AFR Americans for Financial Reform

This Week in Wall Street Reform | Feb. 3 - 10, 2017

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TRUMP ADMIN, REPUBLICAN LEADERS & WALL STREET

Trump Cites Friends to Say Banks Aren't Making Loans. They Are. I Bloomberg
"We expect to be cutting a lot out of Dodd-Frank, because frankly I have so many people, friends of mine, that have nice businesses and they can't borrow money," Trump said on Friday. "They just can't get any money because the banks just won't let them borrow because of the rules and regulations in Dodd-Frank."

That may be the case for the president's friends -- although Trump pal Carl Icahn seemed to have little trouble two weeks ago when he borrowed $1.2 billion -- but it's not supported by data. Lending declined initially after 2008, when the entire banking industry was almost wiped out by the collapse of the U.S. housing market. But it's grown steadily since then, expanding by 6 percent a year since 2013, far faster than the economy. Banks now have a record $9.1 trillion of loans outstanding.

Maybe Trump's Friends 'Can't Borrow Money,' but Banks are Lending I Wall St Journal

Wall St. lending to Main St. even as many decry Dodd-Frank I AP
Dodd-Frank did impose tighter curbs on U.S. banks and how they operate. And the restrictions fell particularly hard on community banks. Yet it's also true that by just about every measure, the U.S. economy is healthier now: The job market is solid. The housing market has largely rebounded. And the banking system, which nearly collapsed at the height of the crisis, is safer and sturdier.

Fact-checking Trump's claim I Washington Post

Wall St has a powerful seat at Trump's table I CNN Money

Goldman's No. 1 is so bullish on Wall Street, he coined a term for it I Market Watch

How Trump & Co. have moved to quash tighter financial regulations I Washington Post

Pelosi, Waters slam Trump for 'Wall Street First' Agenda I Politico
House Democrats today blasted Republican plans for undoing the 2010 Dodd-Frank law but said they were still willing to revisit financial regulations for small banks and credit unions. "The president has moved to expose hardworking Americans to unfair, deceptive and predatory

practices, perpetuating a massive con on those who thought he would stand up for them against powerful interests," Pelosi said at a press conference this morning.

Welcome Back, Wall St. Now Pay Us Back. I NY Times (William D. Cohan)
If only we had been clever enough to take Donald Trump neither literally nor seriously, we would have known that after vilifying Wall Street throughout his campaign, he would embrace it once he got to the Oval Office.

And, just like that, Wall Street is swarming the Trump administration and steering financial policy. On Feb. 3, Mr. Trump invited the members of his Strategy and Policy Forum to the White House. Stephen Schwarzman, the group's chairman and the billionaire co-founder of the Blackstone Group, was seated at Mr. Trump's right. Jamie Dimon, the chairman and chief executive of JPMorgan Chase, sat across from him. Mr. Trump said he expected to cut "a lot out of" the 2010 Dodd-Frank law that re-regulated Wall Street after the financial crisis.

Here's How Trump Could Dismantle Wall Street Reform I Washington Post
Banks and other financial institutions are dusting off their wish lists in hopes of trimming, if not killing, some of the most costly portions of the law. The country's biggest banks will spend $100 billion over the next five years complying with regulations, said Mike Mayo, a banking analyst with CLSA, a boutique investment firm.

Cutting back Dodd-Frank? Don't Count on it, says Mr. Frank I Washington Post

Barney Frank: Trump's plan to kill Wall St Reform Act could 'crash' financial system I Fortune

Trump moves to undo financial regulations, Sanders calls him 'a fraud' I Washington Post
"This guy ran for president of the United States saying, 'I, Donald Trump, I'm going to take on Wall Street. These guys are getting away with murder.' Then suddenly he appoints all these billionaires, his major financial adviser comes from Goldman Sachs, and now he's going to dismantle legislation that protects consumers."

See **AFR statement** and **statement** by Leadership Conference on Civil and Human Rights.

How Congress might gut Dodd-Frank I Vox

GOP Preparing to Gut CFPB, roll back Wall St Regulations I Washington Post

Republican plan would ease Wall Street Rules, as party embraces deregulation I Reuters

The $100 billion Reason Investors Loved Trump's Bank Order I Wall St Journal
The six biggest U.S. banks could potentially return more than $100 billion in capital to investors over time through dividends and share buybacks if the Trump administration succeeds in a push to loosen bank regulation.

Trump Picks Wall Street Over Main Street I NY Times (Mike Konczal)
That this is how he starts his tenure should confirm that Mr. Trump has no intention of taking on

Wall Street. For people who follow these issues, this was noticeable during the campaign and transition, and Friday's action will make it crystal clear for everyone else.

Trump's war on Dodd-Frank, the act that prevents another global financial crisis I Sydney Morning Herald
All of which prompted this tweet from **Americans for Financial Reform**, which advocates for Dodd-Frank: "So Jamie Dimon does know Dodd-Frank – like a mobster knows RICO [the laws the US used to go after the Mafia among others]."

How Trump's Actions will Derail your retirement I Forbes (John Wasik)
On Friday, Trump signed executive orders to disembowel the Dodd-Frank financial reform law and "review" a Department of Labor (DOL) rule protecting retirement savers from conflicts of interest.

