This Week in Wall Street Reform | March 11 - 17, 2017

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TRUMP ADMINISTRATION & WALL STREET

Edge or Liability? White House Ties May Cut Two Ways for Goldman | NY Times
Already, Mr. Trump's proposals to cut corporate taxes and reduce regulation — which would benefit Wall Street broadly — have lifted the stock prices of Goldman and other banks. Shares of Goldman are up more than 36 percent since the election....

"We have been criticized for the fact that some of our colleagues, after long careers at the firm, have moved to work in the public sector," [Goldman CEO Lloyd Blankfein] wrote on Thursday in a letter to investors. "The charge is that Goldman Sachs is able to extract certain advantages that others cannot. In fact, the opposite is true. Those in government bend over backward to avoid any perception of favoritism."

Still, two days before his letter surfaced, Mr. Blankfein was reportedly spotted at a Four Seasons hotel bar in Washington having drinks with Gary D. Cohn and Dina Powell. Mr. Cohn resigned as Goldman's president in December to become the director of the National Economic Council, and Ms. Powell ran Goldman's philanthropic investing before being named a presidential adviser and, this week, deputy national security adviser for strategy.

Goldman Sachs Is Riding High | Americans for Financial Reform (Carter Dougherty)
Cohn has let it be known through anonymous sources that he will recuse himself from anything "directly" affecting Goldman. But the comment only underscores how serious the problem is. The White House isn't supposed to involve itself in enforcement at all, nor should it jump into the regulatory process at independent agencies. So as a matter of course he should not be involved in this kind of matter "directly" involving the company. And what does "directly" mean?

He is already deeply involved in matters bearing on Goldman's profits. He and Treasury Secretary Mnuchin are both working, for example, on plans to roll back the Volcker Rule, a regulation that protects the economy by barring big banks from speculating with their customers' money. It also stops Goldman from profitable activities it would love to continue.

New York Comptroller: Wall Street profits rose 21 percent in 2016 | Politico

The curious case of President Trump's ethics executive order | The Hill
When Trump spoke of "draining the swamp" and imposing revolving door restrictions on lobbyists, hopes were raised again, only to be dashed when no such ethics agreements being signed by Trump's Cabinet nominees…

On a Saturday more than a week into the Trump administration, with no warning and no public input, Trump issued his ethics executive order… The order sounds good, except for one big caveat: it exempts rulemaking from the definition of prohibited lobbying activities… [I]f rulemaking is defined broadly as the analysis and development of regulatory policies, this exception opens the door to full participation in executive branch affairs. Departing officials could immediately lobby the Trump administration on most issues.

Trump Team Takes on Obama's Regulatory Legacy | NY Times

Donald Trump's Lawyers Plan Legal Attack on Federal Agencies | Time

The Trump plan that may hurt red state bankers | American Banker
In a budget that was otherwise relatively short on specifics, the Trump administration on Thursday called for eliminating the Treasury Department's grant programs for community development financial institutions, a popular industry feature that helps impoverished communities access financial services.

The budget's two-page priorities for the Treasury Department included eliminating the CDFI program itself, the Bank Enterprise Award Program, the Native American CDFI Development Program, and the New Markets Tax Credit Program.

Bank Culture in the Trump Era | RegBlog (Claire Hill)
What will happen to bank culture under the Trump Administration? Donald Trump's own business dealings offer considerable reason for pessimism. Trump was quoted in an article describing his Atlantic City casino business as saying that "Atlantic City fueled a lot of growth" for him. "The money I took out of there was incredible," he said. He may have done well—but his businesses did not: "a close examination of [various documents] by the New York Times leaves little doubt that Mr. Trump's casino business was "a protracted failure." "[E]ven as his companies did poorly, Mr. Trump did well. He put up little of his own money, shifted personal debts to the casinos and collected millions of dollars in salary, bonuses and other payments. The burden of his failures fell on investors and others who had bet on his business acumen."

Trump's dealings in connection with Trump University provide another troubling example. In a class-action lawsuit against, among other defendants, Trump University and Donald Trump, one of the "university's" former salesmen, Ronald Schnackenberg, stated in an affidavit that "while Trump University claimed it wanted to help consumers make money in real estate, in fact Trump University was only interested in selling every person the most expensive seminars they possibly could." Schnackenberg further stated that "[b]ased on [his] personal experience and employment," he believed that "Trump University was a fraudulent scheme, and that it preyed upon the elderly and uneducated to separate them from their money..."

