AFR Americans for Financial Reform

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TRUMP ADMIN, REPUBLICAN LEADERS & WALL STREET

Trump signs EO to impose additional layers of oversight on regulations I Bloomberg
The order, titled "Enforcing the Regulatory Reform Agenda," directs heads of departments and agencies to designate a "regulatory reform officer" to oversee implementation of regulations and identify needed changes… The White House has an entire agency, the Office of Information and Regulatory Affairs, that reviews all government regulations before they are issued. It was not immediately clear how the new officials would work with that office. The order calls for each federal agency to create a task force to review existing regulations and make recommendations about which should be repealed or modified.

Trump Signs executive order aimed at cutting federal regulations I Reuters

Trump orders Agencies to Reduce regulations I NPR

Trump signs another EO to slash regulation I Housing Wire

Mnuchin Tells Carney to Expect America-First Regulation I Bloomberg
The discussion between the two Goldman Sachs Group Inc. alumni provides further clues on the tone of engagement that President Trump's administration may seek to adopt in its international financial diplomacy. Such contact occurs against a backdrop of contention on U.S. cooperation on global regulatory matters, in particular involving the Federal Reserve. The Treasury's statement echoed the language of Trump's Feb. 3 executive order on financial regulation, which says the U.S. will "advance American interests in international financial regulatory negotiations and meetings."

Cage the sharks circling consumers I NY Daily News
Now that Trump has packed his administration with Wall Street fat cats — including six Goldman Sachs alums — the table is set for a return to the pre-recession days when Wall Street wrote its own rules. We know how well that worked out.

GOP Leaps on Congressional Review Act to Kill Obama Rules I Roll Call

The act was tucked into 1996 legislation tied to former House Speaker Newt Gingrich's famous "Contract with America..."

Until now, Congress has rarely had the power structure in place to make the CRA a viable legislative option for getting rules off the books. Congressional Republicans sent several CRA bills to Obama, knowing they would be vetoed. Prior to Trump, the only CRA-repealed rule in history was signed by President George W. Bush in 2001. That rule had applied ergonomics standards through the Department of Labor's Occupational Safety and Health Administration under President Bill Clinton. It was aimed at preventing injuries among some workers, including repetitive-motion injuries. OSHA hasn't attempted the rule since.

Trump catering to fat cats on Wall Street I Madison Cty. Ind. Herald Bulletin (editorial)
Their real intent is to feed the very financial giants of Wall Street that Trump promised to subjugate during his campaign.

Trump's Epic Bait and Switch I LA Progressive

President Trump and his Phony Populism I Seacoast online
After railing against Wall Street and Goldman Sachs during the election, Trump's cabinet and senior team include a legion of former Goldman executives: Steven Mnuchin, a hedge fund manager and former Goldman partner, who was just confirmed as treasury secretary; Gary Cohn, who stepped down as Goldman's president to lead the National Economic Council; Anthony Scaramucci, a Goldman alum and hedge fund manager who is now a senior White House adviser; Dina Habib Powell, senior counselor for economic initiatives; and Goldman's outside counsel, Jay Clayton of Sullivan & Cromwell, has been nominated to chair Wall Street's top regulator, the Securities and Exchange Commission. (Clayton's wife is a vice president at Goldman.) And of course, who could forget former Goldman partner Steven Bannon, Trump's very own Rasputin?

Trump Rushes Aid to Wall Street I Colorado Springs Independent

Republicans make killing consumer protections a top priority I Los Angeles Times
About a half-dozen bills take aim at various aspects of the Dodd-Frank financial reform law and the Consumer Financial Protection Bureau it created.

Republicans are serving notice that their priority is making businesses happy at the expense of consumers who, if the bills become law, once again will be largely on their own in dealing with questionable or unfair corporate practices...

[M]y favorite Republican salvo came last week from Sen. Ted Cruz and Rep. John Ratcliffe, both of Texas. They introduced companion bills in their respective chambers of Congress that would simply do away with the Consumer Financial Protection Bureau — wipe it right off the face of the Earth...

Cruz's office didn't respond to my interview requests, but he said in a statement that the protection bureau is a rogue regulator "without any accountability to Congress and the people." He said his and Ratcliffe's bills would "free consumers and small businesses from the CFPB's regulatory blockades and financial activism."

Let's just say Cruz doesn't know what he's talking about, rather than suggest he's deliberately trying to mislead people. The fact is that the bureau has succeeded wildly at its mission of safeguarding consumers from illegal or dubious business practices...

Champion of the People or Wall St? I Democracy Now (Interview with Sheelah Kolhatker)

Requiem for Dodd-Frank I Risky Finance

The executive order by President Donald Trump last week to review the Dodd-Frank Act – which he called 'a disaster' – may not end up overturning the 2012 law signed by his predecessor. But the move signals a rollback of the great regulatory march that started with the 2008 financial crisis….Trump's words have to be taken together with the letter from US House financial services committee vice-chairman Patrick McHenry to Federal Reserve chair Janet Yellen, calling on the Fed to desist from any international bank regulatory discussions.

