Americans for Financial Reform

# This Week in Wall Street Reform | October 1-7, 2016

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## WELLS FARGO CASE

**Former Wells Fargo Employees Describe Toxic Sales Culture, Even At HQ I NPR**
NPR's Chris Arnold speaks with former employees about Wells Fargo's toxic sales culture: "It was multiple occasions where I saw my co-workers were cracking under the pressure," Erik says. "Tears, crying, constantly getting pulled into the back room having one-on-ones for coaching sessions."

"Employee #1 says after one of these coaching sessions she threw up in the wastebasket under her desk. Erik compared the job to being in an abusive relationship."

**Wells Fargo scandal shows the value of regulation I Minneapolis Star-Tribune**
The effort being led by some Republicans to weaken Dodd-Frank and the Consumer Financial Protection Bureau it created must be resisted at all costs. In less than six years, the bureau has fielded more than 700,000 consumer complaints and paid out more than $210 million in compensation to victims of wayward financial institutions from fines collected.

Funded by the Federal Reserve, the board is independent of the political whims of Congress and must remain so, despite efforts by some legislators to have Congress take control of the bureau’s appropriations. The bureau has fined Wells Fargo over $100 million — the largest fine in the bureau’s short history — some of which will compensate victims.

**Waters, Committee Democrats Push for Strong ‘Clawback’ Rule After Wells Fargo Scandal I US House Committee on Financial Services**

**For Wells Fargo, complaints in a new area: its brokerage business I Charlotte Observer**
As Wells Fargo deals with fallout over sales tactics in its branches, complaints are surfacing about practices within a different part of the company: its national retail brokerage business.

Customers and former employees of that unit, Wells Fargo Advisors, have contacted the Observer following last month’s $185 million in government fines against the bank over employees’ opening of fake deposit and credit card accounts. The sources said questionable practices arising from the bank’s aggressive approach to sales also extend into its brokerage operation, which sells everything from mutual funds to annuities to IRAs.

**Clinton slams Wells Fargo, says she’ll fight consumer ‘gotchas’ I USA Today**
Democratic presidential nominee Hillary Clinton on Monday said she’ll crack down on increasingly common ‘fine print’ consumer agreements that insulate companies such as Wells Fargo from lawsuits related to consumer abuses… The clauses typically force customers to use the arbitration firm and arbitrator selected by the company, says Amanda Werner, arbitration campaign manager for **Americans for Financial Reform**.

**Wells Fargo Refuses to Stop Using Forced Arbitration I Public Citizen (Amanda Werner)**
The Fair Arbitration Now coalition strongly denounces Wells Fargo and its CEO, John Stumpf, for refusing to end the bank’s practice of preventing defrauded customers from suing in court. At a hearing held in the U.S. House of Representatives Committee on Financial Services yesterday, Stumpf stated unequivocally that Wells Fargo will continue to force consumer disputes into secret individual arbitration. The hearing examined Wells Fargo’s massive scheme to fraudulently open accounts in his its customers’ names.

**‘Two Million Felonies’: Will Wells Fargo’s Scandal Change Wall Street? I OurFuture.org (Richard Eskow)**
The Wells Fargo scandal may be remembered as the moment when top bankers finally began to pay a price for their actions… Stumpf and his top lieutenants devised the cross-selling strategy that drove Wells Fargo’s low-level employees to break the law and exploit hard-working customers. They hyped that strategy aggressively to drive up share prices. Stumpf repeatedly tried to demonize his employees, but [economist William K.] Black offered a different perspective, describing them as victims “who were so successfully extorted that they allegedly made up these accounts.”

“I think we’ll find that many of the people who were fired were actually the better people,” said Black. “We know this from the CFO’s testimony, who said (in effect) ‘No, no, no, the people who did this … were not successful at cross-selling. They were the weak employees (who) refused to cheat people.’”