There we have it: irresponsible risk-taking, with significant externalization of risks; conflicts of interest; and maneuvering (with pride!) around regulations—precisely the kind of behavior that got banks, and the broader society, in so much difficulty.

[Who Pays for Rolling Back Regulations?](#) | Center for American Progress (Joe Valenti and Rebecca Buckwalter-Pozass)
Proponents of this anti-regulatory push claim that regulations are pricey for businesses and suppress economic growth. But all too often they ignore the value of these regulations to everyday Americans…

In 2009, Congress passed a sweeping law targeting abusive practices in the credit card market, such as arbitrary interest rate increases and excessive fees… The ensuing credit card reforms saved families $16 billion in fees and interest from 2011 to 2014. The total cost of credit went down by nearly 2 percentage points, saving each household that carries a credit card balance about $300 per year on average. The benefits were even greater for the financially vulnerable borrowers who are the most vulnerable to pricing scams.

The CFPB, an independent agency outside of the federal executive, is now in the process of finalizing additional groundbreaking protections: the first federal rules to rein in the predatory payday and auto title lending practices that extract $8 billion in fees from cash-strapped borrowers every year. If these regulations—including commonsense measures such as requiring lenders to determine beforehand that borrowers can repay their loans—move forward, they will save each borrower more than $530 per year on average.

When companies are required to practice responsible lending practices, they have a greater incentive to help customers succeed—and the market thrives.

Trump needs to do 'smart regulation,' not deregulation, former FDIC chair says | CNBC
"There's some things he can do in simplification that would be smart that would help the banks get some of the … unnecessary administrative costs out, but not do things like weaken capital standards. I think that would be very, very detrimental for the long-term health of our economy and for our resiliency," [former FDIC Chair Sheila Bair] said in an interview with 'Closing Bell...'

Bair… said things like the risk-based standards are "hideously complex" and "mislead investors to think that capital is much higher at banks than they are." She also called liquidity rules too complicated. However, she warned that the country shouldn't forget the lessons of the financial crisis.

"What drove this crisis was too much borrowing by banks and they were borrowing short term. Which means you've got to get the capital levels up and you've got to make sure they've got stable liquidity."

This Secret Weapon Could Kill Needless Regulation | Bloomberg View (Cass Sunstein)

Trump budget proposes $519 million cut for Treasury | Politico

Mnuchin looks to Wall Street to fill key Treasury roles | Politico

Treasury announces Mnuchin's team | Politico

Dina Powell to be named Trump's deputy national security adviser | Politico
Powell, a director of personnel during the Bush administration, was a partner at Goldman Sachs before joining the administration. She has been a formal adviser to Ivanka Trump and Kushner.

Will Steve Bannon Go to War Against the Big Banks? | Fiscal Times

Steve Bannon and the Making of an Economic Nationalist | Wall St Journal

Top US regulator backs Trump's Glass-Steagall push | Financial Times

NOMINATIONS

Trump Nominates Goldman's Donovan as Deputy Treasury Secretary | Bloomberg
Donovan most recently was a managing director at the bank's private wealth management division and has been at Goldman since 1993. He would be subject to Senate confirmation. At Treasury, Donovan would join the effort to execute the extensive economic policy agenda that the new administration has promised. Trump has vowed to cut regulations and taxes with the goal of unlocking economic growth.

While Trump repeatedly attacked Goldman Sachs's government influence during his campaign, he's tapped a number of high-ranking personnel from the bank to serve in his administration. Besides Steven Mnuchin, Trump's Treasury secretary, former Goldman officials working for the new administration include former President Gary Cohn, now director of the National Economic Council; Stephen Bannon, the chief White House strategist; and Dina Powell, formerly the bank's head of philanthropic investment, who's an assistant to the president and senior counselor for economic initiatives.

Wall Street relieved as Trump picks Goldman banker as Treasury deputy | Politico

Trump's choice for SEC could be busy with recusals | CBS News
"This is a sort of Who's Who of Wall Street," said Marcus Stanley, policy director for **Americans for Financial Reform**, a coalition of consumer, civil rights and labor groups. "I would think that this would force quite a lot of recusals" by Clayton. Clayton is among a number of Trump choices for top government positions with Wall Street connections. Treasury Secretary Steven Mnuchin is a former Goldman executive, leading economic adviser Gary Cohn was until recently Goldman's president and billionaire investor Wilbur Ross heads the Commerce Department.