The upshot of the orders — if the GOP-lead Congress and agencies follow through — is to let Wall Street exploit Main Street again and potentially open the door to a new financial crisis.

Wall Street's biggest enemies in government are on Trump's hit list. One of his prime targets is the Consumer Financial Protection Bureau (CFPB), an agency created by the Dodd-Frank financial reform law in 2010. In the past, Trump said he wants to repeal Dodd-Frank regulations, which set up the CFPB.

Dems dig in to fight Trump's takedown on Dodd-Frank Financial regulations I LA Times

Dems hit Trump plan to roll back on Dodd-Frank regs I The Hill

A trump-Cohn Financial Rewrite I Wall St Journal (editorial)

Cohn has Trump drinking Wall St Kool Aid I Breakingviews (Antony Currie)
Overall, globally active American banks are already dominant. U.S. firms hold the top five league-table positions in investment-banking fees. They also control the biggest business by revenue, fixed-income trading. Deutsche Bank was the only non-U.S. player in the top five last year. The German lender's trading top line, at just under $8 billion, was only around half of what Citigroup and JPMorgan raked in.

Dismantling Dodd-Frank and More I American Prospect

From Drain the Swamp to Government Sachs I New Yorker

If Trump wants order, he should rethink cutting regulations I The Hill (Michael Winston)
However attractive regulatory easing may sound, we must not forget that the banks remain unpunished, unapologetic, and unafraid. Any attempts at reducing regulations should be weighed against the cold, sobering reality of the ongoing scandalous, unlawful business practices and resulting penalties and actions against Wells Fargo, Citibank, Morgan Stanley, Deutsche Bank, TCF Bank, and more.

Sen. Elizabeth Warren (D-Mass.) tweeted, "The Wall Street bankers may be popping champagne, but Americans haven't forgotten the 2008 financial crisis-and they won't forget today."

Goldman Sachs Economists are Starting to Worry About Trump I Bloomberg

Dodd-Frank Rollback May Fall Short of G.O.P Hopes I NY Times (Gina Chon)
Yet the White House directive only really asks the Treasury secretary to work with regulatory agencies to review rules and ensure they promote certain principles, like fostering economic growth. The secretary is supposed to put together a report on the findings within 120 days — although the nominee, Steven T. Mnuchin, has not yet been approved by the Senate.

And only Congress, which passed Dodd-Frank, can make major changes. Most tweaks will need the backing of 60 senators, and Republicans fall short by eight votes. Liberal lawmakers are mobilizing against them. On Monday, Nancy Pelosi, the House Democratic leader, held a news conference decrying President Trump's efforts to "put Wall Street first."

A Poison Pill for the Recovery I NY Times (editorial)
Mr. Trump, though, focused on Dodd-Frank, seemingly determined to sabotage the financial stability that has helped the job market recover in recent years and set the stage for continued growth… Diluting or repealing Dodd-Frank would be a grave setback.

El capitalismo de casino vuelve con Trump I el Periodico
Su hostilidad hacia la reforma no es nueva. Trump ha dicho muchas veces que "es un desastre" y durante la campaña prometió desmantelarla con el argumento de que reduce los beneficios de la banca y, por lo tanto, su margen para conceder préstamos. Lo que no necesariamente se esperaba es que encargara a la misma industria a la que acusó de "robar a los trabajadores" de formular el nuevo marco regulatorio. "Encargar a Goldman Sachs que escriba las reglas de nuestra economía es una terrible idea", dice a este diario la directora de **Americans for Financial Reform**, Lisa Donner. "Trump ha traicionado sus promesas de campaña".

No es una exageración. Al frente de su Consejo de Asesores Económicos ha situado a Gary Cohn, quien fuera hasta hace unas semanas presidente de Goldman Sachs. Su secretario del Tesoro es Steve Mnuchin, quien trabajó durante 17 años para el "gigantesco calamar vampiro", como se conoce al viejo banco de inversión, y se hizo todavía más rico comprando de saldo y con subvención estatal una de las empresas protagonistas del fraude de las hipotecas basura. Su estratega jefe en la Casa Blanca es Stephen Bannon, también exalumno de Goldman. Y como presidente de la Comisión del Mercado de Valores ha puesto a Jay Clayton, un abogado de fondos buitre, firmas de capital riesgo y bancos como... Goldman.

