



This Week in Wall Street Reform | July 15 — 21, 2017

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TRUMP ADMINISTRATION AND WALL STREET

[Big German Bank, Key to Trump's Finances, Faces New Scrutiny](#) | NY Times

During the presidential campaign, Donald J. Trump pointed to his relationship with Deutsche Bank to counter reports that big banks were skeptical of doing business with him. After a string of bankruptcies in his casino and hotel businesses in the 1990s, Mr. Trump became somewhat of an outsider on Wall Street, leaving the giant German bank among the few major financial institutions willing to lend him money. Now that two-decades-long relationship is coming under scrutiny.

Banking regulators are reviewing hundreds of millions of dollars in loans made to Mr. Trump's businesses through Deutsche Bank's private wealth management unit, which caters to an ultrarich clientele, according to three people briefed on the review who were not authorized to speak publicly. The regulators want to know if the loans might expose the bank to heightened risks. Separately, Deutsche Bank has been in contact with federal investigators about the Trump accounts, according to two people briefed on the matter. And the bank is expecting to eventually have to provide information to Robert S. Mueller III, the special counsel overseeing the federal investigation into the Trump campaign's ties to Russia.

[Waters Demands Sessions Recuse Himself from Deutsche-Russia Probe](#) | Politico Pro

House Financial Services ranking member Maxine Waters today demanded that Attorney General Jeff Sessions recuse himself from any investigation by the DOJ into Deutsche Bank on issues related to Russia and President Donald Trump. The bank is reportedly under investigation by DOJ in connection with so-called "mirror trades" on behalf of Russian entities — the practice of buying stocks in rubles and then selling the same amount of shares in dollars, which can be used to launder money.

Waters, in a letter to Sessions, faulted the department for not having completed its probe despite enforcement actions brought by the New York Department of Financial Services and the U.K. Financial Conduct Authority. "I remain troubled by the seeming delay on the part of the Department to reach a determination in this matter," she wrote, citing Trump's relationship with the bank. Waters argued that Sessions had demonstrated that he was not independent of the president and called on him to recuse himself.

[Scaramucci, Back-slapping Hedge Fund Magnate and GOP Fundraiser, Reaches the White House](#) | CNBC

Anthony Scaramucci, the back-slapping Wall Street hedge fund magnate, is a long-time Republican

donor and fundraiser who once criticized Donald J. Trump, the presidential candidate. But he eventually became one of Trump's biggest defenders, and after months of delays he is finally getting what he has worked for behind the scenes since last year: a position in the Trump White House.

[How Trump the Populist Became Trump the Corporate Shill](#) | NY Daily News (Robert Weissman)

In Trump's Washington, the populism of the campaign has been overtaken by conventional corporate cronyism on a grand scale. After his famous pledge to "drain the swamp," Trump issued a weak executive order allowing former lobbyists to immediately join the administration and then granted waivers to top White House staffers that render the ethics rules largely meaningless. For example, the White House concluded that it is "in the public interest" for Andrew Olmem, a White House aide who formerly lobbied MetLife, American Express and a major insurance trade group, to work on banking and insurance issues. It made the same conclusion about Michael Catanzaro, a former energy lobbyist who now works on energy policy at the White House.

Outside the White House, it's not even clear if the administration is even bothering with ethics waivers. More than 30 former lobbyists in the Trump administration work on the same issues they lobbied on over the past two years and have not received a waiver. Conflicts are appearing all over government: Auto industry lobbyists are setting transportation policy. Boeing has a top perch at the Department of Defense. Wall Street bankers and their lawyers are in control of economic policy and financial regulations.

See Public Citizen's new report, [Trump's Corporate Con Job](#).

[Blocking the Courts: The Trump Triple Threat](#) | HuffPost (Joanne Doroshov)

Most American's believe they have a fundamental right to go to court if they've been hurt by corporate or other misconduct. Voters certainly did not send politicians to Washington to block that access. But in three separate instances so far, the Trump administration (with Congress' help) has begun doing just that, and the general public has no idea.

[More Trump Populism: Hiring a Bank Lawyer to Attack CFPB Bank Rules](#) | Intercept

In May, President Trump hired [Keith] Noreika to take over OCC, in an unusual arrangement where he would serve as a "special government employee," retained to perform "temporary duties" for not more than 130 days, and exempt from most ethics rules or Senate confirmation. His first high-profile move is to insert himself into the CFPB rule-making process, the bureaucratic equivalent of laying down in the street in front of the bus.

