

This Week in Wall Street Reform | Mar. 12–Mar. 18, 2016

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CONSUMER FINANCE & THE CFPB

[Financial Industry Allies “Preempt” CFPB Payday Lending Fight](#)

Sam Knight, The District Sentinel, 3/16/16

Right-wing members of the House Financial Services Committee accused the Consumer Financial Protection Bureau of trying to “preempt” state law, in its impending regulatory initiative focusing on short-term loans.

Bureau Director Richard Cordray told the committee on Wednesday that a rule will be coming in the Spring, but that it wouldn’t be based on preemption. He said it will be focused on setting minimum standards that “seek to eliminate predatory practices that embroil many consumers in a debt trap.”

[Does a 204 percent interest rate help in a pinch?](#)

Mary Jo Pinzi, Arizona Daily Republic, 3//17/16

Ever since Arizona voters outlawed high-interest payday loans in 2008, the lending industry has been looking for ways around that ban. This year, the debate is playing out in the form of “flex loans,” short-term loans that would have a maximum 24-month term and a \$2,500 cap. In addition, borrowers would be limited to one loan at a time, with their practices tracked by a database to ensure they don’t pile up debt.

But it’s the interest rate that’s animated the debate: Although an unsecured loan is advertised with a 17 percent monthly rate, it works out to 204 percent on an annualized basis.

[Life without a financial safety net](#)

Kimberly Adams, NPR, 3/17/16

[This] is the story of Earnest Pettie, a 38-year-old African-American man who lives in Los Angeles. He describes what it’s like to live with no economic safety net.

“I finally just gave in and did the thing that I had always sworn that I wouldn’t do — which is use a payday loan service — and I used one that I found through the Internet. I knew that there were lots of options available in my neighborhood, but for some reason, using a payday loan service through the internet just felt so thoroughly modern.

“... [I]t feels like being on a treadmill behind which there is a bed of spikes. You know that you can’t slow down because if you do, you’re just going to bite the dust and so you just keep running as hard as you can and there is no relaxing when you’re in that cycle.”

[The Death Trap of Debt-Trap Lending](#)

Gynnie Robnett and Gabriel Hopkins, US News, 3/18/16

Some aspects of the case were particular to Tucker's companies. It is certainly not every payday lender who uses the money made by fleecing people to finance a sportscar racing career. But in much of what Tucker is alleged to have done, he was drawing on the basic payday industry playbook of loanshark-style fees and rates, bait-and-switch marketing, automatic bank withdrawals and convoluted schemes to avoid state laws.

[Students Learn Perils of Payday Lending](#)

Ke'Sha Lopez, KWTX TV, Waco Texas, 3/16/16

Baylor students took selfies Wednesday while standing over an image that served as a metaphor for the abyss of debt in which some people find themselves after taking out payday loans.

According to a study from the Institute for College Access and Success on average Texas students are already more than \$26,000 in the hole when they graduate, and with the prospect of entry level wages and the rising cost of living, making ends meet could prove challenging. A joint study from George Washington University and the Pew Charitable Trusts found that about 28 percent of millennials turn to payday loans, short-term financing, and pawnshops.

[Religious Groups Call On DNC Chair to Denounce Pro-Payday Loan Bill](#)

Ashlee Kieler, The Consumerist, 3/17/16

Faith-based community organizations are among the loudest voices in the [battle against predatory lending practices](#) like payday loans. And while most of their efforts are on education and local reforms, a coalition of these groups is thinking nationally, calling on Congress, including the chair of the Democratic National Party, to [rethink their support a pro-payday loan piece of legislation](#).

The mix of religious groups and consumer advocates are asking DNC chairwoman, Rep. Debbie Wasserman-Schultz (FL), to publicly renounce a controversial piece of legislation — introduced by [bank-backed Florida Congressman Dennis Ross](#) — that would undermine the Consumer Financial Protection Bureau's ability to regulate predatory lending.

The misleadingly named [Consumer Protection and Choice Act](#) was introduced last fall in response to the news that the CFPB would be [drafting rules](#) intended to curb the more predatory aspects of payday lending.

