AFR Americans for Financial Reform

This Week in Wall Street Reform | Feb 25–Mar 3, 2017

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TRUMP ADMIN & WALL STREET

Problem with Trump plan to boost Wall Street: banks are more profitable than ever I Washington Post
“Hard data on bank earnings and lending should lay to rest any notion that financial regulations are holding back the American economy, or getting in the way of American banks making money,” Marcus Stanley, policy director at **Americans for Financial Reform**, said in a statement. “These claims are just an excuse to dismantle hard-won protections for consumers and financial stability.”

Since the financial crisis, the banking industry has largely thrived, according to the FDIC data… There are fewer bank failures, fewer institutions labeled “troubled banks” by regulators and fewer unprofitable institutions. The FDIC found that of the country’s 5,913 banks, only 248 were unprofitable last year… Five banks failed in 2016, the smallest number since 2007, the government data showed.

FDIC report undercuts claim that Dodd-Frank harms bank lending I Politico
Supporters of the 2010 Dodd-Frank Act are pointing to new government data as proof that the regulations haven't hurt bank lending — a central tenet of the Trump administration’s crusade against the landmark law. Banks with deposit insurance increased lending by $466 billion in 2016, up 5.3 percent from the year before, the FDIC announced Tuesday. It was the sixth consecutive year that lending has increased.

“How long can industry lobbyists get away with saying Dodd-Frank has harmed lending and harmed profits in the banking industry when the numbers go completely the other way?” said Marcus Stanley, a policy director at **Americans for Financial Reform**.

See AFR statements, **”Trump Speech Obscures Agenda Favoring Wall Street”** and **”FDIC Report Contradicts Claims That Regulation Has Harmed Lending, Bank Earnings”**

Competing Priorities Bog Down Efforts to Roll Back Dodd-Frank I Wall St Journal
After weeks of high expectations for a swift Dodd-Frank rollback with a Republican in the White House, the reality of a hard slog is beginning to set in on Capitol Hill. The Trump Administration, which has laid out plans to roll back Obama-era financial regulations along with a range of other priorities, now appears to be more focused on other parts of its agenda, such as tax changes…

Ian Katz, an analyst at Capital Alpha Partners, said he is watching whether Mr. Trump decides to fire the Democratic-appointed director of the consumer bureau, an action he said Democrats would interpret as a "Molotov cocktail" thrown in their direction. "The spirit of cooperation right now is extremely low. It would actually get worse if you fire the CFPB Director," he said.

Republicans Plan To Roll Back Dodd-Frank Financial Regulations I NPR

Strong Feelings About Dodd-Frank I NPR Planet Money

Trump set to empower Fed to ease bank rules I Politico
President Donald Trump has vowed to ease bank regulations enacted after the 2008 financial crisis. By the end of the year, he's likely to have something to show for it — with or without help from Congress. Trump will get to nominate governors for three open seats on the seven-member Federal Reserve board, the nation's top banking regulator, including the powerful vice chair of banking supervision. While the board is independent and its decisions are typically made by consensus, Trump's appointment of nearly half its members will help spur action on key regulations, according to former central bank officials and Fed watchers.

Trump Signs Order to Enforce Regulatory Agenda I Bloomberg
The order contains two major directives… First, it directs the heads of departments and agencies to designate an agency official as a "regulatory reform officer," or someone to oversee the implementation of regulatory initiatives and policies to make sure the department or agency is effectively carrying them out.

The second major directive will require each agency to establish a "regulatory reform task force" that should include the regulatory reform officer as its chairman… These agency task forces will evaluate existing regulations and make recommendations to their agency heads about repeal, rescission, replacement or modification of the regulations on the books.

Former Regulators Warn Against Financial Deregulation I Wall St Journal
A group of former senior regulators and academics is warning against efforts to deregulate the financial system, issuing a statement Monday that argues financial institutions today are even more at risk of losses during an economic downturn than in the past.