Dodd-Frank Changes Remain on Horizon as Trump Begins Second Month I The Street

Gary Cohn to recuse himself from matters linked to Goldman I Financial Times

Gary Cohn, the former Goldman Sachs executive emerging as a powerful influence over economic policy in Donald Trump's administration, will recuse himself from any matters directly involving his former employer, the White House has told the Financial Times… He will also recuse himself from any matter or potential rulemaking before the CFTC in which Goldman Sachs has participated.

The new 'Government Sachs' isn't Goldman Sachs I CNBC

Veterans of Goldman Sachs may enjoy top billing in President Donald Trump's administration, but executives from one little-known bank could soon wield enormous influence over Wall Street. OneWest is a mid-sized lender with headquarters in Pasadena, California. It entered the national spotlight when Steven Mnuchin was nominated to lead the Treasury Department. Mnuchin bought the bank, formerly known as IndyMac, from the federal government in 2009.

Now, according to people familiar with the discussions, the Trump administration is considering two of his deputies to head key regulatory agencies: former OneWest general counsel Brian Brooks for the Consumer Financial Protection Bureau and former OneWest chief executive Joseph Otting for the Office of the Comptroller of the Currency. Another person with ties to OneWest, Tom Vartanian, has also been floated to lead the OCC, according to a person close to the administration. Vartanian, a partner at the law firm Dechert, represented investors in the $1.6 billion deal to purchase OneWest.

Mnuchin's MetLife I Job

Steve Mnuchin: A See-No-Evil Treasury Secretary I Capital and Main

Mnuchin is relatively unknown, most popular with wealthy Americans I Morning Consult

Mnuchin suggests regulatory agencies are hindering growth I Politico

Hensarling warns Yellen against pushing new regulations I Politico
In a letter sent today to Fed Chair Janet Yellen, House Financial Services Chairman Jeb Hensarling and 33 other Republican lawmakers said they were willing to use the Congressional Review Act to overturn Fed regulations if the central bank did not comply with their demands to pause rulemaking.

The Congressional Review Act allows Congress to block regulations with majority votes and the backing of the president. President Donald Trump has yet to nominate someone to serve as vice chairman of banking supervision, a position that has not been filled since its creation in the 2010 Dodd-Frank law.

Q & A: Sen Mike Rounds I Politico
Sometimes, you just want to buy a beer. That's part of an analogy that Sen. Mike Rounds (R-S.D.) used to argue against the Labor Department's fiduciary rule for brokers. Last year, the Obama administration finalized the rule that would require brokers to put their customers' best interests ahead of any compensation they might receive for offering retirement savings products like mutual funds or annuities. Many financial companies oppose the rule because it would restrict their sales practices…Rounds also talked about his priorities for the Senate Banking Committee in the year ahead. He said he has discussed with Sen. Pat Toomey (R-Pa.) the possibility of using a budget procedure known as reconciliation to shut down the Consumer Financial Protection Bureau.

Would weakening regulators' edge in court backfire on banks? I American Banker
At issue is a judicial principle called the Chevron doctrine, named after a 1984 Supreme Court ruling that said courts should defer to government agencies when in doubt about an interpretation of a law, specifically in cases where the law is vague.

That principle is under attack by conservatives, who argue it gives federal agencies too much power. House Financial Services Committee Chairman Jeb Hensarling has targeted the Chevron decision in his Dodd-Frank rollback bill, while Supreme Court nominee Neil Gorsuch has expressed open skepticism of the doctrine in recent court cases.

Meanwhile, the latest draft of Hensarling's deregulatory plan, which appeared in a memo circulating in Washington last week, included a new twist to the Chevron doctrine repeal measure. In Hensarling's original bill, the Chevron doctrine was repealed immediately, but the memo suggested delaying that by two years. That change would theoretically give the executive branch more leeway to implement a rollback of the Dodd-Frank Act.

Business group sends Trump list of Rules to repeal I The Hill

CEOs and trump trade policy proposals I Wall St Journal

Financial Industry Ponders Impact of Border Adjustability on Transactions I Politico
The House Ways and Means Committee and the financial services lobby are wrestling with how the border adjustment portion of the House GOP tax reform plan may affect the massive volume of cross-border financial transactions that occur every day. Early indications suggest that the committee may exclude the transactions from its proposed new tax on imports, although Chairman Kevin Brady (R-Texas) has said there will be no carve-outs...

Multiple financial lobbyists who spoke on the condition of anonymity said Ways and Means Committee staff had asked them about the treatment of financial companies and transactions under European-style VAT systems, the closest equivalent to the cross-border cash flow tax proposed by House Republicans. Because VAT systems largely ignore financial transactions, it may be an indication that the staff writing the tax bill will lean toward advising the same.