[Cordray Receives Semiannual Upbraiding from Republicans](#)

Kate Berry, American Banker (paywalled), 3/16/16

In what has become almost a grim ritual, Consumer Financial Protection Bureau director Richard Cordray faced a barrage of hostile questioning from Republican members of the House Financial Services Committee, who hammered him over everything from payday lending to regulatory relief for small banks.

Appearing before the panel on Wednesday for the CFPB's semiannual report to Congress, Cordray also sparred with lawmakers over a controversial \$80 million auto discrimination [settlement](#) with Ally Financial and the agency's proposed restrictions on arbitration clauses.

Payday lending was arguably the hottest topic during the more than three hour hearing because the CFPB is expected to issue a proposal this spring to restrict short-term, small-dollar loans. Cordray tried to allay concerns that consumers would be denied access to credit as a result.

[Cordray Discusses Credit Union Exemption](#)

J. Daniel Young, Credit Union Times, 3/16/16

[Consumer Bureau's Cordray Jousts With Republicans Over Ally Deal](#)

Elizabeth Dexheimer, BloombergBusiness, 3/16/16

See [statement by Rep. Maxine Waters](#)

[Whose CFPB Is It, Anyway? Cordray-Hensarling Square-Off on Capitol Hill](#)

Phil Hall, National Mortgage Professional, 3/16/16

[Cancer Patient Can't Afford Arbitration Fee to Dispute Payday Loan](#)

Michael Fuller, LinkedIn, 3/15/16

Last September, payday lender Rapid Cash [threatened to harm](#) a Portland woman's credit unless she paid a \$40,000 debt she didn't owe. The woman promptly disputed the debt by filing a [free motion](#) at her local courthouse.

Last week, to the woman's surprise, a Portland judge refused to decide her motion. Instead, the judge [transferred](#) the debt dispute to arbitration.

[Company that pushed leads for payday loans to pay NY regulators \\$1 mln](#)

Reuters/CNBC, 3/17/16

[The Impact of Scalia's Death on Forced Arbitration and Consumer Class Actions](#)

J. Austin Moore, Missouri Lawyers Weekly, 3/14/16

Beginning in 2010, however, Justice Scalia authored a series of controversial opinions, each on behalf of the same 5-4 majority, effectively using arbitration as means to eliminate most consumer class actions. The most significant was Scalia's majority opinion in the 2011 case AT&T Mobility v. Concepcion, which held that courts must enforce arbitration agreements even when they contain language prohibiting individuals from participating in class actions (known as "class action waivers"). In 2013, Scalia wrote for the majority in American Express Co. v. Italian Colors Restaurant, which went a step further and held that arbitration agreements must be enforced even if the cost of pursuing an individual arbitration outweighs the individual's maximum possible recovery.

[Consumer Financial Protection Bureau lacks oversight](#)

Rep. Martin Stutzman (R-Ohio), Evansville Courier&Press, 3/16/16

One of the main culprits behind the economy's weakness has been the slow creep of overregulation into every aspect of industry and daily life. Good government can help keep consumers safe from fraud and other scams, but when it comes to financial services, Consumer Financial Protection Bureau (CFPB) overregulation hurts the market, and thereby consumers, horribly...

The CFPB has been a burden on hardworking Hoosier families since it was first established under Dodd-Frank. We need to limit financial overregulation and allow lenders to help our communities grow. I have personally authored multiple bills, like H.R. 4684 (Bureau Guidance Transparency Act) and H.R. 5403 (Reforming CFPB Indirect Auto Financing Guidance Act), co-sponsored and voted for other bills, and signed on to Congressional letters calling for transparency and basic oversight at the CFPB.

DERIVATIVES, COMMODITIES & THE CFTC

[In win for Warren, CFTC Republican withdraws controversial report](#)

Patrick Temple-West, Politico, 3/11

A report released by a CFTC advisory panel that drew scrutiny from [Sen. Elizabeth Warren](#) has been withdrawn, the agency's Republican commissioner said today. "The report was never intended to be a distraction from the substantive policy work of the Committee and the volunteer members who give their time and expertise," Commissioner Christopher Giancarlo said today in a statement.

