THIS WEEK IN WALL STREET REFORM

TABLE OF CONTENTS

#Occupy and Other Grassroots Activities

Angry churches pull money from big banks
Josef Kuhn (Religion News Service)
November 22, 2011

*"A small but growing number of religious communities across the country are removing their money from Wall Street banks to protest what they see as unfair mortgage foreclosures and unwillingness to lend to small businesses. The **New Bottom Line** (NBL) coalition of congregations, community organizations, labor unions and individuals is promoting a **'Move Our Money'** campaign with the goal of shifting $1 billion from big banks to community banks and credit unions." Click here for more.*

Foreclosed Homeowners Re-Occupy Their Homes
Zaineb Mohammed (New America Media)
Nov 24, 2011

*"Carolyn Gage was evicted from her foreclosed home in January. Earlier this month, she moved back in. 'I've been in here for 50 years. I know no other place but here. I left and it was just time for me to come back home,' said Gage, who is in her mid-50s. According to a report released last week by the **Center for Responsible Lending**, African Americans and Latinos were consistently more likely than whites to receive high-risk loan products. About a quarter of all Latino and African-American borrowers have lost their homes to foreclosure or are seriously delinquent, compared to under 12 percent for white borrowers. …Partly inspired by the Occupy movement, the day of action is supported by various community organizations like Take Back the Land and **ACCE**. The call to action is for people to move back into their foreclosed properties and to defend the properties of families facing eviction." Click here for more.*

200+ arrested at Occupy Los Angeles, 50 in Philly
Christina Hoag (AP)
November 30, 2011

"More than 1,400 police officers, some in riot gear, cleared the Occupy Los Angeles camp early Wednesday, driving protesters from a park around City Hall and arresting more than 200 who defied orders to leave. Similar raids in Philadelphia led to 52 arrests, but the scene in both cities was relatively peaceful. Police in Los Angeles and Philadelphia moved in on Occupy Wall Street encampments under darkness in an effort to clear out some of the longest-lasting protest sites since crackdowns ended similar occupations across the country." Click here for more.

Go Back to Table of Contents

Attacks on Regulations and Pushback

Coalition Fighting Back Against Calls for Less Regulation
Andrew Joseph (National Journal's Influence Alley)
November 22, 2011

*"A coalition that favors regulatory protections and consists of about 70 organizations has been growing more active since it was founded in March, lobbying against campaigns to roll back regulation and raising awareness of what it sees as the benefits of regulation. The **Coalition for Sensible Safeguards**, which includes labor, environmental, public interest and other groups, was created in response to calls for less regulation even as the country tries to recover from problems like the financial crisis and the BP oil spill, said **Robert Weissman**, the president of **Public Citizen** and one of the coalition's co-chairs. (The other co-chair is **Katherine McFate**, the president of **OMB Watch**.) The coalition, which includes the **AFL-CIO**, **Clean Air Watch** and the **American Association of University Professors**, is focused on promoting research that counters the argument that regulations kill jobs; writing blogs, op-eds and letters-to-the-editor; and generally 'rejecting the artificial regulation versus jobs dichotomy,' Weissman said. Weissman, for example, wrote a piece called 'The GOP's Deregulation Obsession' in The Nation and the coalition compiled an analysis about the **Regulatory Accountability Act**, warning that it would 'grind to a halt the rulemaking process at the core of implementing the nation's public health, workplace safety, and environmental standards.'" Click here for more.*

EPI - Getting the economic facts right during the House regulatory debate
Isaac Shapiro (EPI's blog 'Working Economics')
November 28, 2011

"This week, the House of Representatives is expected to vote on two regulatory reform bills: H.R. 3010, the Regulatory Accountability Act (RAA), and H.R. 527, the Regulatory Flexibility Improvements Act. These bills would alter the regulatory process significantly, likely severely restricting the adoption of new regulations. In advancing these bills, proponents argue that regulations have become exorbitantly costly and are a large threat to jobs. These claims do not hold up to scrutiny, and are frequently made in a greatly exaggerated or substantially misleading manner. EPI has issued a series of reports this year that assess these claims. The evidence we have compiled, which I summarized in two recent EPI publications, might be of particular interest this week." Click here for more.

CEPR - Are Government Regulations Destroying Jobs?
Alexandra Mitukiewicz and John Schmitt (CEPR)
November 29, 2011

"Many conservatives argue that 'excessive' government regulations are 'a big wet blanket' smothering the economic recovery. But, mass layoffs data from the Bureau of Labor Statistics (BLS) suggest otherwise. A recent article in the Washington Post reported that in '2010, 0.3 percent of the people who lost their jobs in layoffs were let go because of 'government regulations/intervention.' By comparison, 25 percent were laid off because of a drop in business demand.'" Click here for more.

DEMOS – Two pieces of legislation threaten public protections: the REINS Act and the Regulatory Accountability Act
Michael Lipsky, Distinguished Senior Fellow at Demos (The Hill's Congress Blog)
November 30, 2011

"The grand bargain of advanced capitalism is that businesses are encouraged to prosper in pursuit of profits while, at the same time, government, through safeguards and regulations, is empowered to protect people from the excesses of the market. Many of the great public policy advances of the past century can be understood in these terms. Child labor laws, building codes, anti-trust laws, many public health measures, workplace safety and wage laws, labor rights, environmental and consumer protections, food and drug safety, and many others are properly understood as public actions that limit business behavior in order to strike a fairer balance between the needs of business and the needs of people and the environment. Business typically opposes reform; yet the public interest can ultimately prevail. … On display in the Congress this week are two challenges to the balanced approach to regulation that has served the country reasonably well for over sixty years. The Regulatory Accountability Act of 2011, and the Regulations from the Executive in Need of Scrutiny (REINS) Act of 2011, have been designed to make the procedural hurdles for regulation so high that it would be virtually impossible to enact meaningful safeguards in the future." Click here for more.

Boehlert - Right wing House members going too far with regulatory bills
Sherwood Boehlert, former Republican congressman from New York (The Hill's Congress Blog)
November 30, 2011

"The House is moving forward with three bills that would cripple the regulatory system. The bills are not going to become law this Congress, but they show how far a party in thrall to its right-most wing is willing to veer from what has long been the mainstream. The critical question is whether and when more moderate voices – centrist Republicans in Congress, sensible business leaders and the largely centrist American public – will recognize the damage being done and raise their voices to call it to a halt. Clearly, that's not going to happen in the House itself. No one would argue that the regulatory system is perfect or that it's some holy apparatus from which mere lawmakers should keep their distance. But overall, it accomplishes what Congress set it up to do – it protects the public, produces benefits that outweigh costs, and has, according to most studies, a neutral to slightly positive effect on employment. And as we continue to suffer through a bank-induced recession, it shouldn't take leaps of imagination to understand the harm inflicted when the system fails to do its job. Yet the bills before the House would prevent the system from working: they are a recipe for failure." Click here for more.

