

AMERICANS FOR FINANCIAL REFORM

THIS WEEK IN WALL STREET REFORM | Feb 28–Mar 6, 2015

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CONSUMER FINANCE & CFPB

[Why it's nearly impossible for you to sue your credit card company](#)

Jonnelle Marte, Washington Post, 3/3/15

Most people aren't aware these agreements exist until after they feel they've been wronged and attempt to sue a company or seek some other form of retribution, the advocates say. Many consumers then learn that they unwittingly agreed to mandatory arbitration when they initially signed up for the credit card or loan.

"You either agree to give up your right to hold these companies accountable," [NCLC's David] Seligman says, "or you don't use a credit card, or you don't take out a loan or you don't use a card."

[Republicans oppose proposed overdraft rules for prepaid cards](#)

Elvina Nawaguna, Reuters, 3/4/15

[Caucus chairs issue call for stronger payday lending rules](#)

Lydia Wheeler, The Hill, 3/5/15

See [letter](#) signed by chairs of Black, Hispanic, Asian Pacific American and Progressive caucuses.

[Republican bill aims to limit consumer bureau's power](#)

Joseph Lawler, Washington Examiner, 3/6/15

[As House Holds Oversight Hearing, 340 Groups Call for Defense of CFPB](#)

Ed Mierzwinski, US PIRG blog, 3/3/15

[The Payday Loan Reforms That Only Payday Lenders Want](#)

Jimmy Lovaas, TheStranger.com (blog), 3/5/15

Washington State passed some of the strongest payday lending reforms in the nation in 2009. But now a group of lawmakers want to scrap those reforms in favor of a proposal backed by Moneytree, a local payday lender.

The rule changes they're going after limit the size and frequency of payday loans and provide a free installment plan option to help borrowers who can't pay back their loan when it's due.

Baptists in Kentucky support cap on payday loans

Bob Allen, Baptist News, 2/26/15

Members of the Kentucky Baptist Fellowship rallied Tuesday, Feb. 24, at the state capitol in Frankfort, after a Monday afternoon seminar on the “debt trap” created by payday lending.

Speakers at a press conference in the capitol rotunda included Chris Sanders, interim coordinator of the KBF, moderator Bob Fox and Scarlette Jasper, employed by the national CBF global missions department with Together for Hope, the Fellowship’s rural poverty initiative.

Missouri Attorney General Shuts Down Predatory Payday Loans

Semo Times, 3/6/15

Consumer Watchdog: Overdraft 'protection' is banking's greatest scam

Christine Young, Wilkes Barre Times-Leader, 3/7/15

Waters Praises Accomplishments of Consumer Bureau

Press Release, Office of Congresswoman Maxine Waters, 3/3/15

Newt Gingrich: Choke Point 'Is the Beginning of a Real Tyranny in the United States'

Kelsey Harkness, TheDailySignal, 3/2/15

“I don’t think the average American realizes that the bureaucrats have come up with a model, which could kill any industry, kill any business, and do so even though what it was doing was totally legal,” [Gingrich] said while attending the 2015 Conservative Political Action Conference (CPAC) on Friday.

CFPB Reform Bill Introduced in House Designed to Pass Congress

Patrick Lunsford, Inside ARM, 3/5/15

DERIVATIVES, COMMODITIES AND THE CFTC

FDIC's Hoenig At Odds With CFTC on Derivatives Rule

Patrick Temple-West & Zachary Warmbrodt, PoliticoPro (paywalled), 3/3/15

See speeches by Hoenig and CFTC chairman Timothy Massad.

ENFORCEMENT

Details Of Tax Avoidance Schemes For Wealthy HSBC Clients Revealed

Mayu Chang, CorpWatch blog, 2/27/15

Morgan Stanley expects mortgage bond lawsuit from New York AG

Ben Lane, HousingWire, 3/2/15

HSBC Whistleblower: Top Management Was "Aware Of The Problem"

Owen Davis, International Business Times, 3/2/15

EXECUTIVE COMPENSATION

[Congresswoman Lee Introduces Bill to End Tax Deduction for Astronomical CEO Pay](#)

Press Release, Office of Rep. Barbara Lee, 3/4/15

FEDERAL RESERVE

[Yellen Says Effective Supervision of Big Banks One of Fed's Top Priorities](#)

Victoria McGrane, Wall St. Journal, 3/3/15

[Yellen Cautious on Changes to SIFI Threshold](#)

Dave Clarke, PoliticoPro (paywalled), 3/3/15

Whether Congress should enact legislation raising the \$50 billion asset threshold for when banks are subject to increased regulation under Dodd-Frank has been at the top of this year's regulatory debate in Congress.