Last month, the CFTC's energy and environment market advisory committee recommended the agency stop considering "position limits" rules to curb speculative bets on energy commodities. Those conclusions were applauded by business groups and Republicans in Congress. But one of the panel's members representing a liberal-leaning watchdog group blasted the report, saying its authors had conflicts of interest with the companies that position limits rules would affect. Democrats in Congress quickly expressed their concerns about the report.

[CFTC Commissioner Withdraws Controversial Report on Position Limits](#)

Gabriel Rubin, Wall St. Journal, 3/11/16

J. Christopher Giancarlo, the sole Republican on the CFTC, pulled the report on Friday, saying he hadn't intended for the recommendations to "become a distraction from the substantive work" of the Energy and Environmental Markets Advisory Committee. The advisory group, largely industry executives, wrote the report at the request of Mr. Giancarlo, who sponsors the committee.

The report, released late last month, [drew sharp criticism](#) from consumer advocates, congressional Democrats and CFTC Chairman Timothy Massad, who likened the recommendations to "saying you're against speed limits because they may make you late for work."

DODD-FRANK (AND CONTINUED ATTACKS)

[War of Words Over Dodd-Frank Heats Up](#)

Brian Honea, DSNews, 3/17/16

Republicans have always been critical of the controversial Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, but lately they have turned up the heat with their criticism as the Obama Administration winds down.

On Tuesday, March 15, in an address at the American Bankers Association Conference, Rep. Jeb Hensarling, (R-Texas), Chairman of the House Financial Services Committee, called Dodd-Frank the “Obama Financial Control Law” and asserted that it “stands as a monument to the arrogance and hubris of man in that its answer to incomprehensible complexity and government control is yet more incomprehensible complexity and more government control.”

On Wednesday, March 16, Rep. Blaine Luetkemeyer (R-Missouri), a senior member of the House Financial Services Committee, told the group of bankers that they need to “find a way to neuter” Sen. Elizabeth Warren (D-Massachusetts), according to multiple media sources.

Warren has been one of Dodd-Frank’s staunchest defenders and was the architect of the equally controversial Consumer Financial Protection Bureau (CFPB) which was created out of the Dodd-Frank legislation. On Wednesday, Luetkemeyer compared Warren to an iconic movie villain in his address, calling her “the Darth Vader of the financial world.”

[Warren: I’m Leia, not Vader](#)

Zachary Warmbrodt, Politico, 3/17/16

"Elizabeth Warren says she sees herself more as Princess Leia than as Darth Vader. The liberal Massachusetts senator made the distinction clear in a fundraising email this afternoon blasting Rep. Blaine Luetkemeyer - the Missouri Republican who on Wednesday not only compared her to the evil Sith Lord in the Star Wars series but also encouraged a room full of bankers visiting Washington to 'find a way to neuter' her. ... In a fundraising email titled, 'I won't be neutered,' Warren said, 'The Force is not strong' with Luetkemeyer, who went after her at an American Bankers Association conference Wednesday.

"Warren said she identifies more with Leia, 'a senator and Resistance general who, unlike the guys, is never even remotely tempted by the dark side.' 'Why would he go out of his way to say something so sexist and offensive?' Warren said. 'Is he hostile to all women? Clueless? Afraid? And then I had a second thought: This is all about money.'"

[Sen. Warren Responds to Darth Vader Comparison](#)

Chris Hayes, MSNBC, 3/16/16

[Sen. Shelby Renews Push for Regulatory Relief Bill](#)

Donna Borak, The Wall Street Journal, 3/16/16

Mr. Shelby’s push comes a day after House Financial Services Committee Chairman Jeb Hensarling (R., Texas) previewed a [House GOP plan to revamp Dodd-Frank](#), a proposal that would ease regulations for community banks and mandate a cost analysis of proposed policy changes.

The legislation outlined by the two committee chairmen likely won’t clear Congress soon but will frame the GOP agenda this election year and could steer the debate if Republicans win the White House and keep control of Congress in November.

