



This Week in Wall Street Reform | March 25 - 31, 2017

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TRUMP ADMINISTRATION & WALL STREET

[Senators Press Icahn on White House Influence, Business Conflicts](#) | NY Times

Several Democratic senators pressed billionaire investor Carl Icahn on Monday to clarify his role as an adviser to President Donald Trump, saying his position in the administration raised "alarming" questions about potential conflicts of interest with his stakes in the biofuels and pharmaceutical industries. The senators, led by Sheldon Whitehouse of Rhode Island, sent a letter to Icahn pointing out that, as a Trump adviser on regulation, he has made policy proposals that benefit his own investments - which range from an oil refinery to a nutritional supplement manufacturer.

[Icahn Raises Ethics Flags With Dual Roles as Investor and Trump Adviser](#) | NY Times

[Deutsche Bank in Bind Over How to Modify \\$300 Million Trump Debt](#) | Bloomberg

A small detail in Deutsche Bank AG's loans to Donald Trump's real-estate business has turned into a headache at the bank, as its effort has stalled to restructure part of the \$300 million or so in debt. The issue is a personal guarantee Trump gave Deutsche Bank when the debt was negotiated from 2012 to 2015, according to a person with knowledge of bank discussions. The debt — on a Florida golf resort, Washington, D.C., hotel and Chicago tower — is being paid. But under the agreements, if the loans default, the bank could go after Trump's other assets. Since Trump won the presidential election in November, bankers have tried to eliminate the awkward prospect of someday collecting from a sitting U.S. president.

[Wyden asks ethics officer to probe Mnuchin's 'Lego Batman' comment](#) | Politico

[Critic of World Bank and IMF eyed for key role at Treasury](#) | Financial Times

Conservative economist Allan Meltzer has railed against the World Bank and the International Monetary Fund for decades and in Donald Trump's nomination of a former protegee he sees hope that Washington may finally be heeding his calls for reform.

"While Mr. Trump's naming this month of Adam Lerrick as the next assistant secretary for international finance at the Treasury has yielded a nervous reaction inside both the IMF and the World Bank, Mr. Meltzer is effusive. 'There is not to my knowledge a person in the world better qualified for that job,' he says. Mr. Lerrick, a former investment banker, served as Mr. Meltzer's top adviser on a 1990s congressional commission examining the role of the two institutions in the global economy.

NOMINATIONS

[What the Future of SEC Enforcement Holds Under Jay Clayton](#) | NY Times

Mr. Clayton told the senators that “there is zero room for bad actors in our capital markets.” Yet, he also pointed out that the penalties imposed on companies in settlements should be reduced because “shareholders do bear those costs and we have to keep that in mind.” He noted that greater deterrence was possible by pursuing individuals rather than seeking large payments from corporate violators...

The challenge in this approach will be that scaling back corporate penalties could send a message to corporations and Wall Street that they have little to fear from the S.E.C., which cannot pursue criminal cases, because they face only modest financial exposure if violations are uncovered. Without the threat of a significant monetary penalty, it will be an open question whether there will be real cooperation from organizations or just lip service about providing assistance while avoiding disclosures that might implicate current management.

[SEC nominee Clayton to get Senate panel vote April 4](#) | Reuters

See statement by Take on Wall Street Campaign, [Jay Clayton hearing further demonstrates he is the wrong man to lead the SEC.](#)

[Trump Nominates Goldman Sachs "Alligator" Jay Clayton to Run SEC](#) | Truth Out

[Brown Opening Statement at Hearing on Sec Nominee Jay Clayton](#) | Senator Brown

[Faced With a Mountain of Potential Recusals as Chair, Clayton Is Not Fit to Lead SEC](#) | Corporate Reform Coalition

[Acosta could unwind regulatory tangle at the Department of Labor](#) | The Hill (Bill Peacock)

[Trump's Labor Nom, Alexander Acosta, Is More Dangerous than You Think](#) | The Nation

See [AFR statement and joint letter](#)