Clayton, SEC Chair Nominee, Pulled in $7M From Sullivan & Cromwell Last Year | National Law Journal

Jay Clayton as SEC chair akin to a fox guarding a hen house | The Hill (Ted Kaufman)

Trump's Pick to Lead U.S. CFTC Unveils Major New Policy Agenda | NY Times
The top U.S. derivatives regulator laid out plans on Wednesday for a sweeping overhaul of the agency that will include everything from cutting regulation to restructuring the unit that conducts

surveillance for market abuses. In a wide-ranging policy speech that drew a rare standing ovation from more than 1,000 industry participants, Acting Commodity Futures Trading Commission Chairman J. Christopher Giancarlo, who was nominated by President Donald Trump as permanent chairman late Tuesday, said it was time for the CFTC to "reinterpret its regulatory mission" by focusing on fostering economic growth, enhancing U.S. markets, and "right-sizing" its regulatory footprint.

Trump labor nominee's hearing delayed | The Hill

Senators Must Ask Gorsuch If He Will Force Americans into Arbitration | Center for American Progress

Gorsuch endorsement disappointing | Missoulian (letter to the editor)

Trump's Choice for FDA Has Ties to Wall Street, Drug Makers | NY Times

The most important nomination for a job you may not have heard of | Washington Post

CONSUMER FINANCE & THE CFPB

Trump admin calls CFPB structure unconstitutional in filing | Washington Post
Some supporters of the CFPB said the director should be shielded from shifts in presidential administrations to provide a more consistent approach to regulation. “It is independent from the political process, just like the other bank and financial regulators,” said Brian Simmonds Marshall, policy counsel for **Americans for Financial Reform**, a coalition that fights for civil rights and labor issues.

DOJ files brief arguing Trump can fire consumer bureau chief | The Hill

Trump administration backs court decision allowing CFPB director's ouster | Politico

Justice Department Fires Salvo at Consumer Watchdog | Wall St Journal

CFPB, Justice Department Poised to Square Off in Court | Wall St Journal

PHH Urges End to Consumer Financial Protection Bureau | Bloomberg BNA

Trump Administration Switches Sides, Claims CFPB Structure Is Unconstitutional | Forbes

Trump administration joins legal challenge to remove CFPB director | USA Today

Trump and Warren Are on a Collision Course | New Republic
In less than seven years, the agency has successfully prosecuted more than 100 financial institutions—often refusing settlements, taking wrongdoers to court, and placing the worst offenders under ongoing supervision. It launches many investigations by following public complaints posted on its website, which serves as a model for government transparency.

“Unlike other agencies, the CFPB’s complaint system is public and searchable,” says Alexis Goldstein, a senior analyst with **Americans for Financial Reform**. “It’s become a great resource for anyone getting ripped off…” All told, the agency has chalked up nearly $12 billion in civil fines and consumer refunds for 29 million Americans defrauded by scams. It has returned another $8 billion to consumers by reducing predatory loans, or canceling them outright.

CFPB may fall under new executive order to reorganize executive branch | HousingWire

Consumer Protection Progress at Risk | Morning Consult (Ruth Susswein)
Time will tell how many regulatory rollbacks will be realized and what their impact will be. Meanwhile, consumers and their advocates must call these actions out for what they are: an abuse of power and a misguided effort to restore even more control to Wall Street over Main Street.

Will Congress Remove Consumer Credit “Seat Belts”? | Democracy Journal

Your Wallet Will Suffer If This Agency Is Gutted | NerdWallet

House Democrat wants CFPB to probe discrimination in small-business loans | Politico

Save the federal consumer watchdog | NY Daily News (Lisa Servon)
President Trump’s determination to eviscerate the Consumer Financial Protection Bureau proves that he prioritizes the coffers of the megabanks over the pocketbooks of the Americans he vowed to defend during his campaign.

[Why we should save the CFPB](#) | South Bend Tribune (Judith Fox)
I have had several clients who found themselves in the unfortunate situation of having a mortgage that is in their husband's name and their husband had died. The bank refused to discuss the mortgage, accept payments or even tell the widow the amount of the payments. After numerous unsuccessful attempts, one complaint to the CFPB resolved the issue every time…

This agency is on the side of consumers. If not for them, banks would not have been forced to assist thousands of Hoosiers during the mortgage foreclosure crisis. They have returned millions of dollars to people who were scammed by Wells Fargo Bank's false account scheme. They have shut down shoddy debt collectors and reined in abusive student loan entities…

Why, then, is the Republican Party so eager to dissolve the CFPB? Because the banks have paid millions and millions of dollars lobbying them to do it. And why is that? Because the CFPB works and, through its efforts, banks have lost money they used to receive by taking advantage of consumers.

