



This Week in Wall Street Reform | Sept 9 - Sept 15, 2017

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TRUMP ADMINISTRATION AND WALL STREET

[Fed to Trump: Keep your tiny hands off Dodd-Frank](#) | Newark Star-Ledger (editorial)

We are governed by a faux-populist president from a gilded penthouse with little regard for the middle class and a Republican-dominated Congress that lives to feed the deregulation bonfire, which is an unsettling combination if you value stability in our banking institutions.

So Janet Yellen came out and admitted it: The Federal Reserve chair smells another financial catastrophe like a distant blaze if there is a wholesale rollback of Dodd-Frank regulations, and she deserves our national gratitude for speaking truth to reckless power.

[Wall Street's Lunch Club Is Planning a Reboot in Trump's D.C.](#) | Bloomberg

Wall Street's most elite trade association has hired a former Treasury Department official as it seeks to reestablish its lobbying heft in Washington. Kevin Fromer, executive vice president in HSBC Holdings Plc's public policy office, was named the president of the Financial Services Forum today.

Fromer will replace Rob Nichols, another former Treasury official who left in 2015 to lead the American Bankers Association. The forum job pays well: Nichols earned about \$1.2 million in 2014, his last full year there, according to tax filings.

WELLS FARGO - THE LATEST

[Wells Fargo must face lawsuit over paid-off mortgage interest](#) | Reuters

Wells Fargo must face a proposed class action accusing it of collecting tens of millions of dollars in additional interest from California homeowners who paid off their mortgages early without providing required disclosures about the charges, a federal judge has ruled.

In a decision on Monday, U.S. District Judge Haywood Gilliam in Oakland, California said homeowners can pursue claims that the bank violated a state law against unlawful and unfair practices by not properly explaining how the extra charges could be avoided.

[Wells Fargo Is Being Called Out for Racism, Again](#) | Vice

[It's been a year since the Wells Fargo scandal broke — and new problems are still surfacing](#) | LA Times

EQUIFAX - THE LATEST

[Equifax breach may kill repeal of CFPB mandatory arbitration rule](#) | American Banker

The massive breach at Equifax is likely to hurt — and may ultimately doom — efforts by Republicans to overturn the Consumer Financial Protection Bureau’s rule banning mandatory arbitration clauses...

Amanda Werner, campaign manager at the consumer group **Americans for Financial Reform** and the liberal watchdog group Public Citizen, said “it is pretty appalling that Equifax would exploit consumers need for identity theft protection in the wake of this crisis they created in order to avoid accountability.”

[Equifax debacle has been a boon for LifeLock](#) | WGNO Sept 14th

The Equifax data breach was bad for a lot of people but good for a few companies that sell identity theft protection... “They can exploit this breach to market to consumers who never had to worry about their credit report before,” said Amanda Werner, campaign manager with **Americans for Financial Reform** and Public Citizen.

[Senator Warren introduces Equifax bill, launches industry probe](#) | Reuters

U.S. Senator Elizabeth Warren said on Friday she has begun an investigation into Equifax’s (EFX.N) massive data breach and, along with 11 other Democratic senators, introduced a bill to give consumers the ability to freeze their credit for free.

[Before its massive data breach, Equifax fought to kill a rule allowing victims to sue](#) | LA Times (Michael Hiltzik)

The firm has rectified some of the flaws in its response to the breach, which exposed the personal data of 143 million American consumers to hackers. But it hasn’t backed off from another action that would undermine consumers’ ability to hold the entire consumer monitoring industry accountable for such breaches: A concerted campaign to repeal a federal regulation upholding consumers’ rights to sue.

The regulation, issued by the Consumer Financial Protection Bureau on July 10 and scheduled to go into effect in mid-January, came under attack by Republicans in Congress “before the ink was even dry,” says Amanda Werner of **Americans for Financial Reform**, which is fighting to retain the rule.

[Equifax Is Trying To Make Money Off Its Massive Security Failure](#) | Huffington Post

Consumer advocates describe the arbitration clause as a straightforward ripoff for the 143 million Americans whose Social Security numbers and addresses are now in the hands of criminals thanks to a breach earlier this year. Though it discovered the breach in late July, Equifax publicly announced the news on Thursday.

“At this point it’s very clear that Equifax is trying to use this massive data breach as an excuse to profit, which is just appalling behavior,” said Amanda Werner, the campaign manager at **Americans for Financial Reform**. “I can’t even put into words how awful this behavior is.”

