AFR Americans for Financial Reform

This Week in Wall Street Reform | March 18 - 24, 2017

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TRUMP ADMINISTRATION & WALL STREET

Bankers embrace Trump's call for deregulation | Washington Post
"I don't want a seat at the table. I want the table," James Ballentine, chief lobbyist of the American Bankers Association, told the crowd. After spending years humbled by the fallout from the financial crisis, the banking industry is suddenly feeling emboldened. Attendance at the annual association gathering jumped 50 percent this year as bankers sense a rare opportunity with the election of Donald Trump and Republicans' control of Congress to upend dozens of regulations put in place after the financial meltdown.

"They are doing great under the current system," said Marcus Stanley, policy director for **Americans for Financial Reform**. The country's nearly 6,000 banks — from large players like Bank of America to the small community and regional banks packed into the hotel conference room — pulled in more than $171 billion in profits last year – a new record, according to recently released Federal Deposit Insurance Corp. data. Wall Street bonuses rose for the first time in three years in 2016 to an average of $138,210 and big banks such as Goldman Sachs have seen their stock prices surge since Trump's election, even after a pullback this week…."What we're seeing is big-bank bills dressed up in community-bank clothing." said Stanley of **Americans for Financial Reform**.

Give America's banks room to grow -- they'll drive the economy forward | The Hill (Rob Nichols)
Several days ago, I had the honor of accompanying nine outstanding community bank leaders to a meeting with the president of the United States. For a full hour, President Trump engaged these bank CEOs with questions, demonstrating an understanding of their business models, a deep interest in the regulatory challenges they face, and an instinct toward addressing those challenges as quickly as possible. The meeting couldn't have come at a better time. This week, nearly 1,500 banking industry leaders — a record number — are descending on D.C. for the American Bankers Association's Government Relations Summit. They will share the same message on Capitol Hill and with regulatory agencies that President Trump heard: Remove regulatory impediments and let us accelerate the American economy again.

Trump's early policy moves benefit the industries he knows best — his own | Politico

Dumping Dodd-Frank, or any other regs, doesn't mean change for the better | Philly.com (Mark Zandi)
It seems self-evident that regulation can become overdone and stifle economic growth. But it is equally as evident that there can be too little regulation… There is no compelling evidence that the current regulatory environment is affecting the U.S. economy one way or another.

Having said that, there is a sensible argument that massive regulatory changes to large parts of the economy, such as Dodd-Frank and Obamacare, could slow growth while everyone adjusts to the changes. Banks were required to raise a lot more capital – the financial cushion banks need to absorb losses on their lending – to comply with Dodd-Frank. That isn't necessarily a bad thing, as the odds of a major bank failure are now pretty low, but as the banks were raising more capital they were lending more cautiously. Small businesses, in particular, had a tough time getting loans.

That's no longer the case. The banks have raised the capital they need, and they are lending again with gusto. Bank loans to businesses are expanding at a robust double-digit pace. The adjustment to Dodd-Frank is complete, and with the banking system on such a solid financial foundation, prospects for economic growth are actually better.

Top WH Economist: Consumer Choice Priorities for Trump Team | Banking Journal

What the Trump Administration Misses About Regulations | Quality Digest (Joseph Aldy)

Regulation is Not Dead Yet | Dirt Diggers Digest (Phil Mattera)

Mulvaney tells department heads to stay quiet amid budget rollout | The Hill

Mnuchin: Financial rule review could include executive orders | Politico

Bank executives, lobbyists gather at Treasury | Politico

Behind scenes, bank lobbyists temper expectations for Dodd-Frank overhaul | Nasdaq

Mnuchin pal in line to head key banking agency; Fed post also could be filled | CNBC
The White House is expected to name former OneWest executive Joseph Otting as comptroller of the currency, according to two people with direct knowledge of the selection process, installing a close colleague of Treasury Secretary **Steven Mnuchin** in a key regulatory role… The administration had also looked at Thomas Vartanian to lead the OCC. But now, two people familiar with the process said he is being considered to join the **Federal Reserve**'s board of governors as vice chair of supervision, the central bank's key banking oversight role.

