



## This Week in Wall Street Reform | Jan 14 - 20, 2017

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### TRUMP ADMINISTRATION & WALL STREET

#### [\*\*Banks have big hopes for Trump, Obama's Squatters may get in way\*\*](#) | Bloomberg

Wall Street's expectations that Donald Trump will quickly free banks from the grip of aggressive regulators could encounter a problem: Some of Barack Obama's top appointees aren't planning to leave anytime soon.

A handful of officials who've implemented the Dodd-Frank Act are vowing to keep running their agencies for months into Trump's presidency. They can do that because independent regulators are meant to be insulated from political interference, and they serve terms that last years.

Even if Obama's holdovers remain in their jobs, and succeed in keeping Trump's deregulation agenda at bay, it will only be temporary. In the meantime, Republican lawmakers can put heat on them, including by scheduling frequent congressional hearings to scrutinize their actions.

"They're going to be under political pressure," said Marcus Stanley, policy director for **Americans for Financial Reform**, a group that backs tough financial rules.

See AFR fact sheet: "[\*\*U.S. Economy Growing Faster Since Dodd-Frank Was Passed\*\*](#)"

#### [\*\*Trump's Ferocious Twitter Feed May Prove a Gold Mine for Wall St Traders\*\*](#) | The Street

Donald Trump's election as U.S. president has investors in JPMorgan Chase and Goldman Sachs salivating at the prospect of fatter profits as costly financial regulations are rolled back.

But the more certain windfall might come from just trading on the president-elect's tweets...

### NOMINATIONS

#### [\*\*Trump is Putting Wolves of Wall Street in Charge of Economy\*\*](#) | Washington Post (Steven Pearlstein)

Whereas top executives of America's biggest corporations once spent their time worrying about products, customers, employees and the communities in which they operated, today they focus on maximizing shareholder returns through clever feats of financial engineering. Executives who embrace this financialization are handsomely rewarded with tens of millions of dollars in bonuses and stock grants. Those who don't are fired.

If you have any doubt about this shift of power and wealth from Main Street to Wall Street, you need look no further than the phalanx of successful financiers that Trump has recruited to his Cabinet and inner circle at the White House.

**Mnuchin, Like his Would-Be Boss Trump, Followed his Own Rules | Wall St Journal**

First Federal Bank of California executives knew their thrift was in deep trouble but thought they had time to try to save it. They didn't know that Steven Mnuchin, the chairman of OneWest Bank and now President-elect Donald Trump's pick as Treasury secretary, had been trying to persuade federal regulators to sell First Federal to him. That would require the government to decide the problems were deep enough to seize the thrift, even though its executives had been given a March 2010 deadline to raise additional capital, according to people familiar with the matter.

On a Friday afternoon in December 2009, regulators swooped in and shut down First Federal, one of the largest savings institutions in California. At a branch in the thrift's hometown of Santa Monica, employees were told that OneWest was now in charge. Mr. Mnuchin soon arrived at First Federal's headquarters.

The acquisition of First Federal... has been relatively overlooked, even though it was a big reason for OneWest's eventual success. It shows an executive willing to push outside normal channels, according to interviews with more than two dozen former executives and employees of OneWest and First Federal, former and current regulators and a review of government and company documents.

**Whistleblower suit alleges widespread problems at OneWest | Washington Post**

Whistleblowers connected to the California mortgage lender once run by Treasury secretary nominee Steven T. Mnuchin have accused the bank in federal court of mishandling more than a thousand applications for loan modifications during his tenure -- potentially costing many borrowers their homes.

One of the whistleblowers, Andrew Mitchell, worked at OneWest for three years and was responsible for processing mortgage modification requests. In a lawsuit filed in 2014, Mitchell said he aired his concerns directly with Mnuchin and other top OneWest executives but that the issues were not resolved...

**Trump's Treasury Pick is a Reminder the 2008 Crisis Was No Accident | Esquire**

Wait, what's this now? Some ordinary people in a congressional hearing room, who are telling tales of how their ordinary lives were disrupted by the president-elect's nominee to be the Secretary of the Treasury? Very few cameras around? This is unusual. On Thursday, Stephen Mnuchin, the Treasury Secretary-designate, will have his formal meeting with the Senate Banking Committee. Mnuchin used to run OneWest, a large bank that made a very large profit from various forms of financial chicanery that often ended up in foreclosure proceedings dropped on people he would never know.

