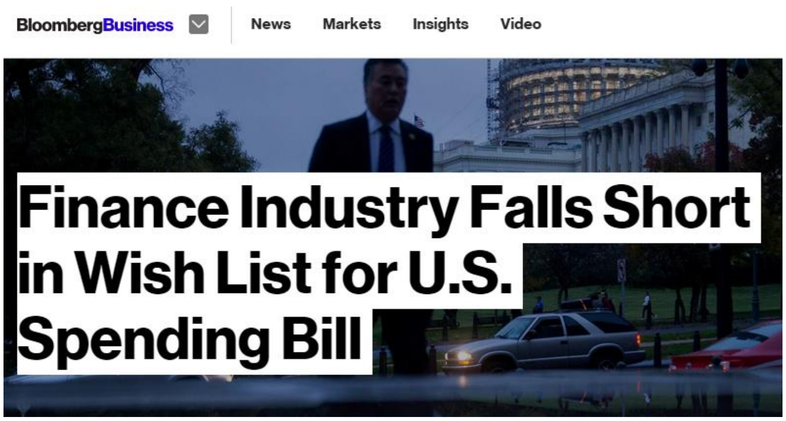
AFR Americans for Financial Reform

AFR Update - Fall 2015

Wall Street Loses – the Rest of Us Win

How do you get Congress to defy the will of a large majority of the electorate – Republicans, Democrats and Independents? Wall Street thought it knew how – with riders to a "must-pass" government spending bill.

The big banks used this technique last year to repeal a key piece of the Dodd Frank Act and preserve their ability to engage in high-risk derivatives bets with the benefits of deposit insurance and other taxpayer subsidies and guarantees. Thanks to that move, a handful of banks got to keep nearly $10 trillion worth of risky trades on their books, according to the findings of a joint inquiry by Sen. Warren and Rep. Elijah Cummings (D-Md.).



This year, our side mobilized early, sounding the alarm against special-interest riders in general and those promoted by the financial industry in particular. AFR organized an Oct. 28 sign-on letter, with 165 consumer, labor and civil rights groups urging lawmakers and the Obama Administration not to let the budget process be used once again as a vehicle for Wall Street deregulation. That was also the message of the more than 200,000 signers of petitions circulated by CREDO Action, AFR, Public Citizen, NCRC, USPIRG, and US Action, and delivered to Congress on December 7th. Additional letters addressed many of the specific attacks on consumer protection and financial regulation.

Key House and Senate allies issued similar warnings. "This Christmas, Just Say No to Wall Street Gifts" was the headline on an op ed by Representative Maxine Waters (D-Calif.). In a floor speech, Senator Elizabeth Warren (D-Mass.) pointed out that financial industry lobbyists would have a hard time pushing their deregulatory agenda "in the open where Americans can see what's happening and see which Senators and which Representatives voted to gut the rules for Wall Street banks. So they slip these [Dodd Frank] rollbacks on 'must-pass' legislation, which gives the financial industry's friends in Congress a lot of cover."

The administration spoke out forcefully and repeatedly. Treasury Secretary Jack Lew, in a Nov. 25th op ed, decried the efforts of some lawmakers to use spending bills to roll back financial reform. The Obama administration, "strongly opposes this misguided effort," he said, adding that he would urge the President to veto any legislation "that would leave the American people more vulnerable to another financial crisis."

Wall Street started out with an ambitious agenda, including riders intended (as AFR's Jim Lardner wrote in USNews.com) to reopen the door to toxic mortgages like those that helped bring on the financial crisis; put the Consumer Financial Protection Bureau under a five-member commission instead of a single director; block the CFPB from regulating the use of forced arbitration; derail the Department of Labor's efforts to combat the problem of conflicted retirement investment advice; force financial regulators to go through a series of new and redundant procedures before issuing rules or taking enforcement actions; and deregulate (in the name of relief for "community banks") a wide swath of large financial institutions up to and including the likes of Wells Fargo.