Ex-OneWest exec as comptroller would give Mnuchin key ally | American Banker

See statement by California Reinvestment Coalition

NOMINATIONS

Trump Literally Nominated the Goldman Sachs Bailout Lawyer To Run The SEC | Huffington Post
"Jay Clayton has spent his entire career serving Wall Street, representing Goldman Sachs and other big banks," says **Americans for Financial Reform** Executive Director Lisa Donner. "Americans need an SEC Chair who will stand up to those interests, not represent them."

Three takeaways from Jay Clayton's Senate hearing | Politico

See statement by **Take On Wall Street campaign.**

Senate panel presses SEC nominee Clayton on conflicts | Reuters

Trump SEC Pick Assures That His Wall St. Work Not Problem | NY Times
"I'm committed to showing no favoritism to anyone in this position," Clayton told the Senate Banking Committee… For Sen. Elizabeth Warren, one of the Democrats' fiercest critics of Wall Street, Clayton's assurances on conflicts of interest weren't good enough.

Cases involving Clayton clients Goldman, Deutsche Bank, UBS and Barclays would bring a required recusal, Warren told him, and a 2-2 split among the other four SEC commissioners would mean a deadlock with no enforcement action taken. In addition, Clayton has agreed in his ethics commitment to refrain from voting for two years in cases involving companies represented by his law firm, Warren noted.

"Serious wrongdoing could go unpunished," she said. "If President Trump wanted to make sure that the SEC would have a hard time in going after his Wall Street friends, it seems to me you would be the perfect SEC chair."

Clayton Calls for Scaling Back Regulations to Encourage IPOs | Wall St Journal

Warren hammers Trump's SEC nominee on potential enforcement conflicts | Politico

Trump's SEC nominee gives no specifics on dismantling Dodd-Frank | Politico

Clayton must look out for American families, not big corporations | The Washington Post (Elizabeth Warren and Joe Donnelly)

Trump's SEC Pick, a Lawyer for Goldman, to Face Skepticism | NY Times

Wall Street needs a tough cop. Will Trump's pick live up to the job? | The Hill (Andy Green)
As the cop on the Wall Street beat, the U.S. Securities and Exchange Commission (SEC) plays a crucial role protecting the American people from another financial crisis and financial abuses. Yet the SEC is a troubled agency. Despite outstanding professional staff, its track record during the last number of years leaves much to be desired. Unfortunately, but perhaps unsurprisingly, President Trump has nominated as chair of the SEC a longtime corporate attorney who has represented many of Wall Street's largest financial institutions.

Appointing an SEC chair so clearly aligned with the Wall Street establishment should alarm not only every worker who cares about her retirement funds, but should also alarm every taxpayer who cares about whether the SEC will roll back its all-too-modest progress in preventing another financial crisis and in holding financial wrongdoers accountable. Expertise on how things really happen on Wall Street is valuable, and occasionally individuals can surprise. But in this day and age, it is up to the nominee to prove, via one's track record and public statements, that he or she is committed to the public interest and not the corporate interest.

There is nothing in Clayton's record that tells he is so committed. Far from it. He has zero track record enforcing the securities law — or, for that matter, in any public service. His most notable engagement with public policy resulted in a **report** that called for making it acceptable for American companies to start bribing foreign governments — undoing laws that the SEC enforces.

Family of Trump's SEC Nom Owns Stake in Company Regulated by Agency | Wall St Journal

With SEC nominee, Dems could turn Trump's campaign message against him | Politico

"Embodiment of Greed": Sanders, Warren Rail Against Trump's SEC Pick | Common Dreams
Leaders of advocacy groups such as Public Citizen, **Americans for Financial Reform**, Our Revolution, and others, also spoke, arguing that Clayton is yet another example of Trump's failure to abide by his promise to "drain the swamp," and his nomination is part of Trump's concerted efforts to hand regulatory powers over to Wall Street.The groups urged people to sign up to take part in resisting Clayton's nomination.