Yellen, as she did last week at hearings before Congress, is taking a cautious approach, stressing the Fed has plenty of authority right now to tailor rules and requirements to the size of the banks it oversees.

[Q&A With Rep. Scott Garrett](#)

PoliticoPro (paywalled), 3/6/15

Q: At her hearing last week, you criticized Fed Chair Janet Yellen for her meetings with the White House and Treasury Department, but no one has questioned her predecessors, Ben Bernanke and Alan Greenspan, when they met with Treasury officials in Republican administrations...

A: It's nothing new. We were asking about the whole issue.

Q: The FRAT [Federal Reserve Accountability and Transparency] Act, which you co-sponsored with Rep. Bill Huizenga (R-Mich.) last year, will that be re-introduced this year?

A: That is being drafted with a different name. It might be separated [between] monetary and regulatory, with a focus on regulatory. There's a lot of discussion with reorganization of the Fed. Ideas that [Dallas Fed President Richard] Fisher has put forth and seem to have generated some bipartisan support from Sens. Sherrod Brown and Richard Shelby. Those are all parts we're looking at. It might be separated into a couple bills, it might be augmented.

HOUSING AND MORTGAGES

[Get ready for another round of the foreclosure crisis](#)

Paul Solman, PBS NewsHour, 3/5/15

Despite what you may have heard, the foreclosure crisis is far from over, especially in Florida, which leads the nation, more than 300,000 cases still pending, another half-a-million homeowners delinquent, hundreds of thousands of modified loans about to balloon in payments...

[**As loan debts rise, foreclosures dip**](#)

Charlene Crowell, New Pittsburgh Courier, 3/5/15

A new report by the New York Federal Reserve Bank seems to be saying that America's household credit and debt are about as uneven as the nation's economic recovery. A new [economic analysis](#) found fewer foreclosures, bankruptcies and credit card delinquencies. However the rates of delinquent auto and student loans are worse than before.

For most consumers, debt may seem like a constant companion – not a friend but somehow lurking near. How consumers manage their debts can also trigger financial stress. In December 2014, the nation's consumers collectively carried \$710 billion of debt. Of this amount, \$570 billion was 90 days or more delinquent.

[**U.S. Trustee Program Reaches \\$50 Million Settlement with JPMorgan Chase to Protect Homeowners in Bankruptcy**](#)

Press release, Department of Justice, 3/3/15

[**J.P. Morgan, Justice Department Reach \\$50 Million Robo-Signing Settlement**](#)

Katy Stech, Wall St. Journal, 3/3/15

INVESTOR RIGHTS AND THE SEC

[**Protecting Fragile Retirement Nest Eggs**](#)

Editorial, NY Times, 2/28/15

A [new study](#) by the White House Council of Economic Advisers has found that financial advisers seeking higher fees and commissions drain \$17 billion a year from retirement accounts by steering savers into high-cost products and strategies rather than comparable lower-cost ones.

The report has rocked the financial services industry — not because it is news but because the industry sees it, correctly, as a forceful statement of the Obama administration's determination to do something about the problem.

[**Americans Aren't Saving Enough for Retirement, but One Change Could Help**](#)

Eduardo Porter, NY Times, 3/3/15

[**Ensuring Hardworking Americans Retire with Dignity**](#)

Radio Speech, President Barack Obama, 2/28/15

Many financial advisers put their clients' interest first – but some financial advisers get backdoor payments and hidden fees in exchange for steering people into bad investments. All told, bad advice that results from these conflicts of interest costs middle-class and working families about \$17 billion every year.

This week, I called on the Department of Labor to change that – to update the rules and require that retirement advisers put the best interests of their clients above their own financial interests... I know some special interests will fight this with everything they've got. But while we welcome different perspectives and ideas on how to move forward, what I won't accept is the notion that there's nothing we can do to make sure that hard-working, responsible Americans who scrimp and save can retire with security and dignity.

We're going to keep pushing for this rule, because it's the right thing to do for our workers and for our country...

[Seeing through the fog on retirement-fund advisers](#)

Jeff Gelles, Philadelphia Inquirer, 3/2/15

I don't have vertigo, but whenever I consider my options for retirement saving, my head spins. Then I heard about President Obama's AARP speech last week and wondered if the diagnosis - and a simple, straightforward treatment - had been sitting around untried all along.

That's how it looks to Barbara Roper, director of investor protection at the Consumer Federation of America.