Right before the CFPB released its final arbitration rule, Noreika charged in a letter that the rule could create "safety and soundness concerns." On Monday, Noreika asked the CFPB to delay publishing the rule in the Federal Register until OCC could review it for safety and soundness concerns. Essentially, Noreika is saying that allowing consumers to band together to stop petty theft by banks threatens the ability of those banks to survive. The CFPB already sent the rule to the Federal Register, and called Noreika's request "plainly frivolous."

CFPB AND CONSUMER FINANCE

[House Tees Up Vote Next Week on Bid to Undo CFPB Arbitration Rule](#) | Morning Consult

Every GOP member of the Banking panel except Sen. John Kennedy (La.) co-sponsored the resolution, S.J.Res. 47. Kennedy told reporters Thursday that he hasn't reviewed the CFPB rule yet

because of the Senate's current focus on health care. "I'm not going to have a comment on it until I have a chance to do my homework," he said...

Lisa Donner, the executive director of the pro-CFPB Washington-based **Americans for Financial Reform**, invoked the cross-selling scandal at Wells Fargo & Co.

"Restoring consumer rights is not a matter of Republican vs. Democrat, it is big guy vs. little guy," Donner said in a statement. "We expect that every member of Congress who wants to be able to look a Wells Fargo customer in the eye will stand up to this cynical repeal effort."

[Republican Senator Hopes to Kill Class-Action Rule Within Weeks](#) | NY Times

The U.S. Congress could act within weeks to kill a new rule that bars financial companies from blocking consumers who wish to file class-action lawsuits, according to a key Republican senator. Senator Tom Cotton, a member of the Senate Banking Committee writing legislation to tackle the rule, said Wednesday he was optimistic that Congress could pass a resolution revoking the new regulation authored by the Consumer Financial Protection Bureau (CFPB) within weeks. "I'm going to do all I can to repeal this regulation in the next three weeks of this congressional session," he said at an event hosted by the U.S. Chamber of Commerce.

[Republicans Are Working to Keep You from Your Day in Court](#) | Washington Post (Catherine Rampell)

Normally, Republicans are in favor of giving consumers more choices. Normally, Republicans are all about law and order. And normally, Republicans claim to be strong defenders of the Constitution.

For some reason, though, the idea of giving consumers the choice to participate in a court of law — a right enshrined in the Seventh Amendment — leaves some GOP legislators quaking in their loafers.

[Save This Consumer Protection Rule](#) | NY Daily News (editorial)

Consumers are this close to getting back the power to take financial firms to court for unjust credit card fees, bait-and-switch loan terms and other shenanigans. Monday, the federal Consumer Financial Protection Bureau finalized a long-in-the-works rule. If allowed to take effect two months from now, it will ban fine print in contracts forcing people to turn to private arbitration, prohibiting class-action lawsuits in the courts over disputes related to banking and borrowing.

These provisions make millions of consumers with complaints about fraudulent corporate practices succumb to secret tribunals under arbitrators handpicked by the very financial institutions that caused them their misery. Sen. Tom Cotton of Arkansas and a chorus of fellow Republicans intend to keep it this way. Used to be the government looked out for the little guy. Remember that?

[Don't Read the Fine Print? As a Consumer, You Might Lose](#) | Orlando Sentinel (Michael Joe Murphy)

[The Little Guy Needs Financial Protection](#) | Miami Herald (editorial)

The last thing Republicans on Capitol Hill apparently want the Consumer Financial Protection Bureau to do is actually protect financial consumers. That would explain the angry GOP reaction whenever the bureau announces new rules, as it did last week, to stop big financial institutions from imposing mandatory arbitration agreements on consumers who have legal grievances — a way to sidestep the

legal system. Traditionally, arbitration is often unfair and designed to work to corporations' advantage — and not the little guy. And that is the whole reason businesses increasingly require it.

The thing is that arbitration agreements can specifically prohibit customers from banding together and filing class-action lawsuits. The bureau is responding to thousands of nightmarish reports about the many ways banks, lenders and credit-card companies cheat consumers and then use legal trickery to avoid being held accountable in court.

[Forcing Banks to Fight Fair](#) | NY Times (editorial)

A powerful rule finalized last week by the Consumer Financial Protection Bureau will allow consumers to join together in class-action lawsuits against banks, credit card companies and other lenders over price gouging, predatory lending, abusive loan terms and other mistreatment. Some congressional Republicans have vowed to use special legislative procedures to repeal the rule, which could take effect next year. It's unclear whether a congressional majority will vote to overturn a rule of such obvious benefit to consumers. What is certain is that killing the rule would be an injustice.