Geithner Hits Regulatory Rollback Efforts
Ben White (Politico's Morning Money)
December 1, 2011

"*From Treasury Secretary Timothy Geithner's prepared remarks to be delivered at today's OFR/FSOC conference: 'Even with all the damage caused by this crisis, with millions of Americans still struggling to find work or stay in their homes, and even in the face of the European crisis, we are seeing a determined effort to slow and weaken reforms that are critical to our ability to protect Americans from another crisis. ... The forces working against reform are trying a range of different strategies, including blocking appointments of new leadership to key oversight positions, cutting funding, policy riders on appropriations bills, new legislation to repeal the entire law or just critical pieces of it, efforts to use cost-benefit analysis as roadblocks to reform ... If these efforts to weaken reform are successful, then consumers will be more vulnerable to future abuse, businesses will be more vulnerable to future contractions in credit availability ... will be more vulnerable to devastating crises. ... If the opponents of reform are successful, then we will be left with a broken, poorly designed system ...These are sensible and essential reforms. We are going to fight to preserve them"*

If you can't compete...attack the rules of the game
UnConflicted - Representing small business -- and only small business -- in South Carolina
November 28, 2011

"This week the U.S. House is expected to start voting on legislation to turn back regulations and make it nearly impossible for federal agencies to develop new regulations in the future. If that happens, Congress might as well just stop passing any new laws because the rules for implementing them will never be developed. One of the big targets for the anti-regulation crowd is Dodd-Frank, the financial reform that passed last year to try to put regulations of big financial institutions in place so we won't repeat this great recession. The majority party in the House, spurred on by the big banks, blame Dodd-Frank for stopping loans to small businesses. But apparently what the real problem for these banks is that Dodd-Frank has fostered greater competition for the commercial and industrial (C&I) loan business and smaller banks are winning." Click here for more.

LTE - Denny Rehberg: He'd rather help Wall Street
Aimee McQuilkin (Missoulian letter-to-the-editor)
November 15, 2011

"As a small-business owner, I cannot overstate my dismay at Rep. Denny Rehberg's Orwellian rally to 'liberate' Main Street (Missoulian, Oct. 31). In short, he's using the good name of small business to pursue policies that will seriously hurt us and the communities we serve. Right now, more than anything, small businesses need customers - not tax cuts and less regulation. In order to restore our customer base, we need serious action from Congress to create jobs for the millions of unemployed Americans. But instead of supporting desperately needed job creation measures and other investments in our communities, Rehberg has chosen to prioritize the interests of Wall Street millionaires. He would rather cut taxes for millionaires and corporations and gut regulations enacted to protect Main Street from another Wall Street meltdown than invest in our nation and our small businesses." Click here for more.

Dodd-Frank foes on path to court
Josh Boak (Politico)
November 29, 2011

"The biggest hazard for President Barack Obama's hallmark Wall Street reforms may not lurk in the halls of Congress or on the campaign trail, but rather in the courts. Obama has repeatedly underscored that the Dodd-Frank law will protect consumers and end taxpayer bailouts, while Republicans, including their presidential contenders, claim the avalanche of new regulations is squelching economic growth. Now, emboldened by a District of Columbia circuit court ruling last summer that found the Securities and Exchange Commission 'acted arbitrarily and capriciously here because it neglected its statutory responsibility to determine the likely economic consequences' of a new rule, opponents are preparing to challenge Dodd-Frank in a flurry of legal briefs." Click here for more.

CSS Press Advisory - House to Vote on Major Deregulation Bills That Would Pose a Serious Threat to Public Safety
Press release
December 1, 2011

*"**NOTE: The Coalition for Sensible Safeguards has many experts available to assist you in your coverage of this story. A list is below.** As early as today, the House of Representatives is expected to vote on the "Regulatory Accountability Act (RAA) of 2011" (H.R. 3010) and the "Regulatory Flexibility Improvements Act" (H.R. 527). The "Regulations from the Executive in Need of Scrutiny (REINS) Act of 2011" (H.R. 10) is expected to come to the House floor for a vote early next week. All three of these bills attempt to grind the rulemaking process to a halt, thereby placing corporate interests ahead of public health, safety, environmental protection and a secure economy. The RAA is an insidious and harmful attack on public protections. It would impose extensive and onerous new burdens on regulatory agencies seeking to issue new rules and empower Big Business with new opportunities to challenge proposed health, safety, environmental, financial and other regulations. It also would override bipartisan laws that have been on the books for years, including the Clean Air and Clean Water Acts and the Occupational Safety and Health Act, by requiring that all agencies – regardless of their legally-mandated missions – adopt the least costly rule, regardless of the impact on public health and safety, the stability our financial system or the quality of our environment." Click here for more.*

Go Back to Table of Contents

CFPB and Consumer Issues

Richard Cordray

White House Lobbies for Consumer-Bureau Nominee
Victoria McGrane (WSJ – subscription required)
December 1, 2011

"The White House is pushing for the Senate to vote before Christmas on the president's nominee to lead the new consumer-finance watchdog created in the wake of the 2008 financial crisis, according to two Senate Democratic aides. The vote could happen as early as next week, according to one aide, though nothing has been finalized. It remains unclear if the nominee, Richard Cordray, can win the 60 votes necessary to break a Republican filibuster. More than 40 GOP senators have pledged to vote against any nominee to lead the Consumer Financial Protection Bureau until the administration makes structural changes to the agency." Click here for more.

Geithner turns up heat on Senate on CFPB vacancy
Greg Robb (Market Watch)
December 1, 2011

"Treasury Secretary Timothy Geithner tried Thursday to break a logjam holding up a final vote in the Senate on the president's nominee to lead the new consumer-finance agency. The nomination of Richard Cordray, the former Ohio attorney general, has been held up as Republicans try to force structural changes on the new agency. Republicans want to change the leadership structure of the agency to a five-member bipartisan commission from a single director, believing that the current structure puts too much power in the hands of one person. At a press conference, Geithner said he did not support any overhaul of the agency's structure. He said the checks and balances were adequate on the CFPB director and were the result of lengthy negotiations between Republicans and Democrats. Without a director, the reach of the CFPB is limited and it is unable to regulate pay-day lenders, and check-cashing firms, Geithner said. This creates an uneven playing field that does not benefit banks, he said." This is the entire article.

Reid Planning Senate Vote on Cordray to Lead Consumer Bureau
Kathleen Hunter (Bloomberg)
Dec. 1, 2011

"Senate Majority Leader Harry Reid plans to set a vote next week on Richard Cordray's nomination to head the Consumer Financial Protection Bureau, according to a spokesman for the lawmaker. Reid told reporters

in Washington yesterday that he would schedule votes next week to limit debate on 'four or five nominations.' Adam Jentleson, a spokesman for the Nevada Democrat, confirmed that Cordray is part of that group. Cordray, a former Ohio attorney general who is serving as the consumer bureau's enforcement director, has drawn wide Republican opposition, which could be enough to block Cordray's nomination. It would take 60 votes in the 100-member Senate to cut off debate and advance the nomination."

Moran's News Commentary: The Wall Street Reform & Consumer Protection Act
James Moran (op-ed for Falls Church News-Press)
November 29 2011

"With the announcement that Representative Barney Frank of Massachusetts will not run for re-election, reporters and commentators have begun reflecting on his decades of service in the House of Representatives. One of his most important pieces of legislation passed through Congress was the Wall Street Reform and Consumer Protection Act, signed into law in July of 2011. The Wall Street Reform and Consumer Protection Act, often referred to as the Dodd-Frank bill, was designed to prevent risky and irresponsible behavior by Wall Street that could threaten the U.S. economy. It strengthens government oversight over large banks and financial firms and imposes new regulation of credit rating agencies and riskier hedge funds, derivatives, and other complex financial deals. The Dodd-Frank bill also established the Consumer Financial Protection Bureau (CFPB), an independent agency, charged with carrying out and enforcing federal consumer financial laws. …While the CFPB gets up and running and some reforms have been put into place, the agency faces strong opposition from the financial industry and Republicans in Congress as it implements necessary regulations. The success of the CFPB is critical to preventing another financial crisis in the future. By instituting reforms that prioritize consistency and accountability, close gaps, eliminate loopholes, empower regulators and hold them accountable, raise standards, and give the government the tools it needs to manage crises, we can ensure that consumers are not financially devastated by irresponsible actions on Wall Street." Click here for more.

