



This Week in Wall Street Reform | Feb. 11 - 17, 2017

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TRUMP ADMINISTRATION, REPUBLICAN LEADERS & WALL STREET

[Cohn has Emerged as an Economic-Policy Powerhouse in Trump Administration](#) | Wall St Journal

The White House has designated Mr. Cohn to play a central role on taxes, infrastructure, financial regulation and replacing the Affordable Care Act. He stood over the president's shoulder as Mr. Trump signed executive orders on financial regulation.

[Trump's Economic Cabinet is Mostly bare. This Man Fills the Void.](#) | NY Times

People with knowledge of his new role said that Mr. Cohn, a Democrat, is summoned to the Oval Office for impromptu meetings with the president up to five times a day — and that he reaches out to the president on other occasions.

[Washington Protects Wall St. at Ordinary Citizen's Expense](#) | Wall St Journal (Alan S. Blinder)

According to Mr. Cohn, lending by American banks is inhibited because they are hamstrung "with literally hundreds of billions of dollars of regulatory costs every year." Well, it's true that banks must comply with more rules now. They must also hold more capital. Those requirements are indeed burdensome to banks. To the rest of us, they are insurance against a runaway financial system tearing down the economy again.

As for Mr. Cohn's specific claims, they are absurd on their face. Here are some real facts. First, banks do not pay anything close to "hundreds of billions of dollars" per year to comply with regulations. The [Federal Deposit Insurance Corp. reports](#) that total noninterest costs of all banks over the first three quarters of 2016 were \$315 billion. Well under 10% of that cost goes for compliance, according to [a survey](#) by the Conference of State Bank Supervisors. Second, bank lending is not shriveling up. Those same FDIC data show that total bank lending grew 7% over the past four quarters, more than twice as fast as nominal gross domestic product. Among community banks, growth was even faster: 9.4%. The lending was profitable, too; net income rose 12%.

[Cohn is embarrassing Goldman Sachs](#) | Financial Times

There is a long tradition of Goldman executives moving into government after earning their fortunes. Steven Mnuchin, a former Goldman partner, became US Treasury secretary this week, joining alumni such as Mr Rubin and Hank Paulson. Not for nothing is the investment bank sometimes known as “Government Sachs”....

But it is becoming awkward for Goldman. Having former executives in governments and central banks around the world is useful, as is the prospect of looser regulation. Being visible at the helm is embarrassing, especially when executive power is clearly being used to Wall Street’s benefit. Mr Trump exploited Goldman as a target for populist resentment in his campaign, railing that Hillary Clinton’s speeches for the bank showed the need to “drain the swamp” in Washington. He forgot it when elected, but the complaint worked and his conduct since lends it even sharper potential.

[Instead of draining the swamp, Trump has become Wall Street’s best buddy](#) | The Guardian (Will Hutton)

Goldman Sachs’ number two, Gary Cohn, is to be Trump’s chief economic adviser; his Treasury secretary, Steve Mnuchin, was 20 years at Goldman Sachs before running OneWest Bank, which made a fortune by improperly foreclosing on mortgages in ethnic minority communities after the financial crisis. These are not men on the side of the little guy: Cohn has promised to attack “all aspects of [Dodd-Frank](#)”, the partially effective regulatory framework that Obama laboriously passed into law in 2010, in the teeth of Republican and Wall Street opposition.

What we know from the financial crisis is that the banking system has become a highly interdependent network in which contagion spreads in hours – it is only as strong as its weakest link. Yet Trump, in thrall to some of the most demonic figures in American finance, last week demanded a [120-day review of all the US’s financial regulations](#) to tame their alleged excesses.

[Goldman Stock Hits Records on bets Trumps Will Unleash Wall Street](#) | Bloomberg

[Goldman sachs Alumni in Washington May Shun Firm, Solomon Says](#) | Bloomberg

[Senators question Goldman Sachs on its role in Trump banking policy](#) | Reuters

Two U.S. senators are seeking details from Goldman Sachs Group Inc's chief executive on the extent to which the bank's employees were involved in drafting of the recent executive orders on banking and fiduciary regulations. In a letter to CEO Lloyd Blankfein dated Feb. 9 and made public on Friday, Democratic Senators Elizabeth Warren and Tammy Baldwin asked for details on "lobbying" activities in the bank related to review of the Dodd-Frank Act and the Obama-era fiduciary rule on financial advice.

[Pence adviser urges full repeal of Dodd-Frank](#) | Politico

A top adviser to Vice President Mike Pence laid out strategies for gutting the landmark 2010 law that reshaped U.S. banking regulations, offering the first detailed look at how the administration

might overhaul post-crisis rules. Mark Calabria, Pence's chief economist, advocated for full repeal of the Dodd-Frank law, in a [brief](#) for the libertarian Cato Institute, where he worked until this month. But since that's politically unlikely, he advises lawmakers to target key parts of the law.

