

AMERICANS FOR FINANCIAL REFORM

THIS WEEK IN WALL STREET REFORM | FEB. 21 - 27, 2015

We encourage you to forward this weekly compilation to friends and colleagues.
To subscribe, email erin@ourfinancialsecurity.org, with "This Week" in the subject line.

[Obama Seeks New Protections for Retirement Savings in Speech to AARP](#)

Julie Hirschfeld Davis, NY Times, 2/23/15

"Right now, there are no uniform rules of the road that require retirement advisers to act in the best interests of their clients, and that's hurting millions of working and middle class families," Mr. Obama said. "There are a lot of very fine financial advisers out there, but there are also financial advisers who receive backdoor payments or hidden fees for steering people into bad retirement investments that have high fees and low returns."

The Council of Economic Advisers estimates that more than 40 million families have money in retirement savings accounts that are worth more than \$7 trillion, said Jason Furman, the council's chairman. He added that bad financial advice could lower annual returns by an average of one percentage point, accounting for losses of as much as \$17 billion each year.



[Obama advances rule hitting Wall Street, financial advisers](#)

David Nather & Patrick Temple-West, Politico, 2/24/15

Labor Secretary Tom Perez says the proposed rule will go to the Office of Management and Budget for review on Monday, and will come out "in the next few months" — after which there will be a public hearing so the financial industry, consumer groups and others can provide more feedback. Perez insisted, however, that he has already conducted "robust and inclusive outreach" to get their input before writing the rule.

"If you have a serious illness, you don't want your doctor telling you what's suitable for you. You want that doctor to tell you what's best for you," Perez said. Likewise, he said, consumers who are looking for advice on retirement investments "deserve to know that their financial advisers are looking out for their best interests."



[Fiscal Hawks Should Love Cheaper Retirement Plans](#)

Barry Ritholtz, Bloomberg, 2/24/15

[Obama calls for higher standards on brokers giving retirement advice](#)

Jonnelle Marte, Washington Post, 2/23/15

[Obama Attacks Advisors Selling Snake Oil, Lauds New DOL Fiduciary Rule](#)

Ashlea Ebeling, Forbes, 2/23/15

"If you're working hard and saving money, sacrificing that new car or vacation so you can build a nest egg for later, you should have the peace of mind that the advice you're getting is sound," President Obama said, at the Save Our Retirement Coalition event at AARP's offices in Washington. Coalition members include the AARP, AFL-CIO, AFSCME, Americans for Financial Reform, Better Markets, Consumer Federation of America and Pension Rights Center.

[Major Groups Applaud President's Call For Movement For Movement On Pro-Consumer Rule To Protect American's Retirement Savings](#)

Press Release, SaveOurRetirement.org, 2/23/2015

[Wall Street Captures Billions A Year In Fees On American Retirement Savings](#)

Owen Davis, International Business Times, 2/25/15

[How Democrats Almost Strangled The Obama-Warren Retirement Security Plan In The Cradle](#)

Zach Carter. Huffington Post, 2/24/15

The administration says Americans lose a combined \$17 billion each year through hidden fees and conflicted investment advice. Investment specialists frequently steer investors into financial products that maximize benefits to the advisers or their companies, instead of their clients. To curb this, Obama plans to impose a new "fiduciary duty" on retirement account managers, requiring them to act in the best interests of investors.

"It makes sense, it's right and it's important," said Lisa Donner, executive director of **Americans for Financial Reform**.

[The White House proposes a new rule to help preserve retirement savings](#)

Jared Bernstein, Washington Post, 2/23/15

[Protecting retirement assets](#)

Editorial, Baltimore Sun, 2/24/15

[Obama vs. Savers](#)

Editorial, Wall St. Journal, 2/26/15

[White House Move To Protect Nest Eggs Sparks Hopes And Fears](#)

Chris Arnold, NPR, 2/27/15

[I]ndustry groups say the new rules could hurt the very people the president says he wants to help... "A sledgehammer is not needed where a regular hammer would fix the problem," the [Financial Services Roundtable](#) said in a statement.

Tim Pawlenty, the group's president and CEO, has another metaphor at the ready. "There's always a few bad apples," says Pawlenty, the former Minnesota governor. "We would encourage focusing on bad apples and removing them, instead of tipping over and smashing the whole apple cart."