But the financial industry's push met determined resistance from elected officials and activists around the country. Senators Merkley, Coons, and Reed, among others, gave strong floor speeches opposing Wall Street's proposals. State groups in our coalition reached out to lawmakers both directly and through "No Riders" op eds in the Grand Forks (N. Dak.) Herald, the Billings (Mont.) Gazette, and The Hill, among other newspapers. In the end, the White House and key congressional leaders – Senators Reid and Mikulski and Representatives Pelosi and Lowey, among others – hung tough in the negotiations, and none of the major Wall Street-backed riders made it into the final bill.

"Financial industry lobbyists," as Bloomberg reported, "were stymied in their efforts to slip measures helping banks, insurers and private-equity firms into the $1.1 trillion bill funding the U.S. government."

"Wall Street did not win this time around - the rest of us did," AFR said in a Dec. 16th statement. "That is something well worth celebrating."

Progress in Limiting the Fed's Emergency Lending Authority

During the financial crisis, the Federal Reserve used its emergency lending powers in unprecedented and troubling ways, providing trillions of dollars in long-term loans and guarantees to major Wall Street banks and financial institutions, even as the economic pain deepened for nonfinancial businesses and the country as a whole.

The Dodd Frank Act directed the Fed to place new limits on these powers, recognizing them as an important element of the "too big to fail" problem. In the future, the law said, they should be used only in broad-based programs of temporary liquidity support to solvent institutions. Unfortunately, an initial Fed proposal released in 2013 fell badly short of fulfilling its statutory mandate.On September 16th, AFR Policy Director Marcus Stanley addressed this question at an event organized by the Cato institute. The Fed's proposal, he argued, essentially preserved its ability to give almost unlimited emergency assistance to major Wall Street banks – a point AFR had already made in a comment letter. Mark Calabria, who runs Cato's financial regulation program, expressed a similar view, and both said that such a broad understanding of the emergency lending authority would create the potential for harmful moral hazard. They also agreed that the level of emergency assistance given during the crisis had had many negative effects – a point supported by extensive academic research.

Senators Elizabeth Warren (D-Mass.) and David Vitter (R-La.) discussed their joint proposal to address the issue legislatively. During an earlier panel, a former Treasury Department official had defended the Fed's need for wide discretion, arguing that time pressure could make it impractical to gauge a company's long-term solvency. Senator Warren challenged that claim: as the major regulator of the financial sector, it is the Fed's job, she said, to monitor the wellbeing of its regulated firms and distinguish between those experiencing a short-term liquidity problem and those that are truly insolvent.

On November 30th, the Federal Reserve issued a final rule addressing a number of concerns raised at the Cato event and in our comment letter and the Warren-Vitter bill. (Representative Jeb Hensarling, who chairs the House Financial Services Committee, has introduced similar legislation.) In what AFR called a "significant improvement over the original proposal," the Fed said that future emergency loans would come with a one-year time limit and a penalty fee, and would be governed by tougher solvency standards and a more precise definition of "broad based." These changes responded directly to our critiques of the proposed rule.

Even in this stronger form, however, the rule remains dangerously loose in some respects. For example, the Fed can allow borrowers to self-certify their own solvency, and the one-year limit can be extended indefinitely with the approval of the Treasury Secretary. Inadequate controls on emergency lending can encourage excessive risk-taking by financial institutions that have come to expect such help, creating the continued risk of taxpayer loss.

Ending Wall Street's Raids on Our Retirement Savings

A year ago, AFR joined a key set of partners in forging the Save Our Retirement (SOR) coalition to work for a broad fiduciary-duty standard for retirement investment advisers, as the Department of Labor has proposed.

Under current regulations, which have not been updated since 1975, an estimated $17 billion a year is diverted out of Americans' potential retirement savings by Wall Street brokers and insurance company salespeople who can call themselves "advisers" without being required to give what most people would call honest advice – the kind that puts the client's best interests first. To hold on to those billions, the industry has spent many millions on bogus TV commercials, skewed research, and campaign contributions to friendly lawmakers.