[The Danger from Appropriations Riders](#)

Lisa Gilbert, Huffington Post, 3/17/16

This spring, the greatest threat to the American people on the legislative calendar likely will come from appropriations - the process for funding our government - and the danger may be greater than it has been in previous years. To understand why, it helps to know a little about how the appropriations process works.

[FinTech Legislative Package Coming, Passage Unlikely but Headlines Ahead](#)

Isaac Boltansky, Compass Point, 3/18/16

House Republicans are preparing to launch a new legislative package known as an “Innovation Initiative” which is expected to include a series of financial technology (FinTech) provisions. Majority Leader McCarthy (R-CA) announced the push earlier this month but his [commentary](#) focused primarily on reducing regulatory barriers for small businesses. Notably, just yesterday Rep. Patrick McHenry (R-NC) told Politico that “a third to a half” of the forthcoming “Innovation Initiative” will include FinTech provisions.

Package Details. While the package is still taking form, we expect it to include: (1) measures aimed at fostering broader usage of alternative underwriting data which is a key issue for companies including Fair Isaac (FICO-NC) and marketplace lenders; (2) measures aimed at easing restrictions on crowdfunding and angel investing; (3) measures aimed at curtailing the CFPB’s use of disparate impact in enforcement which is a key battle for auto lenders; and (4) the introduction of a national regulatory law which would conceivably be positive for online/marketplace lenders who have struggled with state-level laws but we are skeptical regarding the political and operational feasibility of this effort.

[Financial Reform Is Working](#)

Dennis M. Kelleher, Huffington Post, 3/7/16

No question, these are tough times and the economy and financial systems in the world are under some serious pressures. But it is singularly noteworthy that U.S. SIFIs seem to be holding up quite well so far. While no one is saying it, the financial rules implemented under the Dodd-Frank Act are the reason.

THE ELECTION AND WALL STREET

[Hillary’s Wall Street Speeches: The Bootleg Tapes](#)

Les Leopold, Huffington Post, 3/11/16

After eight debates and countless speeches, Secretary Clinton has repeatedly shared her views on Wall Street, trade and job creation. Once we parse through the focus group-tested lines, we can find clues about how she relates to the financial sector and the power it wields over our economy.

The real story will be revealed only if she releases the transcripts from the three speeches she gave to Goldman Sachs for which she was paid \$675,000. Her unwillingness to do so strongly suggests she has something to hide. What did she really say?

[Campaign 2016 and Wall Street Reform](#)

Interview with Marcus Stanley, C-SPAN, 3/14/16

Marcus Stanley, policy director of Americans for Financial Reform, analyzes the role of Wall Street reform in the 2016 presidential contest. He also discusses President Obama’s remarks about the regulatory reforms adopted since the 2008 financial crisis.

EXECUTIVE PAY

[Executive Compensation Is Changing, New Rules or No](#)

American Banker (paywalled), 3/10/16

“Marcus Stanley, policy director of the public advocacy group Americans for Financial Reform, said that the shift toward taking a long view with executive compensation is anecdotal at best... ‘From our perspective there hasn’t really been a fundamental change,’ Stanley said. ‘What we would want to see is something that moves closer to the old partnership model, where you stay genuinely at risk for a long period of time and where you’re just as sensitive to the downside... as the short-term upside incentives.’”

[Why Your CEO Makes 300 Times Your Salary – and How That Impacts You](#)

Susannah Snider, US News, 3/16/16

From 1978 to 2014, CEO compensation surged a staggering 997 percent, adjusted for inflation, according to the [Economic Policy Institute](#). Over the same period, typical workers saw compensation grow a modest 10.9 percent. In

1978, CEOs took home about 30 times what the average worker made. In 2014, they earned about 300 times more, according to EPI. ...

Instead of valuing the long-term success of your company, an executive [whose earnings](#) fluctuate based on quarterly and annual metrics may focus on short-term goals, ignoring concerns about a company's long-term health, sustainability or drive toward innovation, says Susan Holmberg, a fellow and the director of research at the Roosevelt Institute, an economic policy think tank in New York City. "It's really unsettling to think about how this system has created this paradigm of short-termism," she says, pointing out that it may also encourage fraud among executives.