CAP - We Need a Leader at the Consumer Financial Protection Bureau
Christian E. Weller (Center for American Progress)
November 29, 2011

"Dealing with banks is becoming ever more complicated for customers. Banks already have the upper hand in dealing with their customers because the hassle factor of switching accounts often keeps customers locked in at their bank even when the bank hikes fees or provides inadequate service. Banks tip the scale in their favor even further when they rely on confusing fees and other noninterest charges, such as overdraft and low-balance fees, for their income. This complexity gives banks power in dealing with their customers, who are often not fully aware of the impact these fees and charges have on their finances. Only the newly created Consumer Financial Protection Bureau, or CFPB, will be able to balance the scale and give customers much needed financial protections in dealing with banks, but Senate Republicans have stalled the confirmation of the CFPB's designated director, former Ohio Attorney General Richard Cordray, thus limiting the CFPB's effectiveness." Click here for more.

Portman Must Hold the Line Against Cordray, Support the Shelby 44
Human Events
November 30, 2011

"Central to the president's program of transforming America into a European-style socialist country, is the creation of a new bureaucracy with broad powers to regulate financial transactions coupled with stilted oversight by Congress or the executive branch. This new agency, the Consumer Financial Protection Bureau, is nightmare for private enterprise as much as it is an erotic dream to the expanding class of federal apparatchiks driving up Washington real estate prices. …GOP cloakrooms are rife with fear that Ohio's Sen. Robert J. Portman, one of the Shelby 44, is looking for a way to support his fellow Buckeye Cordray." Click here for more.

Consumer Issues

Consumer bureau's request for $28M raises eyebrows
Tim Devaney (The Washington Times)
November 28, 2011

"House Republicans concerned about a lack of accountability at the Consumer Financial Protection Bureau have requested information from the independent agency about its spending. In a letter obtained by The Washington Times, the House Financial Services Committee is demanding details about why the CFPB requested $28 million more from the Federal Reserve than the budgeted $142 million." Click here for more.

U.S. Consumer Bureau Seeks Comment on Streamlining Finance Rules
Carter Dougherty (Bloomberg)
November 29, 2011

"The U.S. Consumer Financial Protection Bureau asked for public comment on ways to streamline the regulations it inherited from other federal agencies when it began work on July 21. 'Our goal is to make it easier for banks, credit unions and others to follow the rules,' Raj Date, the adviser to the Treasury secretary who is running the bureau in the absence of a permanent director, said in an e-mailed statement today. Reducing the regulatory burden could come by simplifying regulations that have become incomprehensible, standardizing definitions across different rules, updating rules that technology has made outdated, or 'removing unnecessary restrictions on consumer choice or business innovation,' the bureau said in the release." This is the entire article.

Click here to view the CFPB's press release on streamlining inherited regulations.

U.S. Consumer Bureau to Publish Data on Credit-Card Complaints
Carter Dougherty (Bloomberg)
November 30, 2011

"The U.S. Consumer Financial Protection Bureau proposed publishing data on consumer complaints about credit cards, including the names of firms that issued the cards. Under the proposal released today, the bureau would exclude personal data of complainants but release information on the type of complaint, the issuer involved, the date of the complaint and the Zip code of the consumer. The agency will also publish 'periodic reports about trends and patterns in complaint data,' according to the proposal." Click here for more.

Click here to view the CFPB's Consumer Response Credit Card Interim Report.

Consumer Action's Secured Card Survey reveals deals and 'steals'
Press release
November 29, 2011

"Consumer Action today releases its Secured Credit Card Survey of credit cards designed for those with damaged credit or no credit record. The cards can offer a "road map" to regain the safety net that wisely used credit can provide. Click here to read this press release online."

Oregon Treasurer, U.S. Bank agree to reduce fees on ReliaCard debit card for unemployment and child-support benefits
Brent Hunsberger (The Oregonian)
November 29, 2011

*"Oregon State Treasurer **Ted Wheeler** and **U.S. Bank** have reached a new agreement that reduces fees on debit cards loaded with unemployment and child-support payments -- fees that had drawn criticism from consumer advocates and users. The new agreement, announced this morning, allows unlimited withdrawals at any bank teller and any U.S. Bank ATM. It also allows for two free withdrawals each month from any non-U.S. Bank ATM, though the bank that owns the ATM might still assess a fee. "They clearly heard our concern, which was making sure that people who were impoverished and using the ReliaCard program not pay a lot of fees," Wheeler said this morning of U.S. Bank. The new fee schedule will go into effect before the end of the year, he said. About 230,350 Oregonians receive **unemployment** and **child-support payments** electronically – either via free direct deposit in bank accounts or on prepaid debit cards. About half, or*

*115,200, choose to use the Reliacard, treasury officials say. But consumer advocates criticized the card's fees. **A report in May** by the **National Consumer Law Center**, an advocacy group, singled out Oregon's ReliaCard as one of five with "especially problematic" overdraft fees. Oregon's was $17. That fee also will be eliminated as a result of federal financial overhaul and limits on card fees, state officials said." Click here for more.*

Editorial - Some Thoughts for the Shopping Season
NYT Editorial
November 29, 2011

*"The big banks canceled plans for new debit card fees after their customers rebelled and members of Congress objected. But if Americans think their debit card problems are over, they're wrong. A 2009 law shields consumers from the worst predations of the credit card companies. It requires card issuers to give a 45-day notice before raising interest rates, says late charges and other penalties must be 'reasonable and proportional' and that the companies clearly show late fees and other facts, such as how long it would take to pay off a balance if less than the full amount is remitted. Debit card and checking customers need similar protections. In a report on safe checking earlier this year, **The Pew Charitable Trusts** found that the 10 largest banks reserved the right to reorder debit card transactions and process the largest withdrawals first. That will drain an account more quickly and could generate multiple overdraft charges. The group said four of those banks have dropped reordering for some kinds of transactions, but it said that the banks had retained 'the right to change their account terms and conditions — including transaction posting order — at any time, for any reason.' …The Pew group, along with some members of Congress, are urging the new Consumer Financial Protection Bureau to take several steps to protect checking account holders. Among other things, banks should be required to disclose important checking account terms in a brief document, refrain from posting deposits and withdrawals in a manner that increases overdrafts and make overdraft fees reasonable and proportional to the customer's offense. That all makes very good sense." Click here for more.*

Green Dot buying small Utah bank
Associated Press
November 23, 2011

"Prepaid card company Green Dot Corp. is buying a small bank in Utah, an acquisition that will allow it to streamline its business. The Federal Reserve on Wednesday approved the company's $15.7 million purchase of Bonneville Bancorp in Provo, Utah. The bank will be renamed Green Dot Bank and will eventually issue the company's prepaid cards. The prepaid cards issued by Green Dot function much like debit cards but are not linked to bank accounts. The money that customers load onto the cards is instead pooled together and held in accounts at third-party banks, which issue the cards bearing the Green Dot name. … The growth of the prepaid market comes at a time when banks have introduced new and higher fees on checking accounts. Prepaid card issuers say that is prompting more consumers to look for alternative payment methods." Click here for more.