"Now is not the moment to relax or to retreat," says the document from the Systemic Risk Council addressed to officials from the world's major economies. The group's statement comes as officials in the U.S. and Europe are reviewing their regulatory regimes. The council says governments and central banks today have less firepower to deal with a crisis, due to high levels of government debt and loose monetary policies…

Deregulation efforts benefit only wealthy I News and Tribune (Daniel Canon)

Dodd-Frank reform may be put on back burner I Investment News

One Dodd-Frank Architect Explains Why He Fears Its Dismantling I Here & Now
President Trump has promised to dismantle the Dodd-Frank Act that Congress passed in 2010 to regulate Wall Street in the wake of the financial crisis. Trump says the law makes it too hard for businesses to borrow. Michael Barr, an assistant treasury secretary in the Obama administration, disagrees. He tells Here & Now's Jeremy Hobson that Dodd-Frank created important consumer regulations, and that taking those regulations apart could lead to another financial disaster.

What the undoing of Dodd-Frank would mean for America I Signature (Rana Foroohar)
Turning back the Volcker Rule would send a message to the industry that nothing fundamentally needs to change in the financial system — that it can continue serving mainly itself, rather than business as a whole. Today, only about 15% of the financial flows out of the big US financial institutions go into business investment, as opposed to the 1970s, when the majority of financial flows would have gone into business investment — the rest goes into the buying and selling of existing assets. That shift has coincided with a decline in start-ups per capita, lower R&D spending on the part of businesses, and a general decrease in the sort of entrepreneurial zeal that creates real economic growth, rather than the false, financialized kind.

As for the fiduciary rule, it's hard to think of any legitimate reason why financial advisors shouldn't be legally required to look after the best interests of their clients. As I write in my book, the asset management industry is not only the fastest growing but also one of the most problematic parts of the financial sector — only a handful of actively managed mutual funds outperform the market, and yet millions of Americans are invested in poorly performing, high fee funds that eat up anywhere from 30% to 60% of their retirement savings by some estimates.

Trump Seen as Supportive of Business-Backed Litigation Bills I Bloomberg

GOP's radical assault on regulations has already begun I Washington Monthly

In sweeping move, Trump puts regulation monitors in U.S. agencies I Reuters

Trump orders agencies to create task forces to tackle regulations I Management

Trump designates agency "hit squads" to cut most regulation I Who What Why

Wilbur Ross: We're 'up to our eyeballs' finding regulations to nix I Politico

JPMorgan finance chief calls for easing of bank regulation **I Financial Times**

A Regulatory Revolution **I The Hill (Susan Rose-Ackerman)**

No taxpayer bailout for reckless banks, again **I Santa Rosa Gazette (letter to the editor)**

Pew: Politics Split Public on Government Regulation **I U.S. News**

GOP whiffing on most pressing small-business issues **I The Hill (Michelle Sternthal)**

Pro-regulatory groups sound alarm over Trump budget **I The Hill**

GOP senator: Trump budget 'dead on arrival' **I The Hill**

The Financial Fire Next Time **I Project Syndicate (Simon Johnson)**
Gary Cohn, a former Goldman Sachs president and chief operating officer who now heads President Donald Trump's National Economic Council, says that we should reduce capital requirements (meaning allow more debt and less equity funding at banks) in order to boost the economy. This is exactly what happened in the early 2000s. If Cohn gets his way, the consequences will be similar: disaster.

A brief guide to Kevin Hassett, Trump's new chief economist **I Vox**

Trump to tap conservative think tank for top economic adviser **I Washington Examiner**

Trump expected to pick man known for historically bad economic Advice As Top Economic Adviser **I NY Mag**

Trump's Latest Economics Pick: Author of One of the Wrongest Books on Investing **I Slate (Daniel Gross)**

'Dow 36,000' co-author to be named White House CEA chief, report says **I Market Watch**

NOMINATIONS

Trump Admin sets off alarms, pulls regulatory nominees **I Huffington Post**
The Trump administration has begun pulling pending nominees from various federal commissions in a manner that has left Hill Democrats concerned that the practice of bipartisan inclusion on regulatory panels will be upended. The administration's efforts, these sources told The Huffington Post, could result in commissions tasked with overseeing trade enforcement,

election law, and financial and energy regulation being stacked with nominees sympathetic to the president.