How Big Banks Want Trump to Change Regulation I Wall St Journal

Can Trump win his war on the regulatory state? I Washington Post (Robert Samuelson)

Trump faces suit over 2-for-1 executive order on regulations I Politico

Business lobby's hypocritical, one-size-fits all answer to regulation: No I Washington Post (Steven Pearlstein)

The right way to preserve financial stability I Washington Post (editorial)
With his characteristic blend of aggressiveness and generality, President Trump has vowed to do "a big number on Dodd-Frank," the 2010 financial regulation law enacted to prevent a repeat of the 2008 financial meltdown. On Friday, he signed an executive order setting in motion a four-month review process with an eye toward achieving that. Certain parts of Dodd-Frank, do, indeed, cry out for a fix…

Trump's Dodd-Frank executive order is more bark than bite I The Hill (Bert Ely)

Wall St. Could Still Love President Trump Even If Dodd-Frank is here to stay I Fortune

Community banks hopeful as lawmakers target financial rules I Washington Post

Pawlenty: Congress Unlikely to Make Big Changes to Financial Policy I Wall St Journal

AG Madigan Condemns Trump's EO's Decimating Financial Reforms, CFPB I Park Forest

Barney Frank Dismisses Trump Executive Order I M Report
Wade Henderson, president and CEO of The Leadership Conference on Civil and Human Rights, took an opposing stance on the president's order. "Making the financial system more fair and transparent is essential to providing low-income and minority communities with more economic stability," Henderson said…

Lisa Donner, executive director of **Americans for Financial Reform**, agreed… calling the order a "betrayal" of Trump's campaign promises to keep Wall Street in check.
"Wall Street titan Goldman Sachs seems to be taking over financial regulation in the United States, trying to make it easier for them and other big banks like Wells Fargo to steal from their customers and destabilize the economy," Donner said. "If they succeed it will have painful consequences."

Goldman CEO Pressed by Sen. Warren on Trump's Dodd-Frank Order I Bloomberg

Revamping Dodd-Frank a 'this-year priority': U.S. lawmaker I Reuters
Republican Representative Jeb Hensarling said he would soon reintroduce his legislation that gives banks a choice between complying with Dodd-Frank and holding more capital.
While the bill is expected to easily pass the Republican-led House, it will face resistance in the Senate, where Democrats hold enough seats to filibuster. Pence can cast votes to break ties on legislation.

Cheat Sheet: Hensarling's plans to gut CFPB, revamp stress tests I American Banker

New GOP Memo Targets Stress Tests, CFPB in Dodd-Frank Changes I Bloomberg
House Financial Services Committee Chairman Jeb Hensarling, who outlined his latest effort in a memo to lawmakers this week, would give banks relief from annual stress tests that assess whether they can survive financial meltdowns. The legislation, which he could introduce as soon as this month, also seeks to eviscerate key powers of the Consumer Financial Protection Bureau.

On the Hensarling Bill I CNN Morning Money
Lisa Donner, executive director of **Americans for Financial Reform**: "This awful bill has always been a giveaway to Wall Street, and if anything it appears to be getting worse. It would hack away at crucial rules that prevent reckless banks from blowing up the financial system and the broader economy."

Hensarling plan for drastic overhaul of CFPB and Dodd-Frank revealed? I Housing Wire

What's behind Hensarling's aggressive Dodd-Frank Changes I American Banker

Q&A: House Financial Services Chairman Jeb Hensarling I Politico Pro

New bill to remove Dodd-Frank rules imminent I U.S.A Today

NOMINATIONS

Meet Trump's Team of the Corrupt and Unqualified I Rewire (Jeff Hauser)
Lisa Donner, executive director of **Americans for Financial Reform**, observed about Mnuchin's party-line Republican support: "The majority on the Senate Finance Committee has chosen to ignore lies and evasions, to ram through the Mnuchin nomination in defiance of its own procedures, and to all vote YES despite both the known facts about his bank's abusive and sometimes illegal foreclosure practices, and serious unanswered questions other matters."

Banking 'ring-fence' seen in Trump Treasury pick's '21st century-Glass Steagall' I Reuters
Lost amid the political rancor over the appointment of the U.S. Treasury secretary nominee, Steven Mnuchin, are outlines of a proposal to overhaul Dodd-Frank, and substitute a financial structure akin to the UK's "ring-fence" structure, which separates commercial and depositing taking activities of banks from trading and riskier activities.

Maine robo-signing scandal resurfaces with Treasury Nomination I Portland Press-Herald
A woman at the center of a foreclosure robo-signing scandal at OneWest Bank in 2009 – and now part of the controversial confirmation hearings for a new Treasury secretary – signed off on mortgage documents in Maine.

The scandal is attracting new attention because Steven Mnuchin, President Trump's nominee to head the Treasury Department, denied in a Senate confirmation hearing that OneWest, the bank that he headed from 2009 to 2015, engaged in robo-signing. Critics of Mnuchin are hoping that the controversy over robo-signing, along with allegations that the nominee hasn't revealed all his financial records, might derail his nomination….

"Steve Mnuchin said his bank did not robo-sign. Now we have yet another round of evidence that it did," said Lisa Donner, executive director of **Americans for Financial Reform**. "The public deserves clear answers, and all senators should be demanding them. We do not need, and they should not support, a Treasury Secretary who thinks the rules do not apply to himself or to his partners on Wall Street."

Sen. Portman targeted by ad to fight Trump Treasury nominee Mnuchin I Cleveland.com
Groups that oppose financier Steve Mnuchin's bid to become President Donald Trump's Treasury secretary launched a television ad campaign in Ohio on Tuesday meant to pressure U.S. Sen. Rob Portman to vote against his nomination.

The ad - which is also running in other states - features an Oregon woman named Lisa Fraser describing how One West, a financial institution Mnuchin ran, foreclosed on her house after her husband became ill with cancer.