Clayton, attacked by Warren, to emphasize tough SEC enforcement at hearing | Politico

Trump nominee Clayton responds to Cortez Masto | Politico

Trump SEC Chair Nominee Exposed for "Nutty Views" and Record as "Wall Street's Go-To Legal Yes Man" | Allied Progress

Liberal groups see possible Panama papers link to SEC nominee's investments | Politico

What Trump's Supreme Court Pick Could Mean for Your Consumer Rights | Time
Forced arbitration -- where contracts for services ranging from cell phone plans to financial advice require consumers to sign away their right to a day in court -- has long been a bete noire of consumer advocates. To be sure, arbitration has some advantages. Advocates say, for instance, it's a cheaper and simpler way to resolve small-scale disputes. But consumer groups have complained that lopsided cookie-cutter contracts give customers no realistic way to opt out. What's more, because arbitrations are private proceedings, corporations can tweak the rules to suit themselves, potentially stacking the deck against consumer claims.

In general, conservative judges, who tend to both favor small-government solutions and sympathize with business, have a reputation of promoting arbitration. Gorsuch's originalist legal approach means he may be an exception, however -- at least according to one arbitration expert. The 1925 Federal Arbitration Act, which serves as the cornerstone for most current arbitration law, is much narrower in scope than judges have subsequently found, according to Imre Szalai, a law professor at Loyola University in New Orleans. That, he says, raises the prospect that Gorsuch could advocate rolling back some recent arbitration rulings that are regarded as helping business. "Supreme Court case law has extended the statute far beyond its original content," Szalai explains.

Trump Labor Dept. nominee questions key Obama-era rules | Reuters
U.S. Labor Secretary nominee R. Alexander Acosta told a Senate committee on Wednesday he would abide by President Donald Trump's directive to review a pending "fiduciary rule" for retirement investment advisers, indicating he believed it goes too far… Acosta likewise expressed reservations about another Obama administration rule issued last year that more than doubled the salary ceiling under which employees would be eligible for overtime pay, from $23,660 to $47,476 a year.

Warren: 'No confidence' in Trump's Labor pick | The Hill
"You have dodged every one of my questions. None of these were trick questions." Warren pressed Acosta to protect several Obama-era labor regulations, including a retirement investment rule, overtime protections for low-wage workers and workplace exposure limits for silica dust. Acosta would not commit to defending the rules, saying his hands were tied by a handful of Trump's executive orders.

Warren grills Labor pick on Trump policies | The Hill

Five takeaways from Labor pick's confirmation hearing | The Hill

CONGRESS AND WALL STREET REFORM

Key House lawmaker: Dodd-Frank overhaul remains a 2017 priority | Reuters
The Republican chairman of a powerful House of Representatives committee said on Wednesday that he remains confident Congress will act to overhaul financial regulations "this year." Jeb Hensarling, head of the House Financial Services Committee, told Reuters that he has assurances from the White House and congressional leaders that they want to revisit the Dodd-Frank financial reform law sometime in 2017.

Hensarling says his committee will reintroduce CHOICE component bills | Politico

Top Democrat on Senate panel: No rollback on Dodd-Frank because it works | Reuters
Sen. Sherrod Brown said he was eager to work on areas of bipartisan agreement, but made clear big changes to Dodd-Frank, created after the 2008 financial crisis, do not fit that bill. "What we will not do is a wholesale rollback of Dodd-Frank," he said at an American Bankers Association conference. "That would be counterproductive... the law is working."

Congressional Review Act being used as partisan tool | BDC (letter to the editor)

Center for Progessive Reform's senior James Goodwin on CRA | Background Briefing with Ian masters (audio)

Manchin: My party must get away from Dems' 'overreaching philosophy' | Washington Post (Jonathan Capehart)

Crapo, Brown ask for proposals to boost economic growth | Politico
Crapo and Brown have made a point over the last several weeks to strike a bipartisan tone after the committee was gridlocked along party lines in the last Congress. The call for proposals is the latest sign they will continue to try to work together in the narrowly divided Senate as Republicans look to ease financial regulations. “After seeing the impact of the financial crisis on Americans, I look forward to proposals that will create real economic growth and jobs, and help reverse years of stagnant wages and widening inequality,” Brown said.