[We Need to Better Regulate Credit Reporting](#) | Demos (Amy Traub)

[The FTC is investigating the Equifax breach. Here's why that's a big deal.](#) | Washington Post

The FTC's disclosure of an ongoing probe is highly unusual, underscoring the enormous stakes involved in the incident affecting what amounts to half the country.

[Angry at Equifax? Don't let them take away your right to sue](#) | Bankrate (Amanda Dixon)

[Senators call for credit report changes after Equifax breach](#) | Engadget

In light of the Equifax breach that exposed personal information of over 143 million US citizens, a handful of senators have reintroduced legislation that would put more power in the hands of consumers when it comes to their credit reports. Senators Brian Schatz (Hawaii), Elizabeth Warren (Massachusetts), Claire McCaskill (Missouri), Richard Blumenthal (Connecticut), Bernie Sanders (Vermont) and Jeff Merkley (Oregon) have reintroduced the Stop Errors in Credit Use and Reporting (SECURE) Act.

[Equifax Breach Complicates Banks' Efforts to Fend off Lawsuits](#) | Bloomberg

JPMorgan Chase & Co., Wells Fargo & Co. and Citigroup Inc. are defending their practice of requiring customers to resolve disputes through arbitration, just as Equifax Inc.'s massive data breach complicates efforts to fend off rules that would make it much easier for consumers to sue banks.

Last month, U.S. Senator Elizabeth Warren, one of Wall Street's loudest critics, sent letters to 16 of the biggest U.S. lenders demanding information on how they use mandatory arbitration. Their responses, released on Tuesday, show many banks argue it benefits consumers by frequently leading to bigger payouts and quicker resolution of complaints than lawsuits do.

[Real outrage isn't Equifax's arbitration clause — it's all the others](#) | LA Times (David Lazarus)

Yes, it was slimy for the company to try to deny people their right to sue or to join class-action lawsuits. But no, Equifax was by no means alone in pulling such a stunt. The reality is that many if not most service agreements presented by businesses to consumers contain such a provision, and they get away with it because there's precious little outrage over this shamelessly unfair practice. "These forced arbitration clauses are everywhere," said Christine Hines, legislative director for the National Assn. of Consumer Advocates. "But I'm not sure there's widespread knowledge of it."

[Equifax Hack Is 'Exhibit A' in Case for Regulation, Durbin Says](#) | Bloomberg

The massive data breach at Equifax Inc. is "exhibit A" on the need for strong U.S. regulation, including higher fines against companies that mishandle consumers' personal information, second-ranking Senate Democrat Dick Durbin said Monday. "We are duty-bound to step in on behalf of innocent citizens who are going to pay a price," Durbin said in an interview with Bloomberg News.

[The Equifax Scandal Could Complicate GOP Efforts To Gut A New Consumer Protection](#) | **Huffington Post**

[I]n addition to facing terrible optics in the wake of the corporate scandals involving Equifax and Wells Fargo, the GOP is also facing opposition from some conservative allies. The American Future Fund, a conservative dark money group that spent big in the 2012 election, released poll results on Sept. 7 that showed residents of Alaska, Louisiana, Maine and Ohio strongly supported the new rule...

The senators currently on the fence include Sens. Lisa Murkowski (R-Alaska), John Kennedy (R-La.), Susan Collins (R-Maine) and Rob Portman (R-Ohio). Sen. Lindsey Graham (R-S.C.) has already stated his opposition to the bill. That means that only two of the four Republican holdouts need to vote no to kill the repeal push.

[CU Trades Push to Nullify Arbitration, Senator Cites Equifax in Supporting Rule](#) | **Credit Union Times**

Credit union trade groups urged senators Monday to support efforts to nullify a CFPB rule restricting the use of mandatory arbitration, even as a key Democrat said the recent Equifax data breach and Wells Fargo debacle demonstrate the need for the rule. "For many community financial institutions, arbitration is a practical alternative to costly and interminable class action litigation," leaders of CUNA, NAFCU and the Independent Community Bankers of America said, in a joint letter to Senate leaders. "Class action suits serve the interests of trial lawyers at the expense of consumers who receive paltry settlements and community financial institutions who face exorbitant legal fees". However, Senate Banking Committee ranking Democrat Sherrod Brown of Ohio said the rule is needed to help protect consumers.