How Steven Mnuchin got the job I Bloomberg (video)

Treasury Nominee vows no tax cut for the rich. Math says the opposite I NY Times

Why Trump's Treasury pick misled Congress about how his bank seized homes I Quartz

President of biggest U.S. union federation: 'Mnuchin is the foreclosure King' I CNBC
"He's the foreclosure king. He made billions of dollars by kicking a lot of working people out of their homes," Trumka said. "He has been an example of what was wrong with the American economy, and if he brings that to the Treasury and spreads that, I think the American economy will suffer dramatically and again, Wall Street will profit and workers will get hurt."

Regarding many of Trump's actions so far, Trumka has been less than impressed. "When he does something, we're going to try to look at it and ask two questions. Is it consistent with the values of the American worker and the American people and, two, is it good for workers?" Trumka said. "If it passes that test, then we're going to work for it. If it doesn't, we're going to work against it. And most — many — of the things that he's done [have] failed that test."

Senate kicks final vote on Mnuchin to Monday, tees up trump's VA pick I The Hill

New evidence Mnuchin misled Senate about his bank's use of 'robo-signing" to expedite foreclosures I Allied Progress

Mnuchin's Denials Don't Match Record I Columbus Dispatch

Bank run by Mnuchin allegedly robo-signed documents I New York Post

Angus King opposing Mnuchin and Price nominations I The Hill

Scaramucci's may not be dead yet I New York Post
Anthony Scaramucci's bid to work at the White House isn't dead yet — and it may get a new lease on life from Stephen Schwarzman. Wall Street insiders say "The Mooch" may find a surprise advocate in Schwarzman, the New York-based buyout king, as he fields questions from the Trump administration over his business dealings with a China-based investment firm.

That's partly because Schwarzman's private-equity firm, Blackstone Group, cut a deal last October with the same Chinese outfit, HNA Group, to sell a 25 percent stake in Hilton Worldwide Holdings for $6.5 billion. HNA attracted scrutiny last month when, along with the little-known firm RON Transatlantic, it agreed to buy Scaramucci's hedge fund, SkyBridge Capital, for more than $200 million.

[Andrew Puzder's House of Debit Cards](#) I Capital & Main

CKE is one of many employers now paying with plastic. Prepaid debit cards are a common way to pay employees at American mega-employers like Walmart and Home Depot, as well as many other burger chains such as McDonald's, Burger King and Sonic Drive-In. Almost half of U.S. states pay their government employees with cards. The cards are usually offered as an option for those employees who don't have bank accounts and want to avoid high fees at check-cashing locations…

Torrance Chambers has been calling Andy Puzder for weeks to talk to him about a problem with his paycheck from the Hardee's restaurant where he works in Birmingham, Alabama. Ordinarily, Chambers wouldn't bother the CEO of the fast-food chain's parent company, CKE, Inc., but he claims his shift leader, store manager and several higher-ups told him no one else could help him….

"In order to get the money out the card, you have to go to the ATM, and the one I have to go to, they charge $3.95 for every transaction I have," said Chambers. He said he's been charged different fees for using the card in stores and for paying his bills, and there's no option to get his full paycheck at any particular bank or store without being charged.

"Including food and gas and everything, in a week, total, I'm out $80 [just on transaction fees]. And I'm only getting paid roughly $250 a week," he said. These fees mean that Chambers' real wages are significantly less than the national minimum wage required by law, $7.25 an hour.

[Trump Insider Seen as Favorite for Mnuchin Chief of Staff](#) I FOX

Former chief operating officer of the Trump campaign Eli Miller is the favorite to become the next chief of staff for the Department of Treasury under Steve Mnuchin, pending his confirmation, sources tell the Fox Business Network. On Friday, the Senate broke a Democratic filibuster to advance Mnuchin to the final confirmation vote, which is scheduled for Monday evening.

As the former COO, Miller has extensive experience working with the Trump administration. He teamed up with Mnuchin to help raise the millions of dollars needed to win the GOP nomination – and later the election.

[Trump Preparing to Nominate Commodity Future Trading Commission's Giancarlo as Chair](#) I Wall St Journal

If confirmed by the Senate, Mr. Giancarlo is expected to adopt a more industry-friendly approach to overseeing banks and other financial firms in the multi-trillion-dollar derivatives market. He could ease the commission's swap-trading requirements and aspects of the CFTC's plan to boost oversight of high-frequency trading firms. He would fill the role vacated by Timothy Massad, who stepped down as chairman at the end of the Obama administration on Jan. 20.

CONSUMER FINANCE & THE CFPB

Hensarling Drops Bid to Turn CFPB into a Bipartisan Commission I **Wall St Journal**
House Financial Services Committee Chairman Jeb Hensarling (R., Texas) is no longer seeking to turn the Consumer Financial Protection Bureau into a bipartisan commission, abandoning a long-sought goal for diffusing the bureau's single-director structure, according to a memo to committee leaders.

Mr. Hensarling is expected to soon unveil a new version of legislation to significantly unwind key parts of financial laws enacted by the Obama administration, including limiting the power of the CFPB. A Feb. 6 memo reviewed by The Wall Street Journal outlines changes Mr. Hensarling expects to make from a version he introduced in the prior Congress.