CFPB officially hits Nationstar with $1.75 million fine for HMDA violations | HousingWire

'Pension advance' company is unmasked, and it's no friend of CA consumers | LA Times
It was an unusual lawsuit. A mysterious business, identifying itself only as "John Doe Company" and "organized under the laws of the State of California," sued the Consumer Financial Protection Bureau in January to keep its name and a pending investigation under wraps…

John Doe lost its case and the CFPB wasted no time in unmasking the company. Say hello to Future Income Payments, which was based in Irvine until state officials issued a cease-and-desist order a couple of years ago, charging that the company was issuing loans without a license.

Credit card company won't refund membership fee | Miami News 7

Local pawnbrokers settle over allegations of illegal interest and fees | Fredricksburg.com

Credit Reports to Exclude Certain Negative Information | WSJ

FTC Returns Money to Victims of Debt Relief Scheme | Federal Trade Commission
The Federal Trade Commission is mailing 561 checks totaling more than $148,000 to people who lost money to Payday Support Center, a debt relief scheme that targeted people with outstanding payday loans. The defendants are banned from promoting or selling debt relief services under a federal court order. People who lost money will get back an average of $264. Recipients should deposit or cash checks within 60 days. The FTC never requires people to pay money or provide account information to cash refund checks.

U.S. Agency Invites Fintech Firms Into Special Bank Charter | Bloomberg
The Office of the Comptroller of the Currency will open its doors to non-traditional financial companies that are willing to meet some of the rigors of regulated banking, including capital, liquidity and consumer-protection rules, according to a draft policy statement released Wednesday...The draft policy -- open for a 30-day public comment period -- would not allow

products “with predatory features” or that inappropriately mingle banking and commerce. The OCC also defended its “broad authority” to make the move without a new law from Congress or any formal rule process, saying it’s doing nothing more than expanding a longstanding practice.

Brian Marshall, policy counsel at the Washington-based advocacy group **Americans for Financial Reform**, said he’s “still unconvinced” the OCC has made its case that it doesn’t need congressional action to grant the charters. “They are not citing actual legal authority for this proposition,” said Marshall, who added that he’s also concerned about consumer protections -- especially after the leadership of the agency changes hands.

OCC moves to redefine banking for digital age | Politico

New York regulator's bid to expand fintech authority in jeopardy | American Banker

Congress Prepares for Showdown Forced Arbitration & Class Actions | Coalition for Sensible Safeguards (Amanda Werner)
Led by U.S. Sen. Al Franken (D-Minn.), lawmakers on March 7 introduced a slate of bills aimed at ending the use of forced arbitration in various sectors… Lawmakers were joined at a packed press conference by people who had been harmed by forced arbitration: a veteran illegally fired from his job while serving in the military and blocked from suing his employer; a victim of Wells Fargo fraud whose class action was kicked out of court; and former news anchor Gretchen Carlson, barred from speaking out about sexual harassment she had suffered at Fox News.

Among the bills introduced were Franken’s Arbitration Fairness Act, which would prohibit forced arbitration in consumer, employment, civil rights, and antitrust cases and Sen. Sherrod Brown’s (D-Ohio) Justice for Victims of Fraud Act, which would close the “Wells Fargo loophole” by restoring consumers’ right to sue when banks open fraudulent accounts without their knowledge.

However, in stark contrast to this push to strengthen rights and restore corporate accountability, GOP lawmakers began pressing to make it harder for consumers to band together when harmed and take corporations to court.

Chamber of Commerce sets its sights on our civil justice system | The Hill (Dan Dudis)
Multiple Chamber-backed bills have been introduced in the House of Representatives that would make it harder for consumers, investors and small businesses to hold corporations accountable for wrongdoing. The GOP is ramming these bills through without so much as holding a hearing...

Among the Chamber's longstanding objectives is restricting access to the courts for individuals and small businesses harmed by corporate wrongdoing. One of the main ways it seeks to do this is by restricting class actions, as H.R. 985 would do.