**Senator to push bill to let Wells Fargo customers sue over unauthorized accounts I LA Times**
Sen. Sherrod Brown (D-Ohio) said Monday that he plans to push legislation that would allow Wells Fargo & Co. customers to sue the bank over unauthorized accounts opened by employees trying to meet aggressive sales quotas. The escalating scandal also drew the attention of Democratic presidential nominee Hillary Clinton, who in a speech criticized the San Francisco bank and other companies that use the fine print in customer contracts to force disputes into private arbitration instead of allowing consumers to go to court.

**Clinton, Brown Make Arbitration Clauses Their Policy Response to Wells Fargo Scandal I Morning Consult**

**How to get justice after the Wells Fargo scandal I Washington Post (Katrina vanden Heuvel)**

**Clinton Says Wells Fargo Proves Mandatory Arbitration Should Be Banned I Credit Union Times**

**Wells Fargo’s Use of Forced Arbitration to Deny Consumers Justice I Fair Arbitration Now**

**Wells Fargo Account Scandal Extends to Small Business, Vitter Says I New York Times**
The scandal over improper sales practices at Wells Fargo & Co extended to thousands of small-business owners, according to a U.S. lawmaker, raising questions about the scope of the bank's issues with unauthorized accounts. In a Sept. 29 letter viewed by Reuters on Tuesday, Sen. David Vitter, a Louisiana Republican, demanded that Wells Fargo Chief Executive John Stumpf provide a "full accounting" of customers affected. Vitter is a member of the U.S. Senate's banking committee and also heads its small business committee. Discussions between congressional staffers and Wells Fargo "have indicated that the fraudulent activity of your employees was not limited to Wells Fargo's consumer banking operations," Vitter wrote. "Thousands of small business owners were impacted by this fraud." A person familiar with Vitter's probe say Wells has identified about 10,000 small business accounts that were subject to improper practices.

**Clinton Vows to Save Customers from the Next Wells Fargo. Can She Do That? I Slate**

**Minnesota attorney general: Wells Fargo should let clients sue I MPR News**

**Clinton to Decry Wells Fargo Fraud, Propose Curbing of Forced Arbitration I Bloomberg**

**Clinton expected to hit Wells Fargo in speech on 'bad corporate actors' I Reuters**

**The Wells Fargo alternative I The Hill (Camden R. Fine)**

**Chicago to sever business ties with Wells Fargo in wake of scandal I Washington Post**
Chicago is severing business ties with Wells Fargo & Co. for a year after the bank paid penalties to settle claims that employees opened accounts without customers' consent to meet sales goals.

A measure, approved by the City Council on Wednesday with support from Mayor Rahm Emanuel, will freeze the bank out of any work with Chicago, including underwriting its bonds. Chicago Chief Financial Officer Carole

Brown said she would move quickly to terminate any deals the city has with Wells Fargo that would not require paying large penalties, including trustee agreements.

**Three things the Wells Fargo scandal teaches us I Christian Science Monitor**

**CFPB comes through as financial watchdog I The Tomah Journal (Janis Ringhand)**

**Wells Fargo's Secret Weapon? The Ripoff Clause I AFR and Public Citizen (Youtube)**
We just released a new video about the Wells Fargo scandal, featuring Sens. Elizabeth Warren and Sherrod Brown, as well as Rep. Maxine Waters. For those of you that watched and shared our video last week, this version is re-cut to be more polished and broadly usable (rather than tied specifically to the House hearing)…

Customers have been trying to sue Wells Fargo over fraudulent accounts since at least 2013. However, the bank forced those customers into secret, binding arbitration by invoking fine print in their contracts to block them from suing, even over these fake accounts. Wells Fargo's use of these "ripoff clauses" allowed the bank to keep its massive fraud out of the spotlight for so long.

But forced arbitration is not unique to Wells Fargo. Ripoff clauses have become standard practice for big banks, employers, for-profit colleges, and other corporations to escape accountability and keep misconduct out of public view.