[Democrats should filibuster Gorsuch; his record shows why](#) | Courier Times (opinion)

Even if circumstances were normal, Democrats should be eager to filibuster Gorsuch anyway. Judge Gorsuch's record suggests Justice Gorsuch would favor powerful interests over regular people - perpetuating a system that voters oppose. A survey of Gorsuch's record shows that when he has broken with his colleagues, it is usually to favor businesses over workers. He has also been critical of class-action lawsuits as a litigation method and appears to follow Justice Antonin Scalia's footsteps in favoring businesses' growing use of arbitration clauses in contracts and user agreements to sidestep consumer protection laws. Taken together, Gorsuch's views would strip away key protections for American workers and consumers, especially minorities and the poor.

[Chapman Says Gorsuch Likely Would Uphold Class-Action Waivers](#) | Bloomberg BNA
“Judge Gorsuch hasn’t ruled on this precise issue previously, and obviously, no one knows how he will rule if called upon to do so. However, Judge Gorsuch’s past decisions and writings suggest that he’s likely to vote to uphold the use of class-action waivers...”

See statements by [Americans for Financial Reform](#) and [Leadership Conference on Civil and Human Rights](#)

[The Role of Federal Judges in the Modern Administrative State](#) | RegBlog (Orrin Hatch)

CONGRESSIONAL ATTACKS ON WALL STREET REFORM

[Will Dodd-Frank reform go the way of ObamaCare repeal?](#) | The Hill (Jerry Rogers)

In short, the Financial Choice Act’s starting point is exactly where a conservative would want it to be. Compromise can come as the bill works its way through the legislative process. Reforming Dodd-Frank is a major agenda item for President Trump, and the Republicans in Congress should act on it quickly. As Ryan said after the AHCA was pulled from the House floor, “Governing is hard.” However, if congressional leaders start with a conservative consensus, like they have with the Financial Choice Act, there are still reasons to be optimistic about the GOP’s ability to govern effectively and implement free market reform.

[House panel sets groundwork for Dodd-Frank rollback](#) | Financial Regulation News

[Crapo says big banking bills to get Senate attention by 2018](#) | Politico

[Toomey looks to target leveraged lending guidance under CRA](#) | Politico

[Lawmakers consider broad Dodd-Frank carve-out for small institutions](#) | American Banker

Lawmakers from both parties asked experts Tuesday if institutions with less than \$10 billion of assets should be exempt from Dodd-Frank regulations, signaling a possible bipartisan compromise that could significantly boost the chances for regulatory relief.

[Health care repeal failure complicates rollback of Dodd-Frank](#) | American Banker

[How Republicans are using a special law to do away with Obama regulations](#) | The Hill

The White House has indicated Trump intends to sign all of the measures approved by Congress with the use of the CRA. The deadline for Trump to sign these repeals is May 9.

[The obscure law Republicans are using to nix Obama-era regulations](#) | CBS News

[The Congressional Review Act and a deregulatory agenda for Trump’s second year](#) | The Hill

[Senate Banking previews financial reform effort: 3 takeaways from the hearing](#) | Politico

CONSUMER FINANCE & THE CFPB

[Dems debate working with GOP on consumer bureau revamp](#) | The Hill

Democrats are deeply divided over whether to work with Republicans to revamp the controversial consumer financial watchdog created after the 2008 financial crisis. Some Democrats say they're open to working with Republicans to improve the Consumer Financial Protection Bureau (CFPB). Others dismiss the idea as an ill-intentioned backdoor into destroying the agency.

"At this point, it's impossible. They've tried to destroy [the CFPB] so many times, they've lost their credibility, really," said Rep. Stephen Lynch (D-Mass.), a veteran on the House Financial Services Committee. "That's their end game here." Progressive groups are pushing Democrats to defend the bureau, the brainchild of Sen. [Elizabeth Warren](#) (D-Mass.). The party's liberal base, still fuming over the 2016 elections, does not want to see any compromise with Republicans over policies won by the left during the Obama era.