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

Melanie Waddell, Think Advisor, 2/25/2015

[Republicans look to stymie 'fiduciary' regulatory effort](#)

Peter Schroeder, The Hill, 3/6/15

[Nonprofit Investment Club Offers Valuable Guidance](#)

Erin E. Arvedlund, Philadelphia Inquirer, 3/2/15

Why is it so important to avoid conflicts among financial planners? Lately, Wall Street wants to make it even harder to determine who has a "fiduciary" duty to help protect you and your investments. The U.S. Labor Department may propose a rule that would require advisors overseeing retirement plans to act under a "fiduciary" standard, putting client interests ahead of all other considerations when making investment recommendations... Representatives from AARP, the American Federation of State, County, and Municipal Employees (AFSCME), American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), Better Markets, the Pension Rights Center, **Americans for Financial Reform**, and the Consumer Federation of America are watching this closely.

These consumer advocacy groups also recently launched a website, SaveOurRetirement.com, to educate investors on the issue.

POLITICAL INFLUENCE OF WALL STREET

[The Goldman Sachs primary](#)

Ben White, Politico, 3/2/15

STUDENT LOANS

[America's student loan boycott: How 15 students took on the government — and just may win](#)

David Dayen, Salon, 3/3/15

[A Strike Against Student Debt](#)

Astra Taylor, New York Times, 2/27/15

['Corinthian 15' launch 'debt strike' over student loans](#)

Gregory Wallace, CNNMoney, 3/1/15

'Corinthian 15' Student Debt Strike Picks Up Congressional Endorsement

Shahien Nasiripour, Huffington Post, 3/3/15

Rep. Maxine Waters (D-Calif.) said Tuesday she supports the 15 former students who declared last week they won't make payments on their federal student loans. Waters, the top Democrat on the House Financial Services Committee, is the first member of Congress to publicly endorse the actions of the striking debtors, who refuse to repay loans taken out to attend schools owned by Corinthian Colleges Inc., the troubled owner of schools that the U.S. Department of Education recently bailed out

U.S. Department of Education to End Contracts with Several Private Collection Agencies

Press Release, US Department of Education, 2/27/15

NCLC Advocates Applaud Department of Education Crack Down of Five Collection Agencies

Press Release, National Consumer Law Center, 3/2/15

Education Department accuses debt collectors of 'misleading' students

Tim Devaney, The Hill, 3/2/15

Some Owners of Private Colleges Turn a Tidy Profit by Going Nonprofit

Patricia Cohen, New York Times, 3/2/15

The Inside Story Of How A For-Profit College Hoodwinked Students And Got Away With It

Alan Pyke, ThinkProgress, 2/28/15

For-Profit College Gainful Employment Rules Are on the Block in Congress and the Courts

John Sandman, Main St, 3/2/2015

SYSTEMIC RISK AND BIG BANKS

The Biggest Banks Aren't Ready to Shrink

Peter Coy, Bloomberg, 3/6/15

The Fed doesn't order banks to downsize. It simply requires that the big, complicated ones have more capital than smaller, simpler banks do. On Feb. 25, Yellen told the House Committee on Financial Services that the new capital rules are gradually solving the too-big-to-fail problem: "We're beginning to see discussions that these capital charges are sufficiently large it's causing those firms to think seriously about whether or not they should spin off some of their enterprises to reduce their systemic footprint," she said. "And frankly, that's exactly what we want to see happen."

Except not everyone has taken Yellen's message to heart.

Smothered by a Boom in Banking

Gretchen Morgenson, NY Times, 2/28/15

Attendees at last week's [JPMorgan Chase](#) annual investor day once again asked the question that no big bank executive wants to hear. Wouldn't shareholders be better off if the company were smaller or broken up?

No, no and no, JPMorgan replied. "Scale has always defined the winner in banking," said Marianne Lake, the company's chief financial officer.

It is to be expected that all big bank executives believe in big finance. They benefit from being giant, after all. For the rest of us, though, it's worth noting that the effects of a dominant financial industry are far less beneficial.

What JPMorgan would look like split into four banks

Aaron Elstein, Crains New York Business, 3/2/15

The Worrying Signs for Big Banks in Fed's Stress Tests

John Heltman, American Banker, 3/5/15

Big Banks Pass Muster in Latest Stress Tests

Peter Eavis, NY Times, 3/5/15

The nation's largest banks appear to have the financial strength to survive a nightmarish world where unemployment soars, house prices plummet and Wall Street crashes, the Federal Reserve said on Thursday.