Pending positions on the Federal Communications Commission, Federal Trade Commission, Commodity Futures Trading Commission, U.S. Securities and Exchange Commission, Federal Election Commission and Federal Energy Regulatory Commission are among those at stake. And President Donald Trump, according to these sources, is looking to rescind both Republican-backed nominees as well as Democratic ones.

Trump's SEC nominee delayed over personal finances I Politico

Trump withdraws Obama CFTC nominees I Politico

CONSUMER FINANCE & THE CFPB

Complaints against Wells Fargo, other banks rise on CFPB log targeted by Congress I Bloomberg
The online complaint board run by the Consumer Financial Protection Bureau, which has drawn more than one million postings from financial-services consumers, is in the sights of Republican lawmakers who have made its elimination a high priority in its effort to repeal Dodd-Frank provisions.

The initiative to repeal the database comes as complaints against Wells Fargo and other banks (here) surged in the aftermath of the settlement of alleged phantom account openings at Wells Fargo last September.

Most Americans say they don't have a clue about this federal agency I Market Watch
More than 80% of people said they did not know enough about the Consumer Financial Protection Bureau to form an opinion of it, a survey carried out this month and released Thursday by the credit-card website CreditCards.com found. These results are supported by a previous study commissioned in 2013 by the nonprofit **Americans for Financial Reform**, a progressive nonprofit advocating for financial reform. It found that 40% of respondents had either never even heard of the CFPB or had no opinion of it.

The Consumer Financial Protection Bureau: Past, Present, And Future I Huffington Post

Commission Could Be Compromise in CFPB Overhaul I Wall St Journal

CFPB Director Richard Cordray speaks out about his controversial role I CNBC
"I think that the independence of a consumer watchdog is very much worth fighting for. From the outset there have been, if you ask 10 people, they have 10 different opinions about what's the right way to do this or to do that. My job is to take the job that has been given me and do the

best I can to stand up for people. And that is what we are doing and it's good work… It's really important work."

When, how or will Trump change CPFB's leadership I Legal News Line

What the CFPB can do for you I Forbes (Tania Brown)

Texans need to tell Cruz, Hensarling, to keep CFPB I Dallas Morning News (Angela Littwin)

Tester must defend the CFPB I Missoulian

Don't let Trump gut financial protection bureau I The Baltimore Sun (Marceline White)

CFPB is on the Job Protecting Consumers I U.S. PIRG

Lawmakers want to gut consumer watchdog. Americans say leave it alone I St Louis Post-Dispatch
In a July poll [commissioned by **Americans for Financial Reform** and the Center for Responsible Lending], 79 percent of Democrats and 67 percent of Republicans said they supported the bureau's mission. The election result doesn't appear to have changed their views. In December, more than half of Trump voters opposed efforts to weaken the consumer agency. If Trump believes the election was all about the people's will, then lawmakers should stop meddling where their help isn't wanted…

It's easy to label the CFPB a "rogue" agency, given that Congress doesn't control its budget and director. But there's a reason the bureau received this degree of independence: It keeps the bureau accountable to consumers rather than to a Congress bankrolled by the very corporate interests they are supposed to keep in check.

Attacks against consumer agency are baffling I St Louis Post-Dispatch (letter)

Congress shouldn't neuter consumer watchdog I Des Moines Register (editorial)

Look at the positive impact of CFPB I Independent Record (letter to the editor)

Keep Consumer Financial Protection Bureau I Angelo (TX) Standard Times (Angela Littwin)

CFPB Acts to Reign in Inaccuracies with Credit Information I Pyments
The Consumer Financial Protection Bureau (CFPB) announced Thursday (Mar. 2) that it has identified "significant" issues with the quality of the credit information being provided by furnishers and kept by credit reporting companies. In a press release, the CFPB laid out the

action it has taken to address the ongoing problems, including fixing data accuracy at credit reporting companies, repairing the broken dispute process and cleaning up information being reported.