[Dodd and Frank themselves back CFPB in constitutionality case](#) | American Banker

[CFPB Opponents Suggest Trump Could Use DOJ to Justify Firing Cordray](#) | Morning Consult

Rep. Ann Wagner of Missouri, the chairwoman of the House Financial Services Subcommittee on Oversight and Investigations, said at a Tuesday hearing that the Office of Legal Counsel could provide an avenue to dismiss Cordray. She noted that the OLC gave the Clinton administration justification to avoid enforcing laws that it considered unconstitutional.

That approach was supported by Ted Olson, a partner at the law firm Gibson, Dunn & Crutcher who is representing the mortgage servicer PHH in its effort to overturn the CFPB's single-director structure. He said Dodd-Frank's language, which only allows the president to fire the director on a "for cause" basis, would likely fall under the category of unconstitutional language that the president can choose not to enforce with OLC's justification.

[Trump's DOJ Ditches Defense of CFPB](#) | Credit Union Times

See [AFR statement](#) and [joint amicus brief](#)

And see letter from [Rep. Maxine Waters and 40 House Democrats](#) and statement by [House Minority Leader Nancy Pelosi](#)

[CFPB's Richard Cordray Touts 'Rules of the Road' at US Chamber Event](#) | National Law Journal

See [Cordray's prepared remarks](#)

[Latest CFPB defense focuses on military families, veterans](#) | Compliance Week

[CFPB Enforcement Action Against Navy Federal Credit Union and the Broad Sweep of UDAAPS](#) | Lexology

[CFPB begins review of mortgage limits as consumer agency faces legal, political challenges](#) | Reuters

[CFPB Monthly Complaint Report Highlights Complaints about Credit Cards](#) | National Law Review

[CFPB Enters Into Consent Order with Credit Agency Over Alleged Misrepresentations](#) | JDSupra

[CFPB will reassess remittance rule](#) | Compliance Week

The Consumer Financial Protection Bureau is [seeking public comments](#) as it reassess the effectiveness of its remittance rule. Consumers in the United States send billions of dollars to foreign countries each year, international money transfers are known as remittances. Prior to the Dodd-Frank Act, federal consumer protection rules did not apply to most remittances. With the legislation, Congress established new standards for remittance transfers and authorized the CFPB to issue rules that would make these standards clear and effective. Those requirements, approved in 2012, took effect on Oct. 28, 2013 as [the remittance rule](#). The rule gave consumers new protections and required companies to give accurate disclosures to consumers before they pay for a remittance transfer.

[Brown Urges Court to Preserve Consumer Watchdog's Independence](#) | Senator Brown's Office

[Kansas AG joins multi-state coalition against CFPB](#) | Legal News Line

[Why we must defend consumer protection regulations](#) | St Louis Post-Dispatch (Erin Goodyear and Elisabeth Risch)

[To Keep Lenders Honest, Keep the CFPB](#) | Inside Sources (Chris Shelton)

Let's remember why this financial agency was created. The 2008 Great Recession was directly caused by fraud committed by the country's biggest banks and lenders. Millions of ordinary Americans suffered, losing their jobs, their homes and their retirement savings. Nearly 4 million mid-wage jobs, with annual earnings of about \$40,000, alone were lost. Taxpayers spent about \$300 billion to bail out these banks and financial firms.

Some financial institutions haven't stopped trying to exploit consumers. The difference now is that the consumers have a real, independent advocate — a cop on the street. The CFPB was created as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010 to take on these banks and lenders and take them to court when they harm consumers. The CFPB has already recovered an astonishing \$12 billion on behalf of almost 30 million consumers.

[Communities of Color Cannot Afford a Weakened CFPB](#) | Center for American Progress

[Texas families will lose if Congress weakens consumer bureau](#) | Trib Talk (Ann Baddour & Stephanie Carter)

Few of 2016's campaign promises resonated more than the vow to eject special interest players from Washington, D.C. The candidates routinely accused big banks and billionaire investors of rigging regulations in their favor at the expense of everyday Americans.