Despite a huge imbalance of resources, SOR and our allies have fended off a series of attacks on the DOL's rulemaking. On October 27th, the House of Representatives took up a bill introduced by Representative Ann Wagner (R-Mo.), whose St. Louis district is home to Edward Jones, Stifel Financial, Scottrade and Wells Fargo Advisors, and who has collected more than $775,000 in reported contributions over a national political career that began just four years ago. The Wagner bill would bar DOL from using its statutory authority to protect workers and retirees against conflicted investment advice; instead, DOL would have to wait for action by the

Securities and Exchange Commission, which has shown no interest in addressing this problem in a timely or effective way. Of course, that is exactly the point of a measure meant to protect the status quo and those who profit from it.

While passage of the Wagner bill in the House was unfortunately a foregone conclusion, the final vote – 254 to 166 – was closer than expected. This good news reflected the hard work of the SOR coalition and the strong commitment of Labor Secretary Thomas Perez and the Obama Administration. Two years ago, 30 Democrats joined all but one Republican in supporting the Wagner bill; this time, only three Democrats did so.

With the Wagner bill losing steam, the industry turned to a new tactic, calling for an extra comment period at the end of the rulemaking process. When 47 House Democrats signed a letter endorsing the idea, it looked as if the pressure to add this proposal to the omnibus government spending bill might become overwhelming; indeed, newspaper reports suggested that such a move was close to inevitable.

But our coalition kept up the drumbeat of opposition. In letters, petitions, op eds, Tweets, info-graphics, and face-to-face meetings with congressional staff, we insisted that this seemingly innocuous proposal was anything but – that, as the New York Times editorialized, it would "very likely make it impossible to finalize the rules before the end of 2016, leaving the next administration to grapple with them anew (if a Democrat wins) or ditch them (if a Republican wins)." The White House, along with Minority leaders in both the House and the Senate, voiced strong support for the DOL's efforts, and when the dust settled its authority to move ahead remained intact.

The fight is far from over. Another group of House members – Representatives Phil Roe (R-Tenn.), Richard Neal (D-Mass.), Peter Roskam (R-Ill.) and Michelle Lujan Grisham (D-N.M.) – want Congress itself to write the rules, based on a declaration of legislative principles that, as Micah Hauptman of the Consumer Federation of America summed it up, would mean "a best interest standard in name only."

Nevertheless, we are encouraged by the wide range of voices speaking up for a strong fiduciary rule, including groups representing the many financial professionals already subject to such a standard, and by an abundance of straight-talking media coverage. It's a simple story, as Time Magazine columnist Ethan Wolff-Mann observed. "Wall Street is trying to kill" the DOL's proposal. "Why? Because it would cost many big players, including full-service brokerages and life insurers, a ton of money."

More Light on the Privileges and Abuses of Private Equity and Hedge Funds

The tax benefits, regulatory privileges, and social and economic impact of private equity and hedge funds have attracted a fresh burst of attention recently.

In June, Senator Tammy Baldwin (D-Wis.) introduced legislation to close the carried interest tax break, which allows fund managers making tens or even hundreds of millions of dollars a year to pay a lower effective tax rate than most nurses, firefighters, kindergarten teachers, and police officers. In October, AFR and more than 50 organizations urged more Senators to cosponsor the Baldwin bill, which would end that injustice and raise $15.6 billion in revenue over a decade, according to the Congressional Joint Committee on Taxation. Tax policy expert Victor Fleischer of the University of San Diego makes a strong argument for a significantly higher figure – in the

$200 billion range. In any case, it's a large sum of money that could be far better invested in schools, infrastructure, and communities.

Carried interest has also been a prominent topic of discussion on the 2016 campaign trail, with Bernie Sanders, Hillary Clinton, Jeb Bush and even Donald Trump identifying it as a loophole in need of closing.