NAFCU to CFPB: Pull credit unions out from under your authority I Housing Wire
In a new op-ed in the Credit Union Journal, Dan Berger, CEO of the National Association of Federally-Insured Credit Unions, emphasized his concerns with the bureau having any rulemaking authority over credit unions…However, this isn't a new cry from NAFCU, and in the past, the bureau publicly stated it disagrees, even going as far as to say credit unions are benefitting from the new rules. For example, in March of last year before the Housing Financial Services Committee in Cordray's semi-annual update, Cordray used credit unions as an example of a clear benefactor to the CFPB's regulation.

The downside of compromise I Credit Union Journal (Dan Berger)

GOP switches tactics in 'war' against CFPB I American Banker

CFPB Would Lose Powerful Legal Weapon Under Republican Plan I Bloomberg
The Consumer Financial Protection Bureau could find its enforcement powers crippled under a Republican proposal to curb the bureau's power to attack unfair, deceptive or abusive acts or practices. The CFPB would lose its authority to target behavior deemed unfair, deceptive or abusive — a catch-all legal tool used in more than two-thirds of all CFPB enforcement actions — under a memo circulated last month among House Republicans. The proposed addition to legislation overhauling the Dodd-Frank Act goes further than the bill approved by the committee last year, which would have only stripped the bureau's authority over abusive acts or practices.

CFPB snapshot spotlights credit reporting complaints I CU Insight

Credit union group asks Mnuchin to use FSOC to rein in CFPB I Politico

CFPB Gives hints about UDAAP Enforcement: GAC I CU Times

Trump Administration aims to strip power from CFPB I Mortgage Professional America

In Trump Era, law firms prepare for less work, and hiring, from CFPB I National Law Journal

Alternative data and credit scores? Will it trigger CFPB Enforcement? I JD Supra

Legislature resists efforts to rein in payday loans I Santa Fe New Mexico

Wells Fargo says more customers could be affected by sales scandal I Washington Post

Wells Fargo fails to explain why customers shouldn't be allowed to sue over fake accounts I **Consumerist**

EXECUTIVE PAY

Income Inequality Battle Brewing at State-Level I **Bloomberg**
In response to growing concerns over income inequality, some states are proposing legislation designed to penalize companies using pay ratio data disclosed pursuant to the Securities and Exchange Commission's pay ratio disclosure rule...The SEC's pay ratio disclosure rule requires public companies to report the ratio of pay between the median employee and the principal executive officer. Companies must report their pay ratio in their 2018 proxy statements using 2017 compensation data.

SEC Says Conflict Minerals, Pay Ratio Rules Remain in Force I **Wall St Journal**

Wells Fargo strips CEO and 7 top execs of 2016 bonuses I **CNN**

INVESTOR PROTECTION AND THE SEC

SEC's Piwowar wants 'boring agency' I **Politico**
The acting head of the SEC is excited about making the agency boring again. Speaking at a conference in Washington on today, Michael Piwowar said that without demands on the SEC from the 2010 Dodd-Frank Act, the agency can get back to basics. Piwowar pointed to an effort approved on Wednesday to update agency guidance that had not been revisited since 1986. Going forward, Piwowar wants to focus on "hyper-technical ideas that aren't going to make headlines."..."We're at our best when we're a nice little boring regulatory agency," he said.

Trump Could Pack SEC With Republicans I **Wall St Journal (Andrew Ackerman)**

Federal judge tosses SEC suit against Texas AG I **Washington Post**
A federal judge on Thursday dismissed claims by the U.S. government that Texas Attorney General Ken Paxton fraudulently duped wealthy investors before taking office, giving the Republican a key victory two months ahead of his criminal trial that carries a possible prison sentence.

Paxton, who has spent most of his two years as attorney general under felony indictment, has now twice prevailed over accusations by the U.S. Securities and Exchange Commission that he had a duty to tell investors he was being paid by a high-tech Texas startup while recruiting more than $840,000 from them.