Consumer Bureau Foe Maps Out a Plan for Its Destruction I **Government Executive**
Sen. Elizabeth Warren, D-Mass., widely regarded as the mother of the bureau before her election to the Senate, told a conference call of unions and consumer groups called **Americans for Financial Reform** on Jan. 11 that "Trump has surrounded himself with a team of billionaires and bankers" and that "big banks are salivating with the chance to gut the CFPB. They're going to have a real fight on their hands."

How We'll Stop a Rogue Federal Agency I **Wall St Journal (Rep. Jeb Hensarling)**

Watchdog Protecting Consumers May Be Too Efficient I **NY Times (Gretchen Morgenson)**
In its promise to roll back the Dodd-Frank financial reform act of 2010, the Trump administration hasn't provided many details. It's a safe bet, however, that the Consumer Financial Protection Bureau, the federal agency charged with protecting consumers from financial miscreants, will be a target… According to a leaked memo that emerged late this week, Jeb Hensarling, the Texas Republican who heads the House Financial Services Committee, will move forward with legislation to weaken the bureau and its enforcement powers.

Consumer Watchdog Faces Attack by House Republicans I **NY Times**
The chairman of the House Financial Services Committee will move forward on legislation to neuter the Consumer Financial Protection Bureau and its power to crack down on predatory business practices, according to a leaked memo that emerged on Thursday and infuriated Democratic defenders of the bureau...

"People know that financial companies were running amok, and that kind of behavior takes money out of people's pockets and was the cause of a financial crisis," said Lisa Donner, executive director of **Americans for Financial Reform**. "President Trump campaigned on standing up to Wall Street, and I don't think his voters are looking for putting Goldman Sachs even more in charge."

How CFPB Commission Could Overcome Dem Opposition I American Banker
The Consumer Bankers Association is hoping that moderate Democrats will finally get on board with converting the Consumer Financial Protection Bureau to a five-member commission rather than a single director, despite continued opposition from Sen. Elizabeth Warren, D-Mass., to such a move.

Credit Unions ask Brown to rethink CFPB commission I Politico

How President Trump Could Gut America's Consumer Watchdog I CNBC
Still, dismissing Cordray would be virtually unprecedented, even for a White House that prides itself on jettisoning tradition. No one has been fired by a president since the Supreme Court in 1935 set those standards of inefficiency, negligence or malfeasance for removal, according to an analysis by the left-leaning **Americans for Financial Reform**.

"The slipshod rationalizations thinly disguising an underlying desire to remove a strong enforcer surely do not justify making him the first official ever to be removed by a president for cause," wrote Brian Simmonds Marshall and Veronica Meffe.

Banks can't wait to wipe this complaints database I Bloomberg
Among the changes enacted through Dodd-Frank was the creation of the database, which catalogues consumer complaints about financial products and services… Reviled by banks, the database is a prime target for a Trump administration that has vowed to rewrite Obama-era financial rules and has suggested it will change the consumer bureau's approach to policing financial markets. Richard Cordray, the bureau's director, is among the complaint portal's biggest proponents.

Protect our Troops, Not Wall Street I USA Today
President Trump won the election by appealing to blue collar, working-class voters desperate for a change from the norms of Washington. "I'm not going to let Wall Street get away with murder," he said in January 2016. "Wall Street has caused tremendous problems for us."

Wall Street and predatory lenders are assuming that rhetoric was all for show, and they were no doubt heartened by Trump's steps last week to loosen rules and regulations intended to prevent another financial collapse. But Trump can prove them wrong and stand with ordinary Americans — including U.S. troops and veterans — by resisting calls from Wall Street and its supporters to fire Richard Cordray, director of the Consumer Financial Protection Bureau…

Our nation's military families have been major beneficiaries of the agency's focus on consumer financial protection and its aggressive scrutiny of the financial industry.

Gorsuch Nomination puts Spotlight on Agency Powers I NY Times

Trump's Allies Building Case to Oust Consumer Protection Head I Politico

Court Denies Motions to Intervene in CFPB Case I Financial Regulation News

CFPB faces skeptical D.C. circuit judge in test over subpoena power I National Law Journal

Appeals Court Denies Efforts to Defend CFPB in PHH Case I Pay Before

Consumer Head Responds to Calls for His Removal I MSNBC Morning Joe (video)

Pre-paid Card Companies May Get Reprieve on CFPB Rule I Wall St Journal

The CFPB's prospect, RESPA Consent Orders: Eight Key Takeaways I National law Review

Republicans Are Moving To Get Rid Of Rules That Limit Overdraft Fees I BuzzFeed News
Last week, Georgia Republican Sen. David Perdue introduced a resolution in Congress, alongside other Republicans including his fellow Georgian Johnny Isakson, to throw out a new package of rules for the prepaid debit card industry. The rules, finalized by the Consumer Financial Protection Bureau in October, include limitations on overdraft fees, which have become a significant source of consumer complaints about the financial industry — and an important revenue stream for Georgia-based financial firm Total System Services, whose NetSpend unit is the country's largest manager of prepaid cards, according to a 2015 financial filing.