[Cost Control to Play Bigger Role Determining Executive Pay](#)

Jackie Stewart, American Banker (paywalled), 3/15/16

About a fifth of regional banks look at their efficiency ratios as they set executive compensation. Ongoing revenue challenges and investor pressure could push more boards to consider efficiency — or simple cost-cutting — to determine pay for high-level officers.

[Regulation Alone Will Not Change Bad Behavior on Wall St.](#)

William D. Cohan, NY Times, 3/16/16

Two things still need to change on Wall Street for there to be meaningful reform. First, the culture of what constitutes success inside a Wall Street firm — who gets promoted and put in charge and for what reasons — needs to change. Second, the compensation system needs a total revamp so that bankers, traders and executives are no longer rewarded for taking big risks with other people's money, putting themselves in a position to win big if their risk-taking pays off but not to be held accountable if things go wrong...

People are rewarded for closing deals, underwriting stocks and bonds, securitizing mortgages, car loans and credit-card receivables, and trading with counterparties. They are rewarded for putting together the people who have capital with the people who want capital. That is a hugely important function, assuming we like capitalism and want it to keep functioning properly.

But too often on Wall Street, the enduring lust by bankers, traders and executives for big annual bonuses results in behavior that benefits them at our expense.

HEDGE FUNDS AND PRIVATE EQUITY FUNDS

[For Hedge Funds, Start of 2016 Offers Little Relief From 2015](#)

Matthew Goldstein and Alexandra Stevenson, NY Times, 3/10/16

For the hedge fund titan Larry Robbins, positions in Monsanto, Cigna, the Laboratory Corporation of America and Teva Pharmaceutical Industries have caused investors a headache. Credit Eduardo Munoz/Reuters

The hedge fund titan Larry Robbins did something out of character last year. He apologized to investors for losing their money and pledged to "right the ship as quickly as possible." Then he solicited more money from them, raising \$1 billion for a new fund and promised to waive the fees.

But he keeps on losing money.

[Shareholder Power and Managerial Incentives](#)

Thomas Keusch, Erasmus University, March 2016

This paper documents that once an activist HF targets a corporation, the CEO's pay level and incentive compensation increase 'abnormally'; and CEOs who participate in the activist campaign benefit more. After HF interventions, CEO turnover is higher and the subsequent CEO's decision rights are diminished

[AFR Backs Hedge Fund Bill](#)

Ben White, Morning Money, 3/18/16

Via Americans for Financial Reform: "Again and again, activist hedge funds have used sneak attacks to accumulate large stakes in public companies and then cashed out quickly at the expense of workers, communities, and the long-term viability of the company itself.

"The Brokaw Act is a sensible and badly needed response to this problem. With the introduction of their bill, Senators Baldwin and Merkley have struck an important blow against the immediate-profits-at-all-costs mentality that has become such a huge obstacle to long-term investment in our country."

[Bill Ackman is having the worst year in his fund's history](#)

Julia LaRoche, Business Insider, 3/16/16

INVESTOR PROTECTION AND THE SEC

[White: SEC should propose its own fiduciary rule](#)

Cogan Schneider, Politico, 3/16/16

Securities and Exchange Commission Chair Mary Jo White said today the Commission should write its own version of a fiduciary rule, but the agency would need more funds to ensure investment advisers' compliance.

White, speaking at a Chamber of Commerce event in Washington, said the SEC should proceed under section 913 of Dodd-Frank, which gives it the authority to make such a rule. But she added that the SEC's "resources are not matching [their] obligations."