But instead of following through on that pledge, a movement is afoot in Congress — led by Texans like U.S. Sen. Ted Cruz and U.S. Reps. Jeb Hensarling, John Ratcliffe, and Roger Williams — to gut the agency that has done so much to level the playing field in banking, lending and finances: the Consumer Financial Protection Bureau. The bureau has a strong track record of effectively standing up for all Americans in the financial marketplace, specifically military service members, students and the elderly.

[What is the most likely outcome for the CFPB?](#) | Housing Wire

[The importance of Ddd-Frank in six charts](#) | Center for American Progress

[Americans have stopped paying car loans, and Wall Street is starting to worry](#) | Business Insider

[Supreme Court declines to reconsider Visa, MasterCard settlement](#) | Politico

[Retailers Win Round in SCOTUS Credit Card 'Swipe Fee' Case](#) | New York Law Journal

[State's Restriction On Credit Card Surcharges Is a Free Speech Regulation](#) | Consumerist

[How to Fix the Big Things You Hate About Your Credit Cards](#) | AJC

[Wells Fargo customers in \\$110 million settlement over fake accounts](#) | CNN

See [AFR Statement](#) on class-action lawsuit against Wells Fargo

[What Wells Fargo dodged by paying \\$110 M to settle case](#) | Washington Post

"It is certainly not a coincidence after months of concerted pressure" that Wells Fargo would opt to settle rather than litigate the issue, said Amanda Werner, arbitration campaign manager for advocacy groups such as Public Citizen and **Americans for Financial Reform**. "We're happy to see that, but it doesn't solve the problem in general. Essentially until we have strong federal rules and laws, we're just waiting for the next scandal to happen.

[Citing misdeeds, U.S. gives Wells Fargo failing grade on lending](#) | NY Times

[Wells Fargo flunks CRA test over enforcement issues](#) | Politico

[Wells Fargo receives another blow in community reinvestment exam](#) | The Charlotte Observer

[How banks use investment funds to spread CRA risk](#) | American Banker

[Send Prepaid Card Rule to the Shredder](#) | Forbes (Sens. David Perdue and Rep. Roger Williams)

Last October, the Consumer Financial Protection Bureau, or CFPB, issued its 1,689-page Prepaid Card Rule. It is a sweeping rule that would upend an entire sector of our economy, stifle innovation, and deprive consumers of access to credit.

Through the Congressional Review Act, we've led the charge against this rule in the House and Senate.

[ICBA says it will not appeal ruling on NCUA lending rule](#) | Politico

The Independent Community Bankers of America said today it will not file an appeal in its bid to throw out a rule that allows credit unions to expand their lending market. The group indicated it will focus its efforts on Congress instead.

DERIVATIVES, COMMODITIES & THE CFTC

[Misconduct rife in derivatives - ex-CFTC enforcement chief](#) | Reuters

A "massive amount of misconduct" in futures, options and swaps markets goes undetected because of insufficient data mining, Aitan Goelman, who until last month was enforcement chief for the top U.S. derivatives regulator, said in an interview.

Goelman said a lack of resources meant the U.S. Commodity Futures Trading Commission (CFTC) did not have the sophisticated software and staff necessary to uncover many of the suspicious trading patterns within the 325 million records filed each day.

Goelman said there is much more manipulation, insider trading, front-running and Ponzi scheming in the markets than is being prosecuted, even though the CFTC receives the data from industry participants and exchanges and gained enhanced enforcement authority under a 2010 financial reform law.

[CFTC names new enforcement director](#) | Politico

FEDERAL RESERVE

[U.S. House committee approves bill to increase scrutiny of Fed](#) | Reuters

A Republican-controlled committee of lawmakers approved a bill on Tuesday to allow a congressional audit of Federal Reserve monetary policy, a proposal Fed policymakers have opposed and which faces an uncertain path to final approval. Democrats uniformly spoke against the proposal during a meeting of the House of Representatives Committee on Oversight and Government Reform, suggesting the bill would face stronger resistance than in the past.