[Real Reason Brokers Oppose a Fiduciary Standard](#)

Paula Dwyer, Financial Planning, 2/27/15

[Industry to DOL: \(Don't\) Mind Your Own Business](#)

Barbara Roper, Huffington Post, 2/24/15

Financial services firms and their lobbyists have been dusting off a new argument in their war against strengthened protections for retirement savers. In addition to [shedding crocodile tears](#) over the potential harm to middle-income savers if brokers have to start acting in their customers' best interests, they have increasingly voiced their outrage that the Department of Labor believes it has a role to play in regulating retirement advice.

[Obama Steps Up](#)

Simon Johnson, Project Syndicate, 2/25/15

[Warren now all in on fiduciary fight](#)

Kevin Cirilli, The Hill, 2/23/15

[Rep. Wagner Fires Back at Obama's DOL Fiduciary Endorsement](#)

Melanie Waddell, ThinkAdvisor, 2/25/15

[GOP bill aims to block financial adviser regs](#)

Kevin Cirilli, The Hill, 2/25/15

See [statements of support](#) for Administration stand on fiduciary duty.

CONSUMER FINANCE & CFPB

[Government Crafts New Payday Lending Regulations](#)

Hady Mawajdeh and Frank Stasio, WUNC 91.5 North Carolina Public Radio, 2/24/15

[Payday Lending: The Lie That Binds](#)

Reilly Morse, Roll Call, 2/18/15

Payday lenders have caused more than their share of misery in Mississippi. At a time when payday lenders vie with fast-food restaurants for dominance of the urban and suburban landscape, we stand out for having the highest concentration of such lenders in the nation. We also have among the highest interest rates, often topping more than 500 percent.

[How the poor are big business in Fresno](#)

Andrew Fell, Fresno Bee, 2/27/15

[CFPB should be fair to payday lenders, consumers](#)

Jamie Fulmer, Herald-Journal, 2/23/15

[Prepared Remarks of CFPB Director Richard Cordray at the National Association of Attorneys General](#)

CFPB Director Cordray, 2/23/16

"I am greatly encouraged by the work we have done together in just three-and-a-half years. Our publicly announced enforcement actions so far have resulted in \$5.3 billion in relief to 15 million consumers and more than \$200 million in civil money penalties."

[Who's Behind the Secretive Group Bashing Elizabeth Warren's Favorite Agency?](#)

Patrick Caldwell, Mother Jones, 2/26/15

[Justice Department Reaches Settlement with Santander Over Illegal Car Repossessions Against Service Members](#)

Press Release, Department of Justice Civil Rights Division, 2/25/15- Put this in consumer section

[The Next Subprime Crisis Will Ride on Four Wheels—Unless the Government Stops It](#)

David Dayen, The New Republic, 2/26/15

DERIVATIVES, COMMODITIES AND THE CFTC

[Big Banks Face Scrutiny on Metal Pricing](#)

Bloomberg Business, 2/25/15 [video]

ENFORCEMENT

[Wall Street Bankers Shouldn't Be Too Big to Prosecute](#)

J.V. Rizzi, American Banker, 2/26/15

Big banks are in the spotlight once again for a host of alleged misdeeds including tax evasion, money laundering, price rigging and manipulating foreign exchange rates. But despite the seriousness of these accusations, federal prosecutors have yet to file criminal charges against a senior bank executive.

By contrast, hundreds of officials were jailed during the savings and loan crisis and past corporate fraud cases including Enron and World Com. The big difference between then and now comes down to the size of the defendants. The Department of Justice has deemed senior officials of the country's biggest banks too important to charge.

[Emma Thompson on Tax Strike Over HSBC](#)

Tom Sykes, Daily Beast, 2/27/15

One of Britain's leading actresses has decided to take the HSBC tax avoidance scandal into her own hands. Emma Thompson and her husband, Greg Wise, are threatening to boycott the tax man until HSBC executives have been prosecuted for [operating tax avoidance schemes](#). The world's second largest bank has its headquarters in London, but British prosecutors have filed no charges over allegations that the bank's Swiss arm was helping wealthy customers avoid paying their share of tax.

[HSBC defiant as 'SwissLeaks' allegations roll in](#)

Steve Slater & Huw Jones, Reuters, 2/26/15

HSBC Chairman Douglas Flint and Chief Executive Stuart Gulliver told a panel of UK lawmakers they shared collective responsibility for failings at HSBC's Swiss bank that allowed clients to dodge taxes... He said the bank was more than halfway through a transformation to make it simpler and create more central control. "I sincerely hope there are no more skeletons," Flint added.

