for consumer finances unveiled on Thursday a proposal to toughen regulation of the multibillion-dollar debt collection industry, with a focus on keeping agencies from pushing people to pay debts they do not owe, informing borrowers of their rights and cutting down on calls to debtors.

Both the industry and consumer advocates expressed disappointment with the proposal. The business side worried about the costs of complying with the suggested requirements, which they warned could be passed on to borrowers or force some of the thousands of small collection firms to shutter. Those pushing for consumer rights said the proposal left major holes in borrower protections and did not go far enough.

[Debt Collectors' Abuses Prompt Consumer Agency to Propose New Rules](#) | NY Times

[CFPB Unveils Overhaul of Debt Collection](#) | Wall Street Journal

[CFPB Debt Collection Plan Will Raise Compliance Costs, Banks Fear](#) | American Banker (Kate Berry)

[Consumer agency weighs tougher rules on debt collectors](#) | The Hill

[Expectations Ahead of CFPB Debt Collection Event](#) | Compass Point LLC

[Why you could soon face fewer calls from debt collectors](#) | Washington Post (Jonnelle Marte)

[Proposed rules would limit harassment by debt collectors](#) | LA Times

[Five Issues to Watch in CFPB's Debt Collection Plan](#) | American Banker (Kate Berry)

See [CFPB](#) study on third party debt collecting operations.

[Consumers With Complaints Flock to CFPB](#) | Wall Street Journal

[The Consumer Financial Protection Bureau has fought banks and debt collectors](#) | Washington Post (Michelle Singletary)

See Statements by [AFR and allies](#), the [CFPB](#) and the [Center for American Progress](#) on the 5th Anniversary of the CFPB

[Pawnshops Sue to Delay Pentagon's New Military Lending Act Rules](#) | Credit Union Times

[CFPB Small-Dollar Plan: Some Good Ideas, But Not Enough](#) | American Banker (William Isaac)

[More restrictions needed on payday loans](#) | Tampa Bay Times (Editorial)

[Senator joins financial reform advocates on payday loan regulation](#) | Consumer Affairs

A U.S. Senator this week threw his support behind efforts to place new controls on payday lenders, which financial reform groups have called "legalized loan sharks."

Americans for Financial Reform American Federation of Teachers, the NAACP, Democracy for America, and the Center for American Progress were joined by Sen. Sherrod Brown (D-OH) in backing stronger provisions of a proposed rule by the Consumer Financial Protection Bureau (CFPB).

[Day Two Recap](#) | NCLR

[NCLR Action Fund Calls For Stronger Anti-Payday Regulations](#) | The Huffington Post:

[Fixing what's broken about payday lending](#) | The Hill (Sasha Orloff)

[Regulators: Overhaul Debt Collection](#) | The Progressive Farmer

[Payday Loans Are Sinful](#) | South Bend Tribune

[Google Prohibits Payday Lending Ads, Buys Payday Lender](#) | Business.com

[A Debt Collector Came After Me for \\$4,526 That I Didn't Owe](#) | Credit.com (Bob Sullivan)

[Payday lending opponents want CFPB to go further with crackdown](#) | Columbus Business First

[Could small loans equal big opportunity for credit unions?](#) | CUInsight (Miriam De Dios)

[Credit Unions Help Locals Fight Financial Hardship](#) | Credit Union Times

[Illuminating payday lending](#) | Catholic Diocese of Salina

[Payday Loan Limits May Cut Abuse but Leave Some Borrowers Looking](#) | New York Times (Stacy Cowley)

[Federal Lawsuit Reveals Dark Underworld of Payday Loans in Virginia](#) | WVTF

[Google-Funded Company Is Prohibited From Advertising On Google](#) | MediaPost Communications

[Google stops promoting payday loans](#) | Jackson Sun

[Government Is the Problem, Not the Solution, on Payday Loans](#) | Inside Sources (Dean Chambers)

[Online payday loans look legit, but could be laundering money](#) | WKYT

[Judge orders brother of payday loan mogul Scott Tucker to surrender](#) | Kansas City Star

[Small Banks and CUs Adjusted Well to CFPB Mortgage Rules: GAO](#) | National Mortgage Rules