Regulators keen to sign on global bank rules despite Trump uncertainty I Reuters
Members of the Basel Committee of banking regulators are keen to reach an agreement on the final piece of global capital requirements rules sooner rather than later despite U.S. President Donald Trump's pledge to review the banking rule book. "All members are interested in bringing this to a conclusion," Basel Committee Secretary General William Coen told the French senate on Wednesday, although he declined to give a deadline.

Central banks and watchdogs around the world have spent the past eight years drawing up regulation aimed at preventing a repeat of the 2007-2009 financial crisis. However, Trump's order to review major banking rules that were put in place after the crisis has raised doubts in Europe and elsewhere that the U.S. would apply the final Basel package.

Consider Long-term Effects of Reg Rollback before Celebrating I National Mortgage News (Sanjeev Dahiwadkar)
After years of complaints about the unnecessary regulations overburdening the mortgage industry, many people are probably happy that the new administration is keeping its word regarding bridling, and even eliminating, the actual number of them. However, we should not celebrate too soon; instead, we should take a close look at what actually happens when you try to eliminate two regulations for every one created…

Trump's two-for-one regulation order will lead to court battles I The Hill (Richard Pierce)

[Extreme slowdown of regulations in trump's first month]() I **The Hill**

CONSUMER FINANCE & THE CFPB

[Trump believes Consumer-Watchdog Agency 'Unaccountable']() I **Wall St Journal**
Consumer advocates pushed back against Mr. Trump's statement. "Directory Cordray has been an effective and responsible head of the CFPB," said Lisa Donner, executive director of **Americans for Financial Reform**. "Under his leadership it has been accountable to the American people, delivering over $12 billion in relief for more than 29 million people, a publicly searchable complaint system, and rules of the road to make lending fairer."

[Preemptive defense mounts for Cordray]() I **Washington Post**
In a letter last month to Trump, the union representing the CFPB employees said it was satisfied with Cordray's commitment to addressing discrimination claims, writing: "In no way could the director's actions in these matters constitute a basis for a dismissal for cause."

The Congressional Black Caucus also wrote to Trump, declaring that Cordray had done "nothing to give the necessary cause for his removal from office."

Democratic members of the House Financial Services Committee also commended Cordray's efforts to address the employment issues, including providing merit-pay increases and making lump-sum payments to affected employees. And the Leadership Conference on Civil and Human Rights, the NAACP, the National Council of La Raza and the National Urban League released a joint statement in support of the CFPB and Cordray, writing that the director has worked to fix a flawed employee performance system.

[Agency that Guards Us Against Financial Scammers in Trouble Under Trump]() I **Dallas Morning News (Dave Lieber)**
We might lose the bureau because big and small banks and other financial institutions hate it. They're fighting it in court with lawsuits and on Capitol Hill with campaign contributions to members of Congress who will decide the bureau's fate.

We might lose it because an area congressman, Republican Jeb Hensarling of Dallas, is closer to achieving his goal of watering down the nation's financial regulatory system known as Dodd-Frank.

Hensarling leads the House committee that gives thumbs up or down to financial bills. With that power in hand, he received more campaign donations from banks, insurance companies and the securities and investment industry than any other member of Congress, the nonpartisan Center for Responsive Politics says.

[Military personnel speak up for beleaguered consumer agency]() I **Consumer Affairs**

See AFR Joint Statement: **CFPB's Work Is Important to Military Families and Veterans**

There should be no bull's eye on consumer agency's back I Boston Globe (Deirde Cummings)
Contrary to the opinion of the White House and some members of Congress, keeping the most effective consumer protection agency should be anything but "complicated" ("Consumer agency head in Trump's crosshairs,")

Federal consumer bureau has fought scams that hurt people I Ahwatukee (Ariz.) Foothills
According to the law, banks have to ask their customers a simple question before enrolling them in an overdraft "protection" program: if you do not have enough money in your bank account to cover the cost of a purchase, do you want your bank to decline the purchase or do you want your bank to cover the purchase and charge you $35 for the privilege.

Instead, TCF National Bank, which has branches in Mesa and Tempe, did everything it could to obscure the option, suggesting to new account holders that they had no choice but to enroll, according to a recent lawsuit filed by the Consumer Financial Protection Bureau. The lawsuit alleges that this was no accident. Overdraft fees are big money—about $182 million for TCF.

Investigating and ending these kinds of scams is a major piece of the CFPB's portfolio. Since it got up and running in 2011, the CFPB has been under almost nonstop assault, with Wall Street banks, payday lenders and their congressional allies promoting a seemingly endless series of measures to undermine its effectiveness.

How the CFPB constitutionality case will play out I American Banker

In Trump's Sights: Dismantling Equality in Lending I Advocate

Bill would sever CFPB Funding I Dodd-Frank Updates
Sen. Mike Rounds (R-S.D.) recently introduced a bill that could accomplish the Trump administration's goal of dismantling the Consumer Financial Protection Bureau (CFPB) by eliminating the Federal Reserve's statutory obligation to fund it. If passed, the bill would eliminate or replace several paragraphs from the Consumer Financial Protection Act requiring the allocation of funds to the bureau.