[Battle looms as Trump regime looks to gut Dodd-Frank](#) I NY Post

[Which Dodd-Frank rules will stay? Which ones will go?](#) I The Conference Board

[Trump only cares about regulation costs, not their benefit](#) I The Hill

[R's deregulation plan has big-bank incentives, consumer-bureau restraints](#) I Reuters

[Key Republicans Casts Doubt on Quick Action to Dismantle Dodd-Frank](#) I Bloomberg

[Yellen rightly defends Wall St reform against House GOP critics](#) I The Hill

[House Dodd-Frank overhaul expected soon with hearings next month](#) I Politico

House Financial Services Chairman [Jeb Hensarling](#) is expected to introduce his bill to repeal and replace parts of the 2010 Dodd-Frank law in the next week or two followed by hearings in late March and House consideration in April, a senior member of the committee said today.

[Crapo wants to revisit bank threshold, aims for bipartisan bill](#) I Politico

Senate Banking Chairman [Mike Crapo](#) said today he wanted to revisit a threshold in the 2010 Dodd-Frank law that applies stricter rules to banks with more than \$50 billion in assets and "craft a more appropriate standard." In prepared remarks for a hearing with Federal Reserve Chair Janet Yellen, Crapo also cited the regulatory burdens of community banks and said rules "should be properly tailored and avoid a one-size fits all approach."

[Crapo backs risk metrics over 'arbitrary number' in bank oversight](#) I Politico

Senate Banking Chairman [Mike Crapo](#) today signaled he would rather hinge key banking regulations on a financial institution's risk profile rather than a fixed numerical threshold. At the opening of a Senate Banking hearing with Fed Chair Janet Yellen, Crapo said he wanted to revisit a provision in the 2010 Dodd-Frank law that applies stricter rules to banks with more than \$50 billion in assets and "craft a more appropriate standard."

[Hensarling's Offensive on Dodd-Frank as Negotiating Move](#) I Roll Call

House Financial Services Chairman Jeb Hensarling appears to be doubling down on his Dodd-Frank repeal legislation, adding more features objectionable to Democrats in the wake of a White House announcement of a four-month review of the nation's financial laws and regulations...Other features include making it easier for some banks to opt out of the Federal Reserve's enhanced regulation, easing compliance and frequency requirements for big banks to

submit liquidation plans, otherwise known as living wills, and loosening thresholds that would relieve some small companies from Securities and Exchange Commission requirements...

The biggest of Hensarling's changes appear to be at the CFPB, said Marcus Stanley, policy director at **Americans for Financial Reform**, which supports keeping Dodd-Frank in place. The memo says the new bill would eliminate the bureau's broad mission to police fraud, limiting it instead to specific statutes; it would eliminate the bureau's consumer complaint database, which has, to date, received more than 1 million complaints, and eliminate the bureau's jurisdiction to supervise and demand information from banks.

[Trump doesn't seem to understand the rules about making rules](#) | Washington Post (Howard Shelanski)

Much of the case for eliminating regulations from the past eight years is based on broad claims that those rules are too costly for society. Yet sweeping demands for cutting these regulations often ignore that agencies had to take such costs into account before they issued most of the significant rules targeted for repeal.

Before an agency can publish a significant regulation, it must show the White House Office of Information and Regulatory Affairs, part of the Office of Management and Budget, that the rule has likely benefits for society that justify any costs. The fact that most rules have documented benefits means that one-sided rhetoric focusing only on regulatory costs will not be enough to justify repeal of a rule whose underlying record is based also on the benefits of that rule.

[Lobbyists helped bankroll Donald Trump's transition](#) | Center for Public Integrity / NPR

See [letter from Senator Elizabeth Warren](#) questioning influence of Wall Street lobbyists over Trump regulation memorandum.

[Trump signs first CRA disapproval resolution in 16 years](#) | National Law Review

[Trump's regulatory freeze in full force](#) | The Hill

["Trump Wants to Take an Axe to the Regulatory State"](#) | Amit Narang on the Anti-Regulation Rule | Truthout

[Why trump's 2-for-1 rule on regulations is no quick fix](#) | NY Times (Robert Shiller)

[Why Washington's anti-regulation agenda will hurt the economy](#) | GreenBiz

[Trump's 2-for-1 Folly](#) | Forbes (Omri Ben-Shahar)

[If Men Were Angels, No Regulation Would be Necessary](#) | Bloomberg (Cheryl Bolen)

The president intends to start rolling back harmful Obama-era regulations, which have cost American businesses and consumers a “staggering” \$890 billion, making companies less competitive and even driving some of them out of business, Spicer told reporters.

[Bills Targeting Regulation, Social Media Approved by Committee](#) | Bloomberg

NOMINATIONS

[Ohio Senators Split Votes on Trump Pick to Lead Treasury](#) | Dayton Daily News

“It should be a very grave concern to every Senator that new evidence that One West engaged in illegal robo-signing keeps turning up, even though Mnuchin denied it,” said Lisa Donner, executive director of **Americans for Financial Reform**. “They should be demanding honest answers, and demand that any candidate for Treasury Secretary demonstrate a commitment to following the law.”