[Equifax Data Disaster Brings CFPB Arbitration Rule Into Spotlight](#) | **The Street**

"The winds have shifted," said Rob Long, partner at Bell Nunnally & Martin LLP and former attorney at the SEC, Department of Justice and Financial Industry Regulatory Authority (FINRA). "The CFPB's rule is less likely to be repealed now."

[Equifax drops arbitration clause after Brown's pressure](#) | **IndeOnline**

One of the nation's largest consumer credit reporting agencies will drop a provision from its terms of use contract that effectively keeps customers from suing it after an Ohio senator complained. Equifax, which reported last week it suffered a data breach that exposed 143 million Americans to identity theft, offered those affected free access to its TrustedID program, which provides credit monitoring and identity protection services. The problem, said Sen. Sherrod Brown, D-Ohio, is the TrustID program included a clause forcing those with beefs with the program to seek arbitration rather than seek justice in court.

[Equifax Says You Won't Surrender Your Right to Sue by Asking for Help](#) | **Time**

[Equifax Proves Why Forced Arbitration Clauses Ought to Be Banned](#) | **The Intercept (David Dayen)**

At first the arbitration clause was a non-negotiable feature of the contract. Now Equifax says you can opt out, but only if you contact them in writing within 30 days.

There's already a proposed class-action suit against Equifax itself, arguing that the company failed to protect consumer data and exposed hundreds of millions to identity theft. But if you

can't sue over the credit monitoring but only the credit breach, it could significantly lessen the damages at issue. Also the language of the arbitration clause is fairly broad, saying that those who agree to the credit monitoring "will be forfeiting your right to bring or participate in any class action ... or to share in any class awards, even if the facts and circumstances upon which the claims are based already occurred or existed." Presumably some defense lawyer is thinking up a clever way to apply that to the Equifax breach itself.

[Equifax Lobbied for Easier Regulation Before Data Breach](#) | Wall St. Journal

Equifax Inc. was lobbying lawmakers and federal agencies to ease up on regulation of credit-reporting companies in the months before its massive data breach. Equifax spent at least \$500,000 on lobbying Congress and federal regulators in the first half of 2017, according to its congressional lobbying-disclosure reports. Among the issues on which it lobbied was limiting the legal liability of credit-reporting companies. That issue is the subject of a bill that a panel of the House Financial Services Committee, which oversees the industry, discussed the same day Equifax disclosed the cyberattack that exposed personal financial data of as many as 143 million Americans.

[Equifax retracts arbitration clause for identity theft victims](#) | Cleveland Plain Dealer

[Could Equifax Be The Unexpected \(And Unwilling\) Savior Of The Arbitration Rule?](#) |

PYMTS

Ironically, the unfortunate breach of 143 million consumer records housed at Equifax may become the unexpected – and completely unwilling – savior of the all-but-left-for-dead arbitration rule. Whatever people's feelings about arbitration as a means of resolving disputes between customers and creditors, it can be generally agreed that there are good times and bad times to insert them into consumer contracts. For example, if a credit rating agency has just allowed 143 million Social Security numbers and 208,000 people's records to be hacked from its systems, and you are offering to sign up aggrieved consumers for identity monitoring, that may not be the best time to slip in an arbitration clause.

[Equifax response highlights raw deal for bank customers](#) | Financial Times (Ben McLannahan)

Allied Progress, an anti-bank group, is running TV ads in Alaska, Maine and Ohio, urging voters there to harangue their officials. "Big corporations like Equifax got caught trying to sneak [forced arbitration] past you, to strip away your rights and avoid accountability," thunders the voiceover. "And Wall Street wants Washington to make it permanent."

[Equifax and the CFPB Arbitration Rule: A Tempest in a Teapot](#) | National Law Review (Alan Kaplinsky, Mark Levin)

While the CFPB arbitration rule covers some credit reporting company activities, it does not appear to cover data breaches such as this one. Therefore, the Equifax data breach has nothing to do with the CFPB arbitration rule. In any event, the issue appears to be moot, since according to published reports Equifax has stated that it will not seek to apply its on-line arbitration clause and class action waiver to claims based on the data breach itself.

CFPB AND CONSUMER FINANCE

[Some U.S. banks already comply with new class action/arbitration rule](#) | Reuters

Senator Elizabeth Warren, who opposes efforts to dismantle a new rule allowing customers to sue financial companies in class actions, released [letters... from U.S. bank CEOs](#) in which they declined to defend lobbying against the measure and several said they already comply with it...