Another Republican Senator Introduces Bill to Cripple CFPB I Builder

Hensarling compares CFPB to a tyranny I Housing Wire

US Rep Likens Consumer Financial Protection Bureau to 'Tyranny' I CRM Buyer

Keep Dodd-Frank and the CFPB and Fix What's Broken I Forbes (Mark Greene)

The political winds have now changed dramatically and the future of Dodd-Frank and the CFPB looks uncertain. As true as it may be, it is hard to understand how a government agency with the words consumer, financial and protection in the title could strategize its way out of existence but here we are…

Dodd-Frank and the CFPB may be shown the exit in short order but a replacement that works and is politically independent is necessary. Ignored history will repeat itself and we have already been to the brink of financial Armageddon in the not too distant past. Smart business people now roam the halls of power in our nation's capital and may know better how to structure make sense rules and roadmaps for our financial universe. Let's get it figured out and put it in place so we can get on with the business of doing business fairly and efficiently with appropriate checks and balances. Enough with the chest beating get it fixed.

West Virginians warned of attempts to alter CFPB I The State Journal
The Consumer Financial Protection Bureau is threatened by possible reorganization brought on by the lobbying of special interest groups. The warning came during a Feb. 15 news conference in Charleston from leaders from the West Virginia Council of Churches, the Partnership of African American Churches, the West Virginia Center on Budget and Policy and the host of the news conference, the Covenant House. Spokespersons from each group spoke in support of the Consumer Financial Protection Bureau, urging U.S. Sens. Joe Manchin, D-WV, and Shelley Moore Capito, R-WV, to keep CFPB operating as is, for the protection of West Virginians.

CFPB faces Catch-22 on pending arbitration rule I American Banker
Republicans and the Consumer Financial Protection Bureau are playing a game of chicken over a proposal that would restrict banks, credit unions and other lenders from using mandatory arbitration clauses. Republicans stand ready to deploy a rarely used legislative process called the Congressional Review Act if the CFPB finalizes the arbitration plan, which would ban clauses that prevent consumers from filing class action lawsuits against financial services companies. The law is a powerful tool that allows Congress to overturn agency rules promulgated within the previous 60 legislative days. Because it requires only a simple majority to pass, it allows Republicans to avoid a potential filibuster from Democrats, making it far easier to enact.

First prepaid cards, then the rest of your wallet I Center for American Progress

A reason for Trump to keep Cordray- to stop him from being OH governor I Market Watch

Complaints against Wells Fargo, other banks rise on CFPB log targeted by Congress I Reuters

The CFPB has a database with 700,000 consumer complaints I Fox 6

[Database documents the Obama admin final offensive against corporate crime](#) I Good Jobs First
While Washington is focused on deregulation, the country's first database on corporate crime has documented the wave of cases against major companies resolved by the Obama Administration during its final weeks. [Violation Tracker](#), a public service of Good Jobs First's Corporate Research Project launched in 2015, today posted recent enforcement records showing that between Election Day and the inauguration, the Justice Department and other federal agencies obtained more than $20 billion in penalties and settlements from dozens of companies accused of a wide range of offenses involving financial, environmental, health and other harms to large numbers of people.

Violation Tracker is available and free at http://www.goodjobsfirst.org/violation-tracker

[CFPB's First Jury trial to test Agency Overreach](#) I National Mortgage News
The CFPB sued Nationwide Biweekly Administration, in Xenia, Ohio, and its founder Daniel Lipsky in 2015 for allegedly making misleading claims about a program to help consumers pay off their mortgage faster and reduce interest payments. But Nationwide has countered that the CFPB used tactics that resemble "Operation Choke Point," a 2013 Justice Department initiative that critics say was overzealous and captured legitimate businesses in addition to shady ones...

At issue is whether CFPB overstepped a line by involving Nationwide's bank partners rather than just focusing on the company itself. The Justice Department was similarly accused by critics of going too far when it purposely targeted banks that did business with what it viewed as "high risk" businesses, a vaguely defined category that included gun dealers, pornographers and others.

[Preserve the CFPB](#) I Scranton Times-Tribune (editorial)
In the wake of the crisis, Congress wisely founded the Consumer Financial Protection Bureau, which is specifically charged with pursuing consumers' interests regarding financial products and services.

It has fulfilled that mission…

[Consumer Protection is in Peril](#) I Culpeper Star Exponent
Watch your wallet, because Congress is coming after the federal watchdog set up, following last decade's financial crisis, to police against rip-offs of borrowers and buyers in the wilds of American commerce. Dubbing the Consumer Financial Protection Bureau "a rogue federal agency" and claiming its law enforcement harms Americans' ability to borrow money, Texas Rep. Jeb Hensarling, chairman of the House Financial Services Committee, proposes to shut it down and, first, eject its director, Richard Cordray. Why? Because by all accounts Cordray, the former attorney general of Ohio, has become too effective—securing important wins and pushing tough fights for consumers at a price that law-breaking financial firms don't care to bear.