**Buried in the 'fine print' I Las Vegas Review-Journal (Editorial)**
Hillary Clinton took aim at evil capitalists on Monday, telling a crowd in Ohio that she'll go after companies that rely on "fine print" to avoid lawsuits in consumer disputes. "We're not going to let corporations like Wells Fargo use these fine print 'gotchas' to escape accountability," she said, doing her best Bernie Sanders impression. Mrs. Clinton is talking about consumer arbitration, a mechanism for dispute resolution embedded in many business contracts. The Democratic nominee says "she'll call on Congress to give federal agencies broad authority to restrict the use" of arbitration, USA Today reported Tuesday. It's no accident that trial lawyers remain one of the largest benefactors of the Democratic Party. Mrs. Clinton's proposal would unleash a frenzy of dubious consumer legal claims — think hot coffee and McDonald's — driving up costs and transferring billions from the productive economy into the personal accounts of attorneys cashing in on the lawsuit lottery.

**Fitch warns Wells Fargo it risks losing AA rating I Financial Times**
Fitch on Tuesday warned Wells Fargo it risks losing its coveted AA credit rating for the first time in two decades because of potential damage to its reputation and profits from the fake-account scandal.

**CFPB Dinged Over Wells I Politico Morning Money**
Main Street Growth Project's Kyle Hauptman emails: "As Wells Fargo's (rather significant) problems become part of the 2016 debate, it would help if we stuck to the facts. Among them is that the CFPB does not appear to have first 'caught' the problems at Wells Fargo, despite what CFPB's defenders may say.

"If the CFPB did, someone should tell the LA Times, which is claiming credit for bringing it to the attention of the authorities. The CFPB and its fans appear to be doing an end-zone dance for a touchdown scored by someone else. Arriving late and yet garnering headlines for yourself- that's a very "DC" move, no?"

**CFPB Pushback on Wells Fargo I Politico Morning Money**
**Americans for Financial Reform's** Alexis Goldstein emails over criticism that the CFPB missed the Wells Fargo scandal: "As Wells Fargo's problems mount, those who wish the CFPB didn't exist will seek to distract from the facts. One big fact is that almost since the Bureau opened its doors in 2011, it has successfully resolved more than 90 enforcement actions and secured more than $11 billion in consumer relief.

"The CFPB was one of three agencies that secured refunds for the unauthorized charges, assessed the largest fine, and cracked down on the practices nationally. When a quarterback hits a wide receiver in the end zone, no one complains when the entire team celebrates the touchdown. Trying to twist a scandal that exposes big bank abuse into an excuse to hit the agency standing up for the public is a very 'DC' move, no?"

And one more… Allied Progress's Karl Frisch emails on the CEI report in Tuesday's MM: "I'm not sure if you noticed but the report is actually authored by Hillary Miller, a payday lending industry attorney who has been caught manipulating supposedly independent academic payday lending studies that his payday industry-funded organization (Consumer Credit Research Foundation) underwrites."

## CONSUMER FINANCE & THE CFPB

**CFPB Deluged with Letters on Payday Lending Plan I American Banker**
"We believe the payday industry is using pressure on borrowers and sophisticated automated technologies to submit comments favoring limited CPFB oversight" of the payday industry, said Gynnie Robnett, payday campaign director for Americans for Financial Reform. "Payday lenders have used questionable tactics to create fake borrower testimony in the past."

On a conference call with Robnett, Sen. Jeff Merkley, D-Ore., said he saw similar practices when he was in the state legislature at a time when it was contemplating increasing regulations for lenders.
"I started receiving huge bags of letters at my house" opposing the rule, Merkley said.
However, upon further investigation and calling the phone numbers listed on the letters, Merkley and his staff discovered that lenders were pressuring borrowers to write at the same time they were taking out a loan.

**Dueling Payday-Lending Campaigns Deluge CFPB with Comments I Wall St. Journal**
Consumer groups such as the Center for Responsible Lending and **Americans for Financial Reform** formed an alliance and ran a Twitter campaign using the hashtag **#StopTheDebtTrap** and shepherded people to a comment site, To submit a comment, users only need to type in their name, email address and ZIP Code.

On the eve of the comment deadline, Sen. Elizabeth Warren (D., Mass.), one of the creators of the CFPB, sent a blast email urging supporters to use an activist website associated with President Barack Obama to submit prewritten comments that say "I support strong standards with no loopholes that will prevent lenders from...trapping borrowers in long-term cycles of debt."