“Despite the claims of their paid lobbyists, not a single one of the 16 CEOs I wrote was willing to defend efforts to gut the (Consumer Financial Protection Bureau’s) pro-consumer arbitration rule,” she said in a statement.

The letters to liberal Warren showed Capital One , Bank of America, Ally Financial, T.D. Bank and HSBC North America rarely use mandatory arbitration clauses, where customer must give up the right to sue and agree to take possible future disputes to closed-door mediation as a condition of opening accounts.

See [AFR statement](#).

[Give Grandma and Grandpa their day in court](#) | Steamboat Today (Judy McGinnis)

[Payday Lenders Win Special Protection from Congress](#) | Payments Journal

Rep. Keith Ellison (D-Minn.) introduced an amendment to take this language out of the appropriations bill and continue to allow the CFPB to regulate payday lenders as it regulates all financial services businesses. The amendment failed with four Republicans joining Ellison to protect borrowers and three Democrats choosing to side with payday predators...

“Once again, predatory lenders and their allies in Congress are working to ensure that ever more American families fall into the payday loan debt trap,” Said Gynnie Robnett, campaign director at **Americans for Financial Reform**. “Those who voted for stripping CFPB of enforcement authority are giving payday lenders keys to circumvent state laws and other protections put in place by the public directly. This is a clear warning signal: Predatory lenders will never stop trying to rip off American families. Congress should resist the moneyed lobbyists, and stand with ordinary Americans.”

[Leawood Payday Lending Mogul Scott Tucker Found Racing Success Before Fraud Allegations](#) | Kansas City NPR

Scott Tucker of Leawood goes on trial this week in New York for what has been called one of the nation’s biggest cases of payday-lending fraud...

Mention Scott Tucker’s name around a sports car setting like at recent IMSA circuit stop at Virginia International Raceway and you get a variety of reactions. Some recoil. Others speak out... Gunnar Jeannette, a driver in IMSA’s WeatherTech SportsCar Championship series, finished runner-up to Tucker in 2010. Jeannette says he didn’t like the manner that Tucker chose to win the championship. “He cheated really well inside of the rules, which maybe says a lot about his character,” says Jeannette.

[Two Democrats challenge the payday-loan industry](#) | Politico

Could a small change in a federal tax credit significantly reduce people's need for predatory payday loans?

That's the hope of a new tax bill introduced Wednesday by Sen. Sherrod Brown and Rep. Ro Khanna. Their topline idea is to massively expand the Earned Income Tax Credit (EITC), which gives low- and moderate-income Americans a subsidy for working. Most attention will focus on the cost of the legislation, which could run near \$1 trillion over 10 years, although an exact estimate isn't available. But buried within the bill is a small change that could have big ramifications for the payday loan industry, which covers short-term financial needs by charging very high interest rates.

[With or Without Democratic Director, U.S. Consumer Watchdog to Be Weakened](#) |

Reuters

Whether or not Richard Cordray stays as head of the Consumer Financial Protection Bureau (CFPB) until his term ends in July, the agency's ability to rein in Wall Street will be severely weakened, political insiders, lawyers and consumer advocates said. Doubts are growing that the Democratic director of America's top consumer watchdog will leave his post to run for Ohio governor, as had been widely speculated, after a lackluster Labor Day speech sparked anxiety over his campaign appeal, according to some party insiders...

If Cordray quits or is removed, Dodd-Frank requires his deputy to step up temporarily but lawyers say the legitimacy of that step could be challenged... Alan Kaplinsky, head of the Consumer Financial Services Group at law firm Ballard Spahr and a Cordray critic, said the White House is widely expected to appoint Treasury Secretary Steve Mnuchin as an interim replacement, who would then delegate his duties to lower-ranking officials.

[This Year Alone, the CFPB Has Recovered \\$14MN for Consumers Harmed by Illegal Business Practices](#) | NASDAQ (Kapital)

The Consumer Financial Protection Bureau has been looking out for the little guy since the recession 10 years ago, and this year alone they've returned \$14MN in restitution to consumers harmed by illegal business practices... If anything, the delinquency and bad behavior of large scale companies like Equifax reasserts the importance of demanding company accountability by the CFPB, it's becoming all too clear that these businesses will try to assuage liability and good practices any chance they get.