[Mnuchin’s OneWest Lieutenant is Considered for Comptroller Job](#) | Wall St Journal

The Trump administration is considering naming a former OneWest Bank executive who was a lieutenant of Treasury Secretary Steven Mnuchin to run a federal banking watchdog, according to people familiar with the matter, a move that could spark renewed criticism from Democrats about the firm’s foreclosure practices.

[Steven Mnuchin Is Confirmed as Treasury Secretary](#) | NY Times

[Senate Confirms Mnuchin for Treasury](#) | Politico

See [joint letter](#) and statements by [Center for American Progress](#), [Public Citizen](#), and [Government Sacks](#).

[Steve Mnuchin, Foreclosure King, now runs your U.S. Treasury](#) | The Hill

[Mnuchin, bruised by hearings, heads for new battles](#) | Politico

[Progressive group poll shows red state Dems’ constituents oppose Mnuchin](#) | Politico

[Mnuchin looks to Wall Street to fill key Treasury roles](#) | Politico

[Liberals press for tough vetting of SEC nominee Jay Clayton](#) | Politico

[Labor nominee Puzder Withdraws](#) | Politico

[How Puzder Fell](#) | Politico

CONSUMER FINANCE & THE CFPB

[Trump Believes Consumer-Watchdog Agency 'Unaccountable'](#) | Wall St Journal

President Donald Trump believes the structure of the Consumer Financial Protection Bureau makes the agency “unaccountable” to the American people, according to a White House spokesperson, weighing in for the first time in the debate about the future of [the watchdog agency](#) created under the Obama administration.

[CFPB, Cordray, Win Second Chance to Avoid a Trump Firing](#) | Bloomberg

A U.S. appeals court in Washington on Thursday granted the [CFPB's](#) request to reconsider an [October decision](#) that stripped Cordray of his job protection, which left him at the mercy of Trump and a pro-business Republican-led Congress looking to rescind financial regulations put in place by the Obama administration after the 2008 fiscal crisis...

Twelve judges will hear the re-argument on May 24, including the trio that initially heard the case in April and Chief Judge Merrick B. Garland who is again participating in cases after stepping back while his Supreme Court nomination was pending....Also weighing in on behalf of the CFPB are **Americans for Financial Reform**, the Consumer Federation of America, the U.S. Public Interest Research Group and one of the bureau's biggest proponents, Democratic Senator Elizabeth Warren of Massachusetts.

[Thoughts on the PHH Case Impact on Director Cordray](#) | Compass Point

[Federal appeals court agrees to rehear challenge to CFPB](#) | Consumer Affairs

“We welcome the news that the full Court of Appeals is rehearing this case. The CFPB's independence from Wall Street and predatory lender special interests, and its effective leadership structure, are vital to the Bureau's ability to police the industry and protect consumers,” said Lisa Donner, executive director of **Americans for Financial Reform**.

[Appeals Court will Reconsider Ruling on Consumer Agency](#) | NY Times

[Why the CFPB is in Danger of Getting Trumped](#) | Huffington Post

[CFPB wins rehearsing on court ruling, in setback to GOP](#) | Politico

[The CFPB is under siege by all three branches of the government](#) | The Hill

The CFPB has been expected to issue controversial rules that would dramatically change the industry, perhaps putting an end to payday loans and greatly increasing the potential for class action litigation. However, with President Trump's recent executive order, activity in the Republican-controlled Congress, and forthcoming hearing before a federal court of appeals, the CFPB now finds itself facing attacks under each of the three branches of government.

[If trump defangs consumer watchdog agency, banks win, you lose](#) I NJ.com

According to **Americans for Financial Reform**, a Washington based, nonpartisan coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, civic and community groups, "The bureau has delivered almost \$12 billion in financial relief to more than 29 million Americans cheated by financial companies." In short, this is an agency that has been fulfilling its mission, without letting itself be cowed by Wall Street or captured by revolving-door insiders. That's why it's under attack, and why it urgently needs to be defended.

[Consumers, communities affected by financial regulation rollback](#) I Columbia Chronicle

Alexis Goldstein, a senior policy analyst at **Americans for Financial Reform**—a Washington D.C.-based nonpartisan group of 200 civil rights, consumer, labor, business and investor groups that advocate for a strong, stable and ethical national financial system—said Trump voiced his disapproval of Dodd-Frank during the 2016 campaign. However, only Congress can actually repeal the act, which would be a “distressing” reality, she added.

[Republicans to predatory companies: grab as much as you can](#) I Washington Post (Catherine Rampell)

Last week, Jeb Hensarling (R-Tex.), chairman of the House Financial Services Committee, [circulated](#) an outline of his latest plan to repeal Dodd-Frank. Dodd-Frank, you may recall, was put in place after the financial crisis to reduce our chances of having another one. The law isn't perfect, but it did have at least one critical, mostly popular component: It created an agency dedicated solely to helping consumers fight back when financial institutions cheat or mislead them.