**Industry, Advocates Scramble for Last Word on Payday Lending I Morning Consult**
Advocates of the rule, such as Sen. Jeff Merkley (D-Ore.), say it will tamp down destructive lending that traps low-income borrowers in debt. "It's not a life raft. It's an anchor that drags working families deeper and deeper into a vortex of debt," Merkley said Wednesday on a conference call with reporters hosted by the "**Stop the Debt Trap**" campaign. "There is no reason we should allow this predatory industry to continue in the fashion that it's been."

Gynnie Robnett, payday lending campaign director at the left-leaning group **Americans for Financial Reform**, said payday lenders make 75 percent of their money from repeat borrowers who take out more than 10 loans a year. The rule aims to prevent borrowers from being overwhelmed in a "debt trap," she said.

AFR and the left-leaning advocacy group People's Action Institute compiled personal stories about this kind of debt spiral in a new report released Wednesday.

See AFR statement and joint letter from more than 700 organizations.

**Dallas Fed: Payday lenders skirting state laws I Dallas Business Journal,**

**Payday Lender Slapped With $1.3 Billion Judgment I Atlanta Journal-Constitution**

**The endless game: Money will go where it wants to go I Arkansas Democrat-Gazette (editorial)**

**Regulators need to hear from payday loan users I Fresno Bee (Liana Molina and Matthew Ari Jendian)**

**CFPB victory over CashCall a win for consumers, expert says I Legal Newsline**

**Payday loan rule panned I Brownsville (TX) Herald**

**Elgin payday lender agrees to forgive $3.5 million in loans I Chicago Tribune**

**Payday loans plague Florida's poor I Tallahassee Democrat (Brad Ashwell)**

**New CFPB rules will destroy small businesses and harm consumers I The Hill (Brandon Payne)**

**Critic calls CashMax abusive as 2nd opens in Arkansas I Arkansas Online**

**CFPB Issues Strong Prepaid Card Protections I Consumers Union (Christina Tetreault)**

**Polls Show Voters Want More Financial Regulation I Baltimore Times (Charlene Crowell)**

**Closing the courts I Toledo Blade**
If you need justice — or if someone is demanding justice against you — do you think you are entitled to a day in court? If so, consider what Judge Jed S. Rakoff told an audience at the University of Illinois college of law: "Over the past few decades, ordinary U.S. citizens have increasingly been denied effective access to U.S. courts." Some Americans who'd like to take a case to court discover they've signed away their right to do so. More and more standardized consumer contracts and even standardized employment contracts, the judge said, include mandatory arbitration clauses. Accept one of those contracts, and you have agreed that if you get into a conflict with that company, you won't get to bring it to a court or a jury. You'll have to bring it to a private arbitrator instead.

**The CFPB -- 5 Years of Consumer Complaints I PYMNTS.com**
The Consumer Financial Protection Bureau was first founded a little over five years ago — on July 21, 2011, to be exact. It was given birth as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, a piece of legislation that gave it a lot of power and authority to decide what's bad and what's good. It's been pretty busy over the course of its five-plus years as a regulator. A number of its decisions have been quite controversial, and its governance structure — the director as judge, jury and fine-levier — gives banks little choice but to admit no wrongdoing and write a big check. Some of its findings and fines have uncovered egregious business practices, such as what we've seen more recently at Wells Fargo. Its hot-off-the-presses prepaid ruling has the industry reeling over its treatment of prepaid overdrafts as lines of credit and not, in fact, overdrafts. And its pending decisions related to payday lending and arbitration remain hotly debated.

But, to a large degree, this is all old news. What isn't is the kind of stuff that the CFPB gets pinged with every day as part of its Consumer Complaint Database. Complaints, as defined by the CFPB, are things that are not "up to a customer's satisfaction," and a consumer then calls or writes the CFPB looking for help. Since the database went live five years ago, 638,757 complaints have been logged. And 97 percent of the time that a complaint is filed, consumers have received timely responses to those complaints.