See Center for Public Citizen report, **The Chamber of Litigation, Part II**

Fairness in Class Action Act Threatens Civil Justice | ClassAction.com
The Fairness in Class Action Litigation Act of 2017, or H.R. 985, proposes to "assure fairer, more efficient outcomes for claimants and defendants." According to 120 civil rights groups, though, H.R. 985 would only help corporations. We spoke with Amanda Werner, an economic justice advocate who works on behalf of Public Citizen and **Americans for Financial Reform**, to better understand how the bill would affect the legal rights of millions of American consumers. Werner also shared how arbitration, or the "ripoff clause," is similarly taking away our right to join class action lawsuits.

See AFR statement, **House Bill Would Let Banks and Lenders Keep Ill-Gotten Gains**

Beware Intended Consequences of Class Action Reform, Too | Law360

The conundrum of consumer, employment arbitration clauses | Buffalo Law Journal

Here's How Gretchen Carlson Says Women Who Have Been Sexually Harassed Are Silenced | New York Magazine

ENFORCEMENT

Arent Fox Partner Convicted of Insider Trading | National Law Journal

EXECUTIVE PAY

Wells Fargo execs were awarded more money in 2016 despite scandal | Charlotte Observer
"Wells Fargo's astronomical paychecks for its executives offer pretty vivid evidence of why you need strong regulators policing big banks," Lisa Donner, executive director of **Americans for Financial Reform**, said in a statement Wednesday. "Skewed incentives were at the root of the fraudulent account scandal, and the evidence suggests the bank has not made many of the senior bankers pay a serious price," she said.

Wells Fargo Leaders Reaped Lavish Pay Even as Account Scandal Unfolded | NY times

Wells Fargo CEO receives pay bump despite sales scandal | Reuters

Some Democrats in Congress Just Took a Stand Against Income Inequality | Daily Kos
A new poll out last week has some encouraging news for progressives: even Trump supporters are starting to see through his phony populism and questioning whether he is really on their side when it comes to economic policy. His coziness with billionaires and Wall Street insiders is starting to cause discomfort as he moves to cut taxes for the wealthy, including at the expense of healthcare for millions of people. This is another wake up call to Democrats that they have an opportunity to fight back hard against the Administration's deceitful messaging and Wall Street populism. Yesterday, some Democrats rose to that challenge.

At the behest of "forgotten men" like JP Morgan CEO Jamie Dimon, the Trump administration and Republicans in Congress are going to extraordinary lengths to roll back consumer and financial protections that were put in place after the 2008 financial crisis. One particularly emblematic move is their push back against a rule, set to go into effect this year, requiring corporations to disclose the ratio between their CEO's salary and that of their median-paid employee. In a recent statement, Acting Chair of the Securities and Exchange Commission (SEC) Michael Piwowar announced plans to "reconsider" the rule's implementation. He took the additional -- and unusual -- step of inviting corporations to report on "any unexpected challenges" they may have experienced "and whether relief is needed."

FEDERAL RESERVE

Fed Eases Bank Merger Rules by Lifting Size Threshold for Review | NY Times
The U.S. Federal Reserve on Thursday made it easier for bigger lenders to merge, by quadrupling its threshold of combined size that would require an extensive regulatory review of a proposed deal. A merger that creates a bank with total assets of less than $100 billion is not a threat to the financial system, the central bank said in a statement on Thursday. Since 2012, that threshold had been $25 billion. Mergers that create banks "with less than $100 billion in total assets, are generally not likely to create institutions that pose systemic risks," the Federal Reserve said.

What Trump could do to the Federal Reserve | Politico

Thomas Vartanian In Running to Be Fed Vice Chair for Supervision | Wall St Journal

HEDGE FUNDS AND PRIVATE EQUITY

The Reclusive Hedge fund Tycoon Behind the Trump Presidency | The New Yorker
Magerman told the Wall Street Journal that Mercer's political opinions "show contempt for the social safety net that he doesn't need, but many Americans do." He also said that Mercer wants the U.S. government to be "shrunk down to the size of a pinhead." Several former colleagues of Mercer's said that his views are akin to Objectivism, the philosophy of Ayn Rand. Magerman told me, "Bob believes that human beings have no inherent value other than how much money they make. A cat has value, he's said, because it provides pleasure to humans. But if someone is on welfare they have negative value. If he earns a thousand times more than a schoolteacher, then he's a thousand times more valuable." Magerman added, "He thinks society is upside down—that government helps the weak people get strong, and makes the strong people weak by taking their money away, through taxes." He said that this mind-set was typical of "instant billionaires" in finance, who "have no stake in society," unlike the industrialists of the past, who "built real things."