MORTGAGES & HOUSING

[CFPB Staff Will Present TRID Rule Webinar](#)

Matthew Smith, CFPB Monitor, 3/17/16

[Mortgage applications drop 3.3% on fewer refinances](#)

Diana Olick, CNBC, 3/16/16

POLITICAL INFLUENCE OF WALL STREET & THE REVOLVING DOOR

[GAO Investigator Says Federal Reserve Review May Involve Other Regulators](#)

Katy Burne, Wall St. Journal, 3/17/16

A top investigator at the U.S. Government Accountability Office charged with probing whether the Federal Reserve's bank supervisors are too heavily influenced by Wall Street firms said the review may involve other regulators. "It's possible we will look at other federal financial regulators," Lawrence Evans, an economist and director in the GAO's financial markets and community investment unit, said in an interview earlier this week. He added he has no concerns about the team's access to staffers and information required to produce the report, which will place special emphasis on reviewing supervisory practices inside the Federal Reserve Bank of New York.

[Regulatory Capture: The Conservative Cure Is Worse Than the Disease](#)

Rena Steinzor, Coalition for Sensible Safeguards, 3/14/16

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

[The White House's common-sense idea to protect retirement savings](#)

Editorial Board, The Washington Post, 3/14/16

AFTER NEARLY seven years of political and bureaucratic warfare, the Obama administration is about to unveil stricter rules governing brokers and others who help people invest their retirement savings. Specifically, the administration wants to impose a legally enforceable duty to act in the "best interest" of clients, similar to the fiduciary duty lawyers and other professionals already owe.

The administration says the "fiduciary rule" is necessary for two reasons: First, in the modern era, Americans' retirement funds reside heavily in individual tax-advantaged accounts such as 401(k)s and IRAs, the former accounting for \$4.2 trillion and the latter \$7.4 trillion in 2013. Yet federal regulations date from 1975, when corporate pensions

predominated. Second, many financial advisers to IRA investors get paid commissions based on sales of certain products that may not be best for their clients, yet those compensation schemes are not always transparent.

[Brokerages Adapt to Pending Labor Rule](#)

Michael Wursthorn, Wall St. Journal, 3/16/16

Ahead of a pending Labor Department rule that would require brokers to put the interests of retirement savers ahead of their own, brokerages are reducing account minimums on some products that charge an annual fee for investment advice and services. The brokerages are trying to avoid losing small-balance, commission-based retirement accounts because of the rule, while also positioning themselves to gather more fee-based revenue.

[Labor chief grilled on overtime, retirement rules](#)

Tim Devaney & Lydia Wheeler, The Hill, 3/16/16

STUDENT LOANS & FOR-PROFIT EDUCATION

[US to Fire Monitor Overseeing Formerly for-Profit Colleges](#)

Jeff Horwitz, Associated Press Washington, 3/14/16

The Education Department is removing a law firm hired to oversee the turnaround of schools owned by Corinthian Colleges Inc., a for-profit education company whose financial collapse had placed at risk more than \$1 billion in federal student loans.

An Associated Press investigation identified conflicts with the ostensibly independent monitor.

The department said it was removing the firm, Hogan Marren Babbo & Rose Ltd. of Chicago, after the AP reviewed with senior agency officials its findings last week after a nine-month investigation examining the Obama administration's response to Corinthian's extraordinary collapse in 2014 amid allegations of mismanagement and fraud. The department had previously said only that it intended to review the firm's performance going forward.

[The government paves the way for students to file class-action lawsuits](#)

Jillian Berman, MarketWatch, 3/14/16

[Potential Progress at Neg Reg](#)

Caitlin Emma, Politico Morning Education, 3/18/16

Federal negotiators settled Thursday on draft language to stop colleges from using mandatory arbitration, but the committee has a long way to go before reaching consensus on the borrower defense rulemaking package — and only about eight hours left to do it. If there's no universal agreement today on every single issue, nothing will be binding, and Education Department officials will have the final regulatory say.

[Getting Ready for Another Corinthian](#)

Michael Stratford, Inside Higher Ed, 3/18/16

Taxpayers will largely be stuck with the bill from millions of dollars' worth of forgiven loans relating to the collapse of Corinthian Colleges, because the company is [bankrupt](#). But moving forward, department officials say they want to expand their ability to guard federal money before a college goes under -- in part so the feds can recoup from colleges the loans they cancel when institutions close or large numbers of borrowers prove they were defrauded.