Meanwhile, the Internal Revenue Service put out a preliminary guidance underscoring the illegality of another tax ploy used by PE firms – the use of "management fee waivers" to turn salaried income into capital gains by fund managers who don't incur any real entrepreneurial risk. AFR and our allies submitted comments applauding the move while urging the IRS to follow through with a strong final guidance, and to enforce its rules going as far back as the statute of limitations permits.

On Nov. 17th, AFR, the AFL-CIO, the American Federation of Teachers, and the Center for Economic and Policy Research co-sponsored a Capitol Hill event, "Hedge Funds & Private Equity: Transferring Wealth Upwards." Senator Baldwin discussed her bill and some of the ways in which private equity funds have damaged Wisconsin companies and communities. Senator Al Franken (D-Minn.) spoke about his efforts to persuade the Treasury Department and IRS to force partnerships to disclose the full amount of their "carried interest" income, allowing policymakers to get a better grip on the revenue losses.

Eileen Appelbaum, an economist and author of the book "Private Equity at Work," talked about the nuts and bolts operations of these firms. PE-owned companies, she noted, are more than twice as likely as other companies to go bankrupt, and typically have fewer employees and pay lower wages. Yet the funds themselves are often hugely profitable.

David Wood, Director of the Initiative for Responsible Investment at Harvard University's Kennedy School, discussed the short-term outlook of many top hedge funds, which incentivizes quarterly gains and immediate growth rather than sustainable economic activity.

Eric LeCompte of Jubilee USA Network and Representative Nydia Velázquez (D-N.Y.) focused on the role of "vulture hedge funds," which buy distressed government debt at a sharp discount, and then refuse to negotiate. These funds can make vast sums at the expense of a whole economy, and at the cost of terrible human suffering, as is happening in Puerto Rico now.

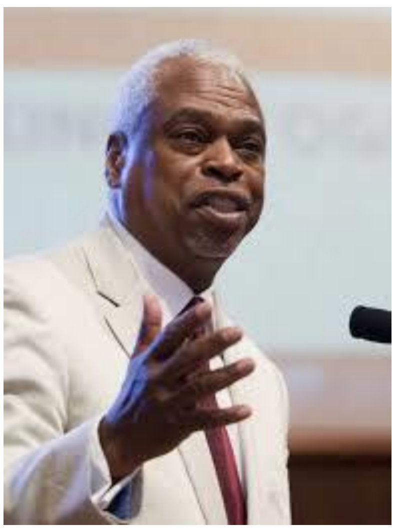
Prompted by the situation in Puerto Rico, Rep. Velázquez has introduced legislation (supported by the AFL–CIO, AFR, AFSCME; Make the Road New York; Strong Economy For All Coalition; Center for Popular Democracy; and Hedge Clippers) directing hedge funds to disclose more of their holdings in order to help regulators and the public better understand their activities.

Pushing Back Against Discriminatory Auto Loans

If you're a person of color taking out a car loan, odds are you'll pay a significantly higher interest rate than you would if you were white. Since 2013, the Consumer Financial Protection Bureau has begun to tackle this well-documented problem, both through enforcement actions and through a guidance document on fair-lending-law-compliance practices for lenders working with dealerships to finance auto purchases.

Congress should be praising the Bureau for its fight against auto-loan discrimination. Instead, a shameful number of members of the House voted in November to curtail the CFPB's work in this area. On November 18th, the House passed a bill, HR 1737, which would invalidate the existing guidance and impose burdensome and unnecessary new procedures on any future CFPB efforts to address the issue. The final vote was 332-96, with 88 Democrats voting in favor.