Compromise sought on payday loan interest rates I The Santa Fe New Mexican

Attorney General secures big win for Georgians I Southern Political Report
The battle against predatory pay-day lenders is not a new issue in Georgia, but recently-appointed Attorney General Chris Carr may have just won the war. A settlement between the state and online lending companies Western Sky Financial, CashCall, and other affiliates has resulted in $40 million going back into the pockets of Georgians who fell victim to the schemes.

Lawmakers want to boost fines for rogue payday lenders by 500 percent I Kentucky.com

Lawmakers tackle payday lending I Silver City Sun-News
For the past several years efforts have been made at the State Legislature to cap interest rates imposed by New Mexico's small-loan industry, alternately called storefront lenders or payday lenders. The lenders make loans of $2,500 or less, with often extremely high interest rates and short pay-back periods. And typically their customers are low-income New Mexicans who need quick cash to help pay bills. The issue is back in 2017, and two proposals to cap such interest rates are expected to be heard in a House committee.

Lawmakers consider bills aimed at payday loan industry I Virginian-Pilot

Nebraska lawmakers considering approaches to payday lending I Miami Herald

Banks, fintech firms clash over cybersecurity and data sharing I Politico
Associations representing legacy financial firms lined up firmly against any sort of regulatory rulemaking, arguing that the issue should be worked out by the private sector. The Financial Services Roundtable wrote that it "believes framing this policy discussion by highlighting instances where financial firms have restricted access to account data by third-party applications, and putting exclusive focus on the idea of 'openness' as the first goal worth achieving, not only conflicts with consumers' best interests, but fundamentally ignores or downplays serious data security, consumer privacy and other concerns."

Meanwhile, the American Bankers Association pivoted its own comment to push government to define fintech firms as "financial institutions" and encourage the application of Gramm-Leach-Bliley financial information standards to them. "Current practices in the data aggregation market, however, may leave consumers exposed and create risk that undermine this trust," ABA Vice President of Emerging Technologies Rob Morgan wrote.

"Consumers today are offered a Faustian bargain in which their desire for technology-driven convenience is exchanged — often unknowingly — for increased potential of catastrophe, by handing over the keys to their financial vault."

Wells Fargo terminates senior managers in sales practice probe I Politico

US banks step up fight to end fee limits on debit cards I Financial Times

FEDERAL RESERVE

Trump teams Broadens Search for Fed Regulatory post I Wall St Journal
The administration is still said to be considering David Nason, a former Treasury Department official in the administration of President George W. Bush and currently an executive in the financing arm of General Electric Co. Mr. Nason had emerged as the front-runner for the job weeks ago, people familiar with the matter said at the time…

The meetings provide more evidence the administration is looking at candidates who will take a less aggressive regulatory posture than the Fed did under the Obama administration, in line with the desire of Mr. Trump and his advisers to pare back regulations spurred by the 2010 Dodd-Frank financial law.

INVESTOR PROTECTION AND THE SEC

Acting SEC Chairman: Expand Access to Startup Investments, Private Deals I Wall St Journal
Michael Piwowar, the SEC's acting head, said the commission should consider altering restrictions that lock out investors with only moderate wealth. He said the standards, which limit such private deals only to well-heeled "accredited" investors, don't serve their intended purpose of protecting those people from the potential risks of putting money into higher-risk investments. Currently, only individuals who meet certain wealth or income standards are allowed to invest in private stock offerings that are issued outside of public markets by companies. These range from stakes in startups to hedge-fund offerings.

"In my view, there is a glaring need to move beyond the artificial distinction between 'accredited' and 'nonaccredited' investors," Mr. Piwowar said in a speech. "I question the notion that nonaccredited investors are truly protected by regulations that prevent them from investing in high-risk, high-return securities available only to the Davos jet-set."

The existing thresholds, which stem from the 1980s and aren't pegged to inflation, are widely viewed as outdated by many Republican lawmakers and regulators. They argue the existing constraints have shut out financially sophisticated investors from some of the fastest-growing market sectors, since shares in private companies are generally available only to investors whose individual net worth is at least $1 million—excluding their primary residence—or who make at least $200,000 annually.

Mary Jo White Seriously Misled the U.S. Senate to Become SEC Chair I Wall St on Parade

White’s representation in 2013 that she was retiring proved very financially beneficial to her. Her Partners Retirement Program entitled her to receive $42,500 per month or $510,000 per year. But as White writes in her ethics letter, (ostensibly as a gesture toward removing the conflict of receiving ongoing monies from her old law firm), Debevoise was going to give her a “lump sum” for four years of payments, or more than $2 million. The Partner’s plan was unfunded, meaning the law firm had to stay in business to make those payments. Getting a cool $2 million out of harm’s way is a smart financial move. On top of that, White indicated in her ethics letter that she was cashing out of the “Debevoise & Plimpton LLP Cash Balance Retirement plan and my capital account.”