[Wall Street's Washington Friends Aim to Kill New Consumer Protection](#) | HuffPost (Joanne Doroshow)

With the ink still wet on a new regulation to protect the little guy or gal against big financial predators, congressional Republicans are already moving to get rid of it. On July 10, the Consumer Financial Protection Bureau finalized a rule to prohibit banks, credit card companies, and other lenders that break the law from stripping customers of the right to hold them accountable in class action lawsuits. The regulation is in response to the "ripoff clauses" that financial firms often bury in the fine print of contracts, forcing consumers to seek redress for misconduct on their own through secret arbitration proceedings. Most people only learn about these clauses when they become the victim of illegal financial behavior.

[Why CFPB's Arbitration Rule Is Essential \(Two Words: Wells Fargo\)](#) | American Banker (Lauren Saunders)

[Brown promises "hell of a fight" in Senate over CFPB arbitration rule](#) | Housing Wire

The Republican effort in the Senate is led by a number of prominent Republicans, but one of the top Democrats in the Senate is pledging a serious fight over the CFPB arbitration rule. "Almost a year after millions of fake accounts were uncovered, Wells Fargo is still using fine print arbitration clauses to cheat those customers out of the justice they deserve," Sen. Sherrod Brown, D-Ohio, said. Brown is the ranking member of the Senate Committee on Banking, Housing, and Urban Affairs.

[Lawmakers Who Want To Hand 'Get Out Of Jail Free' Card To Banks Made Millions From Financial Sector Last Year](#) | Consumerist

As expected, Republican lawmakers in both the House and Senate have introduced legislation that would overturn new rules intended to make sure that bank and credit card customers aren't stripped of their right to file lawsuits in a court of law. Not surprisingly, many of the politicians pushing this pro-bank bill recently received significant financial support from the financial sector. We mentioned in our original story, before the legislation was introduced, that the two main sponsors — Rep. Jeb Hensarling (TX) and Sen. Mike Crapo (ID) — received a total of \$6 million in campaign contributions from the financial sector in 2016, with \$1.9 million going to Hensarling's campaign and \$4.1 million going to Crapo. But among those supporting the legislation to roll back the new protections on bank

and credit card customers, these two lawmakers aren't even the largest beneficiaries of the financial industry.

[Why Financial Firms Want to Keep You Out of Court](#) | Bloomberg

When consumers sign up for a new credit card or checking account, often buried in the fine print of the contract is an arbitration clause. Invented by corporate lawyers, it typically requires consumers to resolve disputes privately through arbitration, not the courts, and bars them from joining together in so-called class-action lawsuits when they feel they've been wronged. Over the last decade, these clauses have seeped into millions of financial contracts, according to the Consumer Financial Protection Bureau. The bureau found the clauses were harmful to consumers and on July 10 issued a regulation restricting their use. It's not clear how long the rule -- reviled by banks and other financial companies, yet loved by consumer advocates -- will stick under President Donald Trump and a Republican-controlled Congress, who hold the consumer bureau in low esteem.

[Regulators to defer action against some foreign funds under Volcker](#) | PoliticoPro

[The GOP's Foolish Decision](#) | US News (Dean Clancy)

The U.S. Chamber of Commerce urged Congress to kill not only this regulation, but every CFPB rule, on grounds the agency is unconstitutional and therefore all of its actions are invalid. The GOP would be terribly foolish to go down this road, for three reasons. Forced arbitration is: 1) unconscionable, 2) unconstitutional and 3) a big political loser...

Today, arbitration has devolved into a private star-chamber that's stacked in favor of the accused corporation -- which, unsurprisingly, usually wins.

See statements by [Americans for Financial Reform](#), [Consumer Action](#), [Consumer Federation of America](#), [Fair Arbitration Now](#), [Leadership Conference on Civil and Human Rights](#), [NACA](#), [National Consumer Law Center](#), and [People's Action](#)

[OCC's Noreika Seeks Delay of CFPB Arbitration Rule](#) | American Banker

Acting Comptroller of the Currency Keith Noreika has asked the Consumer Financial Protection Bureau to delay publishing its final arbitration rule in the Federal Register, citing concerns about how it will impact the safety and soundness of banks. Noreika, who was appointed just over two months ago, previously raised concerns to CFPB Director Richard Cordray in a letter a week ago, but is now seeking data and the methods used to develop the consumer agency's rule so that the OCC can conduct its own review. The rule is slated to go into effect roughly eight months after its publication.