**The Obama Administration's last-minute attacks on arbitration I West Virginia Record (Chris Dickerson)**
Trial lawyers don't like arbitration, because arbitration reduces money-making opportunities for trial lawyers. President Obama likes trial lawyers because they donated enormous sums to his election campaigns and support his radical agenda. In the last months of his presidency, Obama's regulatory minions are asserting authority they don't have and doing everything possible to create more opportunities for trial lawyers by weakening or overriding as many arbitration clauses as they can.

**U.S. Court Finds in FTC's Favor and Imposes Record $1.3 Billion Judgment Against Defendants Behind AMG Payday Lending Scheme I FTC.gov**

**Payday loan mogul Scott Tucker and others on the hook for $1.267 billion I Kansas City Star**

**Poverty Profiteering: Payday Lending and the Myth that It's the Only Option I Daily Kos**

## DERIVATIVES, COMMODITIES & THE CFTC

**US Federal Reserve Board Governor Daniel Tarullo Discusses Shadow Banking Regulation I Lexology**
On July 12, 2016, US Federal Reserve Board Governor Daniel Tarullo discussed the risks of shadow banking activities at the Center for American Progress and **Americans for Financial Reform** Conference. He focused

his remarks on the characteristics of shadow banking-related financial activities and institutions that are most likely to pose risks to financial stability, namely the risk of "runnable liabilities," defined as short-term, "pay-on-demand" transactions that are not insured by the federal government.

## ENFORCEMENT

**SEC: Credit Suisse to pay $90 million penalty I The Hill**
Credit Suisse AG has agreed to pay $90 million and admit to falsifying a key performance metric, the Securities and Exchange Commission announced. The SEC found Credit Suisse guilty of reworking the methodology behind net new assets (NNA) to meet targets established by senior management. NNA is used by financial institution investors to measure a firm's success in attracting new business. Disclosures stated Credit Suisse was assessing assets to address specific client needs and objectives, but that wasn't the case.

## HEDGE FUNDS AND PRIVATE EQUITY FUNDS

**It's time to end tax loopholes for Wall Street I Daily Kos (Tammy Baldwin)**
The carried interest loophole allows investment managers at hedge funds and in private equity to pay the reduced capital gains rate of 23.8% on the portion of their compensation known as a performance fee. Since these fees are generated through the "labor" of fund managers, this income should be treated just like other workers' income from employers. If this compensation were taxed at the ordinary income tax rate these wealthy investment managers would be taxed at the top rate of 39.6%. As a result, some of the wealthiest Americans are paying a lower effective tax rate than some middle class workers who pay effective tax rates of 25%.

Put simply, our current rigged system allows some hedge fund managers, who are among the highest paid people in our country, to pay less as a percentage of their income than teachers, firefighters, truck drivers, and nurses.

**Everyone Wondered How a PE Firm Would Make Money from a Struggling Non-Profit Hospital Chain - Now We Know I CEPR (Eileen Applebaum)**

## INVESTOR PROTECTION AND THE SEC

**SEC committee mulls broker-dealer regulations, perspectives on crowdfunding I The Hill**
Frustration peaked over perceived inaction on setting standards for broker-dealer regulation during an SEC meeting devoted to small business issues. Patrick Reardon, who sits on the SEC's committee on small and emerging companies, criticized Stephen Luparello, the agency's director of trading and markets, at a meeting at the commission's headquarters in Washington.

**What Is a 'Personal Benefit' From Insider Trading? Justices Hear Arguments I New York Times**
Goldstein: **"**According to prosecutors, Mr. Salman placed profitable stock trades based on confidential information leaked by his future brother-in-law, Maher Kara, who had advance knowledge of corporate mergers because of his job in Citigroup's health care investment banking group.

"The Salman case presents a question that has vexed federal appeals courts and left prosecutors and traders alike seeking clarity: What exactly amounts to a 'personal benefit'?"