[Fed Officials Defend Central Bank's Structure Before House Panel](#) | Wall St Journal

HEDGE FUNDS AND PRIVATE EQUITY

[BlackRock cuts ranks of stockpicking fund managers](#) | Financial Times

“BlackRock has fired several prominent stockpicking fund managers and plans to switch their funds to quantitative investment strategies, in what chief executive Larry Fink called a “pivot” away from areas of active management that have fallen out of favour.

“The company on Tuesday said it was introducing sweeping changes across its troubled actively managed equities funds, in a new example of the upheaval being wrought across the asset management industry by an investor shift towards lower cost passive funds. About 40 staff are being laid off, including seven portfolio managers, according to people familiar with the details of the plan.”

[Sears and Its Hedge Fund Owner, in Slow Decline Together](#) | NY Times

[Here's the Bill Ackman apology Wall Street's been waiting for](#) | Business Insider

INVESTOR PROTECTION AND THE SEC

[Warren demands probe of deregulation moves by acting SEC chair](#) | Politico

Sen. [Elizabeth Warren](#) and three other lawmakers demanded an investigation of the acting head of the SEC for possibly overstepping his authority in preparing two of the agency's Dodd-Frank Act rules for repeal. In a [letter](#) to the SEC's inspector general, the four Democratic senators asked for a probe into whether Republican Michael Piwowar had the authority to ask SEC staffers to recommend changes to the agency's conflict minerals and CEO pay ratio provisions of the landmark 2010 Dodd-Frank law.

[Democrats seek probe over weakening SEC's subpoena powers](#) | CNN

[SEC denies a second application to list bitcoin product](#) | Reuters

[Ex-Big Law Partner Still Angry After SEC Fraud Claims Tossed](#) | New York Law Journal

MORTGAGES, FORECLOSURES & HOUSING

[Fannie and Freddie to make \\$10B payment amid mounting pressure](#) | Politico

Fannie Mae and Freddie Mac will make a \$10 billion payment to Treasury this week as planned amid mounting political pressure over the transfer. The announcement from the Federal Housing Finance Agency came as mortgage lobbyists, housing advocates and hedge funds fought over what to do with the money. Senate Banking Committee members weighed in Wednesday night with a warning to the agency not to block the payment.

“A payment will be made as scheduled,” an FHFA spokeswoman told POLITICO. Lobbying over the money reached a pitch this week after the Trump administration signaled that a plan to let the mortgage giants build capital was under consideration. The payment, which is required under a 2012 deal that forced Fannie and Freddie to send their profits to Treasury in

return for a taxpayer [lifeline](#), would be the first made by the companies since President Donald Trump took office.

[Fannie, Freddie have transferred \\$49 billion in risk to investors](#) | Politico

[Is Fannie Helping Wall Street to the Detriment of Under-Served Borrowers?](#) | Inside Mortgage Finance

[Bankers, credit unions oppose GSEs' foray into chattel loan market](#) | American Banker

[U.S. Pending Home Sales Surged in Warm February](#) | Wall St Journal

[CFPB Sees Drop in Mortgage-Related Complaints](#) | M Report

[The CFPB is proposing changes to Regulation B to help mortgage lenders](#) | CFPB

[HUD's Carson suggests diverting rental aid toward homeownership](#) | Politico

[Senate warns regulator to make \\$10B payment from Fannie, Freddie](#) | Politico

[BofA Fined \\$45M For 'Kafkaesque' Foreclosure Nightmare](#) | Law 360

A California bankruptcy judge has fined Bank of America Corp. \$45 million for intentionally violating automatic stays during a couple's foreclosure proceedings, causing them such severe emotional distress that it led to an apparent heart attack, suicide attempt and post-traumatic stress disorder.