[\*\*Warren: Trump's Treasury Secretary Pick 'Grinds Families Into the Dirt'\*\*](#) | The Guardian

[\*\*Foreclosure Victims Say They Were Mistreated by Trump's Treasury Pick\*\*](#) | Mother Jones

"If Steve Mnuchin become secretary of treasury, if he runs our country the way he ran OneWest Bank—cutthroat—this country is in trouble," said Sylvia Oliver, a New Jersey woman whose home was scheduled to be foreclosed on by OneWest on Wednesday. According to Oliver, OneWest has refused to modify her mortgage, but she managed to stave off foreclosure with the assistance of Sen. Robert Menendez (D-N.J.), who was at Wednesday's forum.

[\*\*Trump's Treasury pick accused of foreclosure heartbreak stories\*\*](#) | CNN Money

[\*\*Warren and Foreclosure Victims Blast Trump's Treasury Pick\*\*](#) | Huffington Post

Christina Clifford was one of those people who, when her business cratered during the 2008 recession, applied to Mnuchin's bank to modify the loan on her condominium in California. Twice, Clifford went through the application process. Both times, the bank said it had not received her paperwork even though it cashed the checks she'd sent along with it. Then, the bank foreclosed and gave her five days to move. "So, basically, all the work I did was null and void," Clifford said. "It was a nightmare."

[\*\*Democrats Take Aim at Mnuchin\*\*](#) | Reuters

[\*\*Mnuchin Defends Investments, Qualifications in Senate Hearing\*\*](#) | Wall St Journal

Donald Trump's pick for Treasury secretary, Steven Mnuchin, brushed aside a drumbeat of criticism from Democrats over his qualifications and investment holdings Thursday and sought to reassure lawmakers on a range of issues he would face as part of the Trump administration...

Democratic lawmakers pressed him over financial disclosures that hadn't included nearly \$100 million in real-estate holdings and that didn't include his position in an entity based in the Cayman Islands. Mr. Mnuchin amended his disclosures days before the hearing after congressional staff highlighted the omissions, which he said were inadvertent and stemmed from confusion over paperwork.

[\*\*'The swamp is Goldman Sachs'\*\*](#) | The Guardian

In a persistent drizzle on 17 January, a group of protesters swathed in green ponchos unfurled tarps and sleeping bags on the sidewalk in front of Goldman Sachs' high-rise building on the West Side highway in New York City...

"It's about highlighting the lie that was told to millions of people in this country, the lie that Trump was draining the swamp. If we really want the swamp to be drained, we have to do it ourselves and we're doing it by going to [Goldman Sachs](#)," says Nelini Stamp of the Working Families party.

Alexis Goldstein, senior policy analyst at **Americans for Financial Reform** and a former Wall Streeter, notes that Goldman's reputation for being elite even among other big investment banks adds to its power. "In some ways that aligns with Trump; the idea of Trump being the best is much more about smoke and mirrors, but there is a parallel about I'm the strongest, I'm the best, I'm the top dog."

## [\*\*Mnuchin Denies it, But Victims Describe his Bank as Foreclosure Machine\*\*](#) | The Intercept

### [\*\*The Resurrection of Goldman Sachs\*\*](#) | Huffington Post

The charges against Goldman Sachs were real. They really did violate the law. They really did rip off their customers. They really did defraud investors. As of today, it has paid [nearly \\$9 billion in government fines](#) for its shoddy dealings. Of course, no one has gone to jail for these enormous swindles.

During the 2016 presidential campaigns, the Goldman Sachs brand continued to be politically toxic. This seemed obvious to everyone except Hillary Clinton who proceeded to accept \$675,000 from Goldman Sachs for three speeches, the transcripts of which she refused to release. First Sanders and then Trump pounded her for catering to Wall Street elites. It may not have been the only reason for her defeat, but it contributed mightily.