House Committee Prepares To Attack SEC For Too Few Advisor Exams I **Ted Knutson**

SEC to scale back broker exams to focus more on advisers I **Reuters**

U.S. SEC takes aim at municipal bank loan disclosure I **Reuters**

Crapo eyes agreement with Democrats on securities bills I **Politico**

House Financial Services Republicans slam FSOC in report I **Politico**

SEC freeze's assets in suspected insider trading on Softbank-Fortress deal I **CNBC**

U.S. crowdfunding offers new capital source, SEC finds I **Reuters**

FINRA Needs Reforming Says Conservative Heritage Foundation I **Ted Knutson**

Congress should define insider trading, influential U.S. judge says I **Reuters**

Hartford prevails in lawsuit alleging it charged excessive fund fees I **Reuters**

SEC may hit SunTrust investment unit with fraud charge I **Atlanta Journal-Constitution**
Fraud charges against SunTrust Banks are being considered by the U.S. Securities and Exchange Commission over allegations that its investment business steered customers into costly mutual funds when cheaper options were available.

MORTGAGES, FORECLOSURES & HOUSING

Homeownership and the White-Black Wealth Gap I **Bloomberg**
Homeownership is, of course, an important driver of wealth. Regular mortgage payments have traditionally acted as a form of saving, setting families on the path to financial security. For blacks, however, this has been much less true. For much of the 20th century, practices such as redlining (in which banks avoided lending in predominantly black neighborhoods) made financing a home difficult. Then, in the 2000s, the subprime boom inundated black neighborhoods with precisely the wrong kind of credit: loans with features that sharply increased the risk of foreclosure.

The result has been devastating. A recent study by the Urban Institute's Housing Finance Policy Center found that as of 2015, the black homeownership rate stood at just 41.2 percent -- the lowest level since the 1960s, when racial discrimination was still legal. That fell far short of the rate for whites, which exceeded 70 percent.

Housing, Regulation and What's Next I **Politico Pro Financial Services Report**

Shortage of affordable rentals grow I **Politico**

The infamous practice of contract selling is back in Chicago I Chicago Reader
In a tight credit market, companies like Harbour, which has purchased roughly 7,000 homes nationwide since 2010, including at least 42 in Cook County, purport to offer another shot at home ownership for those who can't get mortgages. Such practices are increasingly common in struggling cities hard hit by the housing crash. A February 2016 article in the New York Times titled "Market for Fixer-Uppers Traps Low-Income Buyers" examined Harbour's contract-for-deed sales in Akron, Ohio, and Battle Creek, Michigan. The Detroit News has reported that in 2015 the number of homes sold through contract-for-deed agreements in the city exceeded those sold through traditional mortgages.

But the practice of contract selling is especially notable in Chicago, where out-of-state investors are reprising an infamous practice that once targeted African-Americans on the city's south and west sides. In the mid-20th century, contract selling by small-time speculators flourished in Chicago as the result of banks' refusal to make mortgage loans in black communities—a policy known as redlining. By one estimate, 85 percent of homes purchased by black Chicagoans in the 1950s were sold through contracts rather than traditional bank mortgages. When Martin Luther King Jr. arrived in Chicago in 1966 to combat the rampant discrimination in the housing market, he made the case that economic disenfranchisement was as central a civil rights issue as the vote or ongoing racist violence.

Carson, outsider, no government experience, confirmed to lead HUD I Washington Post

Warren flips stance, votes against Carson I Politico

Senate Democrats call on Curry to probe Santander's lending practices I Politico

Affordable housing developers in CA on pins & needles over Trump's tax plan I LA Times

Long Island Homeowners Stand to Lose with Loan Cut on Hold I WNYC

Troubled Ocwen Faces new Complaint in Georgia I Daily Report
Perennially-troubled mortgage servicer Ocwen Loan Servicing LLC just can't seem to escape complaints about its lending operations. Having reached a $225 million settlement with the state of California just last week that would restore its suspended right-to-service loans in that state, Ocwen Loan Servicing is facing new claims in Georgia that for decades it has collected interest payments from homeowners after their mortgages had been paid in full.