In response, more than 52,000 Americans have signed petitions – organized by ColorOfChange, Working Families, Center for Popular Democracy and AFR – warning lawmakers not to put Congress's seal of approval on this egregious form of discrimination. On



"Discrimination undermines the civil rights of all Americans, whether in voting, education, or employment. Lending discrimination is no different." – Wade Henderson, President of the Leadership Conference on Civil and Human Rights

November 16th, 66 consumer rights, civil rights and advocacy groups delivered a letter opposing HR 1737 to the full House and Senate. The Leadership Conference on Civil and Human Rights and 23 other civil rights groups also strongly opposed the bill. AFR and our allies have been doing all we can to keep it from gaining traction in the Senate or being added to a piece of unrelated "must-pass" legislation. Two good things to come out of our efforts thus far are a flurry of media coverage (in News.Mic, National Journal, CNN and Huffington Post, among other places) and the fact that a number of the bill's original co-sponsors reversed themselves and voted No when it came to the floor. As a result, the CFPB will be in a better position to continue its work, and we will have an easier time preventing final passage of any measure to stop it.

Forced Arbitration – the Battle is Joined

On October 7th, the Consumer Financial Protection Bureau (CFPB) took an important first step toward curbing the nasty combination of forced arbitration clauses and class-action bans in the banking and lending markets. AFR, which has been urging the CFPB to address these problems, praised the Bureau for its crucial move even as we called for action to rein in the abuses of forced arbitration in individual cases as well. Class-action bans are especially insidious: they amount to a license for large corporations to engage in widespread fraud, counting on the fact that most people's financial losses will not be great enough to justify the trouble and expense of an individual claim. Even in the infrequent cases where such claims are brought and succeed, a company can carry on the same wrongful practices with others. (See statements on the CFPB's release by Public Citizen, Consumer Action, Alliance for Justice, National Consumer Law Center, and Senator Sherrod Brown.)

Arbitration arose in the 1920s as a way to settle disputes between businesses. It was only in the 1990s, as the New York Times pointed out in a remarkable series of front-page articles on the subject, that "a Wall Street-led coalition of credit card companies and retailers" laid plans to use this technique to "insulate themselves" against class action lawsuits brought by consumers and employees. In 2011 and 2013, the Supreme Court put its stamp of approval on the practice in a pair of rulings that, according to the Times, "drew little attention outside legal circles, even though they upended decades of jurisprudence put in place to protect consumers and employees."

Very few people realize that when they sign up for a credit card or take out a loan, they may be giving up their access to the courts as well as their right to participate in a class action lawsuit. But now, thanks to the Times series, the CFPB's announcement, and a recent episode of "The Good Wife," these shadowy practices are beginning to attract the attention and criticism they deserve.

The Bureau convened a small-business review panel prior to issuing a proposed rule, which is expected next year. While the CFPB's jurisdiction is limited to the financial marketplace, many other kinds of companies – AT&T, Time Warner, Netflix and Starbucks, to name a few – now include forced arbitration clauses in their terms of service, and corporate America obviously sees the Bureau's rulemaking as a worrisome precedent. Soon after the CFPB's announcement, the United States Chamber of Commerce identified the defense of forced arbitration as a top legislative priority.

For the financial industry and its allies, this issue is one more reason to try to undermine the CFPB's effectiveness – both through measures aimed its specific authority over arbitration clauses, and through efforts to tie its hands in other ways, by, for example, turning it into a five-member commission instead of an agency led by a single director. For the rest of us, forced arbitration is one more, very powerful reason to do all we can to make sure this crucial agency continues to have the authority and the resources to do its job.

"Protect Communities, Not Wall Street Speculators!"

That was the message of a Sept. 30th Day of Action in Washington, D.C. More than 200 people – activists and community residents from Washington, Boston, New York and cities across the country – were there to challenge the way the Department of Housing and Urban Development (HUD) and the GSEs handle their sales of "distressed housing assets," or delinquent mortgages.

The Day of Action included a rally with speeches by Senator Elizabeth Warren and her Massachusetts colleague Representative Michael Capuano as well as grassroots leaders and local elected officials; a march up Seventh Street; and meetings with top officials of the Federal Housing Finance Agency (FHFA) and the Federal Housing Administration (FHA).