CONSUMER FINANCE & THE CFPB

Mr. Trump Goes After the Consumer Bureau | NY Times (editorial)
Mr. Cordray and the bureau have been doing what President Trump pledged to do in the campaign: protecting Americans from a system that has “robbed our working class.” So why would he want to fire Mr. Cordray? For one, Mr. Trump, despite his populist claims, has promised to dismantle the Dodd-Frank law, with the consumer bureau arguably the law’s most visible accomplishment. Second, the move may be part of a bigger power play.

Mr. Cordray is not the only agency head with statutory protections from removal at will by the president. The heads of the Office of Special Counsel, the Social Security Administration, the Federal Housing Finance Agency, the Federal Reserve, the Nuclear Regulatory Commission, the Consumer Product Safety Commission and other agencies are also shielded. Such protection is intended to insulate independent agencies from political interference.

Justice Department argues that Trump has power to oust CFPB director | Politico

Olson, CFPB legal foe, makes case against the agency to Congress | Politico

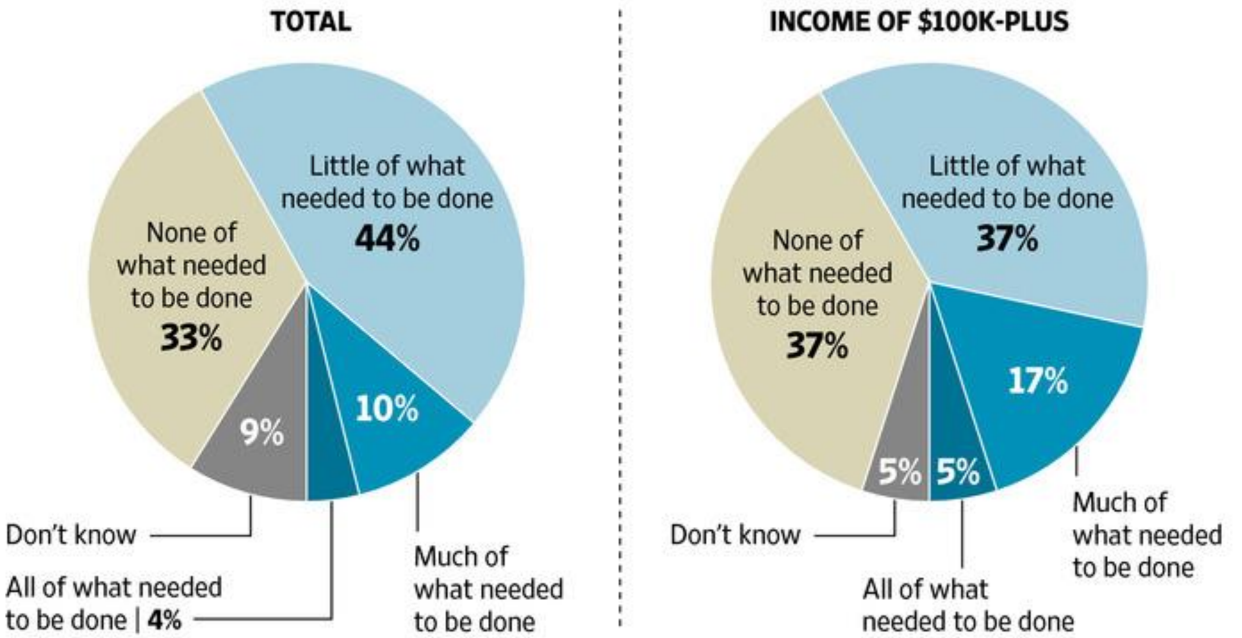
Tensions escalate at House hearing on constitutionality of the CFPB | Housing Wire

Ellison Gives the Perfect Defense of a Consumer Watchdog the GOP Is Trying to Kill | Time
While the mortgage lender's ongoing court case has attacked the agency's structure on constitutional grounds, Rep. Keith Ellison (D-Minn.) suggested that **Republicans’ fight against the CFPB** might be more closely tied to business interests. "This is about protecting a deeply vested, incredibly profitable industry. That’s what’s happening here,” Ellison said. "It’s not about the constitution. That’s a subterfuge."