Remember when Wells Fargo got caught creating millions of fake customer accounts? The bureau helped lead that investigation, which resulted in a [\\$185 million settlement](#). The bureau has also, among other things, [sued](#) pension-advance companies that fleece veterans, and it [ordered](#) the firms that left low-income users of prepaid RushCards unable to access their own money to pay \$13 million in restitution and fines. In its five years of existence, the bureau says it has recovered [\\$11.7 billion](#) for more than 27 million consumers. The financial industry, understandably, is not super keen on this independent federal agency. And neither is Hensarling, who — just coincidentally? — has received generous [campaign contributions](#) from the finance industry.

[Wells Fargo to oppose nuns on review resolution](#) I Reuters

The board of Wells Fargo & Co plans to oppose a resolution filed by shareholder activists led by the Sisters of St. Francis of Philadelphia seeking a review of the root causes of the bank's unauthorized accounts scandal, according to a draft document seen by Reuters.

The draft dated Feb. 10 states the board's position on the measure, to be included in its forthcoming proxy for this year's springtime shareholder meeting, is that because the bank has its own investigation and reforms under way, the concerns raised by the proposal are being addressed.

[Customers avoid new Wells Fargo accounts after sales scandal](#) I Washington Post

[Days May be Numbered for the Consumer Complaint Database](#) I Consumer Reports

[Prepaid card debate illustrates fight over consumer bureau](#) I New Castle News

[Trump's Shot to Defang Dodd-Frank Consumer Bureau Quick Take Q&A](#) I Bloomberg

[Fate of House bill to change class action procedures could be barometer for CFPB arbitration rule](#) I CFPB Monitor

[Ted Cruz wants to gut Elizabeth Warren's brainchild](#) I News Tribune

[Republicans launch Bicameral Salvos against Wall St Watchdog](#) I Common Dreams

Cruz in a statement called the CFPB, the brainchild of Sen. Elizabeth Warren (D-Mass.) created in the aftermath of the financial crisis as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, a "runaway agency" that "does little to protect consumers." Their twin legislation, however, goes against public opinion, and their basis for abolishing the agency isn't backed up by numbers.

A Morning Consult poll released in December [found](#) that only 7 percent of Trump supporters want to kill the agency; and an **Americans for Financial Reform** and the Center for Responsible Lending poll in June [found](#) wide bipartisan support for the CFPB. Further, as Yahoo Finance [laid out](#) last week, "the agency has thus far accomplished goals of fighting harmful business practices and helping to protect working people from deceptive and unfair business," including returning nearly \$12 billion to wronged consumers.

[CFPB explores alternative data impact on credit access for credit invisible consumers](#) I CFPB

See [video of event](#).

[Communities will fight industry push to duck fair lending laws](#) I The Hill

Not even one month into the new administration, there is already a burgeoning push from the financial services sector to ease off the enforcement of laws to prevent discrimination in lending. This effort is both shameless and shameful.

In a recent statement, the Independent Community Bankers of America (ICBA) asked the new administration to limit the application of fair lending laws, calling their enforcement "overzealous." Federal regulators have been active in penalizing financial institutions for fair lending violations because such violations sadly remain a harmful reality in the marketplace. If banks don't want to face enforcement actions, they should follow the law. It's clear that many

institutions aren't, by the number of penalties leveled at a variety of banks in recent years by the Consumer Financial Protection Bureau (CFPB) and the Departments of Justice and Housing and Urban Development.

[Delinquency Rate at Highest Level](#) | Financial Times

More than a million US consumers have fallen at least two months behind on car loan repayments as the delinquency rate reaches its highest level since 2009, in the latest sign of stress in the \$1.1tn market. The rise in bad loans comes despite persistently low borrowing costs and unemployment levels — suggesting lenders may be letting consumers take on bigger debt burdens than they can handle. Lending to consumers with weak credit scores has been one of the fastest growing parts of the industry.

[Influence-Peddling Case Begins Against Former Utah Official](#) | NY Times

Former Utah Attorney General John Swallow was enmeshed in a power-and-greed scheme that brought in thousands of dollars and luxury trips from businessmen facing criminal charges, prosecutors said Wednesday during opening statements in his influence-peddling case. Swallow is charged with 13 counts, including bribery and evidence tampering, in one of the highest-profile scandals in state history.