See Petition by [NCLC and allies](#) on the proposed FCC robocalling regulations

[Blockchain Can Bring the Unbanked into the Global Economy](#) | American Banker (Menekse Gencer)

[Banks Have a New Phrase for Risky Customers: 'Near Prime'](#) | Wall Street Journal

[Wall Street Said to Face Renewed Pressure on Risky Lending](#) | Bloomberg

[Risky Lending by Wall Street Banks Has Increased, Regulators Warn](#) | Wall Street Journal

[Q&A Why the FICO score still rules](#) | LA Times (Interview: William Lansing)

[Delaney Introduces Bill to Expand Protections for Rent-to-Own Customers](#) | WCBC

DERIVATIVES, COMMODITIES AND THE CFTC

[CFTC Provides Guidance On Clearinghouse Plans For Recovery And Wind-Down](#) | Mondaq News

[Costs of central clearing may re-incentivise bilateral derivatives](#) | Global Custodian (Jonathan Watkins & Paul Walsh)

DODD-FRANK

[Voters can stomach more financial regulation](#) | Philadelphia Tribune (Charlene Crowell)

On July 21, the first federal agency dedicated to serving the financial needs of consumers will be 5 years old. Created in the aftermath of the worst financial calamity since the 1930s Great Depression, the Consumer Financial Protection Bureau was created through the enactment of the Dodd-Frank Wall Street Reform Act.

When voters were recently asked their thoughts about CFPB, three out of four said that financial accountability and tough regulations are still needed. The poll, jointly commissioned by the Center for Responsible Lending and the **Americans for Financial Reform**, posed a series of question to 1,000 likely voters. Since 2012, this annual national telephone poll has been performed by Lake Research Partners.

See [press release](#), [summary](#), and [topline results](#) of AFR/CRL poll.

[Hillary Is Right About Wall Street Regulation](#) | Huffington Post (Sen. Byron Dorgan)

Much of my career in the U.S. Senate was spent fighting to stop the big banks' unbridled speculation in new, exotic financial products that put our country at risk. I wrote the cover story titled "Very Risky Business" in the Washington Monthly Magazine way back in 1995 that

warning about the practice of big banks trading in unregulated, risky derivatives on their own proprietary accounts. Essentially, they were putting the taxpayers at risk to cover their gambling losses.

We have to make sure that never happens again.

[Has Wall Street Been Tamed?](#) | **Bloomberg (Edward Robinson)**

[Doing the Math on the Leverage Ratio](#) | **Clearinghouse Association (Jeremy Newell)**

[Reining in Wall Street to Benefit All Americans](#) | **CEPR**

See statement by [Secretary of Treasury Jack Lew](#) on Dodd Frank's sixth anniversary

[Next president should work to repeal misguided Dodd-Frank Act](#) | **Washington Times (Norbert Michel)**

[Dodd-Frank and Glass-Steagall: 'Consumer Protection for Billionaires'](#) | **Forbes (Norbert Michel)**

THE ELECTION AND WALL STREET

[Could Hillary Clinton Become the Champion of the 99 Percent?](#) | **NY Times Magazine**

One way that Clinton could signal that she really is serious about the remediation of inequality is through the decisions made by her transition team on personnel. In July, The Boston Globe reported that Roosevelt had been leading a campaign to help staff the economic-policy positions in future presidential administrations. The Clinton campaign appeared to be lagging in this regard behind Trump, who had long before named Chris Christie transition chairman. It seemed to Wong that appointments — especially as a proxy for the candidate's relationship with Wall Street — were being taken as a matter of considerable seriousness, and, she told me, "everyone is watching."

[Kaine Pick Won't Help Clinton Court Anti-Wall Street Critics](#) | **Bloomberg**

Elsewhere in Kaine's financial-services record, he disappointed groups seeking Wall Street changes in 2015 when he supported a bill aimed at spurring investment in start-ups that the group **Americans for Financial Reform** said would undermine regulators' ability to enforce rules.