See AFR testimony, **The CFPB’s Structure is Constitutional and Effective**

Unfinished Business

In a 2015 study, seven years after the worst of the financial crisis, surveyed Americans said the government still had much work remaining in dealing with financial-market issues and their impact on American investors. The percentage saying Congress and regulators had done:



Source: Penn Schoen Berland telephone survey of 1,002 U.S. adults, June-July 2015; margin of error +/- 3.1 percentage points

THE WALL STREET JOURNAL.

[The Bureau Is Crucial, as Its Success Has Proved](#) | Wall St Journal (Adam Levitin)
The CFPB has been draining the swamp in consumer finance, and this infuriates the bad actors in the financial-services industry who thrive on unfair and deceptive practices. Not surprisingly, these bad actors and others have resorted to false claims that, among other things, the CFPB's heavy regulatory hand has caused a credit contraction, resulting in higher mortgage and auto loan rates, fewer free checking accounts, rising bank fees and the decline of community banks. In fact, since the CFPB's creation, mortgage and auto loan rates are down, free checking has become more prevalent, and total deposit-account service fees have plateaued, even while more consumers have gained access to mainstream financial services, and community banks have seen their return on equity increase 285%.

By any measure, the CFPB has created a better financial-services marketplace for both consumers and upright companies that no longer have to compete with scammers. All Americans have a right to be treated fairly in their financial dealings. Let's let the CFPB keep up the good work of protecting that right.

[Are We Better Off Curbing the Role of the Consumer Financial Protection Bureau?](#) | Wall St Journal (counterview - Norbert Mitchel)

Rep. Wagner's loyalty to financial industry stinks of swamp | St. Louis Post-Dispatch (editorial)
As chairwoman of the Financial Services Subcommittee on Oversight and Investigations, Wagner is in a desperate search for the "cause" that will allow Trump to fire Cordray...

Her constituents shouldn't be fooled into believing Wagner's actions are motivated by conservative zeal to streamline government. She is among the top recipients of campaign donations from the financial services industry, whose funding accounted for more than a fifth of the money for her campaign and leadership political action committees collected in 2013. In the last election, they reportedly pumped $360,000 into her campaign coffers.

Credit bureau Experian fined $3 million over misleading credit scores | LA Times
Costa Mesa credit bureau Experian will pay a $3-million fine to settle a federal regulator's claims that the firm sold credit scores that were of little or no use to consumers. The Consumer Financial Protection Bureau announced the fine and settlement Thursday. The CFPB's allegations against Experian are similar to those made against the nation's two other major credit bureaus, Transunion and Equifax, which reached a larger settlement in January. In all three cases, the CFPB said the credit bureaus offered consumers until at least 2014 "educational credit scores," which are different from the scores the credit bureaus provide to lenders.

CFPB fines Experian $3M, alleges consumer deception | American Banker

Wells Fargo Case Shows Importance of Bank Culture, Fed Official Says | Wall Street Journal

Customers still seem wary of doing business with Wells Fargo — with good reason | LA Times

Wells Fargo Still Feeling Impact of Sales Practices Scandal | AP

Justices Won't Hear Wells Fargo Decertification Appeal | Law 360

Wells Fargo Can't Beat Pay-Processing Junk Fax Suit | Law 360

Wells Fargo introduces cardless ATMs across U.S. in digital push | Reuters

House Democrat seeks interviews with Wells Fargo executives | Reuters

Banks and Tech Firms Battle Over Something Akin to Gold: Your Data | NY Times

Retail banking: Bridging the gap from AI to ROI | American Banker

Secretary Mnuchin's challenge: Rethink consumer finance | American Banker

Fed Ct Nixes CFPB Enforcement Action that Claimed a Payment Processor Ignored Fraud | ACA news