The vast majority of prepaid debit cards don't come with overdraft fees, but NetSpend's do, and the fees accounted for 10-12% of its overall revenue in 2016, or $80-85 million, the company told investors in October. Its parent has spent big on lobbying and political donations in a bid to kill the rules: in the last three months of 2016 alone, it spent some $270,000 lobbying Congress.

The company's political action committee has also given its home-state senators Perdue and Isakson $37,500 in campaign contributions since 2010, according to data from the Center for Responsive Politics. Because prepaid cards are used disproportionately by low-income consumers — NetSpend provides the prepaid cards sold by four of the country's five largest payday loan companies — advocacy groups have pushed regulators to pay close attention to the industry, and to eliminate overdraft fees.

GOP moves to Kill CFPB Prepaid Card Rule I Law 360

See statements by **AFR, Consumer Action, Center for Responsible Lending, Consumer Federation of America, Georgia Watch, National Consumer Law Center, Oklahoma Policy Institute, South Carolina Appleseed, and WiSPIRG.**

Senate Republicans aim to gut debit-card safeguards I CBS
A group of seven Senate Republicans are moving to gut consumer protections for prepaid debit cards before they're enacted. The rules, aimed at providing many of the same safeguards that consumers take for granted with credit and debit cards, would require fee disclosures, fraud protections and limits on overdraft fees.

Using a rarely invoked law called the Congressional Review Act, the group wants to block implementation of the regulations before they go into effect in October. The Act allows legislators to quash regulations with a simple majority vote and the approval of the president. If successful, the resolution would stop the federal Consumer Financial Protection Bureau (CFPB) from implementing these -- or similar -- rules without prior congressional approval.

Senator Lee wants prepaid credit card regulations stripped I KUTV.com

What is the CFPB and what does it offer consumers? I Life Hacker

Lending Club Wins Opening Round in Legal Battle I Politico

Trump's minion prepares to gut consumer watchdog I Chicago Sun (Jesse Jackson)
"Personnel is policy," says Gary Cohn, the former president of Goldman Sachs recently named to head President Trump's National Economic Council. He got that right, and every working family should shudder that Trump — after railing against the corruptions of Goldman Sachs and other big banks in the campaign — has put six former Goldman Sachs bankers at the head of his economic team.

CFPB fines companies over kickbacks, RESPA I Dodd-Frank Update

Fannie Mae Exec with ties to Mnuchin is among candidates for CFPB boss I CNBC

DERIVATIVES, COMMODITIES, & CFTC

CFTC Fines FXCM, parent firm, founders Niv and Ahdout $7M I Reuters
The U.S. Commodity Futures Trading Commission on Monday ordered Forex Capital Markets, its parent FXCM Holdings LLC and founding partners Dror Niv and William Ahdout to pay $7 million to settle charges it defrauded retail foreign exchange customers. The CFTC said in a statement that "between Sept. 4, 2009 though at least 2014, FXCM engaged in false and misleading solicitations of FXCM's retail customers by concealing its relationship with its most important market maker and by misrepresenting that its 'No Dealing Desk' platform had no conflicts of interest with its customers." Niv, FXCM's chief executive officer, and Ahdout, its managing director, are also barred from future CFTC registration and acting for those who are registered for the agency, it said.

CME Group to broaden rules against wrongdoing after CFTC request I Request

EXECUTIVE COMPENSATION

A CEO Pay Regulation is About to be Quietly Scuttled I Huffington Post
The Trump administration's review of Dodd-Frank Wall Street regulations will take months to complete, but we already know the first rule to be targeted. This week, acting Securities and Exchange Commission Chair Michael Piwowar directed the agency's staff to "reconsider" a rule on CEO pay long championed by Sen. Elizabeth Warren (D-Mass.).

The regulation would require corporations to disclose the discrepancy between what their CEOs earn and what their ordinary workers take home. It's perhaps the simplest proposal in Dodd-Frank. Once a year, companies have to present the ratio of their CEOs' pay to the median annual pay among all their employees.

The executive class howled in protest, offering a litany of excuses. It was too hard to calculate. Foreign workers should be excluded. Running the numbers would be too expensive. Nobody would really make an investment decision based on this stuff. Above all, the SEC had to delay the rule so companies could figure out … something. This week's move by the SEC is the latest in a nearly seven-year series of the agency's capitulations to CEOs.

GOP-lead SEC Considers Easing Pay-Gap Disclosure Rule of Dodd-Frank I Wall St Journal

Acting SEC Chair takes Aim at Dodd-Frank CEO Pay Ratio Rule I Reuters
The head of the U.S. Securities and Exchange Commission took steps on Monday to delay a controversial rule that will require companies to disclose a ratio comparing their chief executive's pay with the median workforce. Acting SEC Chairman Michael Piwowar said he wants companies to submit comments that outline "any unexpected challenges" that they are facing as they prepare to comply with the rule later this year. He also asked the SEC's staff to "reconsider the implementation of the rule" to determine "whether additional guidance or relief is appropriate." The SEC's CEO pay ratio rule is a requirement in the 2010 Dodd-Frank Wall Street reform law. The rule is championed by unions and worker advocacy groups who say it provides a helpful metric to keep track of income inequality and excessive CEO pay. But business groups such as the U.S. Chamber of Commerce have staunchly opposed the measure, saying it is "misleading, politically-inspired and costly."