[Hillary Clinton Does Not Understand Her Own Supporters](#) | **Huffington Post**

Financial reform advocates were particularly incensed by Kaine's move in January 2015 to sign off on a bill that would have effectively made new banking and environmental laws impossible to implement. In the name of "cost-benefit analysis," the bill would have tied up regulators with endless red tape, hamstringing the 2010 Dodd-Frank bank reform law, and just about anything else that regulators wanted to try in the future.

"This would create dozens of new requirements that are nearly impossible to carry out," Marcus Stanley, policy director at **Americans for Financial Reform**, told HuffPost in January 2015.

[Why Clinton's pick for vice president might contradict her message on Wall Street](#) | Washington Post (Max Ehrenfreund)

[Some Democrats Questioning Tim Kaine's Support for the Financial Industry](#) | Wall Street Journal

[He's No One's Idea of a Liberal Hero, But Tim Kaine Is a Natural Fit for Clinton](#) | Mother Jones

[Banking ghosts haunt Clinton in Philadelphia](#) | Reuters (Rob Cox)

[Debbie Wasserman Schultz to Resign D.N.C. Post](#) | NY Times

[Wall Street takes a road trip to Philadelphia](#) | Politico

[Hedge-Fund Money: \\$48.5 Million for Clinton, \\$19,000 for Trump](#) | Wall Street Journal

[Wall Street Pulls Back From Political Conventions](#) | Wall Street Journal

[Wall Street Not Welcome at 2016 Political Conventions](#) | Bloomberg

[One Thing Both Parties Want: Break Up the Banks Again](#) | NY Times (Andrew Ross Sorkin)

[Glass-Steagall-Trump-Clinton Act](#) | Wall Street Journal (Editorial)

[Ignore the Party Platforms: Pols Don't Really Want to Break Up JPMorgan](#) | The Street (Ronald Orol)

[Sanders, Warren Target Big Banks in DNC Keynote Addresses](#) | American Banker

[Sanders wants Clinton to break up big banks. Will she?](#) | CNN Money

Wall Street isn't too worried yet. But Alexis Goldstein, a senior analyst at **Americans for Financial Reform**, thinks banks might be too complacent. She notes that a recent poll shows that 75% of Americans think banks need to tougher laws.

[Hillary Clinton's war on Wall Street](#) | Politico (Dennis Kelleher)

[Democratic Platform Grew More Liberal on Financial Regulation](#) | Wall Street Journal

[Hillary Clinton Haunted by Past Support for Trade Deals](#) | Time

[Pence could hold back Trump's Wall Street fundraising](#) | CNBC

See [Republican national platform](#) and [Democratic platform](#) and statement by [AFR and allies](#) on the democratic platform.

EXECUTIVE COMPENSATION

[Industry Slams Exec Pay Proposal, Others Call for More](#) | Bloomberg

Industry trade groups argued that a joint Dodd-Frank proposal by the SEC and other regulators to rein in risky compensation packages at large financial institutions goes too far, even as labor and public-interest groups say the initiative isn't strict enough.

"We remain deeply concerned that the Agencies have permitted critical loopholes in the specified deferral and claw back requirements which will significantly undermine the effectiveness of the rule in practice," **Americans for Financial Reform** [said](#). "A close reading of this rule shows that at multiple points the Agencies have inserted 'back doors' that would permit large financial institutions to escape full compliance with key requirements to hold incentive pay at risk long-term." The [AFL-CIO](#), [Public Citizen](#) and [Better Markets](#) made similar arguments.

[Pay for big bank chief executives jumps nearly 8%](#) | Financial Times

[Chamber of Commerce defense of Wall St. bonuses is bad for the economy](#) | The Hill (Dan Dudis)

See [AFR](#) and [coalition](#) letter on Wall Street executive bonuses.

[SEC Proposal: The end of equity compensation plan disclosure?](#) | Bloomberg (Sharon Lee)

ENFORCEMENT

[Bank Enforcement: CFPB and DOJ Continue to Play a Big Role](#) | Bloomberg

In 2015, the number of formal enforcement actions brought by federal banking agencies¹ was about the same as the previous two years. Federal banking agencies issued 638 formal enforcement actions in 2015, but particularly notable was the increasing frequency of the CFPB's enforcement actions, with that agency bringing 50 percent more enforcement actions in 2015 than in 2014.² In addition, the Department of Justice (DOJ) has continued to pursue its recent role as quasi bank enforcement authority.