Ocwen Sets Aside $12.5M for Potential CFPB Settlement I National Mortgage News

PRIVATE EQUITY & HEDGE FUNDS

A Flesh-and-Blood Perspective on Hedge Fund Activism and Our Strange Corporate Governance System I Leo E Strine
Most human investors in fact depend much more on their labor than on their equity for their wealth and therefore care deeply about whether our corporate governance system creates incentives for corporations to create and sustain jobs for them. And because human investors are, for the most part, saving for college and retirement, they do not gain from stock price bubbles or unsustainable risk taking. They only gain if the companies in which their capital is invested create durable value through the sale of useful products and services.

But these human investors do not typically control the capital that is deployed on their behalf through investments in public companies. Instead, intermediaries such as actively traded mutual funds with much shorter-term perspectives and holding periods control the voting and buy and sell decisions. These are the intermediaries who referee the interplay between activist hedge funds and corporate managers, an interplay that involves a clash of various agents, each class of which has a shorter-term perspective than the human investors whose interests are ultimately in the balance.

Hedge fund Citadel joins industry's standard-setting body I Reuters

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

Labor Department proposes 60-day delay of retirement advisor rule I LA Times
Lisa Donner, executive director of **Americans for Financial Reform**, a coalition that supports tougher Wall Street regulations, said the delay was "clearly part of the administration's plan" to scrap the rule..."Blocking the common-sense, long-overdue rule, which requires retirement advisors to act in their customers' best interests, would allow Wall Street to continue to grab more than $17 billion a year — tens of millions of dollars a day — from retiree savings," she said. "This decision is not justified by the facts, and it is a betrayal of the public interest."

Labor Department proposes 60-day delay of retirement savings rule I Washington Post
''This proposal to delay the fiduciary rule is clearly part of the administration's plan to undo it altogether,'' said Lisa Donner, executive director of **Americans for Financial Reform**, a nonpartisan coalition of civil rights groups, consumer advocates and labor groups.

Opponents of the rule argue it can have the unintended consequence of making it harder for some firms to work with savers who have small account balances, which are less profitable. They say that some brokers may decide to stop offering certain products that they fear would face more scrutiny under the rule, a shift that would leave some investors with fewer options.

See **DOL proposal and** AFR statement, **"Delaying Fiduciary Rule Is Betrayal Of Public Interest"**

Under President Trump's Direction DOL Moves To Delay Fiduciary Rule I Forbes

Labor Department proposes to halt fiduciary rule, in win for brokers I Politico

DOL Proposes 60-Day Delay of Fiduciary Rule Implementation I Morning Consult
"This proposal to delay the fiduciary rule is clearly part of the administration's plan to undo it altogether," Lisa Donner, executive director of **Americans for Financial Reform**, said in a statement Wednesday. Opponents of the Obama administration's rule say it would limit consumers' choices of products and services while hurting the ability of advisers to serve clients with small balances.

Another day, another dollar for retirement advice rip-offs I The Hill (Joe Valenti and Marcus Stanley)
Delaying the fiduciary rule means that workers and retirees will lose out on hundreds of millions of dollars. Even the Labor Department projects that the proposed 60-day delay could cost investors as much as $890 million over 10 years as they are victimized by financial advisors during the delay period and these effects are compounded over time. Astoundingly, given the supposed desire to inject more cost benefit analysis into rulemaking, the extensively researched benefits of the rule are being ignored as the Administration seeks to delay and overturn it.

It appears that consideration of costs and benefits is only called for when it can be used as a barrier to public protections. When it stands in the way of deregulating Wall Street, it is cast aside.

Warren Buffett says simple mistake has cost investors $100+ billion I Washington Post
Many investors, college endowments and pension funds would be better off using the simpler investment products, he wrote, noting that even a 1 percent fee can add up over time.

Last year, the Labor Department finalized the so-called fiduciary rule. The regulation would make it more difficult for some brokers to recommend pricey or complicated investment products and would require brokers working with retirement savers to put their client's interests ahead of their own. In some cases, that could require brokers who are choosing between two similar funds to recommend the less-expensive option.