The groups involved -- the Center for Popular Democracy, the Right to the City Alliance, Local Progress, New York Communities for Change, the Alliance of Californians for Community Empowerment, and Americans for Financial Reform – are seeking policy changes from HUD and the Federal Housing Finance Agency, which has authority over Fannie Mae and Freddie Mac. Since 2012, HUD and the two GSEs have auctioned off more than 120,000 loans – the overwhelming majority of them to Wall Street speculators, including hedge funds and private equity funds. While agency officials have described the results as win-win, properties are being sold without sufficient protections for borrowers, commitments to affordable housing, consultation with local leaders, or cooperation with not-for-profits.

One key part of the solution, the groups said, is maximizing the proportion of properties that go to mission-driven rather than profit-driven entities. HUD and the GSEs should make a concerted effort to work with community-minded nonprofits instead of cutting deals with – in Senator Warren's words – "the same Wall Street speculators who ripped off these families in the first place."

The event was covered in the New York Times, Washington Post, and Al Jazeera, among other media outlets, and discussions with HUD and FHFA about needed policy changes continue

Better Data on the Mortgage Market

On October 15th, the Consumer Financial Protection Bureau (CFPB) issued a set of final rules updating the implementation of the Home Mortgage Disclosure Act [HMDA}, as required by Dodd Frank. The new rules call for the collection of additional information on both loan characteristics and borrower characteristics, including some data points specifically required by the statute and others that the CFPB wisely judged to be useful in furthering HMDA's objective of helping the public and researchers get a full and accurate picture of those who apply for mortgages and those who get them.

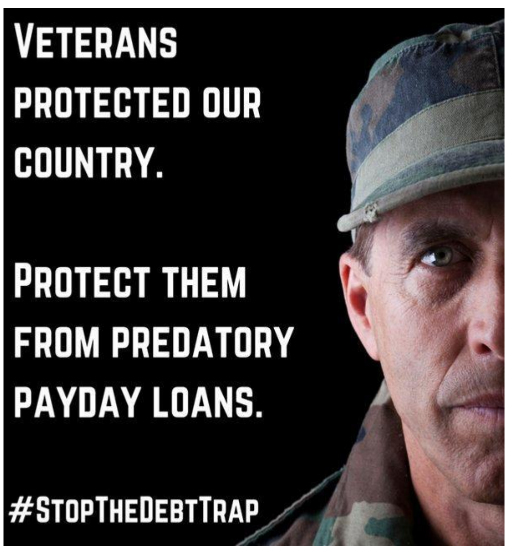
In one notable step – strongly urged by AFR members – the Consumer Bureau decided to require disaggregated data on subgroups within the Asian/Pacific Islander category. Different communities, previously grouped together under this heading, have importantly different experiences in the lending market – differences that should become significantly easier to see as a result of the Bureau's action.

AFR put out a statement praising the final rule, while also expressing concern about how long it will be before the new data is available. In addition, we urged the CFPB to move quickly to resolve the remaining questions about what data will be made public, and to in fact make the maximum possible amount of data public. Disclosure is the fundamental aim of HMDA, and we believe this data can be shared while also protecting borrower privacy.

The enhanced HMDA data should make it easier for regulators to enforce fair housing and lending laws; for homeowners and community groups to understand and monitor the performance of banks, lenders, brokers, and other industry players; and for all of us to work for a mortgage market that serves people fairly and helps families and communities build and preserve wealth.

Standing Up for Veterans in the Lending Market

In July the Department of Defense approved a set of updated rules to finally put teeth into the implementation of the Military Lending Act (MLA), a 2007 law setting a 36% rate cap on loans to members of the military and their families. This was a huge step forward for active duty servicemembers. Unfortunately, the new rules do not cover veterans, and the payday industry continues to market aggressively to them.