The Laissez-Faire Approach to Government Should Concern Every Citizen | Newsweek (Christopher Elliott)
Bottom line for consumers: The age of laissez faire deregulation has begun. During this time, you won't be able to turn to the government for help. You'll have to be more vigilant than ever—and you'll have to expect the worst as a consumer… You don't have to be a political activist to shudder at the thought of credit cards with gotcha fees and confiscatory interest rates, of financial advisers working to enrich themselves instead of helping their customers, of drugs not properly vetted and of federal lands being drilled for oil. You just have to be a concerned citizen.

Don’t weaken Dodd-Frank | LancasterOnline (letter)

Stop Payday Lending -- Again! | Arkansas Business (editorial)

Support CFPB, Director Cordray | Missoulian

Consumer financial bureau: fix it, don't scrap it | Reuters (Scott McCleskey)

Congressmen join forces to end forced mandatory arbitration clauses in contracts | SE Texas Record

Bill to limit use of forced arbitration clauses reintroduced | Legal News Line
Americans for Financial Reform, a progressive non-profit organization that advocates for financial reform, applauded the bill, saying it would work “hand-in-hand” with the rule proposed by the CFPB. The group was among the **more than 300 that wrote a letter to the CFPB** last month, lauding the proposed rule and urging the bureau to finalize it as quickly as possible.

“Forced arbitration strips Americans of any meaningful way to hold companies accountable for fraud or abuse, and grants Wall Street an effective license to steal from consumers to pad its own bottom line,” said Lisa Donner, **AFR**’s executive director. “It has no place in any system that is fair to consumers.”

EXECUTIVE PAY

U.S. investors fight to preserve SEC rule on CEO pay ratio | Reuters

It’s Good to Be a CEO, Again: Stocks Rise, and So Does Pay | Wall St Journal

Senator Badwin’s writes letter on Pay Rule | Politico

Don't Stall CEO-Worker Pay Ratio Rule, Investors Tell SEC | Politico

Investors with $3 Trillion in Assets Call for CEO-to-Worker Pay Ratio Disclosure | AFL-CIO (Brandon Rees)

This is the Week to Make Your Voice Heard on CEO Pay Disclosure | Medium (Susan Holmberg)

HEDGE FUNDS AND PRIVATE EQUITY

Beach boards: Platinum fraud charges reignite Cayman concerns | Reuters
Criminal charges against top executives of Platinum Partners for running the $1.4 billion hedge fund firm "like a Ponzi scheme" have revived an old question for investors: Where was the board? The literal answer is the Cayman Islands. As is common in the hedge fund world, New York-based Platinum drew five of its six independent directors from firms in the tax-friendly British overseas territory nestled in the Caribbean to comply with a local requirement for external oversight.

Eton Park to Shut Down as $3 Trillion Hedge Fund Industry Faces Turmoil | NY Times

Eric Mindich's Eton Park Hedge Fund to Close Down | Wall St Journal

Hedge Fund Titan's Surefire Bet Turns Into a $4 Billion Loss | NY Times

INVESTOR PROTECTION AND THE SEC

High Court Won't Review Would-Be Whistleblower's Petition | Law 360
The U.S. Supreme Court on Monday declined to review a former Morgan Stanley employee's claims he is entitled to whistleblower protections, despite not reporting to the U.S. Securities and Exchange Commission, after the Sixth Circuit found his allegations of working with the FBI were too vague.

SEC says 'hasta la vista' to three-day trading settlement | Politico
Financial businesses will need to settle their trades within two days, rather than three, beginning in September, according to a rule the SEC adopted today. In a unanimous decision by the SEC's two commissioners, the rule change would generally mean that whenever an investor buys a security, his or her brokerage firm must receive payment from the investor no later than two business days after the trade is executed.