A little-known but important U.S. financial rule facing ax I Star Tribune (Judy Mares)
The government team I joined had been studying the fiduciary issues for years. Their research confirmed my experience. Most of the assets in today's IRAs are the result of rollovers from company-sponsored retirement plans. All too often the rollover is to the company's retirement plan vendor.

Unfortunately, these rollovers often result in the consumer paying more for the same investment option, which erodes retirement savings. While IRA advisers may offer consumers more "choice" of investment options, my experience is that too much "choice" can result in inaction, not better actions. This increased “choice menu” also increases the investors’ reliance on their adviser.

Our employees benefited from a relationship of trust with our employer. Many employees assumed that the corporation’s vendors were also in a similar position of trust, placing the investor’s interest above their own. However, this only becomes a reality under the Fiduciary Rule.

Saving for retirement? Who’s working in your best interest? I Washington Post (Michelle Singletary)

How Washington Is Eroding Retirement Security I Forbes (Chris Farrell)

The Feds Just Put a Hold on the Biggest Investor Protection in a Generation I Time

Trump delays Obama rule designed to aid retirement investors I Herald Net

DOL Wants to Delay Fiduciary Rule I HRE Daily

Trump officials seek to delay Obama rule on investment advisers I The Hill

What Is The Fiduciary Rule? DOL Delays Implementation 60 Days I International Business Times

Trump's people vs. business conflict starts with the fiduciary rule I The Hill (Keith Clark)

Think Twice Before Throwing Out the Fiduciary Rule I Weekly Standard

Delay of DOL fiduciary rule likely to extend beyond 60-days I Investment News

Investors need to demand an oath from advisors, not a regulation to rule them I CNBC (Mitch Goldberg)

Why you should make sure your financial adviser abides by the fiduciary standard I PBS (Harold Pollack)

Ron Rhoades: DOL Fiduciary Rule Is as Good as Dead (for Now) I Thinkadvisor

OMB Concludes Review of Fiduciary Rule Delay Request I Morning Consult
The Office of Management and Budget this week concluded its review of the Trump administration’s proposed delay of the Obama-era fiduciary rule by marking it “economically significant,” a move that keeps the rule in limbo but will likely have little impact on financial firms preparing for the initially scheduled April 10 implementation date.

[Making crises great again](#) I **Financial Express**

[The Ironic Conflict Of Interest Of The Fiduciary Financial Advisor](#) I **Forbes (Tim Maurer)**

[Trump's Economic Policy Team is Stacked With Lobbyists, Conflicts of Interest](#) I **The Intercept**
In order to help advise him on how to deal with retirement security policy, Trump hired Shahira Knight, whose previous role was vice president in the public affairs and policy group at Fidelity Investments — in other words, a lobbyist for a major investment advice firm.

[Trump Move Keeps DOL Fiduciary Rule Implementation Imminent](#) I **Forbes**

[Keep fiduciary rule for long-term savings](#) I **News-Press**

[Fiduciary Rule Needs to Benefit Brokers and Savers](#) I **Forbes**

[Separating Financial Advisers from Salespeople](#) I **Noozhawk (Karen Telleen-Lawton)**

[Piwowar blasts DOL fiduciary rule](#) I **Investment News**
"The chairman's criticism of the DOL rule reinforces the administration's acknowledgment by [National Economic Council Director] Gary Cohn that investors' interests are behind brokers' interests," said Knut Rostad, president of the Institute for the Fiduciary Standard. "Any pretense to the contrary from fiduciary opponents has now been replaced by a new candor that should be applauded."

STUDENT LOANS & FOR-PROFIT SCHOOLS

[Watchdog agency warns of costly student loan data errors](#) I **AP**
The Consumer Financial Protection Bureau on Monday issued a warning to consumers to pay close attention to their personal information on record with student loan servicers as errors are popping up that can cost borrowers dearly. About 44 million Americans have student loan debt totaling $1.3 billion.

The watchdog agency said it gets thousands of complaints each year from consumers about issues with student loan servicers, which are the companies they submit payments to each month. But they are increasingly hearing about problems tied to incorrect or incomplete enrollment status information.