Go Back to Table of Contents

Shadow Markets and Systemic Risk

AFR Letter: Oppose Legislation that Would Weaken Derivatives Regulations

In light of the clear need to address accountability in the financial sector, there has been little support for any attempt to repeal Dodd-Frank outright. So the big banks lobbying against increased oversight have turned to behind-the-scenes attempts to weaken the legislation. Three of the bills being considered in committee today would significantly weaken the derivatives protections put in place in the Dodd-Frank Act. Click here for view the letter.

Slipping Backward on Swaps
Gretchen Morgenson (NYT)
November 26, 2011

"Wall Street loves to do business in the shadows. Sunshine, after all, is bad for profits. So it is perhaps unsurprising that players in the derivatives market want to thwart one of the worthier aims of the Dodd-Frank

financial regulation: to bring transparency to the huge market for instruments known as swaps. Now some in Congress, on both sides of the aisle, are trying to block that goal, too. … Representative Scott Garrett , a New Jersey Republican, has teamed up with Representative Carolyn B. Maloney, a New York Democrat, to introduce the Swap Execution Facility Clarification Act. It would bar the Securities and Exchange Commission and the C.F.T.C. from requiring swap execution facilities to have a minimum number of participants or mandating displays of prices. Both mechanisms promote transparency." Click here for more.

Now in GOP crosshairs: Commodities
David Rogers (Politico)
November 30, 2011

"Leery of mounting a frontal assault on Wall Street reforms, House Republicans have opted for a guerrilla-style war on the Commodity Futures Trading Commission even as it struggles with a new mandate to regulate the famously rich and wild swaps market. Just Wednesday, the House Financial Services Committee approved the latest in a series of legislative efforts to challenge the CFTC's rule making on trading in derivatives. Despite its new responsibilities, the agency's budget has been effectively frozen at the insistence of the House GOP. And amid the MF Global investigation, Republicans wrote CFTC Chairman Gary Gensler on Monday, demanding that he turn over a broad array of relevant records as early as Wednesday. All this comes as political contributions from the securities and investment industry, with a major stake in the derivatives market, have tilted dramatically to the GOP. And among the lead beneficiaries is House Speaker John Boehner (R-Ohio), who collected tens of thousands of dollars from Wall Street partners in just a few days last June." Click here for more.

Let Companies Manage Their Own Risk: Donohue, Engler and Timmons
Thomas J. Donohue, John Engler and Jay Timmons (Bloomberg op-ed)
December 1, 2011

"In the coming months, regulators will address many critical and complex issues in the new financial reform legislation, but perhaps none as misunderstood as the regulation of derivatives. These complex instruments are widely seen as a high-wire act used by Wall Street to make risky bets in search of big payoffs. But the use of derivatives to manage risk by corporate 'end-users' plays an important role in providing the certainty businesses need to succeed, grow and create jobs." Click here for more.

Wall Street sues CFTC over trading crackdown
Christopher Doering (Reuters)
December 3, 2011

"Two major financial trade groups sued the U.S. futures regulator on Friday over new rules to crack down on commodity speculation, launching the second legal assault against the biggest financial overhaul in decades. In a broadside from Wall Street that had been widely expected, the groups said the Commodity Futures Trading Commission's so-called position limits rule was deficient in its make up and that the rule 'lacked a reasoned basis.' The Securities Industry and Financial Markets Association, and the International Swaps and Derivatives Association filed suit in the federal court in the District of Columbia. It will be the first ever lawsuit against a CFTC rule." Click here for more.

Obama Camp Will Fight Efforts To Weaken Financial Rules
Jeffrey Sparshott and Tom Barkley (Dow Jones Newswires)
December 1, 2011

"Treasury Secretary Timothy Geithner Thursday said the Obama administration will "fight" efforts to slow or weaken regulations meant to avert a repeat of the 2008 financial crisis. 'If these efforts to weaken reform are successful, then consumers will be more vulnerable to future abuse, businesses will be more vulnerable to future contractions in credit availability caused by financial mistakes, and the economy will be more vulnerable to devastating crises,' Geithner said prepared remarks for a conference on financial regulations. The Dodd-Frank financial-overhaul law, enacted last year, aims to prevent a repeat of the 2008 financial meltdown by limiting risky behavior among banks and other financial firms. U.S. regulators are writing dozens of rules to implement the overhaul, a process that could take at least another year to complete. The conference was organized by Treasury's Office of Financial Research and the Financial Stability Oversight Council, two bodies created by Dodd-Frank." Click here for more.

Secret Fed Loans Gave Banks $13 Billion
Bob Ivry, Bradley Keoun and Phil Kuntz (Bloomberg Markets Magazine)
November 27, 2011

"The Federal Reserve and the big banks fought for more than two years to keep details of the largest bailout in U.S. history a secret. Now, the rest of the world can see what it was missing. The Fed didn't tell anyone which banks were in trouble so deep they required a combined $1.2 trillion on Dec. 5, 2008, their single neediest day. Bankers didn't mention that they took tens of billions of dollars in emergency loans at the same time they were assuring investors their firms were healthy. And no one calculated until now that banks reaped an estimated $13 billion of income by taking advantage of the Fed's below-market rates, Bloomberg Markets magazine reports in its January issue." Click here for more.

NY judge rejects $285M SEC-Citigroup agreement
Larry Neumeister (AP)
November 28, 2011

"A judge on Monday used unusually harsh language to strike down a $285 million settlement between Citigroup and the Securities and Exchange Commission over toxic mortgage securities, saying he couldn't tell whether the deal was fair and criticizing regulators for shielding the public from details of the firm's wrongdoing. U.S. District Judge Jed Rakoff said the public has a right to know what happens in cases that touch on 'the transparency of financial markets whose gyrations have so depressed our economy and debilitated our lives.' In such cases, the SEC has a responsibility to ensure that the truth emerges, he wrote." Click here for more.

Macey - Tackling the power of the 1%
Jonathan Macey (Politico op-ed)
November 29, 2011

"This time it is the Wall Street bankers and not the Occupiers who are getting hit with pepper spray. The spray comes straight from the laser printer in the chambers of a federal judge, Jed Rakoff, in New York. The victory that Rakoff gave to the Occupy Wall Street movement Monday came from the federal courthouse — not far from Zucotti Park, the lower Manhattan headquarters of OWS." Click here for more.

How Paulson Gave Hedge Funds Advance Word
Richard Teitelbaum (Bloomberg Markets Magazine)
November 29, 2011

"Treasury Secretary Henry Paulson stepped off the elevator into the Third Avenue offices of hedge fund Eton Park Capital Management LP in Manhattan. It was July 21, 2008, and market fears were mounting. Four months earlier, Bear Stearns Cos. had sold itself for just $10 a share to JPMorgan Chase & Co. (JPM). Now, amid tumbling home prices and near-record foreclosures, attention was focused on a new source of contagion: Fannie Mae (FNMA) and Freddie Mac, which together had more than $5 trillion in mortgage-backed securities and other debt outstanding, Bloomberg Markets reports in its January issue." Click here for more.

Fed sets US banks toughest 'stress tests'
Tom Braithwaite in New York (FT – registration required)
November 22, 2011

"The Federal Reserve will force the biggest US banks to "stress test" their balance sheets against a severe eurozone recession and a US unemployment rate of 13 per cent as part of a wide-ranging exercise launched on Tuesday. The second annual 'comprehensive capital analysis and review' is designed to ensure that US banks are adequately capitalised to weather an economic storm at home and abroad, including a peak decline of 6.9 per cent in eurozone real gross domestic product. The Fed emphasised the scenarios were 'not forecasts'." Click here for more.