"I further request that you delay publication of the final rule in the Federal Register until my staff has had a full and fair opportunity to analyze the CFPB data so that I am able to fulfill my safety and soundness obligations," Noreika wrote. "As the prudential regulator for the federal banking system, the OCC should be granted the opportunity to conduct an independent review of the CFPB data to determine the safety and soundness implications of the final rule. I will make every effort to expedite that review."

[Noreika Defended Wells in Arbitration Suit, Drawing Consumer Groups' Protests](#) | Politico Pro

Acting Comptroller of the Currency Keith Noreika defended Wells Fargo in a class-action lawsuit that consumer groups are using in a campaign to defend the CFPB's rule on arbitration. Consumer groups are using that ongoing lawsuit as Exhibit A in their campaign to defend the CFPB rule.

"Noreika's attempts to tear down a rule that restores consumers' rights to a day in court serves the interests of his former clients," said Lisa Donner, executive director of **Americans for Financial Reform**. "That may be good for law-breaking banks like Wells Fargo, but it is not good for ordinary Americans."

[CFPB Asked to Delay Arbitration Rules](#) | Credit Union Times

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[CFPB's Cordray Says OCC Has No Right to Challenge Arbitration Rules](#) | Credit Union Times

CFPB Director Richard Cordray fired back at Comptroller of the Currency Keith Noreika Friday, saying that the OCC cannot challenge the agency's arbitration rules through a little-used process.

Cordray said that the OCC did not meet the statutory requirements needed to challenge the CFPB's rules through the Financial Stability Oversight Council. In a letter to Noreika, Cordray said to meet the FSOC requirements, the OCC had to object to the rules earlier in the rulemaking process, which has taken two years.

"At no time during this process did anyone from the OCC express any suggestion that the rule that was under development could threaten the safety and soundness of the banking system," Cordray wrote. "Nor did you express any such concerns to me when we have met or spoken."

[Divide between financial regulators appointed by Trump, Obama](#) | Reuters

To overturn a CFPB rule, two-thirds of the FSOC must agree that it puts the whole banking system at risk.

"It's an extraordinarily high standard," said Brian Marshall, policy counsel for **Americans for Financial Reform**, a Washington-based advocacy group. "It's ludicrous that the arbitration rule would meet that standard."

[CFPB Arbitration Rule to Be Published as Cordray Denounces OCC Threats](#) | Credit Union Times

[OCC Chief Sparks Concern by Signaling Openness to Redefining What a Bank Is](#) | Politico Pro
Acting Comptroller of the Currency Keith Noreika suggested that he would be open to re-examining the division between commercial and banking activities, sparking concern among regulators and smaller lenders. "Ours is the only country that's this strict [on] separation of banking and commerce," Noreika said. "It's historic, I understand it, but also having gone to business school and having concentrated on finance I know it's not the best thing to put all your eggs in one basket." The concern

focuses on the prospect that technology companies, like Google or PayPal, that provide some financial services may acquire a special-purpose national bank charter, which Noreika's agency is offering fintech firms.

[Noreika Challenges Critics, Champions Fintech Charter](#) | Politico Pro

[Wells Fargo Is Trying to Bury Another Massive Scandal](#) | Vice

It turns out Wells Fargo has a long history of using arbitration to evade legal scrutiny. The case centers on something called debit card reordering. Let's say you have \$100 in your bank account, and you make three purchases, costing \$20, \$30, and \$110. Under Wells Fargo account guidelines, the bank can charge you a \$35 overdraft fee for taking out more than you have in your account. But by reordering the transactions from highest to lowest, putting the \$110 charge first, the bank could charge three separate overdraft fees, one for each attempt to draw insufficient funds. Simply by altering the transaction order, Wells Fargo could make an additional \$70.

Reordering has been ruled deceitful in federal court. A national class-action suit was supposed to compensate Wells Fargo customers in 49 states, but a 2011 US Supreme Court ruling offered the bank a reprieve. "Before that, it was assumed that consumers had a right to join a class action," said Amanda Werner, campaign manager with the consumer groups **Americans for Financial Reform** and Public Citizen.

If the bank does prevail in moving the case to arbitration, people who got screwed and charged extra fees would have to pursue overdraft complaints by themselves. They would be at a major disadvantage. As federal judge Richard Posner of the Seventh Circuit Court of Appeals once wrote in a ruling, "The realistic alternative to a class action is not 17 million individual suits, but zero individual suits, as only a lunatic or a fanatic sues for \$30."