[N.Y. deal could allow Ocwen to purchase MSRs again](#) | American Banker

[Housing industry, Trump clash over deportations](#) | Politico

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

[Labor Department sends final fiduciary rule delay to OMB](#) | Politico

[Fiduciary rule supporters question agency's quick read of comment letters](#) | Investment News

[DOL Fires Back at Chamber's Fiduciary Rule Appeal](#) | Bloomberg

The Labor Department is fighting back against the U.S. Chamber of Commerce's bid to have the fiduciary rule paused by an appeals court (Chamber of Commerce v. U.S. Dep't of Labor , 5th Cir., No. 17-10238, response to emergency injunction motion filed 3/29/17).

The department has "broad authority to classify individuals as 'fiduciaries' and to regulate their conduct accordingly," the DOL said in court papers filed March 29 with the U.S. Court of Appeals for the Fifth Circuit. The Chamber's [claim](#) that it will be harmed if the court doesn't act to pause the fiduciary rule is implausible given the DOL's recent actions placing the rule's future in question, the department argued.

[Investors Pay if Wall Street Wins a Fiduciary-Rule Delay](#) | Bloomberg (Benjamin P. Edwards & Christine Lazaro)

Wall Street continues a doomed fight for brokers' right to give bad advice to retirement savers, all in the hopes of propping up earnings. After three stinging courtroom defeats, the industry procured a presidential memorandum directing the Labor Department to review its ban on giving disloyal advice to investors.

The Donald Trump administration knows that such a delay will harm investors. The Office of Management and Budget's notice explains that the 180-day delay the Labor Department initially proposed would have reduced investor gains by \$441 million in the first year and \$2.7 billion over a decade. The current proposed 60-day delay will still hurt investors, reducing gains in the first year by \$147 million and \$890 million over a decade. Those figures understate the stakes because they assume that the rule will go into effect immediately after the delay. Cutting the rule entirely will cost investors billions more.

[Robo-Advisers Want the Fiduciary Rule, but Not the Litigation Risk](#) | Bloomberg

[Even if Fiduciary Rule Gets Killed Under Trump, Investors Have Wised Up](#) | Yahoo

[Senate Narrowly Passes Rollback of Obama-Era 'Auto-I.R.A.' Rule](#) NY Times

By a single vote, the Senate gave final approval on Thursday to a measure to block cities and counties from organizing retirement savings accounts for workers who have no access to employer-sponsored plans. The vote reverses a Labor Department rule that allows local governments to automatically enroll private-sector workers in retirement plans unless they opt out. The 50-49 vote was a startling reversal for many Republicans, who have argued for much of their careers that overzealous federal regulators were trampling the rights of state and local governments. In this case, congressional Republicans protested that President Barack Obama's rules gave local regulators too much leeway.

[The age of advice manufacturing is here](#) | Financial Planning

The new DoL rule, coupled with the rise of technology-driven TAMPs, managed account platforms, and now more holistic digital advice platforms, is fundamentally shifting the entire industry from product manufacturing to "advice manufacturing." The investment management business, while perhaps not yet a fully formed concept yet in the minds of all industry executives, is now in a race to manufacture scalable personal advice solutions. Digital advice platforms will be utilized to fulfill both the near term regulatory requirements of the fiduciary rule, but perhaps more importantly, to ensure long-term offensive competitiveness.

[DOL Fiduciary Rule Explained as of March 27, 2017](#) | Investopedia

[DOL fiduciary rule changes not one size fits all](#) | Investment News

[Fiduciary Rule Crushes Variable Annuities](#) | Barron's

[Let states encourage retirement savings](#) | Wisconsin State Journal (opinion)

So why is it that Congress is trying to block Americans from gaining access to these retirement savings plans? The U.S. House of Representatives has already used the Congressional Review Act, which allows Congress to review, modify and even eliminate regulations, to undo

Obama-era regulations that made it easier for states to offer these plans to employers and employees. The U.S. Senate is our last chance to keep retirement security on the table for hard-working Americans....By eliminating these rules, these state-sponsored retirement savings plans and the retirement security of millions of working families are being threatened. In mid-February, the House voted along party lines to eliminate these rules, and now it's in the Senate.