The allegations include illicit gifts of gold coins from a now-deceased payday loan titan, stays on luxury houseboats and a trip to a high-end California resort with a businessman who prosecutors say got a sweetheart plea deal in a fraud case...He acknowledged that Swallow was willing to hear out people from scrutinized industries such as payday lending, multilevel marketing and health supplements but said that was a matter of fairness, not corruption

[Lawmakers want to boost fines for rogue payday lenders by 500 percent](#) | Herald Leader

EXECUTIVE PAY

[Funds 'rubber-stamp' CEO pay slightly less often](#) | Bloomberg

Shareholder activism and public pressure around executive compensation may be having an effect on how mutual funds vote on pay packages at companies they invest in. Mutual fund giants such as BlackRock Inc. and Vanguard Group have been called out by shareholder advocates in the past for “rubber-stamping” pay plans, but [research](#) from As You Sow shows they are voting against compensation deemed excessive a bit more often.

The shareholder advocacy group came up with a list of 100 chief executive officers in the S&P 500 whose pay it considered too high based on financial performance and other factors. It then looked at voting records across 25 mutual fund families and found that average support for “overpaid” CEOs has declined somewhat, from 82 percent to 76 percent, over the past year.

[Executive Pay](#) | Bloomberg Quick Take

FEDERAL RESERVE

[Tarullo Says Trump's Wall St principles 'good starting point'](#) | Financial Times

Mr Tarullo noted that the White House's "core principles" — the work of former Goldman Sachs executive Gary Cohn and others — stressed the need to avoid moral hazard and "too big to fail" banks that would require a government rescue in a crisis.

Mr Tarullo said much had been done to tackle those problems in his time as the top regulator implementing Dodd-Frank, citing bank liquidity rules, requirements for bigger capital cushions, better risk management and mechanisms for winding down a failing institution.

[Top Federal Reserve official resigns as bank deregulation looms](#) | Reuters

[Yellen Defends Fed Independence, Banking Regulations](#) | NY Times

Federal Reserve Chair Janet Yellen defended the central bank's independence Wednesday from Republican lawmakers who are pushing for major changes in how the central bank operates and how regulators oversee the nation's banking system.

During a hearing that stretched over four hours, GOP lawmakers repeatedly challenged Yellen's handling of the economy and her leadership in implementing the 2010 Dodd-Frank Act, a measure that President Donald Trump and Republicans have vowed to overhaul.

[U.S. lawmakers grill Yellen on interest rates, regulatory policy](#) | Reuters

[Fed issues revised scenarios for bank stress tests after error](#) | Reuters

[Five Takeaways from Janet Yellen's testimony before Congress](#) | Financial Times

INVESTOR PROTECTION AND THE SEC

[SEC Chief Scales Back Powers of Enforcement Staff](#) | Wall St Journal

The new Republican leader of the Securities and Exchange Commission has imposed fresh curbs on the agency's enforcement staff, scaling back their powers to initiate investigations of alleged financial misdeeds. The move by Michael Piwowar—named acting head of the agency in late January by the Trump administration—narrows actions launched during the Obama administration designed to make it easier for the Wall Street regulator to launch probes in the wake of the financial crisis and a series of colossal investment scandals.

[SEC Weights Curbing Investigators' Powers to Probe Wall Street](#) | Bloomberg

The Securities and Exchange Commission's interim chief has quietly initiated a review that could make it harder for government lawyers to open investigations into corporate wrongdoing, said three people with knowledge of the matter.

Michael Piwowar, the Republican serving as the agency's acting chairman, has requested an examination of what's known internally as delegated authority, the people said. It gives senior attorneys across the SEC powers to start probes, inspect firms and sign-off on some financial products without seeking approval from Piwowar and the other politically-appointed commissioners who oversee the regulator.

[7 ways Republicans lawmaker's place would curb SEC Enforcement Powers](#) | Reuters

[Trump's Man for the SEC: Time to Ease Regulation](#) | Wall St Journal

In late November, Jay Clayton was called by a longtime client seeking advice for how the Trump administration should tackle scaling back rules on Wall Street.

Mr. Clayton, a partner at Sullivan & Cromwell LLP who has represented [Goldman Sachs Group](#) Inc. and Lehman Brothers Holdings Inc., dashed off an email explaining how government could promote growth by easing what he considered unnecessary regulations on raising capital, according to a person familiar with the matter. The correspondence was shared with Trump advisers, who were impressed and asked if there might be a position that would interest him. Mr. Clayton replied: "SEC chairman."...

A big question facing Mr. Clayton is his stance on the 2010 Dodd-Frank financial overhaul law that aimed to rein in bank risk-taking after the financial crisis. Even if Republicans in Congress don't succeed in their [goal of repealing major sections of Dodd-Frank](#), the deliberations would provide Mr. Clayton with enough political cover to pursue other priorities such as easing corporate disclosure requirements. The agency's acting chairman, Republican Michael Piwowar, already has [frozen action on unfinished Dodd-Frank rules](#).

[Search for SEC Small Business Advocate Starts Soon](#) | Bloomberg

The Securities and Exchange Commission is taking steps to set up a small-business advocate office, acting SEC Chairman Michael Piwowar said Feb. 15. In his first public speech as the agency's interim leader, Piwowar said the commission will begin its search for a head for the Office of the Advocate for Small Business Capital Formation "in the near future." The new position was created by the SEC Small Business Advocate Act, which became law in December.