[Fed Prepares Action Against Goldman Sachs in Leak Case](#) | NY Times

[Swiss to pass information on HSBC accounts to U.S. tax agency](#) | Reuters

[Deutsche Bank in settlement talks with DoJ over mortgage probe](#) | Financial Times

[Insider Trading Defendant 'Betrayed' by Dad, Lawyer Says](#) | New York Law Journal

THE FEDERAL RESERVE

[Why the Federal Reserve is rethinking everything](#) | Washington Post (Yian Q. Mui)

HEDGE FUNDS AND PRIVATE EQUITY FUNDS

[At World's Largest Hedge Fund, Sex, Fear and Video Surveillance](#) | NY Times (Alexandra Stevenson and Matthew Goldstein)

[Hedge Fund Calls New York Times Article a 'Distortion'](#) | NY Times (Alexandra Stevenson and Matthew Goldstein)

HIGH SPEED TRADING AND FINANCIAL TRANSACTION TAX

[Don't believe Wall Street's scare stories about a financial transactions tax](#) | LA Times
(Dean Baker)

Thanks in large part to Sen. Bernie Sanders, the Democratic Party recently added a financial transactions tax to its platform. In his run for the presidential nomination, Sanders had promoted the idea of an FTT — a small sales tax on the purchase of stocks, bonds or other financial assets — as a way to finance free college for everyone, with money left over for infrastructure and other important needs. The idea has currency beyond the platform, too: Rep. Peter A. DeFazio (D-Ore.) recently reintroduced an earlier proposal for a tax of 3 cents on every 100 dollars on most financial transactions.

Talk of FTTs scares the financial industry: They would significantly reduce the industry's revenue and profits. As soon as anyone starts taking FTTs seriously, the industry immediately begins issuing dire warnings — which, unsurprisingly, almost always amount to nonsense.

[Hillary Clinton's financial transaction tax: Why it may not work](#) | CNBC (Bob Pisani)

[A financial transaction tax would help ensure Wall Street works for Main Street](#) | Economic Policy Institute

[Schaeuble Is Putting Financial Transaction Tax on Global Agenda](#) | Bloomberg

[Nasdaq Gauges Market Appetite for Speed Bumps After IEX Approval](#) | Bloomberg

MORTGAGES AND HOUSING

[New York unveils \\$13 million program for cities' fight against zombie homes](#) | Housingwire

[Obama administration presents a look at life after HAMP](#) | HousingWire

[Barclays triumphs in toxic mortgage bond row with U.S. Bank, FHFA](#) | Housingwire

[All the reasons it's so much harder to buy a home than it was for your parents](#) | Washington Post

REGULATION IN GENERAL

[Improving Benefit-Cost Analysis by Making it Simpler](#) | Regblog (Christopher Carrigan and Stuart Shapiro)

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

[Big Firms May Miss DOL's 2017 Fiduciary Rule Deadline](#) | Financial Advisor IQ

[Selling Fiduciary Advice to Confused Investors](#) | ThinkAdvisor

[The key question in NAFA's lawsuit against the DOL fiduciary rule](#) | Benefits Pro

[Why Pensions' Last Defense Is Eroding](#) | Wall Street Journal

STUDENT LOANS & FOR-PROFIT EDUCATION

[Tens of Thousands Can Cancel Student Loans, But Don't Know It](#) | BuzzFeed

Tens of thousands of former students of the collapsed for-profit Corinthian Colleges [are eligible to have their federal loans canceled](#) because of fraud. But the government's effort to communicate this fact to students has been halfhearted at best, and only a paltry number have filed the paperwork needed to write off their debt.

In the midst of that confusion, con artists have thrived. Operating via telemarketers, search-engine optimization, and social media advertising, they promise former Corinthian students that for fees of hundreds or even thousands of dollars, they can make student loans disappear — making vague references to the Education Department's own pronouncements on debt relief. But most of the time, they do little more than pocket the fee.