[SEC Commissioners Push Lifetime Bans on Executives](#)

Joel Schectman, Wall St. Journal, 2/26/15

For companies tangling with regulators, huge fines may soon be the least of their worries. The U.S. Securities and Exchange Commission is divided over whether it should impose severe restrictions on banks and their executives who break securities rules. For top executives, those punishments could include a lifetime ban from working at publicly traded companies. And some at the Commission are advocating greater use of "bad actor" bars against financial firms found to have committed misconduct, which would impose strict limitations on their ability to sell wealthy investors stakes in private offerings like hedge funds.

[Insider Traders and Whistle-Blowers](#)

Matt Levine, Bloomberg, 2/27/15

[US Probe Delays Barclays Forex Settlement](#)

Gina Chon, Financial Times, 2/26/15

A New York banking regulator's probe of Barclays' foreign exchange trading business is holding up a settlement of [currency rate-rigging allegations](#) that other US and UK authorities are close to resolving, people familiar with the case said.

FEDERAL RESERVE

[Once more with feeling – Janet Yellen pans 'Audit the Fed'](#)

Patrick Temple-West and Dave Clarke, Politico, 2/24/15

Yellen said much of the Fed's operations, including financial transactions, are already audited, pushing back against the charge from Paul (R-Ky.) and other critics that it is not transparent.

[Janet Yellen Not Seeking to Alter Dodd-Frank](#)

Kate Davidson, Real Time Economics Blog at WSJ, 2/24/2015

[Reed Renews Push to Increase Accountability at New York Federal Reserve Bank](#)

Senator Jack Reed, 2/23/15

[The U.S. Federal Reserve and Shared Prosperity](#)

Thomas I. Palley, *The Globalist*, 2/24/15

[Yellen Fights Back as Lawmakers Intensify Push to Rein In Fed](#)

Jeff Kearns and Christopher Condon, *Bloomberg*, 2/25/15

[Yellen: Wall Street Banks Breaking Up "Exactly What We Want To See Happen"](#)

Owen Davis, *International Business Times*, 2/25/15

[Elizabeth Warren's Next Target Is The Fed's Top Lawyer](#)

Zach Carter, *Huffington Post*, 2/24/15

"The Fed's general counsel -- or anyone at the Fed's staff -- should not be picking and choosing which rules to enforce based on their personal views," Warren said during a Senate Banking Committee hearing. "So I urge you to carefully review this issue and to assess whether the leadership of the Fed's staff is on the same page as the Federal Reserve Board [of Governors]."

Alvarez, [a Wall Street-friendly career Fed lawyer](#), told a conference of bank attorneys in November that he [wanted to overhaul two key provisions](#) of the 2010 Dodd-Frank financial reform law -- the Volcker Rule and the "swaps push-out" measure.

[Elizabeth Warren Launches New Battle Against the Fed](#)

Inae Oh, *Mother Jones*, 2/26/15

Sen. Elizabeth Warren (D-Mass.) hit Fed Chair Janet Yellen with a string of [harsh questions](#) over the performance of Scott Alvarez, the Fed's general counsel, who is at the helm of an investigation of a Fed leak from September 2012.

Warren has expressed frustrations over the investigation's [lack](#) of public information. "Wall Street banks could profit handsomely if they knew about the Fed's plans before the rest of the market found out, and that's why any leak of confidential information from the Fed results in serious penalties for the people who are responsible," [Warren said](#) on Tuesday. "But apparently there have been no consequences for the most recent leak."

HOUSING AND MORTGAGES

[Why Servicing Transfers Get Bungled](#)

Bonnie Sinnock, *National Mortgage News*, 2/26/15

[Force-Placed Insurance Lawsuits Forcing Industry to Rethink Practices](#)

Heidi Turner, *LawyersandSettlements.com*, 2/26/15

INVESTOR RIGHTS AND THE SEC

[Lure of Wall Street Cash Said to Skew Credit Ratings](#)

Matthew Robinson, *Bloomberg*, 2/24/15

"The fact that analysts can get employed by the issuers is a problem and the SEC should be doing something about it," said Marcus Stanley, policy director at **Americans for Financial Reform**, a Washington-based coalition of 200 advocacy groups. Ratings analysts can work for issuers immediately

because there's no rule about a waiting period like there is in other industries. Accountants, in some cases, must wait one year before working for a company they audited.