[Morgan Stanley to pay \\$8 million to settle U.S. SEC Charges](#) | Reuters

[Trump signs bill killing SEC rule on foreign payments](#) | Politico

President Donald Trump today signed the first in a series of Congressional regulatory rollback bills, revoking an Obama-era regulation that required oil and mining companies to disclose their payments to foreign governments...Today's signing in the Oval Office marked the first time in 16 years that the Congressional Review Act has been successfully used to roll back a regulation, and Congress is queuing up several others to send to the president's desk.

[SEC Chair Mary Jo White Returns to Debevoise & Plimpton](#) | Law 360

[U.S. SEC Charges Chinese exec with DreamWorks insider trading](#) | Reuters

[Appeals court to rehear SEC 'Buckets of Money' case](#) | Politico

A U.S. appeals court has agreed to rehear a case challenging the SEC's in-house judicial venue, a system that has drawn fire from critics who say it gives the SEC an unfair advantage in resolving disputes. In a blow to the SEC on Thursday, the U.S. Appeals Court for the District of Columbia set aside an Aug. 9, 2016, decision in the case between the SEC and Raymond Lucia, an investment adviser and radio personality whose savings strategy, promoted as "Buckets of Money," was deemed fraudulent by the SEC in 2012. Lucia responded by challenging the constitutionality of the SEC's administrative law judges who oversee enforcement cases at the agency's in-house venue. The appeals court scheduled a rehearing for May 24.

The court also raised the administrative law judge issue in the CFPB's case with mortgage company PHH Corp., in which it set aside an earlier ruling declaring the CFPB unconstitutional. In the court's orders for those parties, the judges asked how the outcome of the SEC question might affect their case.

MORTGAGES, FORECLOSURES & HOUSING

[Consumer Agency Can Demand Answers About Foreclosed Homes](#) | NY Times

At a time when many Republicans are urging President Trump to weaken the [Consumer Financial Protection Bureau](#), a federal judge has now upheld its authority to issue a subpoena in a housing finance investigation. Judge Nancy G. Edmunds of Federal District Court in Detroit has ruled that one of the nation's largest providers of seller-financed homes must comply with a demand for documents and other information from the consumer agency.

The bureau has been looking into whether the terms of some of these sales violated federal truth-in-lending laws. In recent years, these kinds of deals have ballooned in poorer neighborhoods as lower-income Americans have found it harder to obtain mortgages and as private investment firms have stepped in to offer alternative financing since banks often will not lend to them.

[Why repealing Dodd-Frank is unappealing if you own a home](#) | The Hill

Homeowners should sit up and take notice because a lot of protections they can now take for granted will be stripped away if this push is successful. One of the key components of the Dodd-Frank regulatory regime was the newly-created Consumer Financial Protection Bureau (CFPB). The bureau is responsible for administering a range of consumer protection regulations, some of which predate Dodd-Frank and some of which were mandated by it.

Many of these regulations protect homeowners as they obtain mortgages for their homes. Others protect homeowners over the life of the mortgages, particularly when they are having trouble keeping up with their mortgage payments because of those common life events that still knock us for a loop when they happen to us: job loss, divorce, medical bills, a death in the family.

[Democrats challenge Fannie Mae's \\$1 billion deal with Blackstone](#) I Politico

House Democrats are asking Fannie Mae's regulator to reconsider a \$1 billion deal with private equity giant Blackstone Group. The lawmakers, longtime defenders of Fannie Mae, said the deal, which will help the company lower borrowing costs on thousands of single-family rental homes, raises questions about whether the government-backed company is fulfilling its mission to boost U.S. homeownership.

[Freddie Mac will send \\$4.5 billion to treasury after strong earnings](#) I Politico

[Regulators deny JPMorgan Chase, Redwood Trust securitization innovation](#) I Housing Wire

[Where have all the borrowers gone?](#) I Housing Wire

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

[Retirement Advice in the Trump Era](#) I NY Times

A federal judge in Texas did President Trump a favor last week. It came [in a decision](#) in a case filed by the financial industry against the Labor Department to overturn an Obama-era regulation called the “fiduciary rule,” which requires financial advisers to put their clients’ interests first when giving advice and selling investments for retirement accounts. The judge, Barbara Lynn, [called](#) the plaintiffs’ objections “without merit,” “unpersuasive” and “at odds with market realities.”

If Mr. Trump were smart, he’d see the judge’s decision as a warning that he chose an ill-advised course on Feb. 3, when he sided with Wall Street, and against savers and retirees, by calling for a review and possible rollback of the rule, which is slated to take effect in April. As Judge Lynn’s decision makes clear, the rule is solid, and those behind the rollback effort, which was spearheaded by Gary Cohn, Mr. Trump’s top economic adviser and, until recently, president of Goldman Sachs, would have a difficult time asserting otherwise.