Trump Wants a Pro-Business SEC. That Has Some Investors Worried I Bloomberg
A new, de-regulatory slant would mark a major shift in the SEC’s priorities. It also would rekindle a debate that went mostly quiet in the years after the 2008 financial meltdown: Is the agency’s main job to police markets and protect shareholders, or should it give more consideration to helping businesses raise capital?

Trump’s man for the SEC: Time to ease regulation I Wall St Journal

Clayton seen making some fast moves at SEC on IPOS, disclosures I Reuters

Will Walter Clayton represent the people or be compromised by GS ties? I NY Daily News (Lisa Gilbert)
[H]e’s starting out in a deep hole of his own potential conflicts of interest, and in a moment where the administration seems to be tacking in exactly the wrong direction on protecting the public, announcing overreaching rollbacks of Dodd-Frank, the important Wall Street reform legislation passed in the wake of the 2008 crash.

MORTGAGES, FORECLOSURES & HOUSING

Many still report surprises despite rules to clarify home buying I Washington Post
Everyone knows that financing and closing on a home purchase can be complicated. That is why more than a year ago, the Consumer Financial Protection Bureau issued a set of disclosures and rules designed to bring greater clarity — and certainty — to transactions. So how’s that going? Maybe not so well from a consumer perspective, if a new survey of 1,000 first-time and repeat purchasers is any guide. The study, sponsored by ClosingCorp, an industry technology firm, and conducted by Wilson Perkins Allen Opinion Research, found that more than 50 percent of buyers were “surprised” by the amounts they were charged at closing, despite the new federal disclosures aimed at eliminating or sharply limiting surprises.

Fifty-two percent of buyers also told researchers that “lenders were ‘off’ on their initial loan estimates” of the fees required to obtain and close on loans. Fifty-eight percent of buyers said their initial loan estimates had changed or been revised before closing, and 35 percent said their total fees were higher than they had expected. Just 31 percent of buyers reported that there were no shocks or surprises at closing because of updates to their lenders' upfront estimates and that the final charges were in sync.

Study finds credit insurance policies "a bad value" I Charlotte News-Observer
Credit insurance policies sold with consumer installment loans are overpriced, in part because of outsized commissions that insurers often pay lenders, according to a new study.

Reinvestment Partners, a consumer advocacy group based in Durham, found that from 2004 to 2013 just 44..4 cents in benefits were paid out for every dollar in premiums spent nationwide on credit insurance policies that pay off in the event of a borrower's death. That compares to 84.1 cents in benefit payments from individual health policies for every premium dollar.

Fannie, Freddie shares dive after U.S. appeals court ruling I Reuters
Federal Home Loan Mortgage Corp and Federal National Mortgage Assctn Fnni Me shares are each down more than 22 percent on Tuesday after an appeals court upheld a ruling that hedge funds may not sue to challenge the legality of two government-sponsored enterprises (GSEs) net worth sweeps. Together, Fannie Mae and Freddie Mac reported $9.8 billion in Q4 income, all of which will be turned over to the U.S. Treasury as part of the terms of the net worth sweep.

Fannie and Freddie shareholders' hopes now lie with President Donald Trump and new Treasury Secretary Steve Mnuchin. Shareholders are hoping Mnuchin will opt to begin the process to recapitalize Fannie and Freddie and return the GSEs' income to shareholders. According to Height Securities analyst Edwin Groshans, the window for favorable GSE reform is closing fast.

Fannie Mae, Freddie Mac shares plunge after court's ruling I Washington Post

Mnuchin may be Fannie Mae and Freddie Mac investor's last hope I Yahoo Finance

Mnuchin must bring transparency to Fannie & Freddie I Competitive Enterprise Institute

Ocwen SEC filing reveals details of CFPB mortgage servicing investigation I Housing Wire

PRIVATE EQUITY & HEDGE FUNDS

Hedge funds can't sue over investments in Fannie and Freddie I Blomberg
Hedge funds largely failed in their legal challenge to the U.S. government's capture of billions of dollars in profits generated by Fannie Mae and Freddie Mac after their bailout, sending shares of the mortgage guarantors plunging. Perry Capital LLC, the Fairholme Funds and other big investors lost a bid to overturn a judge's ruling that said they can't sue the government over the

dividend change. The change known as the “net-worth sweep” forced the companies to send almost all their profits to the U.S. Treasury, leaving shareholders with nothing. The companies have been under government control since being bailed out during the 2008 financial crisis.