[Square's ILC bid may open floodgates for fintechs](#) | American Banker

In June, the online lender Social Finance, or SoFi, applied for an industrial loan company charter in Utah to process certain depository accounts and credit cards. A month later, the mobile-only bank Varo submitted a first-of-its-kind application for a traditional national bank charter.

The latest entrant is Square — a payments giant launched by Twitter co-founder Jack Dorsey in 2009 that has been slowly branching out into small-business and consumer loans. On Thursday, the company announced it would also seek to open a Utah-based ILC to expand its lending arm.

These bids may be all it takes to open the floodgates of bank chartering activities among new

financial companies — especially given the tech industry’s keen awareness of the first-mover advantage.

[Alaska senators must protect those who serve](#) | Fairbanks Daily News-Miner

Veterans, of course, like other consumers, have no protection against forced arbitration, nor do active-duty military if they are harmed by other consumer financial abuses. The CFPB arbitration rule doesn’t even ban arbitration. It simply ensures that service members can band together to go to court to defend their rights and enforce protections against lenders that target our military. The rule has received strong support from The Military Coalition, which represents 5.5 million service members.

[Banking Lobbyists, After Wells Fargo, Couldn't Stop Arbitration Bill](#) | California Recorder

Lawmakers this week sent the governor the bill, SB 33, which was crafted in response to Wells Fargo’s admission that its employees opened as many as 3.5 million sham banking and credit card accounts over the last 12 years in the names of existing customers...Brown has not said publicly what he will do with SB 33. But the fact the bill even made it to his desk is remarkable.

[The CFPB, Arbitration and Immunity for Wells Fargo](#) | Wall St. Journal (Paul Bland)

Ted Frank and the Competitive Enterprise Institute (“[Congress Can Rescind the CFPB’s Gift to Trial Lawyers](#),” op-ed, Sept. 7) are trying their best to hide the truth about the Consumer Financial Protection Bureau’s rule on forced arbitration. The real gift is to consumers who have been bilked again and again by big banks and predatory payday lenders. We just learned that [Wells Fargo](#) defrauded millions more customers than it originally told us. Without the CFPB’s rule, none of those millions would ever get their day in court. In fact, Wells Fargo has cited its arbitration clause to avoid ever being held accountable in a court of law. It’s easy to demonize advocates who help consumers get justice. It’s harder to justify giving banks a “get out of jail free” card, which is what Mr. Frank is proposing the Senate do. Any vote to kill the CFPB’s rule should be called what it really is: The Wells Fargo Immunity Act.

DERIVATIVES, COMMODITIES AND THE CFTC

[US derivatives watchdog eyes swaps trading reform](#) | The Hill

After months operating short-handed, the US government watchdog for the derivatives market is getting close to full strength. The Commodity Futures Trading Commission now has a permanent chairman after Chris Giancarlo was confirmed by the Senate last month. Two new commissioners have also come on board, with the second sworn in last week, filling four of the commission’s five seats for the first time since 2015.

The agency has the crucial task of monitoring derivatives markets that could endanger the global economy during periods of financial stress. Congress added privately negotiated derivatives, that comprise the vast over-the-counter market, to the CFTC’s remit when it passed the Dodd-Frank reforms of 2010.

FEDERAL RESERVE

[In Less Than a Year, Federal Reserve Could Look Dramatically Different](#) | The Atlantic

There are seven seats on the Federal Reserve's Board of Governors—the group of people who make the most consequential decisions about American monetary policy—and President Donald Trump will have the opportunity to fill an unusually large number of them. One seat opened soon after he took office, when the former comptroller of the currency, Thomas Curry, stepped down. Then Governor Daniel Tarullo resigned in February. Between one more announced resignation since then and another standard term expiration, at least two more spots will have opened up by February of next year.

[Federal Reserve Updates Strategies and Tactics for Promoting Payment System Improvements](#) | National Law Review

INVESTOR PROTECTION AND THE SEC

[Meet the SEC nominees: One opposes the DOL fiduciary rule, one is a blank slate](#) | Investment News

One of the Trump administration's Securities and Exchange Commission nominees has doubts about the Labor Department's fiduciary rule and seems to favor disclosure as the best approach to investment advice standards. The other nominee is a blank slate on the issue.

Over the last several weeks, the White House has nominated Republican Hester Peirce and Democrat Robert L. Jackson Jr. for the agency's two vacant slots. Ms. Peirce, a senior fellow at the conservative Mercatus Center at George Mason University, has criticized the DOL regulation and says the SEC should take the lead on a fiduciary duty.