More Charges Set for Insider Probe
Michael Rothfeld, Jenny Strasburg, and Susan Pulliam (WSJ – subscription required)
December 1, 2011

"Federal authorities are pursuing charges against individuals at three prominent investment firms, including a large mutual-fund company, in a new phase of a high-profile insider-trading case that has shaken Wall Street, according to people familiar with the matter. Investigators are focusing on an analyst at mutual-fund firm Neuberger Berman Group LLC and traders who worked at hedge funds Diamondback Capital Management LLC and Level Global Investors LP, the people say. Law-enforcement officials expect charges against the individuals to be filed by mid-December, the people say." Click here for more.

Volcker Rule

Volcker Rule Finds an Unlikely Supporter
Dan Freed (The Street)
December 1, 2011

"It is hard to find a Wall Street insider who supports the Volcker rule, but Steve Rattner reluctantly stepped up to the plate at the Bloomberg Hedge Funds Summit in New York on Thursday. Participating in a panel discussion, Rattner first questioned aloud whether he wanted to address the topic before saying, 'I have actually come around to the view after initial skepticism that something like the Volcker rule was an important piece of the outcome: that you cannot have financial institutions using depositors' money that has federal guarantees behind it in ways that are imprudent.'" Click here for more.

U.S. banks ask for more time on Volcker rule
Dave Clarke (Reuters)
December 1, 2011

"Large U.S. banks are asking regulators for more time to comment on a proposed rule to implement a ban on proprietary trading that Wall Street bitterly opposes. In a Nov. 30 letter to regulators, lobbying groups representing the banks said the so-called Volcker rule was so complex that the comment period should be extended beyond the Jan. 13 deadline. The proposed rule was released in October." Click here for more.

Volcker Rule Spurs Capital One to Exit, Restructure $150 Million of Funds
Dakin Campbell (Bloomberg)
November 28, 2011

"Capital One Financial Corp., the top performer (BKX) this year in the KBW Bank Index, plans to sell or restructure hedge-fund and private-equity investments prohibited by new U.S. regulations. Capital One holds about $150 million in stakes disallowed under the so-called Volcker rule, the McLean, Virginia-based lender said in a letter to the Securities and Exchange Commission dated July 29 and made public today. The rule would bar banks from owning more than 3 percent of hedge funds and private-equity funds and investing more than 3 percent of Tier 1 capital in such funds." Click here for more.

MF Global

SEC Chair Says Probing MF Global Accounting
Reuters
December 1, 2011

"The U.S. Securities and Exchange Commission is probing the accounting treatment that helped mask MF Global's exposure to risky foreign sovereign debt, the head of the agency said on Thursday. '`We are investigating very carefully both the accounting treatment and the disclosure by the firm,' SEC Chairman Mary Schapiro told a Senate Agriculture Committee hearing." Click here for more.

Click here to view/read testimony from CFTC Chairman Gary Gensler and SEC Chairman Mary Shapiro at the hearing entitled Continuing Oversight of the Wall Street Reform and Consumer Protection Act.

International

Shape of last-ditch eurozone deal emerges

Quentin Peel in Berlin, Ralph Atkins in Frankfurt, and Joshua Chaffin in Brussels (FT – registration required)
December 1, 2011

"The shape of the grand plan that European Union leaders hope to agree in Brussels next week to stem the eurozone's debt crisis is increasingly clear. Leading players in the negotiations – Angela Merkel, German chancellor, Nicolas Sarkozy, French president, Mario Monti, Italian prime minister, and Mario Draghi, his compatriot at the head of the European Central Bank, plus Herman Van Rompuy, the European Council president in Brussels – seem to be singing from the same song-sheet." Click here for more.

Central banks' action on liquidity lifts markets

Robin Harding in Washington and Ralph Atkins in Frankfurt (FT – registration required)
November 30, 2011

"A wave of central bank action around the world to avert a liquidity crisis cheered financial markets on Wednesday but highlighted the depth of international concern about possible economic turmoil in Europe. In a co-ordinated move with other central banks the US Federal Reserve slashed the penalty rate that it charges them on dollar liquidity from 100 to 50 basis points. Earlier, China made a decisive shift towards easier monetary policy and Brazil last night cut its benchmark Selic interest rate by 50 basis points for the third time since August, citing adverse global economic conditions. US and European equities rose sharply after the move on Wednesday, with the FTSE 100 closing up 3.1 per cent and the S&P 500 up 4.3 per cent in New York. But analysts warned that the move had not addressed the fundamental issues behind the eurozone's sovereign debt crisis. The Dow Jones Industrial Average rose nearly 500 points, its best one-day gain since March 2009. The euro jumped 1 percentage point against the dollar." Click here for more.

Crisis in Europe Tightens Credit Across the Globe

Eric Dash and Nelson D. Scwartz (NYT)
November 28, 2011

"Europe's worsening sovereign debt crisis has spread beyond its banks and the spillover now threatens businesses on the Continent and around the world. From global airlines and shipping giants to small manufacturers, all kinds of companies are feeling the strain as European banks pull back on lending in an effort to hoard capital and shore up their balance sheets. The result is a credit squeeze for companies from Berlin to Beijing, edging the world economy toward another slump." Click here for more.

Crisis threatens EU sovereign ratings: Moody's

Ian Chua (Reuters)
November 28, 2011

"Moody's Investors Service warned on Monday the rapid escalation of the euro zone sovereign and banking crisis threatens the credit standing of all European government bond ratings.'While Moody's central scenario remains that the euro area will be preserved without further widespread defaults, even this 'positive' scenario carries very negative rating implications in the interim period,' the agency said in a report. Moody's also noted the political impetus to implement an effective resolution plan may only emerge after a series of shocks, which may lead to more countries losing access to market funding and requiring a support program." Click here for more.

Businesses plan for possible end of euro

Tony Barber in London and Daniel Dombey in Istanbul (FT – registration required)
November 29, 2011

"International companies are preparing contingency plans for a possible break-up of the eurozone, according to interviews with dozens of multinational executives. Concerned that Europe's political leaders are failing to control the spreading sovereign debt crisis, business executives say they feel compelled to protect their companies against a crash that can no longer be wished away. When German chancellor Angela Merkel and French president Nicolas Sarkozy raised the prospect of a Greek exit from the eurozone earlier this month, it marked the first time that senior European officials had dared to question the permanence of their 13-year-old experiment with monetary union." Click here for more.

The Euro Area Is Coming to an End: Peter Boone and Simon Johnson
Peter Boone and Simon Johnson (Bloomberg op-ed)
November 27, 2011

"Investors sent Europe's politicians a painful message last week when [Germany](#) had a seriously disappointing government bond auction. It was unable to sell more than a third of the benchmark 10-year bonds it had sought to auction off on Nov. 23, and interest rates on 30-year German debt rose from 2.61 percent to 2.83 percent. The message? Germany is no longer a safe haven. Since the global financial crisis of 2008, investors have focused on credit risk and rewarded Germany with low interest rates for its perceived frugality. But now markets will focus on currency risk. Inflation will accelerate and the euro may break up in a way that calls into question all euro-denominated obligations. This is the beginning of the end for the euro zone." [Click here for more.](#)

CEPR Co-Directors Call for Fed to Intervene in European Bond Market
CEPR press release
November 28, 2011

"Center for Economic and Policy Research Co-Directors [Dean Baker](#) and [Mark Weisbrot](#) today called on the Federal Reserve to stabilize European bond markets by buying Italian and Spanish bonds – and other sovereign bonds as necessary -- thereby lowering interest rates on these bonds. They issued the following statement: 'The risk of a financial meltdown in Europe is significant and growing each day. The financial fallout could be bigger than that following the collapse of Lehman Brothers in 2008, and could easily push the U.S. economy into recession. The European authorities are moving much too slowly to contain this risk. The European Central Bank (ECB), especially, is not fulfilling its function as a central bank to act as a lender of last resort in a crisis situation.'" [Click here for more.](#)