Hedge funds can’t sue government’s seizure of Fannie, Freddie profits I Politico

Court allows bondholder suit against Puerto Rico to move forward I Politico
In a potentially major blow to Puerto Rico, the U.S. District Court for the Commonwealth denied a motion to stay a lawsuit filed by hedge funds suing the island’s government over outstanding general obligation debt. U.S. District Judge Francisco Besosa ruled that a lawsuit filed by hedge funds holding debt backed by the full faith and credit of the commonwealth government could move forward. That's despite a temporary legal shield put in place by Congress and the previous administration to give Puerto Rico time to renegotiate its debts with creditors. The judge ruled that the shield did not extend to the GO bond creditors’ claim in this case.

Why Yale should shun Blackstone CEO Steve Schwarzman I Alternet
If Yale took Schwarzman’s name off the student center and he demanded his money back, that would only make him look even worse than his collaboration with Trump already does. The university would more-than survive the loss of his $150 million. Yale is wealthy and venerable enough, and its commitments (pretensions?) to serious public stewardship should run deep enough to restrain it from baring what Kohrman called a “weakness — of which we’re all aware and a shade ashamed — for glitz, prestige and money.”

Like Trump, Schwarzman incarnates that weakness, but Yale has struggled for more than 300 years to exemplify republican citizen leadership in its graduates’ lives and works by balancing capitalist energy and inventiveness with religious or scientific truth-seeking and the arts and disciplines of republican power-wielding. When I was an undergraduate there in the late 1960s, so were John Kerry, Howard Dean, Garry Trudeau, and hundreds of keepers of the civic flame less well-known. (Then again, Schwarzman and George W. Bush were there, as well.)

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

Protect savers from hidden fees I USA Today (editorial)
The fiduciary rule is not an onerous regulation holding back the economy. It is a commonsense rule that will put an estimated $40 billion over 10 years in the pockets of people saving for retirement. Americans need all the help they can get in saving for retirement. Defined-benefit pensions are largely a thing of the past. And Social Security provides a fairly paltry income level, one that might have to be pruned back in future years to make up for the program’s shaky finances. Fact is, the investment business is immensely complicated and rife with conflicts of interest. When investors are counseled to buy a certain mutual fund, insurance policy or annuity, they should not have to worry that their advisers are getting a kickback to sell a product with massive hidden fees

Whether fiduciary rule sticks or not, the principle is here to stay I St Louis Dispatch (David Nicklaus)
No matter what President Donald Trump decides to do with the fiduciary rule, the controversial regulation has changed the financial advice industry permanently and for the better…Mercer Bullard, a University of Mississippi law professor and founder of the group Fund Democracy, says much of the industry is ready for the rule. Mutual funds, for instance, have created new share classes that are fiduciary-compliant. “Even though the industry said this was unworkable, most of the industry has decided that it is workable,” Bullard said.

Committing to Protecting Main Street, Not Wall Street I Huffington Post (Tom Perez)
Last year, the Obama administration finalized our “conflict of interest” rule, requiring that retirement advisers provide advice in their customer’s’ best interest. This common-sense rule is projected to save retirement savers at least $17 billion each year. Although the rule is overwhelmingly popular with consumers – most of whom already thought financial advisers were prohibited from enriching themselves at their clients’ expense – Wall Street spent tens of millions of dollars fighting us. They lobbied Congress; lodged objections during the rulemaking process; and filed nearly half a dozen lawsuits after the rule was finished. They tried to create the ultimate false choice – you can have bad advice or no advice, but not fair advice…

But the Trump administration appears committed to carrying the water for Wall Street even where the bankers have failed in court, in Congress, and in public opinion...

Color of Money Live: DOL’s Fiduciary Rule I Washington Post

The Obama ‘Fiduciary Rule’ is Helping American Savers I Wall St Journal (Jason Furman)

Make Crises Great Again I Project Syndicate

Judge Again Upholds DOL Fiduciary Rule I Insurance News Net

Has the Fiduciary Rule Already Done Some Good? I Financial Technologies Forum

Demand more of your financial advisor I Milwaukee Journal Sentinel (Stephanie Melnick)

Why the Fiduciary Rule Matters I Chicago Tribune

Rule change could let bad financial actors get away with fleecing clients I Bangor Daily News (Ben Sprague)
There is an adage that it is more profitable to give advice than to receive it. Unfortunately in the world of financial planning and investment advice, this very often is true. If President Donald Trump and others in Washington, D.C., get their way by weakening or repealing a provision

called the fiduciary rule, the murky world of fees and financial advice is likely to become even more opaque.

Since when is protecting workers' retirement savings a bad thing? I Mercury News (Steve Butler)
Gary Cohn, the president's new director of the National Economic Council, was brought in from Goldman Sachs to help "drain the swamp." Cohn weighs in by calling the fiduciary rule "a bad rule." It will presumably deprive people of the help they need managing their financial affairs. "Besides," Cohn says, as he struggles for an analogy, "people who want to eat bad food should not be forced to eat healthy food." I think losing a third of your retirement nest egg is different. Moreover, it's an insult to be told that unless we spend an extra $10 billion a year, we can't get adequate investment help.