MORTGAGES AND HOUSING

[U.S. Probes High-Pressure Mortgage Sales Targeting Veterans](#) | Bloomberg

The U.S. is investigating lenders for allegedly pressuring veterans and members of the military into unneeded mortgage refinances -- unsavory conduct that not only leads to higher consumer costs but has consequences for one of the world's largest bond markets.

The probe is being conducted by Ginnie Mae, a government-owned corporation whose purpose is to make mortgages more affordable. It does so by guaranteeing repayment on \$2 trillion of mortgage bonds even if borrowers default on the underlying loans. Ginnie-backed securities support several federal housing initiatives, including programs in which loans are made through the Department of Veterans Affairs.

[SoFi defends mortgage standards](#) | Housing Wire

[Harvey's hit to mortgages could be four times worse than predicted—and then there's Irma](#) | CNBC

New estimates suggest as many as 300,000 borrowers will become delinquent on their loans and 160,000 could become seriously delinquent, that is, more than 90 days past due, when banks initiate foreclosure proceedings. This from Black Knight Financial Services, which compared mortgaged properties in the FEMA-designated disaster areas in Houston to those in Hurricane Katrina, and the resulting delinquencies in the four months following Katrina.

[CoreLogic: Mortgage delinquencies continue falling in June](#) | Housing Wire

[Reverse mortgages have gotten safer and cheaper but aren't for everyone](#) | LA Times (Liz Weston)

RETIREMENT INVESTMENT AND DOL FIDUCIARY RULE

[10 Worst Provisions In The Republican Appropriations Bill](#) | Huffington Post (Rep. Jan Schakowsky)

No. 5: Allows big banks and financial advisers to run rampant: Overturns the rule requiring financial advisers to provide advice that is in the best interests of individual investors and eliminates the Consumer Financial Protection Bureau's authority over big banks.

[Provision of House Spending Bill Would Kill DOL Fiduciary Rule](#) | Investment News

[States to Trump: Leave Retirement Rule Intact or We'll Act](#) | Wall St. Journal

The controversy over a rule restricting conflicted retirement advice is shifting to states, which are moving to bolster investor protections out of concern the Trump administration will weaken the federal provision.

In recent months, the governors of Nevada and Connecticut signed bills to expand or amplify "fiduciary" requirements for brokers. Legislators in New York, New Jersey and Massachusetts have introduced similar bills. And several other states, including California, have indicated interest in exploring such requirements.

See [AFR statement](#). See also letters from [AFR](#), [Consumer Action](#), and [Consumer Federation of America](#), and [video of retired veteran](#) scammed by financial advisor.

[Fiduciary Rule Should Be Largely Positive for Investors](#) | Morningstar

Although most of the attention around the future of the fiduciary rule has centered around what changes the Department of Labor might make, the SEC could also play a crucial role. Since 2010, the commission has had the authority to create a "uniform advice standard" which could apply to both retirement and nonretirement accounts. While we don't expect the SEC to promulgate a rule imminently, the DOL has pledged to work closely with the SEC on any modifications to the fiduciary rule.

[Why the Fiduciary Rule faces uncertain future](#) | Consumer Affairs

Last week, Democratic leaders in Congress negotiated with President Trump to ensure that our government stays fully funded for the next three months. Today, Republicans in the House are forcing a vote on a long-term funding bill that is full of the wrong priorities. It is a cruel bill, and I staunchly oppose it. In addition to cutting critical initiatives that help families and businesses succeed, the bill also includes dozens and dozens of damaging "policy riders." These controversial policy changes – like defunding Planned Parenthood and cutting off funding for the Affordable Care Act – have no place in a bill that we need to keep our government running.

[Wealth Advisers Urge SEC to Adopt Universal Best-Interest Standard](#) | Wall St. Journal

STUDENT LOANS AND FOR-PROFIT SCHOOLS

[Big holdup for borrowers claiming for-profit college fraud](#) | Mercury News

Tens of thousands of former students who say they were swindled by for-profit colleges are being left in limbo as the Trump administration delays action on requests for loan forgiveness, according to court documents obtained by The Associated Press.

The Education Department is sitting on more than 65,000 unapproved claims as it rewrites Obama-era rules that sought to better protect students. The rewrite had been sought by the industry.