Remarkably, Trump believes the toxicity won't rub off on him. In a clear cut signal to the financial community, he has opened the White House to powerful Wall Street appointees. Goldman Sachs, again, has one of its own, Steven Mnuchin, as Treasury Secretary and Gary Cohn as chair of the National Economic Council. Other Goldman Sachs alumni in the Trump administration include chief White House strategist, Steven Bannon, Jay Clayton as head of the Securities and Exchange Commission, and Dina Powell as a White House advisor. Trump may be setting a record for Goldman Sachs appointees

### [\*\*Why a Regretful Donald Trump Voter Is Now Protesting Goldman Sachs\*\*](#) | Fortune

With most of his home state of Utah, 65-year-old Vietnam veteran Richard Robinson voted for Donald Trump on Nov. 8. But on Tuesday — with just three days to go until Trump's inauguration — Robinson took a flight from his home state to New York City for the sole purpose of protesting his presidential pick outside the headquarters of banking giant, Goldman Sachs.

### [\*\*Goldman Sachs Does Not Want to Talk About It\*\*](#) | The Concierge

Yesterday afternoon and again this morning I stood beside the protest pen and asked hundreds of passing Goldman Sachs employees for comment on what was being said. Most of them, I presume, consider themselves good people, and they probably care about various causes, and they think that they work hard and "add value" and earn their paychecks. It would be quite interesting to know how they square that self-conception with the much uglier image the protesters have of them. Not a single employee was willing to say a word to me. Most of the men walked by staring straight ahead, zoning me out in a very determined way. I instantly recognized this as the posture we all adopt when a homeless person we don't want to talk to is walking through a subway car....

### [\*\*Mnuchin Hammered on OneWest Foreclosures at Confirmation Hearing\*\*](#) | LA Times

Steven Mnuchin, Wall Street executive tapped by President-elect Donald Trump to be the next Treasury secretary, faced some of the most blistering personal attacks of any Cabinet pick so far as Democrats accused him of foreclosing on the homes of thousands of struggling Americans while head of a Pasadena bank, even as he helped rich hedge fund clients shelter their wealth offshore.

[\*\*Mnuchin Commits to Looking into Trump's Foreign Debts\*\*](#) | LA Times

[\*\*OneWest favored private equity firms, did little small-business lending\*\*](#) | LA Times

As OneWest expanded into commercial lending, it made markedly fewer loans to small businesses compared with similarly sized institutions. And it grew its assets by making the kind of loans private equity firms use to buy companies, a business that has become more common but was not standard fare for a bank of OneWest's size. By one insider's account, it became a huge part of the bank's commercial lending business.

[\*\*Mnuchin asked if Cayman Islands helped him avoid paying taxes\*\*](#) | LA Times

[\*\*Who is Steve Mnuchin?\*\*](#) | Politico

[\*\*Trump's Treasury pick facing criticism over foreclosure\*\*](#) | Associated Press

Liberal groups began airing a television ad on the foreclosures seeking to bring pressure on five Republican senators, including Sens. Chuck Grassley of Iowa and Dean Heller of Nevada, who are both members of the Finance Committee, to vote against Mnuchin.

"Steven Mnuchin, the foreclosure king, made millions by taking people's homes with no regard to anything but his own bottom line," said Stephanie Taylor, co-founder of the Progressive Change Campaign Committee, one of the groups running the ad.

[\*\*Mnuchin's business background comes into focus\*\*](#) | NY Times

[\*\*Mnuchin defends foreclosure practices, ties to offshore entities\*\*](#) | Washington Post

Speaking before the Senate Finance committee, Mnuchin said corporations listed in his financial disclosure in the Cayman Islands and Anguilla were not used for his personal benefit but were set up to serve nonprofits and pensions. A memo compiled by Democratic committee staffers obtained by The Washington Post showed Mnuchin initially omitted some of those entities -- as well as more than \$100 million in personal assets -- from his nomination paperwork. Mnuchin has revised his disclosures.

[\*\*Treasury nominee initially omitted \\$100+ million from disclosures\*\*](#) | Washington Post

President-elect Donald Trump's nominee to lead the Treasury Department initially failed to disclose his interests in a Cayman Islands corporation, as well as more than \$100 million in personal assets, according to a memo by Democratic staffers on the Senate Finance Committee that was obtained by The Washington Post.