Fiduciary Duty Can't be Killed I Wealth Management

Congress must resist attacks on state retirement savings plans I The Hill (Reid Cramer)
Simply put, Republican leaders in Congress are invoking an arcane parliamentary maneuver in attempts to nullify the work of the last administration. The Congressional Review Act does give Congress the authority to scrap agency regulations within 60 legislative days, and do so without a public hearing. But the law was intended to address ill-conceived agency rules. In its 20-year history, the law has only been used once — to pull back a confusing set of workplace rules related to ergonomics. It was not intended to be a partisan tool. This is an overreach, and an abuse of Congressional power.

STUDENT LOANS & FOR-PROFIT SCHOOLS

For-Profit Schools, an Obama Target, see new day under Trump I NY Times
Since Election Day, for-profit college companies have been on a hot streak. DeVry Education Group's stock has leapt more than 40 percent. Strayer's jumped 35 percent and Grand Canyon Education's more than 28 percent.

You do not need an M.B.A. to figure out why. Top officials in Washington who spearheaded a relentless crackdown on the multibillion-dollar industry have been replaced by others who have profited from it.

President Trump ran the now-defunct Trump University, which wound up besieged by lawsuits from former students and New York's attorney general, who called the operation a fraud. Within days of the election, Mr. Trump, without admitting any wrongdoing, agreed to a $25 million settlement.

AG Healey promotes creation of tuition fund for students at closed for-profit schools I Mass Live

Bob Jones University to regain nonprofit status I **USA Today**

Are online for-profit universities worth the cost? I **The Tide**

SYSTEMIC RISK

Dodd-Frank Act: Bank Profitability and Capitalization I **Seeking Alpha (Maria Giovanna Greco)**
The new President Donald Trump signed an executive order on core principles for regulating the U.S. financial system through a review of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the law passed under the Obama administration to ensure financial stability after the 2007 crisis…

The Dodd-Frank Act rules did not constrain the American banking sector. Quite to the contrary, the limitation of some activities made banks more efficient in terms of profitability and reduced credit depreciation expense.

Fed, OCC give firms limited margin relief I **Politico**
U.S. bank regulators today gave businesses that deal with uncleared swap derivatives some relief from the March 1 deadline they were facing for collateral requirements. In a statement, the Federal Reserve and Office of the Comptroller of the Currency issued guidance for the "variation margin" requirements. The guidance said businesses are expected to comply with the March 1 deadline when dealing with counterparties "that present significant credit and market risk exposures."

OTHER TOPICS

Bank workers will protest to form their first U.S. union I **Mic**
These bank employees don wide smiles and deliver well-rehearsed pitches in their daily dealings with customers, but they earn low wages, face job instability and contend with demands that make them choose between ethical practices and keeping their jobs. Now, bank tellers in the United States will ask for the same protections enjoyed by workers across the world: a union — and they're fighting not only to take care of themselves, but also to take care of their customers.

On Tuesday, over 15,000 U.S. bank workers with the Spain-based bank Santander will declare their intent to establish this country's first bank workers' union. They'll deliver petitions, take over corporate lobbies and begin the long struggle to bring collective bargaining to an industry with predatory practices and lots of low-wage workers. And across the world, in European and South American countries with strong banking unions, hundreds of thousands of bank employees are expected to demonstrate in solidarity.

Who are the Richest of the Rich? I NY Times
Six of the top 10 billionaires made their money in technology. But in Wealth-X's research, technology ranks sixth overall for the number of billionaires on the list, with 114 around the world.

Finance has created the most billionaires, with 377, or 15 percent of the world's billionaires. It is followed by industrial conglomerates, with 317, or 13 percent.

State insurance regulators may flex muscles amid federal rollback I The Hill
While few insurers are directly affected by the federal bodies established by Dodd-Frank — notably the Financial Stability Oversight Council (FSOC) and Federal Insurance Office — they are all regulated by the states, which have historically taken the lead on overseeing the insurance industry.

With all eyes on Washington for potential rollbacks of post-financial crisis regulation, some states have already announced an intention to intensify regulatory efforts to offset any perceived federal easing. For the U.S. insurance industry, it's what the states could do in the wake of expected regulatory reform in Washington that is anticipated to have the most impact over the coming years. So what might this refocus on the primacy of state-based regulation of insurance portend?

Prudential may hit Wells Fargo for account scandal costs-filing I Reuters
Prudential Financial Inc, the target of probes and lawsuits related to whether Wells Fargo & Co retail bankers improperly sold its insurance, may press the bank to cover costs it has run up because of the flap, according to a filing. "The company has provided notice to Wells Fargo that it may seek indemnification under the MyTerm distribution agreement," Prudential said in a Feb. 17 regulatory filing. It was unclear how much in costs Prudential may seek.