[Colorado must step up as Trump and Congress attack financial protections](#) | Denver Post (opinion)

[States can help their private employees without depriving them of ERISA protections](#) | The Hill (Aliya Wong)

STUDENT LOANS & FOR-PROFIT SCHOOLS

[Long Road for Regulatory Rollbacks](#) | Inside Higher ED

There is limited appetite among Republicans in Congress to move swiftly on legislation that would appear to weaken protection for students and consumers. Instead, for leadership on matters of regulation, they've looked to the Education Department, which has appeared rudderless without serious political infrastructure in place, observers said. Ben Miller, an education policy researcher at the Center for American Progress and a former official in Obama's Education Department, said that for years the Republican approach to the regulations has not advanced beyond doing away with them entirely. "The risk that runs is, much like health care, the dog catches the car and needs to actually have an idea what to do," he said. "It's a challenge when the entire agenda has just been undo what the other guy did." One complication of a Congressional Review Act resolution is that it would tie the hands of the Trump Education Department so that it couldn't craft new regulations without statutory authorization from Congress. Meanwhile, thousands of loan-discharge claims from students who attended Corinthian Colleges, ITT Technical Institute and other defunct for-profits demand action from the department.

[Trump, Republicans head for 'too big to fail' bank rift with Europe](#) | Politico

[Bank investors cool down after heady post-election ride](#) | Financial Times

Investors who piled into bank stocks as part of the 'Trump trade' are now pulling back, fearing that the president's defeat over health care could bode ill for his plans to lower taxes or ease rules around the financial sector.

[How For-Profit Colleges Sell 'Risky Education' To The Most Vulnerable](#) | NPR

[Complaints About Student Loan Servicing Increased 429% In Past Year](#) | Consumerist

[For-Profit Law School in Arizona Is Put on Probation](#) | NY Times

[The Closing of the Republican Mind on For-Profit Colleges](#) | The Atlantic

[Education Dept. Defends Gainful Employment](#) | Inside HigherED

[What Does the Gainful Employment Rule Mean for Career Schools Seeking Access to Federal Aid?](#) | The Century Foundation

[Incomplete Justice for Defrauded Corinthian College Students](#) | New America

[Navient seeks to dismiss student loan case, says consumer watchdog overreached](#) | USA Today

In a March 24 dismissal motion, Navient (NAVI) argued that the lawsuit filed against the firm by the Consumer Financial Protection Bureau improperly "invents new rules from whole cloth and claims that Navient failed to comply with them in the past..."

The regulator's lawsuit accuses Navient of throwing up frustrating financial hurdles for thousands of student loan borrowers by providing incorrect payment information, processing payments incorrectly and failing to properly address borrower complaints.

[City Proposal Protects Students](#) | Urban Milwaukee

The Milwaukee Common Council is proactively moving to cement [Obama](#)-era protections for students that may be preyed upon by for-profit colleges, now that new leadership at the federal Department of Education could eliminate those protections. The proposed city legislation would codify standards, currently in place at the federal level, for any for-profit college seeking financial assistance for development.

[For-profit law school owners take the 5th](#) | Axios

[To Protect Taxpayers, An Insurance Mandate For Higher Education](#) | Forbes (Preston Cooper)

\$461 million. That's how much loan forgiveness the federal government will grant to students left stranded after the collapse of for-profit college chain ITT Technical Institute, according to [bankruptcy court documents](#) filed last week by the Department of Education. Corinthian Colleges, another for-profit chain that failed in 2015, has cost [\\$350 million](#) and counting in student loan discharges...

The twin disasters of Corinthian and ITT Tech provide the perfect opportunity to rethink the way we approach accountability in higher education. Specifically, the government should require institutions of higher education to purchase insurance against the risk they pose to taxpayers.