**Securities regulators seek to improve liquidity in small-cap markets I The Hill**
U.S. market regulators are embarking on a two-year test to see whether widening quote spreads will boost liquidity and aid new publicly traded stock offerings in the small-capitalization market. The "Tick Size Pilot" (TSP) program, submitted by the National Securities Exchanges and the Financial Industry Regulatory Authority and approved by the Securities and Exchange Commission Oct. 3, will widen the increments at which small-cap stocks — those valued under $5 billion with share prices greater than $2 — are priced, to $0.05 from $0.01.

**Morgan Stanley Faces "Unethical" Sales Tactics Allegations I Financial Advisor**

## MORTGAGES & HOUSING

**Fannie and Freddie Investors Win Round in Suit Against U.S. I New York Times (Gretchen Morgenson)**

**Protesters Chanting of Greed Disrupt Real-Estate Conference Featuring Sam Zell I Wall Street Journal**

## POLITICAL INFLUENCE OF WALL STREET

**Rep. Garrett Held Fundraiser with Official from 'Domestic Terrorist' Group I Bloomberg**
[New Jersey Congressman Scott] Garrett is casting a wide net in his re-election bid because he suddenly needs all the friends he can find. He is chairman of the powerful House Subcommittee on Capital Markets and Government Sponsored Enterprises, which is vital to Wall Street because it oversees U.S. capital markets.

"The rules of the road for handling money and anything with the SEC go through this committee," says Marcus Stanley, policy director of the nonprofit **Americans for Financial Reform**. But while Garrett has easily won re-election since winning New Jersey's 5th District seat in 2002, he ran into trouble last year, when Politico reported that he made disparaging remarks about gays in a meeting with Republican colleagues and refused to pay his party dues to protest Republicans' recruitment and support of gay candidates. Afterward, many banks and hedge funds who had supported Garrett—including Goldman Sachs, JPMorgan Chase, and Elliott Management—stopped giving him money.

**How 10 mega-donors already helped pour a record $1.1 billion into super PACs I Washington Post**

## POLLING AND PUBLIC OPINION

**Financial Services Barometer 2016 I Brunswick Group**
Eight years after the global financial crisis triggered a slate of new rules and regulations, a Brunswick Group survey of 2,039 respondents from four countries finds continuing deep skepticism across the globe about the benefits of big banks and the effectiveness of financial regulation. A majority of individuals surveyed from the general population in the United States, United Kingdom and European Union say they expect another financial crisis to occur within the next five years, see limited impact from additional regulation and prefer smaller, more local banks to large institutions.

## RETIREMENT SECURITY & FIDUCIARY DUTY RULE

**DOL Fiduciary Rule Forces Merrill to Drop Commission IRAs  ThinkAdvisor**
Joining the league of other broker-dealers mulling changes to their businesses in light of the Department of Labor's fiduciary rule, Merrill Lynch said Thursday that beginning in April, Merrill will cease offering new advised, or commission-based, brokerage IRA accounts.

Merrill plans to encourage its retirement clients to consult with their advisor about whether to move their brokerage IRA accounts to Merrill Lynch One, the BD's Investment Advisory Program that offers a single, asset-based fee schedule, if they would like to continue to receive investment advice.

**Merrill Lynch eliminates commission IRA business in response to fiduciary rule  InvestmentNews**

**Fiduciary Rule to Lead to Changes in DC Plan Investment Lineups I Plansponsor**

## STUDENT LOANS & FOR-PROFIT EDUCATION

**Make colleges pay loans if their graduates can't I Salt Lake Tribune (Red Jahncke)**
It will come as no surprise to most Americans that college tuition has been rising at about twice the rate of inflation for a quarter century. This has left student borrowers with increasingly heavy debt burdens, which in turn have led to rising delinquency and default rates. The fundamental problem is that a large portion of any college's operating funds come from federal student loans, on which taxpayers take the loss if students fail to

repay. Universities themselves have no skin in this game.

The solution is to require that colleges absorb some of the loss on delinquencies and defaults by their graduates and drop-outs: say, the first 5 percent of losses. And 1 percent to 2 percent of loan amount should be deposited with the Education Department at origination, as collateral.