[New U.S. Subprime Book, Same Old Sin: Auto Defaults Are Soaring](#) | Bloomberg Markets

It's classic subprime: hasty loans, rapid defaults, and, at times, outright fraud. Only this isn't the U.S. housing market circa 2007. It's the U.S. auto industry circa 2017. A decade after the mortgage debacle, the financial industry has embraced another type of subprime debt: auto loans. And, like last time, the risks are spreading as they're bundled into securities for investors worldwide.

Subprime car loans have been around for ages, and no one is suggesting they'll unleash the next crisis. But since the Great Recession, business has exploded. In 2009, \$2.5 billion of new subprime auto bonds were sold. In 2016, \$26 billion were, topping average pre-crisis levels, according to Wells Fargo & Co.

[Santander's call-center workers bring union push to Washington](#) | American Banker

Call-center workers at Santander Consumer USA, concerned about what they deem aggressive collections tactics, are looking to unionize with the help of some big names on Capitol Hill.

The group of employees, who are working with the Communications Workers of America, met with Democrats in both chambers of Congress this week to raise their concerns that the company encourages them to extend and modify financially stretched consumers' loans without explaining fully costs or risks — allegations the company says "misrepresent our work environment." The claims are laid out in a 25-page report authored by the AFL-CIO and the pro-labor non-profit National Employment Law Project that will be released publicly as soon as Friday.

[CFPB Suffers Setback in RESPA Loss](#) | American Banker

CFPB/DODD-FRANK ANNIVERSARY COVERAGE

[Elizabeth Warren defends Consumer Financial Protection Bureau as agency marks 6 years in operation](#) | MassLive

U.S. Sen. Elizabeth Warren, D-Massachusetts, celebrated the Consumer Financial Protection Bureau's sixth birthday Friday by touting the its accomplishments and defending the agency against what she cast as opponents' efforts to weaken it. The Massachusetts Democrat, who helped create the CFPB to protect consumers from unfair, deceptive and abuse practices, issued a video lauding the anniversary of what she called "the little agency that could." Warren, for example, pointed to a recent rule the agency crafted that she said will allow Americans who are "cheated" by their banks on fees to join together and "get some accountability from the bank." Despite the rule, she argued that banks want to continue with arbitration clauses. Some Republicans in Congress are "right there to help them," the senator added, noting that GOP lawmakers have introduced legislation to roll back the CFPB protection. "Now, we're going to be in that fight all the way, but that is the reminder: We've got an agency that's working hard, working hard for people who get cheated and saying 'That's not right,'" she said. "This agency proves to us what it is that government can do for the people." It further shows how the CFPB "needs the people on its side to make sure it can keep doing its job," the senator contended.

See [short video](#) from Senator Warren.

[It's Dodd-Frank's Seventh Birthday – Will It Be Around to Celebrate Its Eighth?](#) | HuffPost (Eileen Appelbaum)

As memories of the great recession and financial crisis fade, the landmark financial reform law passed seven years ago today, in the aftermath of that economic disaster, is on the chopping block. A Republican Congress and the Republican President are intent on rolling back the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act that have increased transparency and limited risk in our financial system. The Financial Choice Act, first introduced in Congress in 2016 by Texas Representative Jeb Hensarling, is poised for a comeback.

[It makes no sense to eliminate successful CFPB, weaken wall street reforms US PIRG](#) | US PIRG (Ed Mierzwinski)

[The CFPB Turns Six \(and Ten\)](#) | Medium.com (Jim Lardner)

[How the CFPB Stops the Growth of the Racial Wealth Gap](#) | Demos (Amy Traub)

[Six Years of Putting Consumers First](#) | NCLC

EXECUTIVE COMPENSATION

[U.S. Attempt to Limit Wall Street Bonuses Fizzles Out Quietly](#) | NY Times

The regulatory agenda released by the Trump administration on Thursday contained a signal that the U.S. government has halted its work on restricting Wall Street executives' bonuses and other pay

incentives. The 2010 Dodd-Frank Wall Street reform law called for federal banking and securities regulators to create limits on incentive-based compensation at big financial companies and prevent executives from receiving outsized rewards for overly risky gambles.

Last year those regulators, many appointed by former President Barack Obama, a Democrat, rolled out a 500-page rule over many weeks that would require senior executives to return bonuses earned by making decisions that materially hurt their banks. But in the biannual White House agenda on regulation, the rule was listed under the heading "long-term action," instead of one denoting regulators were making progress toward a final version. In Washington-speak that meant the rule was dead.