[In New Rule on Student-Loan Forgiveness, 2 Lawmakers Demand Fewer 'Hoops](#)

Kelly Field, Chronicle of Higher Education, 3/17/16

The lawmakers — Sen. Elizabeth Warren of Massachusetts and Rep. Maxine Waters of California, both Democrats — said the department's latest draft of a "borrower defense" rule, which a panel of negotiators is revising this week, would set up too many hurdles to loan forgiveness.

Students should not be required to file individual appeals for relief, Ms. Warren and Ms. Waters argued, but should be able to apply as a group with the backing of a state attorney general or borrower advocate. (The latest version of the rule would allow consolidation of claims by the department, but not by students or their representatives.)

[Taking on Mandatory Arbitration](#)

Michael Stratford, Inside Higher Ed, 3/17/16

[Department of Ed Wants Arbitration Clauses Dropped from School Enrollment Contracts](#)

John Sandman, The Street, 3/17/16

[VA suspends for-profit DeVry from 'excellence' program](#)

Robert Channick, Chicago Tribune, 3/15/16

[Top Democratic Lawyer Pushed Pentagon To End U. of Phoenix Suspension](#)

David Halperin, Huffington Post, 3/17/16

SYSTEMIC RISK

[Proposal at JPMorgan and Citigroup Raises Prospect of Split-Up](#)

Nathaniel Popper and Michael Corkery, The New York Times, 3/16/16

An advocate for stricter Wall Street regulations is asking shareholders of JPMorgan Chase and Citigroup to vote to consider breaking up the banks. The proposal, by Bartlett Naylor, the financial policy advocate at the activist organization Public Citizen, is expected to appear in the annual proxy filings of both banks and will then be put up for a vote among all investors who own shares in the banks.

Similar proposals from Mr. Naylor have been either shot down or defeated by the banks in the past. Last year, only 4 percent of Bank of America's shareholders voted for a similar proposal from Mr. Naylor. But public debate about breaking up the banks has, if anything, heightened over the last year as Senator Bernie Sanders has put the issue at the center of his bid for the Democratic presidential nomination. More surprisingly, last month Neel Kashkari, a former Goldman Sachs executive and the new president of the Federal Reserve Bank of Minneapolis, said that more still needed to be done to shrink the largest banks.

Mr. Naylor's proposal suggests that a committee be created to study whether breaking JPMorgan and Citigroup into smaller pieces would be a good thing for the bank's investors.

OTHER TOPICS

[Scholars reflect back on Brandeis's legacy](#)

Wenli Bao, TheJustice.org, 3/8/16

[Alexis] Goldstein, a senior policy analyst at **Americans for Financial Reform**, said she was particularly interested in Brandeis' idea of the power of corporations to "dominate the state," especially in light of the current election and the debates over how much power corporations should hold in American politics and policy. She said she was inspired by Brandeis' 1905 to 1914 fight against J.P. Morgan and his proposed New Haven Railroad merger, which Brandeis viewed as a potentially dangerous monopoly. She said that it took Brandeis nine years to win that fight and that she found that encouraging because he lost a lot along the way but still came out victorious. She pointed out that it has only been eight years since the financial crisis in 2008, so there is still plenty of time for recovery.

[As Appellate Judge, Garland Viewed as Friend of Government Regulators](#)

Reuters, 3/17/16

Supreme Court nominee Merrick Garland has been sympathetic to government regulators in his almost two decades as an appeals court judge, frequently rejecting business-led challenges to federal action.

[GOP Bill Targets Agencies' Regulatory Powers](#)

Lydia Wheeler, The Hill, 3/17/16

Senate Republicans unveiled legislation Thursday to crack down on regulatory overreach. The Separation of Powers Restoration Act would clarify the Administrative Procedures Act (APA) to state that courts, not agencies, are to interpret all questions of law, including both statutes and regulations. The lawmakers say federal agencies have continued to accumulate more power since the Supreme Court's 1984 ruling in Chevron U.S.A. Inc. v. Natural Resources Defense Council Inc. That case, creating the Chevron doctrine, said that courts should defer to an agency's interpretation of a statute as long as the statute is "ambiguous" and the agency's reading is "reasonable."