SEC shortens settlement cycle for securities trades | Reuters

Acting SEC chair plans test to lower exchange fees | Reuters

Goldman Sachs Set to Hire Developer to Work on New Robo-Adviser | Bloomberg

Meeting the Annual Amendment Deadline, as SEC Watches Closely | Complinet

MORTGAGES, FORECLOSURES & HOUSING

Trump administration starting housing finance group | Politico
The Trump administration is launching a group to work on mortgage finance policy as it plots an approach to dealing with a housing system reliant on Fannie Mae and Freddie Mac, the chief economist to Vice President Mike Pence said today. "You will see in a few months a set of principles, and then we'll go from there," Mark Calabria said in response to an audience question at an American Bankers Association conference in Washington.

CFPB launching review of its major mortgage rules | Politico

Credit bureau, fintech firm partner on data-agg product for mortgages | American Banker

Freddie turns to housing finance agencies as it faces pressure over goals | American Banker

Fannie, Freddie revamp plan unlikely this year, dividends in focus | Reuters

JPMorgan Chase climbs up the prime brokerage rankings | Financial Times

Mortgage Performance Continues to Improve | Office of the Comptroller of the Currency

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

Chamber Can't Get Fiduciary Rule Halted During Appeal | Bloomberg
The U.S. Chamber of Commerce couldn't convince a federal judge to temporarily block the Labor Department's fiduciary rule while an appeals court hears a legal challenge to the regulation. Denying the Chamber's request for an emergency injunction, the judge said on March 20 that the organization's arguments against the rule already were **rejected as unpersuasive**. Further, indications from the DOL and the White House about the rule's future suggest that an injunction is unnecessary, the judge said.

House Dems Blast DOL Delay | Barron's

Labor Nom Pledges to Follow Trump's Order in Reviewing Fiduciary Rule | Wall St Journal

See AFR Statement, **Acosta Must Commit to Fiduciary Rule on Time, in Full**

Labor Nominee Vows to Toe Trump Fiduciary Line | ThinkAdvisor

Warren presses R. Alexander Acosta on Department of Labor's fiduciary rule | Investment News

See **letter from Senator Warren**

Warren Questions Labor Secretary Nom Acosta Before Confirmation Hearing | GoLocal Worcester

Before You Roll Over Your 401(k), Read This | Wall St Journal
You don't have access to a financial adviser who acts as a fiduciary. It remains unclear whether the Trump administration will water down–or even eliminate–the Department of Labor's fiduciary rule, which would require anyone offering retirement savings advice to act in a fiduciary capacity. Regardless, you shouldn't roll over 401(k) assets to someone unless they act as a fiduciary at all times regardless of the rule.

Once you understand the difference between fiduciary and suitability standards, it becomes clear that you want to work with a fiduciary at all times. The problem these days is that the word fiduciary gets thrown around casually by all providers of financial advice–regardless of whether they actually uphold the standard in everyday interactions with clients.

Insurers have made 'enduring' changes | The Hill
The impact of the Department of Labor's "fiduciary rule" for financial advisers may last longer than the regulation itself, a top international ratings firm said Monday. Fitch Ratings said that insurance companies have already made fundamental changes to the way they operate in order to comply with the Labor rule. The Trump administration delayed implementation of the Labor rule — issued in April under President Obama — that aims to crack down on broker-dealers selling financial products without disclosing conflicts of interest.

Fiduciary advocates push alternative approach to DoL rule | Financial Planning
Investing legend Jack Bogle, the Institute for the Fiduciary Standard and a group of advisers are promoting a set of fiduciary best practices for planners to adopt. Their efforts will help ensure investors have better access to fiduciary level advice, even if the Labor Department's rule is overturned or watered down, they say.