Wall Street Has Found Its Next Big Short in U.S. Credit Market | Bloomberg
Wall Street speculators are zeroing in on the next U.S. credit crisis: the mall. It's no secret many mall complexes have been struggling for years as Americans do more of their shopping online. But now, they're catching the eye of hedge-fund types who think some may soon buckle under their debts, much the way many homeowners did nearly a decade ago.

Like the run-up to the housing debacle, a small but growing group of firms are positioning to profit from a collapse that could spur a wave of defaults. Their target: securities backed not by subprime mortgages, but by loans taken out by beleaguered mall and shopping center operators. With bad news piling up for anchor chains like Macy's and J.C. Penney, bearish bets against commercial mortgage-backed securities are growing.

INVESTOR PROTECTION AND THE SEC

Calling balls and strikes at the SEC | The Hill (J.W. Verret)
The SEC needs a performance management system that sets the right incentives to target the enforcement focus in the right direction. Despite the best intentions of the leadership in the enforcement division, the rewards — formal and informal — tend to go to high-dollar and high-profile settlements that capture attention. Frauds that don't promise high recoveries, perhaps because the stolen money has already been spent, can at times slip through the cracks as the agency chases large dollar settlements and headlines.

U.S. Regulators Reject Bitcoin ETF, Digital Currency Plunges | NY Times

SEC denies Winklevoss bitcoin ETP | Politico

MONEY AND POLITICS

Lobbying group says it will train bankers to become politicians | NY Post
"This effort seems a little redundant given the success of the big Wall Street banks, especially Goldman Sachs, in getting their top executives appointed to run the government without being elected," Marcus Stanley, policy director at **Americans for Financial Reform**, told The Post.

Can Chuck Schumer Check Donald Trump? | The New Yorker
Schumer has been called "the senator from Wall Street." In the years leading up to the financial crisis, he worked to limit oversight of credit-rating agencies and sponsored legislation to cut fees on financial transactions. In a letter to the Wall Street Journal, written with Mayor Bloomberg in late 2006, he complained that too many regulatory agencies were overseeing the financial industry, and were competing "to be the toughest cop on the street." Following the crisis, Schumer changed his tune and supported greater oversight and tougher regulation. Still, he remains a top recipient of Wall Street contributions. During the last election cycle, he raised more than five million dollars from the financial sector, according to a report by **Americans for Financial Reform**, a liberal nonprofit. That figure put him behind just two other senators, Marco Rubio, of Florida, and Ted Cruz, of Texas, both of whom were running for the Republican Presidential nomination.

"He isn't just one thing," Barbara Roper, the director of investor protection at the Consumer Federation of America, said. "In between crises, he may be a friend to Wall Street and advance an agenda that we, frankly, think of as harmful. But, if you're talking about what he did during the financial crisis, he was an advocate for strong reform.

MORTGAGES, FORECLOSURES & HOUSING

Goldman Sachs Goes on Buying Binge for Delinquent Mortgages | Wall St Journal
In a strange reverberation of the housing crisis, Goldman Sachs Group Inc. has become a voracious buyer of soured mortgages, trying to make money even as it looks to fulfill terms of a government settlement that calls for it to help struggling homeowners.

Here's why Goldman Sachs is snatching up delinquent mortgages | HousingWire

Watt defends $1 billion Blackstone-Fannie Mae deal, signals more on way | Politico
The Federal Housing Finance Agency might allow Freddie Mac to "explore one or more limited transactions in the detached, single-family rental market," the FHFA director wrote in letters to the National Association of Realtors and House Democrats.

CFPB fines Nationstar for faulty mortgage data | Politico

Nationstar Issues Statement Regarding Decision to Resolve Matter with CFPB | Yahoo Finance

Vision, Operator of Rent-to-Own Homes, Gets Legislative Scrutiny | NY Times

Banks to Trump: Spare affordable housing programs | American Banker

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

Financial Advisers Get DOL Guidance on Fiduciary Rule Delay | Bloomberg BNA
The DOL said it intends to issue a decision on whether to officially delay the rule prior to its April 10 applicability date. But financial services institutions have expressed concern about what would happen if there isn't a final rule implementing the delay before that date. The industry is also concerned that if the DOL decides not to issue a delay based on its evaluation of public comments, financial services firms and advisers will have little time to comply with the rule.