STUDENT LOANS

[The People Who Are Willing to Destroy Their Credit on Principle](#)

Natalie Kitroeff, Bloomberg Business, 2/25/15

On Monday, 15 former students announced they'd had enough of that particular nightmare and were going on a "debt strike" until the government canceled their student loans. The so-called Corinthian 15 took out federal loans to attend colleges run by Corinthian Colleges, a for-profit company that has agreed to close or sell all of its schools amid investigations into wrongdoing by multiple state attorneys general.

[A Strike Against Student Debt](#)

Astra Taylor, NY Times, 2/27/15

See **[Letter from Corinthian 15](#)**

[The Downfall of For-Profit Colleges](#)

Alia Wong, The Atlantic, 2/23/15

As part of his recently released 2016 budget plan, President Obama wants to eliminate a notorious loophole that allows for-profit colleges to capitalize on financial-aid benefits afforded to U.S. veterans, a move that could severely weaken some of the industry's biggest schools. In particular, Obama intends to change the parameters of what's known as the "90-10 Rule"—a federal law that bars these schools from receiving more than 90 percent of their revenues through federal student aid, including loans and grants. As it stands the stipulation excludes funding earmarked for veterans, namely financial aid through the GI Bill and the Department of Defense's tuition-assistance program, but the White House proposes including these veterans' benefits on the 90-percent side.

SYSTEMIC RISK AND BIG BANKS

[Regional Banks Face Big Test in Fight Over \\$50B "Systemic" Label](#)

Victoria Finkle, Financial Planning, 2/23/15

Sen. Elizabeth Warren, D-Mass., suggested at a Banking Committee hearing earlier this month that she thinks regulatory relief efforts should be focused on the smallest institutions, those with less than \$10 billion in assets.

Americans for Financial Reform, a consumer group, also circulated its own fact sheet earlier this month, addressing what it argues are false claims about the large regional banks. The fact sheet notes that Dodd-Frank gave regulators the ability to modify their regulations — based on factors like risk and complexity — for banks over \$50 billion, and that the regional banks present a risk to the financial system, particularly when taken as a group.

[Shrink, Don't Split, Big Banks](#)

Mark Gilbert, Bloomberg, 2/27/15

[Too big to manage? HSBC's chiefs grilled over tax scandal](#)

Danica Kirka, Associated Press, 2/25/15

[Consumers and Businesses Would Pay the Price for Obama's Bank Tax](#)

Jon Kyl, American Banker, 2/26/15

[An Open Letter to Elizabeth Warren on the Future of Community Banks](#)

Richard J. Parsons, American Banker, 2/26/15

OTHER TOPICS

[Wall Street Reform: Preserving Dodd-Frank and Beyond](#)

AFL-CIO, 2/24/15

The International Labor Organization has found that the growing power of finance is the Number One cause of the declining amount of the world's economy that is made up of the wages of the people who do the work. This trend was vastly accelerated by the 2008 financial crisis... [M]easured in foreclosures, layoffs or lost retirement savings, working people suffered the consequences of Wall Street greed. Now Wall Street is reaping the benefits of record stock prices while working people struggle to get by as wages remain stagnant.

[Disgorge The Cash: The Disconnect Between Corporate Borrowing and Investment](#)

J.W. Mason, Roosevelt Institute, 2/25/15

See [The Financialization Project](#), announcement of a new Roosevelt Institute initiative.

[Why companies are rewarding shareholders instead of investing in the real economy](#)

Lydia DePhillis, Wonkblog at Washington Post, 2/25/15

[Dodd-Frank's Unintended Consequences - Wall Street Reaps Benefits of D.C. Regulation](#)

Michel Tremoglie, Main Street, 2/26/15

[What 'Net Neutrality' Could Mean for Banks](#)

Joe Adler, American Banker, 2/26/15

Banks would likely not see an immediate effect from the Federal Communications Commission's open Internet plan, but experts say it could prevent future discriminatory moves by carriers that want to compete more in offering financial services.

[Regulators on Leveraged Lending: A Cheat Sheet](#)

Gillian Ton, Wall St. Journal, 2/26/15

For nearly two years, banks have contended federal regulators haven't given them clear signs on how to read their guidance on leveraged lending, which typically involves banks providing funds for debt-laden corporate buyouts. On Thursday, regulators got on the phone and gave banks more details. On a teleconference jointly hosted by the Federal Reserve, Office of the Comptroller of the Currency and Federal Deposit Insurance Corp. that attracted around 1,700 participants, regulators answered questions about guidance they published in March 2013 designed to limit the amount of loans that banks extend to indebted companies.