[Trump, Wall Street, Strive to Make Securities Fraud Great Again](#) I The Street (Susan Antilla)

A federal judge in Dallas [said](#) Wednesday that the Department of Labor had acted within its authority when it created an investor-friendly rule set to be implemented April 10.

In an occasionally biting 81-page opinion, Chief Judge [Barbara Lynn](#) of the U.S. District Court for the Northern District of Texas upended the [arguments](#) of nine pro-business groups who had sued the DOL over its so-called fiduciary rule. The crux of industry's outrage: That the agency wants financial salespeople giving advice on retirement accounts to put clients' interests ahead of their own....

Add to that the administration's goal to [neuter](#) the post-financial crisis rules of the Dodd-Frank Act and a fresh round of attacks on the Consumer Financial Protection Bureau, and you're looking at a perfect storm of reasons to get a little paranoid if you're a member of the investing public.

[Robo-advisers shrug off fiduciary rule](#) | Reuters

[Trump's Complicated Relationship with Wall Street, in One Photo](#) | Time

It was the kind of moment most politicians dream about. U.S. Rep. Ann Wagner [stood smiling behind the newly elected President](#) as he signed a memorandum she'd pushed to craft, gave her the credit—even handed her the pen. Wagner, invited by President Trump to explain the accomplishment, gushed: “What we're doing is we are returning to the American people, low- and middle- income investors, and retirees, their control of their own retirement savings. This is about Main Street.” But the story is not so simple. In many ways it highlights the uncomfortable contradictions of the Trump presidency, where populist campaign promises are now competing with big business interests for sway in Washington.

[Trump Moving to Delay Rule That Protects Workers From Bad Financial Advice](#) | NPR

[A Retirement Advice Rule Worth Following](#) | Savannah Now

[Fiduciary Rule is a Regulation Everyone Should Appreciate](#) | The Gazette (Ted Rayburn)

The rule simply would serve as a guarantee, in the way that customers have recourse when they purchase other types of goods and services that were falsely advertised. We know that the rule can work because a number of large companies, including Merrill Lynch and Morgan Stanley, already have modified their practices in anticipation of full implementation of the rule, and their businesses are doing fine.

A federal judge in Texas last week gave some support, finding that the Labor Department did not overreach in setting the rule, as the industry groups claimed. But in this period of contentiousness between the branches of government, that is unlikely to remain the last word.

[The Fiduciary Rule is Friend of Capitalism](#) | Boston Globe

[Advisers who call themselves fiduciaries may not live up to it](#) | Wall St Journal

[Proposed fiduciary rule puts consumer interest first](#) | Star Telegram

[Donald Trump's War on Seniors](#) | **Huffington Post**

What are Americans more afraid of than dying? I bet you guessed wrong. The answer is running out of income in retirement. It's true. 75% of those over the age of 44 are more worried about outliving their income than they are of dying. Looking at the first month of the Trump administration, their concerns are more well-founded today than ever. Almost half of all people nearing retirement have exactly zero dollars in retirement assets, according to the National Institute on Retirement Security. Zilch, nada.

We are in the midst of a retirement crisis, and with private pensions all but gone, it's going to get worse – unless we do something. That's why there is a movement to push an aggressive agenda that will protect and expand Social Security, Medicare and Medicaid. These hugely successful programs are a lifeline for most of our nation's 46 million seniors and will be soon for the 10,000 Americans who turn 65 every single day....

President Trump has been busy in his first month overturning protections for retirees that were enacted by the Obama Administration. They are trying to get rid of the "fiduciary rule," a rule that simply says that investment advisers must give advice that is in "the best interest of the client," not their own profit-making interest. Estimates are that retirees lose \$17 billion every year because of "conflicted" financial advisers.

[Apparently, Washington learned nothing from the Wells Fargo Scandal](#) | **Crain's Chicago Business (Tammy Duckworth)**

While the outrage at Wells Fargo was well-placed, it was too narrowly focused. Similar incentive structures rewarding bad behavior are common in the financial industry. In the retirement investment advice sector, for example, we would reasonably expect an adviser's job to be helping ensure that clients are well-positioned for retirement. After all, their job titles are often, literally, "retirement adviser." However, that's not always the case...

The director of the Trump administration's National Economic Council, former Goldman Sachs President Gary Cohn, left his Wall Street job with more than a quarter of a billion—that's with a B—in his golden parachute to help President Donald Trump write financial policies. There's not much question in my mind who those policies will benefit, and it's not everyday consumers like you or me. It certainly didn't take much time for Wall Street's influence to take effect. The Trump administration recently signed an executive order that blocks the common-sense Fiduciary Rule from taking effect, safeguarding the shady incentive structures that make it harder for middle-class Americans to retire with dignity.