On Veterans Day, AFR and our partners made that important point in a coordinated effort to bolster the case for a strong CFPB rule against payday and other abusive forms of consumer lending. A number of lawmakers, including Representatives Suzanne Bonamici (D-Ore.), Mark Takano (D-Calif.), Judy Chu (D-Calif.), Zoe Lofgren (D-Calif.), Raul Grijalva (D-Ariz.), Ruben Hinojosa (D-Tex.), and Eddie Bernice Johnson (D-Tex.), echoed the message in written statements or floor speeches. Across the country, advocacy groups used social media to make the case. Retired Master Sergeant Richard Kitterman also addressed the issue in an op ed for the American Banker. The United States, he wrote, "has a long way to go to make sure those who protect and defend our homeland are themselves protected and defended when they return home to rebuild their lives. Stopping the debt trap is an important first step."

A Path Toward Justice for Corinthian Students?

On October 28th, a federal court ruled that Corinthian Colleges had made bogus job placement claims to get students to enroll and take out costly private loans. The now-bankrupt company also used illegal debt collection tactics, according to the court, to strong-arm students into paying back their loans while still in school.

Corinthian has been sued or investigated for deceptive marketing, securities fraud, and the unlawful use of military seals in advertisements. Its students, ill-equipped for work in their fields of study, have again and again been forced to return to the kind of minimum-wage jobs they held before they enrolled. A Corinthian degree is so badly regarded by employers that some former students have been advised to omit all mention of it in their resumes.

In June, the Department of Education laid out a process for former students to apply one by one to have their debts cancelled, including a "fast-track" process for students in some programs. AFR, the National Consumer Law Center, state attorneys general, and members of Congress have urged the Department to use its authority to cancel the federal student loans of *all* Corinthian students. So far, however, the Department has only granted relief to 1% of students who were made eligible for a fast-track relief process – and to none of the Corinthian students who weren't. This leaves hundreds of thousands of other victimized students still on the hook.

The October ruling, in a case brought by the Consumer Financial Protection Bureau, could provide a way forward. The Department of Education has said it hopes to "find ways to fast track relief based on legal findings for large groups of students." Now it has legal findings of wrongdoing across the Corinthian chain. With that evidence in hand, it could order large-scale, automatic debt cancellation for all these students. AFR, along with Senator Elizabeth Warren and Representative Maxine Waters and 15 other lawmakers are pressing the Department to do just that.

Ending "Too Big to Fail" Through Dodd Frank's Bankruptcy Planning Process

The financial crisis focused America's attention on the problem of banks that had come to be seen as "too big to fail," and on the massive public bailouts that resulted.

The Dodd-Frank Act contains a mandate intended to end "too big to fail" – by telling the biggest banks to develop resolution plans or "living wills" demonstrating their ability, if necessary, to go out of business through a conventional bankruptcy in an orderly fashion that will not lead to major economic fallout. Crucially, the law requires federal regulators to order the restructuring, or even the breakup, of any megabank that fails to produce a credible resolution plan.

Last year federal regulators concluded that none of the major banks' living will plans passed the credibility test. Regulators are currently reviewing revised plans submitted by 11 of the biggest U.S. and foreign banks, including JPMorgan Chase, Bank of America, Citigroup, and Goldman Sachs. Under the terms of Dodd Frank, another failing grade will trigger the beginning of a formal breakup process– something regulators are likely to be reluctant to do.

On November 4th, AFR sponsored a Capitol Hill event to shine light on this high-stakes review process. After a keynote address by Senator Sherrod Brown, the ranking member of the Senate Banking Committee, a panel of outside bankruptcy experts questioned the credibility of the existing resolution plans. Stephen Lubben of Seton Hall University pointed out ways in which the blueprints of some major banks violated ordinary bankruptcy law. Bruce Grohsgal of Widener University highlighted the massive financial demands of resolving a global megabank, and raised doubts about whether they could be satisfied through ordinary bankruptcy. Finally, Simon Johnson of MIT questioned the ability and commitment of international regulators to effectively coordinate bankruptcies involving multiple jurisdictions.