[Go Back to Table of Contents](#)

Foreclosures and Housing

US lenders review military foreclosures
Shahien Nasiripour in New York (FT – registration required)
November 28, 2011

"Ten leading US lenders may have [unlawfully foreclosed](#) on the mortgages of nearly 5,000 active-duty members of the US military in recent years, according to data released by a federal regulator. [JPMorgan Chase](#) and [Bank of America](#) this year reached legal settlements in which they agreed to pay damages to nearly 200 service members who claimed that their homes had been improperly seized. Data released last week by the Treasury's Office of the Comptroller of the Currency, which regulates national banks, shows that 10 lenders – including BofA, but not JPMorgan, which was not part of the study – are reviewing nearly 5,000 foreclosures of homes belonging to service members and their families to see if they complied with the law." [Click here for more.](#)

State sues big US lenders
Jenifer B. McKim (Boston Globe)
December 2, 2011

"Massachusetts Attorney General Martha Coakley is suing five major US banks for allegedlyseizing properties unlawfully and failing to help struggling borrowers keep their homes by lowering mortgage payments. The civil lawsuit — filed yesterday in Suffolk Superior Court — targets Bank of America Corp.,Wells Fargo & Co., JPMorgan Chase & Co., Citigroup Inc., and GMAC, a subsidiary of Ally Financial Inc. Also named are Mortgage Electronic Registration System Inc., a widely used mortgagerecording firm, and its parent company. ''Our suit alleges that the banks have charted a destructive path by cutting corners and rushingto foreclose on homeowners without following the rule of law,' said Coakley, citing whatshe called their illegal behavior." [Click here for more.](#)

GMAC, Massachusetts Trade Salvos in Mortgage Fight
David Benoit and Ben Fox Rubin (WSJ – subscription required)
December 4, 2011

"GMAC Mortgage, the mortgage lender of Ally Financial Inc., is exiting the vast majority of its lending in Massachusetts a day after the state sued it and other lenders over its allegedly improper foreclosure practices, a decision the state's attorney general called an admission. The nation's fifth-largest mortgage originator said it 'has taken this action because recent developments have led mortgage lending in Massachusetts to no longer be viable.' GMAC's move, ratcheting up the high-stakes mortgage fight, comes after Massachusetts Attorney General Martha Coakley sued the five biggest mortgage servicers Thursday, in the first government lawsuit targeting all five for alleged improper foreclosure practices including so-called robo-signing." Click here for more.

Federal Agencies Join Forces to Prevent HAMP and Loan Mod Fraud
National Mortgage Professional
December 1, 2011

"The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), the Consumer Financial Protection Bureau (CFPB), and the U.S. Department of the Treasury have announced the creation of a joint task force to combat scams targeted at homeowners seeking to apply for the Home Affordable Modification Program (HAMP). SIGTARP, CFPB and the Treasury have partnered to protect taxpayers by investigating and shutting down these scams and by providing education programs to vulnerable homeowners. The joint task force also issued a consumer fraud alert to protect homeowners from HAMP-related mortgage modification scams. The fraud alert will also be provided directly to homeowners eligible for HAMP." Click here for more.

Click here to view the consumer fraud alert.

Editorial - Mr. Romney on Foreclosures
New York Times editorial
November 26, 2011

"Since the housing bubble began to burst six years ago, prices nationwide have fallen by a third. Nearly $7 trillion of home equity has been wiped out. Currently, some 14.7 million homeowners owe $700 billion more on their mortgages than their homes are worth. Going forward, prices are likely to fall further as banks put a backlog of foreclosed properties on the market. As home prices fall and more homeowners sink underwater, there will be more foreclosures and more price declines. So what is Mitt Romney's response? Bring it on. …Loan modifications that reduce principal balances are the best solution, because they restore equity and reduce monthly payments. The banks would take a hit on principal write-downs. So be it. Refinancings, which the Obama administration is in the process of expanding, also help, because a new loan with a lower rate makes staying in the home more affordable. Mr. Romney has said refinancing is 'worth further consideration.' Investors in mortgage-backed securities will take a hit on refinancings. So be it." Click here for more.

Gingrich Said Freddie Mac Could Be Good Model for Mars Travel
Lorraine Woellert (Bloomberg)
December 2, 2011

"Newt Gingrich in 2007 extolled the virtues of Freddie Mac (FMCC), saying he would be 'very cautious' about changing the way the mortgage-finance company's public- private business plan operated. In an interview placed on Freddie Mac's website, the Republican presidential candidate said the U.S. government-sponsored enterprise, or GSE, could serve as a guide for rebuilding the hurricane-ravaged Gulf of Mexico, improving health care and funding space exploration. For decades, Freddie Mac collected profits while benefiting from an implicit taxpayer guarantee of its debt, 'I'm convinced that, if NASA were a GSE, we probably would be on Mars today,' Gingrich said in the April 24, 2007, web post." Click here for more.

Stoller - Mortgage Servicers: Getting Away with the Perfect Crime?
Matt Stoller (New Deal 2.0)
November 28, 2011

"Without prosecutions, there's nothing keeping fraud from becoming a standard business practice. *In 2004, the FBI warned Congress of an 'epidemic of mortgage fraud,' of unscrupulous operators taking advantage of a booming real estate market. Less than two years later, an accounting scandal at Fannie Mae tipped us off that something was very wrong at the highest levels of corporate America. Of course, we all know what happened next. Crime invaded the center of our banking system. Wall Street CEOs were signing on to SEC documents knowing they contained material misstatements. …And what happens when this kind of fraud goes unprosecuted? It continues, even today. The same banks that ran the corrupt home mortgage securitization chain are now committing rampant fraud in the foreclosure crisis. Here's New Orleans Bankruptcy Judge Elizabeth Magner discussing problems at Lender Processing Services, the company that handles 80 percent of foreclosures on behalf of large banks (emphasis added): In Jones v. Wells Fargo, this Court discovered that a highly automated software package owned by LPS and identified as MSP administered loans for servicers and note holders but was programed* ***to apply payments contrary to the terms of the notes and mortgages.*** *…Here's how the fraud works: Mortgage loan notes are very clear on the schedule of how payments are to be applied. First, the money goes to interest, then principal, then all other fees. That means that investors get paid first and servicers, who collect late fees for themselves, get paid either when they collect the late fee from the debtor or from the liquidation of the foreclosure. And fees are supposed to be capitalized into the overall mortgage amount. If you are late one month, it isn't supposed to push you into being late on all subsequent months." Click here for more.*

Go Back to Table of Contents

Executive Compensation

Wall Street Pay Hits a Wall
Brett Philbin and Melissa Korn (WSJ – subscription required)
November 28, 2011

"Financial-services workers are bracing for an icy dive into a shallow year-end bonus pool. Bonuses for securities-firm employees are on track to be 35% to 40% lower this year, a study finds. Pictured, a Wall Street sign in New York. Employees at big Wall Street firms could see annual compensation sink 27% to 30% from a year earlier to the lowest level since the 2008 financial crisis, according to a closely watched compensation study due out Monday. Bonuses, which constitute a substantial part of many finance workers' pay, are on track to plunge 35% to 40%, on average, according to the forecast by Options Group, an executive search and consulting firm. Pay is likely to be hardest hit in areas such as fixed income, which comprises trading in bonds, currencies and commodities." Click here for more.