[Trump and the Fiduciary Rule: The Uncertainty of What's Ahead](#) | **Bloomberg**

[Labor Department to Delay and Revisit Fiduciary Rule](#) | **Bloomberg**

President Donald Trump's Department of Labor moved one step closer to putting the brakes on the agency's fiduciary rule for retirement investment advisers late Feb. 9. The agency sent to

the White House's [Office of Management and Budget](#) a proposal to delay the rule's applicability date, one week after Trump ordered the agency to review the Obama-era rule that aims to protect retirement investors from conflicted advice.

The proposal won't be publicly available until it clears the OMB, but it's expected to delay the rule by 180 days and open a short public comment period. The move by the DOL came just one day after a federal judge in Texas upheld the rule and refused to delay its implementation, which is scheduled for April 10. Three federal courts have now upheld the rule.

[Personal Capital CEO's Mission to Save Fiduciary Rule, Dodd Frank](#) | ThinkAdvisor

[The impact of the Fiduciary Rule: Your Stories](#) | Local Syracuse

[Ohio Dems want Trump administration to keep fiduciary rule](#) | Cleveland.com

[Which industry groups could get Trump bump from rule delay?](#) | Investors Business Daily

STUDENT LOANS & FOR-PROFIT SCHOOLS

[Investors Think For-Profit Colleges Have a Bright Future Under Trump](#) | Bloomberg

The invitation went out to top universities including Ohio State and Notre Dame: Let's talk about the future of American higher education under President Donald Trump.

It also went to a less-august institution: DeVry Education Group Inc.

That DeVry was invited to a January "listening session" on education by Trump's team hints at where his administration soon may nudge more college students: into the arms of for-profit companies.

[Why For Profit Colleges Could Thrive Under Trump](#) | Investopedia

[Increasing transparency in the student loan servicing market](#) | CFPB

[Student Loans: What DeVos Might Do](#) | U.S. News

[Reasons to Consider Before Enrolling in For-Profit Colleges](#) | University Herald

[Fraud in for-profit education?](#) | Southside Pride

[Faculty Layoffs at University of Phoenix](#) | Inside Higher Ed

SYSTEMIC RISK

[This is the trick Wall St will use to roll back rules that prevent financial collapse](#) | Quartz

At today's annual monetary policy hearing with the Federal Reserve, senator Elizabeth Warren [cited an interview](#) with White House economic advisor (and former president of Goldman Sachs) Gary Cohn about financial regulation: "Today banks do not lend money to companies," Cohn [told Fox Business](#) on Feb. 3. "Banks are forced to hoard money because they are forced to hoard capital and they can't take any risks. We need to get banks back in the lending business, that's our number one objective."

That's not quite true. According [to the Federal Reserve](#), US commercial and industrial loans have grown steadily since 2012. At the beginning of February, US banks had more than \$2 trillion in loans to businesses on their books, \$130 billion more than they had at the beginning of 2016. Furthermore, Cohn's claim that banks are forced to hoard money instead of lending it is incorrect, too... "Why go after banking regulations?" Warren asked, offering her own answer: "The president and the team of Goldman Sachs bankers that he has put in charge of the economy want to scrap the rules, so they can go back to the good old days, when bankers could take huge risks and get huge bonuses if they got lucky, knowing that they could get taxpayer bailouts if their bets didn't pay off."

[Regional banks press Congress for more tailored rules, tax reform](#) | Politico

Eighteen regional banks urged top U.S. lawmakers to review capital and liquidity requirements placed on the lenders by regulators and to repeal the so-called Durbin amendment, as part of their priorities for the new Congress... The banks called for repeal of the Durbin amendment, which limits the fees that financial institutions can impose on debit card transactions; cost-benefit analyses for all regulations looking at credit availability; capital formation and economic growth; and corporate tax reform.

[Banks Ask Lawmakers to Ease Capital Rules, End Card Fee Cap](#) | Bloomberg

Chief executives at the biggest U.S. regional banks are asking U.S. lawmakers to consider easing capital requirements and repealing part of the Dodd-Frank financial overhaul that caps fees banks charge retailers on debit-card transactions.

[Global banks Weigh Adding the Trump Administration to Risk Disclosures](#) | Bloomberg

[What would repeal of Dodd-Frank's resolution rules mean?](#) | Brookings

OTHER TOPICS

[Big U.S. banks to push for easing of money laundering rules](#) | Reuters

America's largest banks are to propose a complete overhaul of how financial institutions investigate and report potential criminal activity, arguing that rules imposed in the years after the Sept. 11, 2001 attacks and strengthened during the Obama administration are onerous and ineffective, sources said.

The Clearing House, a trade association representing the largest U.S. banks including JPMorgan Chase & Co ([JPM.N](#)), Bank of America ([BAC.N](#)) and Citigroup ([C.N](#)), has long raised concerns about the effectiveness of the current rules, but this will be the first time the group has publicly called for them to be revamped.

The proposal, which could be published as soon as Thursday, will set the stage for an intensive lobbying effort targeting bank regulators and members of the Senate and House of Representatives finance committees. President Donald Trump has said he wants to cut costly regulations for Wall Street.