These experts were followed by a panel of regulators, who discussed their agencies' policies and the progress that had been made toward effective resolution plans.

The panelists cast doubt on the ability of the largest banks to satisfy Dodd Frank's orderly-bankruptcy requirements. The willingness of regulators to push banks to address these issues – or to initiate stronger measures if the banks cannot – will be a key question over the coming year. AFR and our allies will insist that both regulators and banks meet the legal requirement to demonstrate that no financial institution is so large and so complex that its failure would cause unacceptable damage to the economy.

"If You See Something, Do Something"

In October, an alliance of advocates, lawyers and financial industry workers came together to launch Whistleblow Wall Street, a website designed to make it easier to expose wrongdoing in the banking world.

The 2010 Wall Street Reform and Consumer Protection Act established new protections for whistleblowers, including prohibitions on retaliation. Even so, workers can have a hard time figuring out what they can safely and effectively do with information about industry misconduct. Through Whistleblow Wall Street, they can learn about their rights, share information anonymously (using an encrypted secure drop), and get practical and legal guidance from the Government Accountability Project, a not-for-profit organization specializing in whistleblowing cases.

The project was conceived by the economic justice groups The Other 98% and The Rules. To kick it off, the two nonprofits put up "See Something? Do Something!" billboard ads in the Wall Street area, while members of the Committee for Better Banks – a coalition of bank employees and advocacy and labor organizations working for improved working conditions in the financial industry – handed out leaflets in the financial districts of New York, Washington D.C., St. Louis, and Orlando, Fla., alerting people to the existence of this new online resource.

Pressing the Case for Postal Banking

The idea of postal banking got a major boost this fall with the publication of the new book *How the Other Half Banks,* by Mehrsa Baradaran of the University of Georgia Law School. In the book, Professor Baradaran examines the financial sector's failure to provide decent banking options for low-income households and communities. Pointing to the post office's historic role as an instrument of American democracy, she proposes a return to postal banking as a viable alternative to predatory payday lending.

Professor Baradaran made this case at an October event at the National Press Club, as part of a panel with AFR Executive Director Lisa Donner and MIT Professor Simon Johnson. A few weeks later, AFR organized a well-attended congressional briefing cosponsored with the Campaign for Postal Banking and other members of our coalition. Professor Baradaran recalled the largely forgotten system of postal banking that existed in the U.S. from the early 1900 until the late 1960's. Postal banking remains a widespread practice around the world, she said, and it could be an effective solution for millions of unbanked and underbanked people in this country.

Building on the momentum generated by these discussions, 29 organizations have gathered and delivered more than 150,000 signatures on petitions urging the Inspector General of the postal service to use existing legal authority to start moving back in the direction of a postal banking system.

AFR In The News (a sampling of recent op eds and media coverage):

- **Big Spending Bill Omits Many Gifts for Financial Industry** (Wall St. Journal, 12/6)
- **Omnibus Offers Little to Love for Wall Street, Financial Industry** (Inside Sources, 12/16)
- **Budget deal offers way to sneak through financial changes** (USA Today, 11/3)
- **New Fed Rule Limits Emergency Lending Power** (New York Times, 11/30)
- **House Democrats Back Away From GOP Attack on Elizabeth Warren's Agency** (Huffington Post, 9/30)
- **Dozens of Democrats Are About to Vote for Racial Discrimination at Car Dealerships** (Huffington Post, 11/16)
- **Bill Introduced to Require Hedge Funds to Disclose Holdings More Frequently** (Wall Street Journal, 11/4)
- **Nobody wants to be known as the senator from Goldman Sachs** (Financial Times, 10/2)
- **Spending Bill Becomes Battleground For Retirement Advice Rule** (Wall Street Journal, 12/8)
- **Students of defunct for-profit to receive $28 million in loan forgiveness** (Washington Post, 12/3)