INVESTOR PROTECTION AND THE SEC

[Trump's SEC Pick Jibes with Deregulatory Agenda](#) | CFO

President Trump's nomination yesterday of Hester Maria Peirce to fill one of two current vacancies on the Securities and Exchange Commission would add a commissioner likely to fit in well with SEC Chairman Jay Clayton's deregulatory agenda. On at least two key issues, Peirce, whose previous nomination to the post by President Obama reportedly foundered because of objections by Sen. Elizabeth Warren and other Senate Democrats, has expressed views that seem to match Clayton's. Like him, she appears to feel that the Department of Labor's Fiduciary Rule may fall under the bailiwick of the SEC and that the commission should make it easier for more companies to raise funds under the Jumpstart our Business Startups Act.

[Advisers Hope Rigorous SEC Exam Program Will Relax Soon](#) | Law 360

[U.S. SEC's Piowar Urges Companies to Pursue Mandatory Arbitration Clauses](#) | Reuters

MORTGAGES AND HOUSING

[Small Lenders Call for Restraint on Fannie and Freddie Reform](#) | Politico Pro

Small lenders called for restraint and limited action on mortgage reform, urging lawmakers to make small fixes to the current system instead of building a wholesale replacement. Testifying before the Senate Banking Committee, the group argued against proposals that would allow new companies to enter the mortgage guarantee business currently dominated by Fannie Mae and Freddie Mac, companies that have been under government conservatorship since the 2008 housing collapse.

"It is a mistake to create new too-big-to-fail institutions," [said](#) William Giambrone, president of the Community Home Lenders Association. "The likely impact of authorizing new charters would be to grow the government, to increase the risk of a taxpayer bailout." A coalition of consumer groups and small lenders, including credit unions, have staked out a position at odds with other industry groups, including the Mortgage Bankers Association. They want the government to allow Fannie and Freddie to rebuild capital and exit government conservatorship with as little fanfare as possible.

[Bank Regulators Propose Raising Appraisal Threshold for Commercial Property](#) | Politico Pro

The FDIC today approved a proposed rule raising the threshold for a required appraisal on commercial real estate loans to \$400,000 from \$250,000. "Increasing the overall percentage of commercial real estate transactions exempt from needing appraisals from 17 to 28 percent will be a meaningful

reduction in regulatory burden, particularly for rural banks who would be expected to originate many of these smaller transactions," FDIC Chairman Martin Gruenberg said at his agency's board meeting.

Acting Comptroller of the Currency Keith Noreika said at the meeting that he had signed his version of the rule this morning. The Federal Reserve will likely announce its approval shortly. The agencies said they were developing the proposal in their report required under the Economic Growth and Regulatory Paperwork Reduction Act, in which they outlined areas where they could reduce regulatory burden.

POLLING

[Poll: Voters Support CFPB, Strict Financial Regulation](#) | **Credit Union Times**

As Republicans push to overhaul Dodd-Frank, a new poll shows that voters favor strict regulation of financial institutions and the goals of the controversial CFPB. The poll was sponsored by **Americans for Financial Reform** and the Center for Responsible Lending—two pro-regulation groups. However, it was conducted by bipartisan polling companies, Republican Chesapeake Beach Consulting and Democratic Lake Research Partners.

[Consumers Support Strong Regulation of Wall Street, Poll Finds](#) | **Consumer Affairs**

Consumers strongly support regulation of Wall Street and the work of the Consumer Financial Protection Bureau (CFPB), according to a poll released today by **Americans for Financial Reform** and the Center for Responsible Lending.

"The American public, across lines of party, want Congress and the administration to protect the progress made in Dodd-Frank, and do more -- not less -- so the financial system works to the benefit of ordinary Americans," said Lisa Donner, executive director of **Americans for Financial Reform** (AFR). "But with Wall Street and predatory lenders pumping literally billions into lobbying and campaign contributions, we are facing constant attempts to roll back the changes achieved so far."

The poll found that more than 70 percent of likely voters believe that Wall Street holds too much influence in Washington under the Trump administration.

See [poll memo](#) and [toplines](#).

[Public Support for the CFPB and its Arbitration Rule — Is The Evidence Clear?](#) | **National Law Review**

REGULATION IN GENERAL

[White House Deregulation Push Clears Out Hundreds of Proposed Rules](#) | **NY Times**

The White House said Thursday it had withdrawn or removed from active consideration more than 800 proposed regulations that were never finalized during the Obama administration as it works to shrink the federal government's regulatory footprint. In a report, the Trump administration said it had withdrawn 469 planned actions that had been part of the Obama administration's regulatory agenda published last fall. Officials also reconsidered 391 active regulatory proceedings by reclassifying them as long-term or inactive "allowing for further careful review," the White House said.