As Fiduciary Rule Gets Reviewed, Class-Action Provision Is Under Microscope | Wall St Journal
The so-called right of private action in the fiduciary rule—which would require stewards of retirement accounts to act in clients' best interest—significantly increases the ability of savers to bring possible class-action lawsuits against brokers whom they say have violated their fiduciary duty. While class-action suits don't typically yield big paydays for plaintiffs, the threat of such litigation was included in the fiduciary rule to effectively serve as the regulation's main enforcement mechanism. But when President Donald Trump last month ordered the Labor Department to conduct a new economic analysis of the regulation it approved last year, he specifically sought to determine whether the rule would cause an increase in litigation costs. The review aims to quantify those costs, among others, and amend or repeal the rule as needed to limit the potential impact on the financial-services industry and consumer access to advice.

See **AFR statement**, **AFR letter**, and **joint letter** opposing fiduciary rule delay.

Trump's delay of this retirement-advice rule is a huge mistake | CNBC (Paul Smith)
The fiduciary rule is necessary to ensure that American retirement investors get the standard of care they deserve. It is the most fundamental obligation of the investment management profession to put client interests first. Professional duty demands this, our clients expect it and we must deliver on this obligation.

Trump facing pressure from leftover 'fiduciary' rule | The Hill
President Trump is coming under fire from dozens of Democrats for the Labor Department's plan to delay an Obama-era rule for financial advisers. In a letter to the department sent Friday, a group of 40 House Democrats urged the Trump administration to move forward with the so-called fiduciary rule on schedule.

DOL Fiduciary Rule: Why It Matters To You | Coronado Times

Trump's last-second swipe at an Obama retirement rule | MarketWatch (Mitch Tuchman)
If you haven't been following the rule, the simplified version goes like this: Retirement advisors must act in their clients' best interest. Who could possibly be against a rule like that? Well, stock brokers and insurance salespeople who collect fat commissions and ongoing fees, that's who.

Put retirees first, keep key rule | San Antonio Express (editorial)
[Trump's] top economic adviser, Gary Cohn, a former Goldman Sachs executive, has said "it is a bad rule."

Bad perhaps for Wall Street, but good for consumers. It's a rule numerous consumer watchdog groups, including the AARP, have supported because all too often financial advisers don't put their clients first. They instead steer clients to mutual funds with high fees, which in turn pay these advisers commissions.

The banksters are free at last Fairborn | Daily Herald (Jim Hightower)
The Donald's working-class voters must be stunned to see that his top economic priority isn't them, but a tiny group dwelling in luxury at the very tippy-top of the ladder: Wall Street bankers. Rather than pushing an urgently needed FDR-style jobs program, Trump & Company are rushing to aid the richest Americans at the expense of the working class, actually proposing to unleash the banksters to defraud and gouge workaday people. For example, they want to save the poor financial giants from a consumer protection called the "fiduciary rule."

FSR Comments on proposed Delay of Fiduciary Rule | Financial Services Roundtable

Sifma CEO Warns Fiduciary Rule Could Be a 'Train Wreck' | Bloomberg (video)

Republicans in Congress try to sabotage state-sponsored retirement savings plans, before they begin | NW Labor Press

Don't give states free rein over private retirement accounts | The Hill (Rachel Greszler)

STUDENT LOANS & FOR-PROFIT SCHOOLS

For-Profit Colleges Gain Beachhead in Trump Administration | ProPublica
Until June 2016, Taylor Hansen lobbied for the largest trade group of for-profit colleges. At the forefront of its agenda: eliminating a rule known as "gainful employment," which can take away federal funding from for-profit colleges if their graduates fail to earn enough to repay student loans.

Last week, that goal started to become a reality. The U.S. Department of Education delayed the deadline for colleges to comply with certain provisions of gainful employment, saying it plans to review the rule.

By then, Hansen was watching from the inside, benefiting from the Trump administration's ethics policies that allow former lobbyists to work for agencies they have recently tried to influence. He told ProPublica that, about a month ago, the Trump administration hired him to join the Education Department's "beachhead" team. It's a group of temporary employees, often with political connections, who do not require U.S. Senate approval for their appointments.

Betsy DeVos's Hiring of For-Profit College Official Raises Impartiality Issues | NY Times
As chief compliance officer for a corporate owner of for-profit colleges, Robert S. Eitel spent the past 18 months as a top lawyer for a company facing multiple government investigations, including one that ended with a settlement of more than $30 million over deceptive student lending.