Dodd Frank, Compensation Ratios, and Agency Discretion (Part 3)
J Robert Brown Jr. (The Race to the Bottom)
November 24, 2011

"We are discussing the regulatory discretion provided to the Commission in implementing ratio disclosure in Section 953(b) of Dodd-Frank.Section 953 provides that ratio disclosure must occur in filing references in Item 10(a) of Regulation S-K. The provision provides that: Registration statements under section 12, annual or other reports under sections 13 and 15(d), going-private transaction statements . . . , tender offer statements . . . , annual reports to security holders and proxy and information statements . . . and any other documents required to be filed under the Exchange Act, to the extent provided in the forms and rules under that Act. To the extent ratio disclosure must occur in all of the filings in Item 10, it would require disclosure at least quarterly. Of course the formula could be calculated once, disclosed and incorporated in all of the other filings by reference." Click here for more.

Go Back to Table of Contents

Student Lending

Wells Fargo slashes student loan rates
Associated Press
December 1, 2011

"Wells Fargo & Co. is lowering the interest rates on its student loans. But families should think twice before jumping at the offer. The bank said Thursday that the fixed interest rates on its basic loans for undergraduates will now start at 7.24 percent, down from the previous 7.75 percent. But the reduced rate is only reserved for those with the best credit scores; the rate can still go as high as 13.99 percent. Federal student loans, by contrast, offer a fixed rate of 6.8 percent regardless of the student's credit profile." Click here for more.

Student Loans: A Call for Creative Solutions
Dan Kadlec (Time Moneyland)
December 2, 2011

"Rising college costs and soaring student debt are front and center like never before—and it's about time. Outstanding student loans are approaching $1 trillion, more than even credit cards. The average graduate leaves campus with some $25,000 in loans. Many owe much more than that, and in a weak job market they have little chance of finding a paycheck big enough to pay down their debts. Student loans can quickly become a drag on a new grad's life, and on the economy too, as these young people struggle to pay interest bills when they might instead be buying cars and furniture. The Class of 2011 is about to taste this new reality; their first loan payments come due in the next 60 days. Happy holidays." Click here for more.

Debt By Degrees
James Surowiecki (New Yorker)
November 21, 2011

"The protesters at Occupy Wall Street may not have put forth an explicit set of demands yet, but there is one thing that they all agree on: student debt is too damn high. Since the late nineteen-seventies, annual costs at four-year colleges have risen three times as fast as inflation, and, with savings rates dropping and state aid to colleges being cut, students have been forced to take on ever more debt in order to pay for school. The past decade has seen a student-loan binge, so that today Americans owe well over six hundred billion dollars in college debt. That's a burden that's hard to carry at a time when more than two million college graduates are unemployed and millions more are underemployed." Click here for more.

Go Back to Table of Contents

FTT

Krugman - Things to Tax
Paul Krugman (NYT column)
November 27, 2011

"The supercommittee was a superdud — and we should be glad. Nonetheless, at some point we'll have to rein in budget deficits. And when we do, here's a thought: How about making increased revenue an important part of the deal? And I don't just mean a return to Clinton-era tax rates. Why should 1990s taxes be considered the outer limit of revenue collection? Think about it: The long-run budget outlook has darkened, which means that some hard choices must be made. Why should those choices only involve spending cuts? Why not also push some taxes above their levels in the 1990s? Let me suggest two areas in which it would make a lot of sense to raise taxes in earnest, not just return them to pre-Bush levels: taxes on very high incomes and taxes on financial transactions." Click here for more.

Hedge fund chief backs transaction tax plans
Sam Jones in London (FT – registration required)
November 27, 2011

"The founder of one of London's biggest hedge funds has given qualified support for a European tax on financial transactions, breaking ranks with many of his peers fiercely opposed to such a measure. David Harding, the chief executive of the $26bn Winton Capital, said he did not object to moves by European Union politicians to levy the tax – dubbed by UK chancellor George Osborne a "bullet aimed at the heart of London" earlier this month. 'I would be in favour of a low [financial transaction tax],' Mr Harding said, 'if part of it was used to finance more supranational regulation of markets.'" Click here for more.

Go Back to Table of Contents

Interchange

All Of Those Bank Fees That Never Came To Be
Eric Plat (Business Insider)
November 29, 201

"On October 1st, the Durbin Act took effect, capping interchange fees, or the charge financial institutions can levy against merchants for running purchases made with a debit or credit card. The nation's largest banks stand to lose $8 billion in annual revenue, according to data compiled by Bloomberg. In attempts to recapture some of those losses, banks quietly announced a flurry of new customer facing charges, before mostly retreating. In his weekly cheat sheet, Deutsche Bank analyst Matt O'Connor took a look at 17 of the banks' plans. Below, a look at what 12 were doing to mitigate losses from interchange regulations, including Bank of America's now notorious misstep…" Click here for more.

Debit vs. credit card: The battle is on for your wallet
Connie Prater (CreditCards.com)
December 1, 2011

"There's a war going on for your wallet, but if you play your cards right, it's one you can win. Merchants and bankers are competing to steer you to use the card that's most profitable to them, with bankers pushing credit cards and merchants pushing debit cards. At the core of the battle are changes in interchange rules that limit how much banks can collect from merchants whenever customers swipe their debit cards. Once those fees were capped, it created a clear distinction between the types of transactions -- and both sides are sweetening deals to steer you into making the choice that benefits them." Click here for more.

Online Payments Shifting from Debit to Credit Cards, Report Finds
Jeffrey Green (American Banker – subscription required)
November 28, 2011

"Assuming new Federal Reserve Board rules regulating debit card interchange stand, total U.S. consumer payments volume from online use of credit cards will climb 63% during the five-year period from 2011 to 2016, while debit card online-payment volume will rise by just 2%, according to Javelin Strategy & Research's latest Online Retail Payments Forecast report." Click here for more.

Go Back to Table of Contents

Credit Ratings Agencies

S&P cuts ratings on big banks after criteria change
David Henry (Reuters)
November 29, 2011

"Standard & Poor's reduced its credit ratings on 15 big banking companies, mostly in the Europe and the United States, on Tuesday as the result of a sweeping overhaul of its ratings criteria. JPMorgan Chase & Co (JPM.N), Bank of America Corp (BAC.N), Citigroup Inc (C.N), Wells Fargo & Co (WFC.N), Goldman Sachs

Group Inc (GS.N), Morgan Stanley (MS.N), Barclays Plc (BARC.L), HSBC Holdings Plc, (HSBA.L) Royal Bank of Scotland AAHAUS.UL Group Plc and UBS AG (UBSN.VX), were among the banks that had their ratings reduced by one notch each. A notch is one third of a letter rating." Click here for more.

OCC proposes moving credit rating duties to banks
Jon Prior (Housing Wire)
November 29, 2011

"National banks must be able to determine on their own that the risk of default is low and a full, timely repayment of principal and interest is expected on an underlying loan before issuing the 'investment grade' security, according to a new rule proposed by the ***Office of the Comptroller of the Currency*** *Tuesday. The rule, when finalized, would effectively eliminate references to credit ratings agencies in OCC regulations, as required under the Dodd-Frank Act. These firms came under fire after the financial collapse in 2008 for rating many securities, particularly those backed by faulty mortgages, as high as AAA. In the years since, the credit rating agencies have been downgrading billions of RMBS deals."* Click here for more.