Big US banks batten down as tighter regulation looms

John Heltman, American Banker, 3/5/15

The Federal Reserve Board announced Thursday that all 31 banks that took the Dodd-Frank Act Stress Test this year held enough capital to withstand a severe recession, a positive sign that the industry hailed as proof the days of the crisis are far behind them.

But several of the largest institutions were also teetering on the edge of the leverage and risk-based capital requirements, suggesting that they may have to adopt more conservative capital plans in order to pass the Fed's more comprehensive stress test, the results of which are scheduled to be released on March 11.

Inside the 'Black Box' of the Fed's Stress Test

John Heltman, American Banker, 2/27/15

Despite Changes, an Overhaul of Wall Street Falls Short

Jesse Eisenger, NY Times, 3/5/15

A surprising new line of argument has emerged: Financial [regulation is working](#), Dodd-Frank is [one of the major accomplishments](#) of the Obama administration, and the banks are even "[humbled](#)."

JPMorgan Chase has had to defend its business model, as analysts contend that it [should be broken up](#). Management at Citigroup, which bungled its Federal Reserve mandated stress test last year, [is in trouble if it does it again](#). Compensation for investment bankers at places like Goldman Sachs is down. Goldman and Morgan Stanley are shrinking their balance sheets.

But do Lloyd C. Blankfein and Jamie Dimon seem humbled to you? No, I didn't think so.

Don't weaken leverage ratio, U.S. bank regulator tells peers

Douwe Miedema, Reuters, 3/2/15

Regulators on Leveraged Lending: A Cheat Sheet

Gillian Tan, Wall Street Journal, 2/26/15

Shadow Banks Could Take \$11 Billion Annual Profit, Goldman Says

Ambereen Choudury, Bloomberg, 3/4/15

OTHER TOPICS

Making Wall Street an issue for 2016

Delamaide, USA TODAY, 3/3/15

"If a bank is too big to fail without harming the common good of our nation, then it's too big," [O'Malley said Saturday](#) at a Democratic gathering in South Carolina, which will host one of the first primaries a year from now, "and we must break it up before it breaks us."

Martin O'Malley Doesn't Want Democrats To Hide On Financial Regulation

Sam Levine, Huffington Post, 3/8/15

The Fringe Economic Theory that Might Get Traction in the 2016 Campaign

Max Ehrenfreund, Washington Post, 3/2/15

A commission at the liberal Center for American Progress in Washington recently produced a report on improving living standards for the poor and the middle class, which dedicated several pages to the debate over shareholder value.

"Corporations have shifted their traditional focus on long-term profit maximization to maximizing short-term stock-market valuations," the report stated.

One of the chairs of the commission was Larry Summers, an economist who held senior positions under former President Clinton and President Obama. And the founder of the center is [John Podesta](#), a veteran Democratic strategist who is advising Hillary Rodham Clinton.

The former secretary of state's economic philosophy "calls for corporations to put less emphasis on short-term profits that increase shareholder value and to invest more in employees, the environment and communities," Amy Chozick wrote recently in [The New York Times](#).

A Warning From Buffett About Banks

Andrew Ross Sorkin, NY Times, 3/2/15

Mr. Buffett used his annual letter not only to describe the performance of [Berkshire Hathaway](#) but also to warn — or educate — his faithful followers about "the Street's denizens" and how they "are always ready to suspend disbelief when dubious maneuvers are used to manufacture rising per-share earnings, particularly if these acrobatics produce mergers that generate huge fees for investment bankers."

A Practical Populist Wins High Praise at Treasury. I think this goes in other, not exwc comp

Ben Weyl, CQ Weekly (paywalled), 3/2/15

One area where Raskin has flexed her muscles is in a new drive to restrict executive compensation at the biggest banks... [T]he Dodd-Frank Act required federal regulators to prohibit pay packaged to bank executives that encouraged inappropriate risk-taking... The matter has been revived in recent months, in part because Raskin has made it a priority, pushing it with Lew and the President himself...

"We're very pleased that regulators seem to be returning to the drawing board and thinking about a rule that might actually have some impact," says Lisa Donner, executive director of the liberal **Americans for Financial Reform**, adding that Raskin has been a "champion" on the issue.

[Warren Buffett: Elizabeth Warren would do better if she was 'less angry and demonizing'](#)
Washington Times

[Elizabeth Warren causes DC freakout: Why the liberal hero has elite Washington in hysterics](#)
Elias Isquith, Salon, 3/6/15

[An Open Letter to Elizabeth Warren on the Future of Community Banks](#)
Richard J. Parsons, American Banker, 3/26/15

[The Trans-Pacific Partnership clause everyone should oppose](#)
Elizabeth Warren, Washington Post, 2/28/15