The steps to eliminate regulations makes good on a much-repeated Trump campaign promise to promote business-friendly policies. Investors have anticipated the action, helping to push share prices higher on hopes that fewer regulations will boost business growth and lead to higher corporate profits.

[The Dangers of Formulaic Deregulation](#) | [The Regulatory Review](#) (Rick Melberth, Gary D. Bass and Celinda Lake)

The recent series in *The Regulatory Review* debating the constitutionality of President Donald Trump's "one-in-two-out" executive order raises important issues, but it misses the broader dangers presented by deregulation and the further ossification of the rulemaking process created by the order. The constitutionality of the executive order needs to be resolved in light of "the dangers of reflexive rejection of regulation," a policy approach promoted by the Trump Administration and by conservatives since President Ronald Reagan. Sadly, the disastrous Grenfell Tower fire in London, and the history of fire safety efforts more generally, illustrates the failure—and harm to the public—of formulaic prescriptions such as the one-in-two-out rulemaking approach. In the United States, the debate should be about the dangers of deregulation, with its toolkit of cutbacks, out-sourcing of government functions to third parties, and a cost-saving ethic that the London fire exemplifies.

RETIREMENT INVESTMENT AND DOL FIDUCIARY RULE

[Financial Advisors Want to Rip Off Small Investors. Trump Wants to Help Them Do It](#) | [The Intercept](#) (Susan Antilla)

One of the most important investor protections in decades took effect on June 9. The new rule, issued by the Department of Labor, sets in motion a seemingly commonsense requirement that those who advise on retirement investments must put their clients' interests ahead of their own. Yet it marks a revolution in retirement security, the result of an epic seven-year battle between consumer advocates and the financial industry that sunk millions of dollars into white shoe lobbying firms, industry-sponsored studies, congressional campaign contributions, and major lawsuits in an effort to block the rule.

Lisa Donner, executive director at the consumer advocacy group **Americans for Financial Reform**, worries that the DOL rule, just weeks after taking effect, is already "in danger of being undone." On June 29, the undoing began, with a request for comment from the DOL asking whether the remaining aspects of the rule, which as of January 2018 would require legally enforceable contracts between clients and any brokers who receive commissions, should be further delayed.

[House Panel Passes Bill to Replace DOL Fiduciary Rule with One Requiring Disclosure of Conflicts](#) | [Investment News](#)

In a party line vote, the House Education and the Workforce Committee approved legislation on Wednesday that would kill the Labor Department fiduciary rule and replace it with an advice standard based on disclosure. It wasn't the only effort in the House on Wednesday to take the DOL rule off the books. Later in the day, the House Appropriations Committee was expected to approve a DOL spending bill that would prevent the agency from funding the enforcement of the fiduciary rule.

[Investors Seek Fiduciary Standard in Working with Advisors](#) | [BenefitsPro](#)

Regardless of the eventual fate of the Department of Labor's fiduciary rule, studies indicate that a fiduciary standard is consistently rated among the top three most important factors that draw an

investor to work with an advisor. Some investors say they would stop working with their financial advisor if they learned he or she is not legally required to serve clients' best interests.

[Democrats to Acosta: Don't delay the fiduciary rule](#) | PoliticoPro

[Impact of DOL Fiduciary Rule on Broker-Dealers: Recommending Annuities to IRA Investors](#) | National Law Review

[House Education and the Workforce to Hold Fiduciary Markup](#) | Politico Pro

[Wealth Advisors Set Up Shop with a Shared Back Office](#) | The Intercept

STUDENT LOANS AND FOR-PROFIT SCHOOLS

[As Paperwork Goes Missing, Private Student Loan Debt May Be Wiped Away](#) | NY Times

Tens of thousands of people who took out private loans to pay for college but have not been able to keep up payments may get their debts wiped away because critical paperwork is missing. The troubled loans, which total at least \$5 billion, are at the center of a protracted legal dispute between the student borrowers and a group of creditors who have aggressively pursued them in court after they fell behind on payments.

Judges have already dismissed dozens of lawsuits against former students, essentially wiping out their debt, because documents proving who owns the loans are missing. A review of court records by The New York Times shows that many other collection cases are deeply flawed, with incomplete ownership records and mass-produced documentation.

[Trump Administration Is Putting Profits over Students](#) | The Hill (John King and Arne Duncan)

Far too often, students across the country unwittingly enroll in postsecondary programs that prey on their dreams of success, leaving them with unaffordable debt and minimal job prospects — and that's if they are among the few students who finish these programs at all. That's why when we led the U.S. Department of Education, we worked to create two critical federal consumer protection regulations — the gainful employment and borrower defense rules — that are now on the Trump administration's chopping block.