Today, Mr. Eitel — on an unpaid leave of absence — is working as a special assistant to the new secretary of education, Betsy DeVos, whose department is setting out to roll back regulations governing the for-profit college sector.

Dems press DeVos over rule targeting for-profit colleges | The Hill
Senate Democrats want Education Secretary Betsy DeVos to explain why she's delaying the implementation of an Obama-era rule aimed at ensuring career-training programs, specifically those at for-profit colleges, actually prepare students for good-paying jobs. In a letter to DeVos this week, Sens. Dick Durbin (Ill.), Patty Murray (Wash.) and Elizabeth Warren (Mass.) called the department's gainful employment rule a critical protection for both students and taxpayers. On Jan. 9, the department released final debt-to-earning rates for career training programs required by the rule finalized under Obama in October 2014. Under the rule, the estimated annual loan payment of a typical graduate would have to be at or below 20 percent of his or her discretionary income or 8 percent of his or her total earnings to be considered a program that leads to gainful employment.

Tressie McMillan Cottom: Investigating For-Profit Colleges in "Lower Ed" | The Daily Show (Video)

For-Profit Schools: Trump Delays Enforcing New Rules, Lifting Shares | Wall St Journal

Rubio Reintroduces Accreditation Bill | Inside Higher ED

The federal role in defending students | Newsday (Lane Filler)

For-Profit Colleges Renew Efforts to Destroy Key Accountability Rule | Huffington Post

The broken promises and persuasive charms of for-profit colleges | MarketWatch

For-profit schools riding high under Trump regulation rollback | Consumer Affairs

Students Scammed by For-Profit Schools Could Be Repaid (VIDEO) | Newsy

Trump, Congress, cut these regs to make higher education great again The Hill (Colin Hanna)

Trump may give students debt relief that Obama refused | The Salt Lake Tribune

For-profit school not the same as traditional college | The Telegraph

New monitor finds trouble signs at former Corinthian campuses | The Washington Post

Operator of Corinthian Campuses in Public Tussle With Overseer | Huffington Post

Pentagon Yields to McCain, Delegates College Probes to PriceWaterhouse | The Huffington Post
The U.S. Department of Defense has announced a new policy for addressing misconduct by colleges that receive DoD Tuition Assistance (TA) money to educate military service members. According to a report in Military Times, in unveiling its plan at a military education conference last week, "DoD stressed that its primary goal is to identify potential problems and make corrections when needed — not to punish schools or ban them from the TA program." The report quotes Jonathan Woods, deputy chief of DoD Voluntary Education Programs, as describing the new process as "emphatically and unequivocally about remediation," not enforcement.

Cookman Affiliates With Arizona Summit | Bethune
Arizona Summit Law School is drawing closer to a historically black university in Florida, with the for-profit law school striking an affiliation agreement with Bethune-Cookman University. Leaders hope the affiliation, which must still be approved by accreditors, will help them diversity the legal profession. They also want it to cut the cost of legal education, improve student outcomes and establish Bethune-Cookman -- located in Daytona Beach -- nationally.

SYSTEMIC RISK

Debate over bank capital requirements heats up | MarketWatch
Hoenig is also calling for separating commercial and investment banking via separately capitalized intermediate holding companies. Financial-services analysts at Keefe, Bruyette and Woods write that Hoenig does not call this a new Glass-Steagall Act, "but the separations between commercial and investment banking seem to be grounded in the old law's principles."

Former BB&T CEO Allison calls for 15% leverage ratio | Politico
Former BB&T CEO John Allison says he supports a House Republican plan to exempt banks from certain regulations if they raise more capital, but he wants even higher capital requirements… Allison said he would like to see a leverage ratio of 15 percent, compared to Rep. Jeb Hensarling's proposal of 10 percent.

Top bank regulator suggests partitioning big banks to replace Dodd-Frank rules | Washington Examiner

Big banks should split off riskiest activities: FDIC's Hoenig | Reuters

Hoenig pitches regulatory overhaul for big banks | Politico

Hoenig Speech transcript

NYIAX promises to 'take Wall Street to Madison Avenue' with Nasdaq-powered blockchain technology | The Drum

OTHER TOPICS

Tucker to step down from Goldman Sachs board to become HSBC chairman | CNBC

Bank of America shareholders revive chairman debate | Reuters

JPMorgan's Dimon: Repatriation will create 'QE4'-like stimulus | CNBC

Women in U.S. finance face harsher misconduct discipline than men | Reuters