Other

Financial Overhaul Losing Namesake and Defender
Victoria McGrane (WSJ – subscription required)
November 29, 2011

"Barney Frank's plan to leave Congress in January 2013 may make it easier for Republicans to water down the financial-regulation overhaul that bears his name, according to fans and foes of the measure. The Massachusetts liberal was widely considered one of the most powerful committee chairmen on Capitol Hill when Democrats held a House majority. Mr. Frank had the ear—and trust—of then-Speaker Nancy Pelosi of California, and he was respected by the diverse factions of the Democratic caucus. The skills that enabled Mr. Frank to shepherd the finance bill through a fractious Financial Services committee and House also made him one of its most effective defenders. Able to strike compromises with Republicans as well as Democrats with other points of view, he also took pleasure in outwitting—and out-talking—his adversaries. … A GOP aide close to the Financial Services committee said, 'Ranking Member Frank's departure means that there is now one less obstacle in repealing the job-killing components of the onerous Dodd-Frank regulation.'" Click here for more.

Carolyn Maloney Won't Take On Maxine Waters for Financial Services Slot
Daniel Newhauser (Roll Call)
December 1, 2011

"Rep. Carolyn Maloney (N.Y.) said today that she would not challenge Rep. Maxine Waters (Calif.) for the soon-to-be vacated top Democratic slot on the Financial Services Committee. Ranking member Barney Frank (D-Mass.) announced this week that he will retire at the end of his term, setting the stage for Waters, an 11-term lawmaker and the next-highest-ranking Member on the committee, to take his spot in the 113th Congress." Click here for more.

Go Back to Table of Contents

Upcoming Events

Save the Date

Americans for Financial Reform invites you to a conference on **Executive Pay and the Dodd-Frank Wall Street Reform and Consumer Protection Act Monday, December 12, 2011 1:30-5:30 p.m.** AFL-CIO Gompers Room 815 16th St., N.W. Washington, DC

RSVP: www.aflcio.org/afrconference

Opening Remarks by AFL-CIO President **Richard Trumka** Confirmed speakers include: **Robert J. Jackson Jr.**, Associate Professor, Columbia Law School, and former Senior Advisor to Treasury Department on Executive Compensation and Corporate Governance **William K. Black**, Associate Professor of Economics and Law, the University of Missouri, Kansas City, and former Litigation Director, Federal Home Loan Bank Board **J. Robert Brown Jr.**, Professor, Sturm College of Law, University of Denver **Sarah Anderson**, Global Economy Project Director, Institute for Policy Studies **Anne Sheehan**, Corporate Governance Director, California State Teachers' Retirement System **Eleanor Bloxham**, CEO of The Value Alliance and Corporate Governance Alliance, and columnist Fortune.com **John Keenan**, Corporate Governance Analyst, American Federation of State, County and Municipal Employees **For more information and to RSVP, visit www.aflcio.org/afrconference.**

SEC

No pertinent meetings scheduled as of 12/2/11

CFTC

The Commodity Futures Trading Commission (CFTC) will hold a public meeting on Monday, December 5, 2011, at 9:30 a.m., on the following topics:

(1) Final Rule on Investment of Customer Funds and Funds Held in an Account for Foreign Futures and Options Transactions; (2) Further Notice of Proposed Rulemaking on Process for Making a Swap Available to Trade under Section 2(h)(8) of the Commodity Exchange Act (3) Final Rule on Registration of Foreign Boards of Trade (4) Proposed Interpretation for Retail Commodity Transactions under Commodity Exchange Act Section 2(c)(2)(D) The meeting is open to the public.
What: Open meeting on Dodd-Frank final rules and other proposals
When: Monday, December 5, 2011, 9:30 a.m.
Where: CFTC Conference Center, 1155 21st Street, NW, Washington, DC

Viewing/Listening Information

Watch a live broadcast of the meeting via webcast on www.cftc.gov. Call-in to a toll-free or toll-telephone line to connect to a live audio feed.

Call-in participants should be prepared to provide their first name, last name and affiliation. Conference call information is listed below:

Domestic Toll-Free Number: 877-951-7311

International Toll Numbers: See Related Link

Participant Passcode/Pin: 7689106

Capitol Hill

House

House Committee on Financial Services

Hearing entitled "H.R. ______, the Private Mortgage Market Investment Act, Part 2"
Capital Markets and Government Sponsored Enterprises
December 7, 2011 10:00 AM in 2128 Rayburn HOB

Hearing entitled "H.R. 1148, the Stop Trading on Congressional Knowledge Act"
Full Committee
December 6, 2011 10:00 AM in 2128 Rayburn HOB

Field Hearing entitled “Regulatory Reform: Examining How New Regulations are Impacting Financial Institutions, Small Businesses and Consumers in Illinois”
Full Committee
December 5, 2011 9:00 AM in Chicago, IL

House Small Business Committee

No pertinent hearings/markups scheduled as of 12/2/11

Subcommittee on Investigations, Oversight and Regulations

No pertinent hearings/markups scheduled as of 12/2/11

House Committee on Agriculture

Friday, December 2, 2011 -- 9:30 a.m.
1300 Longworth House Office Building
Washington, D.C.
Full Committee on Agriculture -- Business Meeting
RE: To consider the issuance of a subpoena to compel the attendance of a witness at the subsequent hearing to examine the MF Global Bankruptcy.

Thursday, December 8, 2011 – 9:30 a.m.
1300 Longworth House Office Building
Washington, D.C.
Full Committee on Agriculture -- Public Hearing
RE: Examination of MF Global bankruptcy.

Committee on Oversight and Government Reform

No pertinent hearings/markups scheduled as of 12/2/11

Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs

No pertinent hearings/markups scheduled as of 12/2/11

Senate

Senate Banking, Housing, and Urban Affairs Committee

December 7th
Enhanced Supervision: A New Regime for Regulating Large, Complex Financial Institutions
2:00 PM - 4:00 PM

December 6th
Continued Oversight of the Implementation of the Wall Street Reform Act
538 Dirksen Senate Office Building
10:00 AM - 12:00 PM

Senate Committee on Finance

Tax Reform and the Tax Treatment of Financial Products
United States Senate Committee on Finance
United States House Committee on Ways and Means

Tuesday, December 6, 2011, 10:00 AM
HVC-210 Capitol Visitor Center

Senate Committee on Agriculture, Nutrition and Forestry

Investigative Hearing on the MF Global Bankruptcy (Full Committee Hearing) Add to my Calendar
216 Hart Senate Office Building
December 13, 2011
09:00AM

ProPublica:

Next month, ProPublica will be teaming up with the Tenement Museum for our third "Investigate This" event titled, Anatomy of a Mess - The Foreclosure Crisis.

I'll be one of the featured panelists, and joined by Neil Barofsky, former Special Inspector General of the Troubled Assets Relief Program (TARP) and Kate Berry, consumer finance reporter for American Banker. The discussion will be moderated by Alyssa Katz, editor of Columbia Journalism School's New York World and author of *Our Lot: How Real Estate Came to Own Us*.

Details on the event are below. I hope you'll show your support by letting us know you're interested in attending on Facebook and by sharing this event with others.

What: Anatomy of a Mess - The Foreclosure Crisis
When: Tuesday, December 13, 6:30 - 8:00pm EST
Where: The Tenement Museum, 103 Orchard St (at Delancey), NYC

The event is free and open to the public. Seats are available on a first come, first served basis. Those of you not located in New York City are welcome to watch the discussion on a live telecast that will be available on ProPublica's site the day of the event. You can also participate by tweeting questions and comments with #PTTalks or emailing communications@propublica.org.