SYSTEMIC RISK

[GOP senators to Treasury: End 'too big to fail' for non-banks](#) | The Hill

Republicans on the Senate Banking Committee asked Treasury Secretary Steven Mnuchin on Tuesday to end the process of deeming non-bank financial institutions "too big to fail." Ten of the Banking panel's 12 Republicans [wrote to Mnuchin](#), asking him to freeze the Financial Stability Oversight Council's (FSOC) ability to classify as "systemically important financial institutions" any organization that isn't a bank. The SIFI label, nicknamed "too big to fail," subjects firms to stricter federal oversight and requirements.

[Does 'Too Big to Fail' Mean Too Big for the Rule of Law? | Wall St Journal](#)

When President Obama signed the Dodd-Frank Act in 2010, he said it would cure the problem of too-big-to-fail banks by setting “new rules to make clear that no firm is somehow protected” from failure. “In the end,” he said, “our financial system only works—our market is only free—when there are clear rules and basic safeguards that prevent abuse, that check excess, that ensure that it is more profitable to play by the rules than to game the system.” Seven years later, those reforms have achieved far less than he promised. That’s especially true of the framework for designating insurance companies and other non-banks as “systemically important financial institutions,” or SIFIs.

[Mnuchin Asked to Review Process for Too-Big-to-Fail Label | Bloomberg](#)

[Mnuchin must decide if oversight agency is doing its job properly | The Hill](#)

Questions about how good a job the FSOC does and the consistency of its evaluation processes raises a much more fundamental question — should there even be an FSOC, and, if so, should it have the authority to designate non-bank firms as SIFIs? The Financial CHOICE Act (H.R. 5983), which the House Financial Services Committee considered last year, would repeal the authority of the FSOC to designate nonbank firms as SIFIs. That repeal would essentially eliminate the issue raised by the senators’ letters to Secretary Mnuchin. Whether and how soon Congress will repeal that authority is questionable, which makes the senators’ request very timely and highly relevant. Hopefully Mnuchin will quickly act on their request.

[Republican senators ask Mnuchin to stop extra regulation of non-banks | Washington Examiners](#)

[SIFMA, Chamber of Commerce & ICI Endorse the Volcker Rule Banning Proprietary Trading | Better Markets](#)

It’s rare that a question during a Congressional hearing leaves an entire panel of witnesses silent. But, that is exactly what happened when Representative Jim Himes’ (D-CT) questioned the panel of five witnesses during a hearing by the House Financial Services Subcommittee on Capital, Markets, and Investment. The subject of the hearing was “[Examining the Impact of the Volcker Rule on Markets, Businesses, Investors and Job Creators.](#)”

[ABA presses Mnuchin to review ‘excessively complex’ liquidity rules | Politico](#)

The American Bankers Association today called on Treasury Secretary Steven Mnuchin to focus on “flawed” liquidity regulations as part of his review of the nation’s financial rules. In a [letter](#) to Mnuchin, ABA President Rob Nichols said the department’s review, which was mandated by an executive order from President Donald Trump, is “timely and refreshing.” Along with the letter, the banking group submitted a [white paper](#) on liquidity, which says standards put in place by the international Basel Committee on Banking Supervision, as applied through U.S. rules, “have serious flaws.”

[Maloney says Fed data show Volcker rule works | Politico](#)

OTHER TOPICS

[Bank Branch Closures from 2008-2016: Unequal Impact in America's Heartland](#) | NCRC

The decrease in bank branch locations in the wake of the 2007-2008 financial crisis and Great Recession has diminished access to financial services for people in both rural and urban areas. Loss of access to financial services has disproportionately increased the reliance on expensive alternative financial services by low-income working families and minorities. Additionally, the loss of branch banking access impedes small business lending, hampering capital availability to the primary engine of U.S. economic growth.

[Lessons from the Global Laundromat investigation: part one](#) | Reuters

[Islamic State's financial withdrawal poses big new anti-laundering challenge](#) | Reuters

[Why advocates of splitting chairman, CEO roles are gaining ground](#) | American Banker