FEDERAL RESERVE

Here's one name trump will hear when he looks to replace Janet Yellen as Fed chair I Business Insider

Bankers group sues government over Fed payment cut I The Hill

INVESTOR PROTECTION AND THE SEC

SEC warns on Advisor conflicts with Centre Partners penalty I Reuters

Huizenga bill lifting SEC requirement awaits Trump's signature I M Live
The Zeeland Republican introduced House Joint Resolution 41 on Jan. 30. Exactly a week later, it was placed on President Donald Trump's desk, where it now awaits his signature. If signed into law, Huizenga's bill would roll back a Security and Exchange Commission requirement for oil, gas and mining companies to disclose payments made to foreign governments for access to natural resources.

SEC Faces Obstacles to Rolling Back Dodd-Frank Rules I Wall St Journal

Repeal of Transparency Rule was A Mistake I Wall St Journal

SEC May Sue New York Stock Exchange Owner Over 2015 Outage I Wall St Journal

MORTGAGES & HOUSING

Trump tax cuts could force another Fannie Mae, Freddie Mac bailout I Housing wire
Previously, the president spoke of cutting the corporate tax rate from the current federal statutory rate of 35% down to somewhere between 15% and 20%. While those changes would likely be well received by corporate America, there could be some unintended consequences for two companies that have close ties to the federal government. According to a new report from Fitch Ratings, cutting corporate tax rates by as much as the president suggested could lead to Fannie Mae and Freddie Mac needing another bailout from the government.

Decade After Crisis, No Resolution for Fannie and Freddie I NY Times

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

Trump administration preparing to delay fiduciary rule- for real this time I CNBC
The Trump administration is working on a proposal to delay the start date of a rule that governs the way retirement advisors interact with clients, government filings show, despite a court decision this week that upheld the regulation.

The administration sent its draft proposal to the Office of Management and Budget on Thursday, according to the records. The "fiduciary rule," as it known, is currently slated to go into effect April 10. The proposal also seeks to redefine the term "fiduciary," which generally requires advisers to put their clients' best interest first, according to public records.

Trump rule change means more money for Wall St I Washington Post (Benjamin Edwards)
By attacking the Labor Department's fiduciary rule, which is set to go into effect in April, the Trump administration has decided to fatten the financial sector at the expense of overall economic growth. In a recent interview, Gary Cohn, the new director of the White House National Economic Council, offered a novel critique of the fiduciary rule claiming it was "like putting only healthy food on the menu, because unhealthy food tastes good but you still shouldn't eat it because you might die younger."

Springtime for Scammers I NY Times (Paul Krugman)
Gary Cohn, the Goldman Sachs banker appointed to head Mr. Trump's National Economic Council — populism! — says that the fiduciary rule is like "putting only healthy food on the menu" and denying people the right to eat unhealthy food if they want it. Of course, it doesn't do anything like that. If you want a better analogy, it's like preventing restaurants from claiming that their 1400-calorie portions are health food.

Mr. Trump offers a different explanation for his hostility to financial reform: It's hurting credit availability. "I have so many people, friends of mine that had nice businesses, they can't borrow money." It would be interesting to learn what these "nice businesses" are. What we do know is that U.S. banks have generally shunned Mr. Trump's own businesses — from which, by the way, he hasn't separated himself at all — perhaps because of his history of defaults.

Federal Ct. backs Labor Department rule to protect retirement savers I Washington Post

[How the Fiduciary-Rule Review is Likely to Play Out](#) I Wall St Journal

[Trump Administration's Misguided Attack on Retirement Savers](#) I Washington Post (Jared Bernstein)
The bottom line is that despite their faux populism, Trump and his merry band of billionaires do not view it as the role of government to try to protect the interests, or the retirement accounts, of regular folks. As noted, that's bad policy — almost half of families with members between the ages of 32 and 61 have no retirement account savings [at all](#) — and it should be bad politics, too. The fact that the new administration appears to care about neither of those problems is just plain scary.

See [joint statement by AFR, AFL/CIO, and Consumer Federation of America](#).

[U.S. Labor Dept prevails in legal challenges to 'fiduciary rule'](#) I Reuters
A U.S. federal judge on Wednesday upheld an Obama-era rule designed to avoid conflicts of interests when brokers give retirement advice, in a possible setback for President Donald Trump's efforts to scale back government regulation. The stinging 81-page ruling comes just days after Trump ordered the Labor Department to review the "fiduciary" rule - a move widely interpreted as an effort to delay or kill the regulation.

[It's too late for Trump to stop this financial rule](#) I Washington Post

['Mother of Cora' Unbowed by Trump's Regulatory Assault](#) I Wall St Journal
For someone whose life work was just thrown onto the chopping block, Phyllis Borzi sounds surprisingly upbeat. The former Labor Department assistant secretary, [who led work on the department's retirement-savings advice rule](#), said that even before President Donald Trump's order to delay and potentially halt its implementation, the rule was pushing the financial industry toward the intended goals of helping people save more for their retirement.