The for-profit colleges have found allies in the new administration and President Donald Trump, who earlier this year paid \$25 million to settle charges his Trump University misled customers. And it's yet another example of the administration hiring officials to oversee the industries where they had worked previously.

[DeVos Embrace Of Predatory For-Profit Colleges Is Breathtaking](#) | Huffington Post (David Halperin)

Betsy DeVos, whose interest in education prior to the Trump administration seemed mostly focused on K-12 schools, has made her mark as Secretary of Education instead with a remarkably blatant embrace of the worst demands of the for-profit college industry.

The reputation of that industry, which at its peak a few years ago had 10 percent of U.S. college students and was getting as much as \$32 billion a year from taxpayers in student grants and loans, was in tatters after a decade of government and media investigations exposing abusive practices by many for-profit schools: deceptive and coercive student recruiting, sky-high prices, low spending on instruction, and terrible job placement outcomes, leaving former students across America with crushing loan debt and often without the jobs they sought.

SYSTEMIC RISK

[Some quick first steps to get financial reform moving](#) | The Hill (J.W. Verret)

Over the longer term, until Congress is able to reconsider the wisdom of the Volcker rule in legislation, the five regulators should undertake a substantial simplification of the rule. In the 1980s and 1990s, the federal banking regulators had to interpret similar restrictions on trading, and opted for a much simpler definition: that trading more than a particular threshold of firm revenues — for example, more than 25 percent — would be prohibited. A similar approach to Volcker could establish a safe harbor for firms to feel secure that bank regulators won't second guess otherwise legitimate hedging and market making activity.

TAXES

[Mnuchin: Some Services Companies Won't Get 'Pass-Through' Rate](#) | Wall St. Journal

Some services companies such as accounting firms won't get the benefit of lower tax rates Republicans are planning for other businesses, Treasury Secretary Steven Mnuchin said Tuesday. Republicans want to cut the 35% corporate tax rate. They also want to lower rates on

so-called pass-through businesses, which pay business taxes through the individual tax returns of their owners at individual tax rates, which currently reach as high as 39.6%.

Many pass-through businesses are small. They also include some of the largest law, accounting and investment firms, which Mr. Mnuchin suggested might not get the new lower rate on pass-through business income that Republicans are planning.

OTHER TOPICS

[House scraps measure to boost credit union regulator oversight](#) | The Hill

The House of Representatives on Wednesday night struck down a measure that would place the federal regulator for credit unions under tighter congressional control, earning praise from credit union trade groups.

The House removed language from a funding bill that would have placed the National Credit Union Administration (NCUA) under congressional appropriations. That measure would have given lawmakers control of the independent regulator's budget, and was included in a bill to roll back much of the Dodd-Frank Act.

[The Chamber's Small Business Sham](#) | Public Citizen (Grace Aylmer)

While the Chamber may claim to be the voice of small businesses in Washington, when it comes to litigation, it can be consistently relied upon to favor the huge corporations that fund it... In fact, in a report earlier this year, Chamber Watch found that the Chamber files a brief roughly every other day of the work week, and in almost 60 percent of cases, the Chamber supported at least one Fortune 500 company. In comparison, it supported a domestic small business only 7 percent of the time.

[The Trump Administration Will Always Side with Corporations Over Labor](#) | Moyers & Co. (Sharon Block)

It's no secret that the Trump administration is corporation-friendly to a fault. For all the talk of the underserved coal miners and workers whose jobs have been stolen by free trade agreements or China, the Oval Office has not been a friendly — or even safe — place for workers in the past eight months. We've already reported on the discontinuation of a number of worker safety programs and regulations but there's much more to Trump's undercutting of the fundamental rights of American workers going on.

[US Economy Grows, but Uncertainty Clouds Federal Reserve](#) | Chicago Tonight

The U.S. economy is rebounding from a decade ago—employment and middle-class incomes rose last year while unemployment and the poverty rate remain low—but inflation is still below the goal of the Federal Reserve, which has several leadership vacancies.

According to a U.S. Census Bureau report released Tuesday, the American median household income was \$59,039 in 2016—a 3.2-percent jump from 2015 and the second consecutive annual income increase.

The poverty rate in 2016 dropped to 12.7 percent, which the agency called statistically equal to the 12.5 percent poverty rate in 2007, before the latest recession.

Edward Stuart, professor emeritus of economics at Northeastern Illinois University, said these figures are in line with a gradual post-recession recovery, not a boon brought on by President Donald Trump.