There are hundreds of programs across the country where students were borrowing thousands of dollars to go into jobs with poverty-level wages. The borrower defense rule provides students who are cheated by their higher education institutions with debt relief and recovers funds from schools that engage in risky behavior so taxpayers alone aren't left paying the bill. Now, the Trump administration plans to roll back and rewrite both the gainful employment and borrower defense rules. Students and taxpayers will suffer if the administration succeeds in doing so.

[Accreditor Rejects Sale of 2 Art Institutes](#) | Inside Higher Ed

[If Trump Pulls Back, Can States Do More to Regulate For-Profit Colleges?](#) | The Council of Higher Education

[Trump's Love of for-profit Schools Will Break the Hearts of Vets](#) | The Hill (Matthew Boulay)

President Trump continually promises to “put veterans first,” but his administration’s early moves indicate he is willing to keep that pledge as long as it doesn’t cut into the profits of for-profit colleges. The president’s Education Department is working to roll back policies — implemented with bipartisan support — that protect student veterans from bad actors in the for-profit college industry. Opposition to the administration’s goals is beginning to coalesce. This month, a broad coalition of veterans and advocates will swarm public hearings in Washington, D.C., and Dallas to testify against the rollbacks, while a group of 19 state attorneys general announced a lawsuit against the Department of Education Secretary Betsy DeVos for activity that Massachusetts Attorney General Maura Healey called “unsustainable, unfair and illegal.”

[Big Student Debt with No Job? Trump Blocks California's Fight on Predatory Colleges](#) | The Sacramento Bee

SYSTEMIC RISK

[OCC to Take First Step toward Rolling Back Volcker Rule](#) | American Banker

The Office of the Comptroller of the Currency is planning to ask for public feedback on a proposal to roll back the Volcker Rule, which prohibits banks from proprietary trading and other speculative activities, the agency's director said Wednesday.

“We are going to, whether with others or by ourselves, push forward and seek public input on what can be done” to roll back the rule, the acting comptroller of the currency, Keith Noreika, said after a speech at the Exchequer Club luncheon addressing his agency’s fintech proposal.

“TAKE ON WALL STREET” CAMPAIGN

[Progressives Revive Attacks on Wall Street in Health Care's Wake](#) | Washington Post

The groups — including major labor unions, lefty activists, faith-based organizations and consumer advocates, organized under the banner of “**Take on Wall Street**” — aim to crank up grassroots heat on elected Democrats. They want party leaders, though deep in the minority, to revive some of the get-tough measures they campaigned on last year, when they expected to win at least the White House.

A Washington Post-ABC poll released over the weekend shows just 37 percent of voters believe Democrats “stand for something,” while 52 percent say the party “just stands against Trump.” Coalition officials think an anti-Wall Street agenda could help solve that problem. A poll released Tuesday found broad bipartisan support for stricter industry regulation. The survey, commissioned by **Americans for Financial Reform** and the Center for Responsible Lending, shows 78 percent of respondents in favor of “tougher rules and enforcement” on the sector, versus 11 percent who say practices have changed enough that no more restrictions are needed.

TAX POLICY

[Don't Fall for Mick Mulvaney's MAGAnomics Nonsense](#) | Fortune (Andy Green)

All in all, the Trump tax plan would wastefully increase deficits by at least \$3.5 billion over ten years—with half of all tax cuts going to the top 1%—while actually raising taxes on nearly half of all

families with children, according to the nonpartisan Tax Policy Center's (TPC) analysis. Nor does this even deliver growth. The Congressional Budget Office (CBO) analysis of Trump's budget finds a meager 1.9% growth—well short of the promised 3% and underperforming the economy under Obama. Sadly, these wasteful tax giveaways would threaten middle class priorities, including the investments in education, infrastructure, and other areas that we need to grow the economy.

See "Take on Wall Street" statement, [Make Wall Street Pay Its Fair Share in Taxes, Raise \\$1 Trillion in Federal Revenue](#).

OTHER TOPICS

[SoFi's Bank Bid Faces Uphill Battle as Opponents Unite](#) | American Banker

Social Finance's quest to add a banking subsidiary has hit a wall of opposition from progressive groups and community banks.

In June, SoFi applied for a specialty banking charter, which would allow the online lending company to offer federally insured deposits to its borrowers. Those customers are often high-earning young adults who turned to SoFi to refinance their student loans at lower interest rates.

See [AFR letter to regulators](#).