Fiduciary rule protects investors | Wisconsin Daily Tribune

STUDENT LOANS & FOR-PROFIT SCHOOLS

Predator Colleges May Thrive Again | NY Times (editorial)
Congress has tried since the 1940s to curb predatory for-profit schools that survive almost solely on federal money while they saddle students with crushing loans for useless degrees. As the industry's scandals grew and its role in the student debt crisis became more excessive, the Obama administration established rules that could get the worst of these programs off the federal dole. But the Education Department under its new secretary, Betsy DeVos, seems ready to undermine those regulations and let predatory schools flourish once again.

The department has hired two high-level officials from the for-profit sector — one of whom has since resigned. The other is from a school, under state and federal investigation, that the Consumer Financial Protection Bureau fined last year for duping students into taking out costly private loans.

Trump admin's delay of rule for career-training programs sparks protest | Washington Post
On Wednesday, a coalition of 53 advocacy groups sent a letter urging Congress to uphold gainful, student-debt-forgiveness rules and other regulations to prevent waste, fraud and abuse in higher education. They fear that the Trump administration will gut rules like borrower defense to repayment, a statute that wipes away federal loans if a school used illegal or deceptive tactics to persuade students to borrow money for college. They're also concerned the administration may relax the ban on incentive compensation that discourages colleges from steering students into loans to boost revenue.

Warren questions hiring of for-profit-college officials at Ed Department | Washington Post

Trump administration's delay of rule to regulate career-training program sparks protests | Washington Post

Loosening of for-profit school rules worries student advocates | USA Today

See Joint Letter to Congress, **[50+ Organizations Urge Congress to Keep Rules That Protect Students and Taxpayers from Waste and Fraud in Higher Education]**

Taxpayers could end up paying $460 million because of ITT Tech's collapse | MarketWatch

Betsy DeVos Hands Victory to Loan Firm Tied to Adviser Who Just Quit | Bloomberg

Former Lobbyist With For-Profit Colleges Quits Education Department | ProPublica

SYSTEMIC RISK

U.S. bank regulator's memo urges examiners to take steps against derisking | Reuters
The memo from the Office of the Comptroller of the Currency puts on paper what the [agency] has also been saying in phone calls to staff and in speeches -- that U.S. banks should not cut ties with foreign clients over money- laundering worries unless officials have concrete cause for concern, a leading U.S. regulator is telling staff and lenders. "Customers that cannot make alternative banking arrangements elsewhere may effectively be cut off from the regulated financial system altogether," according to the "supervision tips" memo obtained by Reuters.

OTHER TOPICS

Bribery and corruption to rise in 2017, says risk firm survey report | Reuters
Bribery and corruption is likely to increase in 2017, according to a third of compliance staff in a recent global survey. Amid tougher regulatory scrutiny and reputational threats, 35 percent of risk and compliance professionals said they expected bribery and corruption risks to rise in the coming year. The report, issued by Kroll and the Ethisphere Institute, also found that 57 percent of respondents expected such problems to fester at the same levels they encountered in 2016. Amid tougher regulatory scrutiny and reputational threats, 35 percent of risk and compliance professionals questioned said they expected bribery and corruption risks to rise in the coming year. Fifty-seven percent of respondents expected such problems to remain at the same levels as 2016. Those were just some of the anti-graft challenges highlighted by the "Anti-Bribery and Corruption Benchmarking Report — 2017: Beyond Regulatory Enforcement: The Rise of Reputational Risk".

Laundered Russian Cash Went Through Big Banks, Guardian Says | Bloomberg

Message to Trump: CDFI funds still sorely needed | American Banker
The federal government operates three programs that are 100% dedicated to delivering responsible, affordable credit options to help low-income, low-wealth and other disadvantaged communities. They are the Community Development Financial Institutions Fund, the Small Business Administration's Microloan program and the SBA's Prime program.

All three are threatened with devastating cuts under President Trump's proposed 2018 budget. This is a shortsighted idea that hurts hardworking Americans. Ironically, the people who will be hurt the most are Trump voters. The majority (56%) of CDFIs are located in red states. For regions in many of these states, the nearest CDFI is the only affordable lender in close proximity, especially for those living in rural areas or within Native American communities.

Modernizing Financial Regulation for the 21st Century | Milken Institute