**Where Are The 40,000 Students ITT Tech Left Behind When It Closed? I NPR**

**Defending for-profit schools paid dividends for Carolina lawmakers I Star-Telegram (NC)**

**Why lower-income students are drawn to for-profit schools I Chicago Tribune**

**Thousands of student veterans affected by closure of ITT Technical Institute I USA Today**

## SYSTEMIC RISK

**Deutsche Bank Mismarked 37 Deals Like Paschi's, Audit Says I Bloomberg**
Deutsche Bank AG, indicted for colluding with Banca Monte dei Paschi di Siena SpA to conceal the Italian lender's losses, mismarked the transaction and dozens of others on its own books, according to an audit commissioned by Germany's regulator.

Executives at Deutsche Bank arranged 103 similar deals with a total value of 10.5 billion euros ($11.8 billion) for 30 clients, according to the audit, a copy of which was seen by Bloomberg. The Frankfurt-based lender, Germany's largest, adjusted the accounting of 37 of those trades in 2013, in addition to Monte Paschi's, changing them from loans that had been kept off the books to derivatives, the audit said.

The widespread use of a transaction that's now the subject of a criminal case highlights the lender's appetite for complexity at a time when the bank was expanding its fixed-income empire. While Deutsche Bank has since cut risky assets and eliminated thousands of jobs to bolster capital, mounting legal costs have become a source of increasing concern to investors, driving shares to a record low.

**Deutsche Bank's Contagion Risk I Forbes**

**Here's how things could really go wrong for Deutsche Bank I CNBC**

**Financial regulator expands oversight of 'alternative trading systems' like dark pools I The Hill**
The Financial Industry Regulatory Authority (FINRA) expanded its oversight of alternative trading systems (ATS) on Oct. 3, publishing block-size trade data occurring on nonpublic exchanges, like "dark pools." The initiative to publish block-size trading statistics is the next chapter in FINRA's initiative to shed light on ATS activity. FINRA started publishing volume and trade count data on equity securities executed in dark pools in June 2014, before making all over-the-counter volume transparent last April.

**MetLife Opts for Spinoff of Life Insurance Operations I Wall Street Journal**
MetLife Inc. is opting for a spinoff to existing shareholders as it divests a big chunk of its U.S. life-insurance business, resolving one of the key questions about its plan to shrink for regulatory and strategic reasons. The plans, filed with the Securities and Exchange Commission, put in motion the spinoff of operations representing about a fifth of the company's most recent annual earnings. The company announced this summer the new company will be known as Brighthouse Financial.

## OTHER TOPICS

**Citigroup Leaps Past Trump's Wall With $1 Billion Mexico Investment I The Street**
The Street's Bradley Keoun: "Wall? What wall? Citigroup, which owns Mexico's second-largest bank, appears undaunted by Republican presidential nominee Donald Trump's proposal to build an impenetrable barrier along the border. The U.S. lender said Tuesday it will put an additional $1 billion into operations in Mexico over the next four years, on top of a $1.5 billion capital injection announced in 2014.

"The money will be used to add 2,500 new ATMs and revamp some branches in Mexico City, Guadalajara and Monterey to offer high-level, personalized advice along with "smart-banking technology." Citigroup also will spend money to rebrand the Mexican unit as "Citibanamex" from the current "Banamex."

**Drinks, dinners, junkets and jobs: how the insurance industry courts state commissioners l Center for Political Integrity**
The Center for Public Integrity's Michael J. Mishak looks into the often cozy relationship between statue insurance regulators and insurance companies: "An investigation... found that half of the 109 insurance commissioners who have left their posts in the last decade have gone on to work for the industry they used to regulate - many leaving before their terms expire. Just two moved into consumer advocacy"

**GAO Calls on Government Leaders to Revisit Financial Regulatory Reform l Reg Blog**
The GAO undertook to analyze a regulatory structure that has evolved over 150 years, one piece at a time in response to discreet crises. Its report seeks to show how well the basic components of the financial sector are working: depository institutions, securities and derivatives markets, and insurance. What the GAO finds is that the oversight of these different components is seriously fragmented, overly complex, and suffering from a lack of collaboration between both domestic and international institutions.