"I think the genie is out of the bottle," Ms. Borzi said in an interview. "The market has already spoken. The best interest is what they are asking for and what consumers are now beginning to expect ... Nothing we did was wasted."

[No turning back the clock on fiduciary](#) I Financial Planning

[Warren argues financial firms don't want to see 'fiduciary duty' rule delayed](#) I The Hill

[White House Memo Confuses Wall St on Fate of Fiduciary Rule](#) I NY Times
Conflicting messages from the White House have left U.S. brokerage firms and lobbyists unsure whether a controversial rule governing retirement advice will ever be put in place, but they are taking no chances and complying anyway.

[Ordinary Americans' 'nest eggs' in line for hit by Trump](#) I Chicago Sun Times

[Call off attack dogs and let fiduciary rule take effect, consumers argue](#) I Consumer Affairs
Now it's time for responsible firms to stand up and declare their willingness to adopt the rule's

requirements, according to the Consumer Federation of America (CFA), **Americans for Financial Reform** (AFR), and the AFL-CIO."We believe the public needs to know where individual firms stand. Those opposing the rule are hiding behind their trade associations who are filing lawsuits, pushing legislation, and subverting the regulatory process to delay and kill the rule," the letter asserts. "Firms that support a fiduciary standard for retirement investment advice should not be passive bystanders to their trade associations' anti-investor activity."

Trump's Fiduciary Rule Order Could Pose Problem for Investors I NY Times

SEC Inaction led to ongoing fiduciary fiasco I The Hill (Jim Angel)

The DOL Fiduciary Rule Still Has Momentum I Barron's

Trump Trying to Preserve Financial Advisors' Right to Rip Off Clients Saving for Retirement I Slate

Despite new review of DOL fiduciary rule, firms are sticking with higher standard of care I Investment News

What's next for the DOL fiduciary rule I Investment News

From Wall St to Wisconsin, brokers cheer Trump's order I Reuters

Trump's order against Fiduciary Rule a step backward I The Hill (James Allen)
When President Trump issued his memorandum to the Department of Labor (DOL) calling for a study of its soon-to-be implemented fiduciary rule, millions of current and future retirement investors' interests were effectively put on hold.

Created to ensure that individuals could count on advice for investing their trillions of dollars in savings to be in their best interests, the rule was a first step in pushing a reluctant financial industry into putting their clients' interests ahead of their own.The signal delivered by the president's memo, however, is that our industry isn't there yet.

How to get Conflict- Free Retirement Advice I Wall St Journal

STUDENT LOANS & FOR-PROFIT EDUCATION

Unfairly Squeezing Student Borrowers I NY Times (editorial)
Companies that are paid by the government to collect payments for federal student loans and to guide borrowers through the process are eager to see the Trump administration cripple the Consumer Financial Protection Bureau, which has primary authority over the industry.

That would leave more than 42 million federal student loans borrowers at the mercy of loan servicing companies that are already driving up repayment costs and pushing people toward default — which destroys their financial lives — by steering them away from affordable payment plans the government created.

These practices are aggravating the student debt crisis, which is already dragging on the economy by making homes or cars unaffordable for many people. Increasingly, student debt is even dogging Americans into retirement, when they are more financially vulnerable.

Online 'High Schools' Settle Charges that they Misled Tens of Thousands of Consumers with Fake Diplomas I FTC

Broken Dreams, Mountains of Debt Left by For-Profit Schools I CBS Minnesota
Some students who were victims of fraud by Globe University and the Minnesota School of Business have been left with broken dreams and a mountain of debt. Minnesota Public Radio reports the state sued the school, accusing it of defrauding more than 1,000 students. Many students said the for-profit school encouraged them take out loans to pay tuition.

Business College students can't use Higher Ed grant money I WV gazette

Betsy Devos could scale back regulations on for-profit schools I WSOC-TV

DeVry Education swings to a profit I MarketWatch

SYSTEMIC RISK

Yellen Urged to Abolish Stress Tests as GOP Pursues Banks' Wishlist I Bloomberg

Financial research office makes case for adding GSIB surcharge to stress tests I Politico

Biggest U.S. Banks have $120B of 'excess capital' I Financial Times

OTHER

Indonesian court postpones hearing of billion-dollar dispute of Goldman I Reuters

'Black Edge' Recounts the Biggest Insider-Trading Scandal in History I NPR Fresh Air
Remember when you made your first 10 million? It's a ridiculous question for most of us, but to the most successful Wall Street hedge fund managers that's just not a lot of money. Our guest, Sheelah Kolhatkar, writes that in 2006, the lowest-paid person on the list of the top 25 earning hedge fund managers made $240 million just that year. One of the top earners was Steven A. Cohen, whose firm was at the center of a massive insider trading scandal Kolhatkar writes about in a new book.

It's a story of a hedge fund managers spreading cash around to get information and government investigators running wiretaps and leaning on traders to help them crack down on what they suspect is widespread cheating in the financial sector. And it's a story of inequality in financial markets and the economy and what that means for the country.