Largest student loan servicer charged borrowers too much, says CFPB I San Bernardino American

A CFPB investigation of Navient, the nation's largest student loan servicer of both private and federal student loans, found that borrowers were not accessing a federal student loan repayment option that has been in effect since 2009. For eligible borrowers, income-based repayment can lower monthly borrower payments by taking into account income and family size. Depending upon individual borrower circumstances, payments could be reduced to even zero, and loan forgiveness apply after 20 or 25 years of regular monthly payments.

Bad info on 'Enrollment Status' can be very costly I eCredit Daily

Law School Group Sues Federal Government I Harvard Crimson

Harvard Law School's Project on Predatory Student Lending has sued the federal government in an effort to access documents from the Education Management Corporation, an operator of for-profit colleges that settled a case with the U.S. Department of Justice in November 2015. In the original case, filed in 2011, the federal government and five states filed a complaint against the EDMC, alleging illegal recruiting practices and consumer fraud. The case was settled for $95.5 million, none of which went to relief for students who incurred federal loan debt from attending EDMC schools.

"The primary allegation was that EDMC unlawfully recruited students, in contravention of the Higher Education Act's Incentive Compensation Ban, by running a high pressure boiler room where admissions personnel were paid purely on the number of students they enrolled…"

Colleges Highly Dependent on Federal Aid Should Prove Their Worth I Century Foundation

As a general rule, however, policymakers should be highly suspicious of the "it's our demographics" excuse for poor student outcomes and excessive use of federal aid. Requiring schools to prove their value ultimately improves their value, because they are faced with the task of enrolling and retaining customers who are more demanding. We all benefit from the customers who insist on returning a poor-quality product or who complain about bad service.

For-profit colleges accused of harming students & taxpayers I University Herald

Rolling back fed protections against for-profit colleges harmful for Kentuckians I Be Real Online

Alt-Medicine Schools Challenge Their Failing Grades I Court House News

Twelve private colleges of acupuncture and oriental medicine sued Secretary of Education Betsy DeVos this week, challenging a Department of Education "gainful employment" regulation that labels them as failing to prepare students for work.

SYSTEMIC RISK

Basel regulators say determined to finalize bank rules I Reuters
Global banking regulators said they had narrowed their differences over a suite of new capital rules for banks and remain determined to finish the work, but did not give a date when it would be completed. The Basel Committee of banking supervisors from the world's leading financial centers has been working on the rules to help strengthen banks in the wake of the 2007-2009 financial crisis. It had hoped to complete them in January, but failed to agree on a key element known as the output floor.

Basel members had said the delay was because U.S. President Donald Trump's administration needed to appoint a new Federal Reserve official responsible for banking supervision.
The new U.S. official, due to be in place from April, would help to formulate U.S. policy towards the new rules and sit on Basel's oversight body, which needs to approve them.
Trump has ordered a review of U.S. banking regulation, saying the current rules - some based on Basel's existing standards - are holding back lending to the economy.

OTHER TOPICS

Score One for the Bank Whistle-Blowers I NY Times (Gretchen Morgenson)
In its opinion, which vacated two lower courts' dismissals of the case, the Supreme Court essentially confirmed that some courts have been using too narrow a legal standard when weighing whistle-blower suits under the False Claims Act, which is meant to punish those who defraud the government.

By highlighting a more expansive standard for what constitutes a false claim under the act, the court's ruling is likely to open the door to more whistle-blower cases… But there is something else to like about the Supreme Court's ruling. This particular case involved actions taken by the Federal Reserve Board and other regulators to shore up failing banks during the financial crisis. As the matter continues through the courts, it may shed new light on the details of these regulatory activities, including the entities that benefited and at what cost to taxpayers.

The case at the heart of the Supreme Court's ruling was brought by two former bank employees who alleged that fraud was occurring at their institutions, Wachovia and World Savings Bank. Both companies became part of Wells Fargo during the mortgage crisis in 2008, so Wells Fargo is the defendant in the case.
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