[5 things to consider before choosing to attend a for-profit college](#) | USA Today

[Yes, college grads more likely to buy a home... but](#) | Housingwire

[In higher education, it's time to watch the watchdogs](#) | Boston Globe (Editorial)

[Feds release new guidance for homeless students](#) | Politico

[Industry's Top Lobbyist: Stop 'Assaults' On For-Profit Colleges](#) | Huffington Post

[Next Act for Corinthian Campuses](#) | Inside HigherEd

[Massachusetts Wants Debt Erased for Students Of Shuttered College](#) | Washington Post (AP)

[19th-Century For-Profit Colleges Spawned Trump University](#) | Slate (Rebecca Onion)

[Taxpayers Shouldn't Have to Pay for Unhappy College Students](#) | TIME (William Bennet)

SYSTEMIC RISK

[Absence of New Banks Sure to Fortify Calls for Easing Regulation in Next Congress](#) | Inside Sources (Carter Dougherty)

No one disputes the numbers. In the last 5 years, exactly 10 new banks have weathered the regulatory approval process to be able to open their doors, according to the Federal Deposit Insurance Corporation. By contrast, in the 7 years before the financial crisis, 1200 new banks received their charters.

No one disputes, either, that new banks are a good thing. When banks consolidate, as they have in recent years, gaps emerge in the services offered to smaller, mostly local businesses, and new banks have typically popped up to fill them.

And, no one disputes the core reason for why investors aren't hustling to create new banks: They are simply not as profitable as they used to be... For all the agreement, though, the impact of the newly muscular regulators who emerged after Congress passed the Dodd-Frank Act in 2010 has become a point of contention. Whereas economists tend to see macroeconomic explanations for why so few banks — known in the trade as “de novos” — have been created, banks blame the thicket of regulation that came in response to the worst financial crisis since the Great Depression.

[Worry about lack of new banks, not 'record profits'](#) | The Hill (Stephen Miller)

[Degree of Danger: Yale University Plans Master's in Systemic Risk](#) | Wall Street Journal

[How Regulators Missed the Mark on Interest Rate Risk](#) | American Banker

[An Auction House Learns the Art of Shadow Banking](#) | Bloomberg

See joint event, “[Exploring Shadow Banking](#),” sponsored by AFR and the Center for American Progress. See Federal Reserve Governor Tarullo's [speech](#) at the event.

“TAKE ON WALL STREET” CAMPAIGN

[Sanders, Warren Target Big Banks in DNC Keynote Addresses](#) | American Banker

The calls by Sanders and Warren appeared to satisfy some progressives within the party.

"Tonight, Senator Warren and Senators Sanders will lay out a bold agenda. ... That agenda – breaking up the too-big-to-fail banks, ending obscene tax loopholes, making Wall Street work for Main Street instead of the other way around – is what is going to energize and motivate voters this fall," Jon Green, a spokesman from the **Take on Wall Street Coalition**, said in a statement.

TRADE

[Trump suggests leaving WTO over import tax proposal](#) | The Hill

[A Vacuum of Leadership on Trade](#) | Bloomberg (Editorial)

[Clinton friend McAuliffe suggests she could flip back to supporting TPP; Clinton friend Podesta says he's wrong](#) | Washington Post

[Clinton friend McAuliffe says Clinton will flip on TPP, then walks it back](#) | Politico

[McAuliffe tries to clarify TPP comments](#) | Politico

[Why Terry McAuliffe's TPP gaffe is so damaging for Hillary Clinton](#) | Washington Post (Amber Phillips)

[Clinton and Kaine Will Oppose TPP, Ohio's Sherrod Brown Says](#) | Bloomberg

[Is trade really so unpopular with both parties?](#) | The Hill (Steve Iamar)

[Trump's trade message resonates in Pennsylvania](#) | Politico (Ed Rendell)

[Dropping the Trans-Pacific Partnership May Be a Bad Idea](#) | NY Times (Eduardo Porter)

[US-led globalism is dying with the TPP](#) | Financial Times (Edward Luce)

[Tricks of trade](#) | Reuters (Gina Chon)