Steven T. Mnuchin faced lawmakers Thursday in a testy confirmation hearing before the Senate Finance Committee. Mnuchin has [already come under fire](#) for his management of a California bank accused of aggressively foreclosing on homeowners and discriminating against minorities — charges that he denies. Democrats have also sought to highlight the former Goldman Sachs executive's deep ties to Wall Street in hopes of undercutting Trump's populist appeal, and the new details of his financial holdings are likely to provide them more ammunition.

[\*\*Liberals set their sights on Trump's Treasury pick\*\*](#) | NY Times

A coalition of liberal groups, including the Progressive Change Campaign Committee, Allied Progress Action and Demand Progress Action, will begin a television advertising campaign

aimed at Steven Mnuchin, Mr. Trump's pick to lead the Treasury, for his leadership of a Southern California bank known for its aggressive foreclosures.

**[Attack ad allegedly depicts widow ‘kicked out’ by Mnuchin’s bank](#) | NY Post**

Treasury Secretary nominee Steve Mnuchin's biggest challenger may be a 61-year old widow who runs a kite shop on the Oregon coast.

In the 30-second ad, which is slated to run on Fox, CNN, and MSNBC, Fraser blames Trump's Treasury pick for kicking her out of her home after her husband John died on Feb. 15, 2016. "We did everything the bank asked," Fraser says in the ad. "They lied to us, and took our home anyway. John spent his last days terrified that I'd be homeless—and then they kicked me out right after the funeral."

**[Widow blames Trump nominee for foreclosure](#) | Daily Astorian (Oregon)**

**[Groups launch new wave of anti-Mnuchin ads](#) | Politico**

**[Foreclosure victims say Mnuchin cheated them out of homes](#) | Think Progress**

"Foreclosures happen in an economic crisis, but OneWest was different," Warren said during the Senate forum. "It quickly gained a reputation as a 'foreclosure machine.' Even when compared to the other financial institutions that aggressively and illegally tossed families out of their homes after the financial crisis, OneWest was notorious for its belligerence and for its cruelty."

Six years after buying Indymac Bank and turning it into OneWest, Mnuchin was able to sell the company for close to \$200 million. But while Mnuchin profited, tens of thousands of families have suffered. Eight years after the housing crash, OneWest is still foreclosing on its customers, Warren said. According to the California Reinvestment Coalition, whose executive director testified at the forum, OneWest foreclosed on over 36,000 families in California and 24,000 [more] nationally. Some have ended up homeless, while others have dealt with extreme financial hardship that took a toll on themselves and their families.

Over the years, OneWest has been forced to [pay millions of dollars](#) to customers in court settlements for its predatory foreclosure practices. Yet many homeowners are still struggling, and warned that having Mnuchin lead the nation's largest financial institution will spell disaster for countless more people.

**[Chorus of Opposition to Mnuchin Growing](#) | Value Walk**

**[Protesters Hope to rain on Steve Mnuchin's Nomination](#) | Huffington Post**

The last time Rose Gudiel visited Steve Mnuchin's \$27 million home in LA's swanky Bel Air neighborhood was in 2011, when Gudiel was trying to save her home from foreclosure by OneWest Bank, where Mnuchin was CEO. Despite a heavy rain, Gudiel was back at the Mnuchin mansion again Wednesday night, but this time she was trying to save the country from the calamity of having him serve as the nation's Treasury Secretary, a perch from which he could do much more damage.

The protest was timed the day before Mnuchin was scheduled to appear before the Senate Finance Committee, where he will be asked softball questions from friendly Republicans and interrogated by the Democrats about his troubled track record as the “foreclosure king,” as activists have labeled him for his bank’s aggressive and often illegal eviction policies.

### **How Steven Mnuchin flipped the ultimate fixer upper — his bank | Politico**

During the financial crisis, mom-and-pop investors flipped houses, buying and selling dilapidated homes for a quick profit. Steven Mnuchin flipped a bank. Eight years later, that deal is at center stage as Mnuchin, President-elect Donald Trump’s pick for Treasury secretary, preps for his confirmation hearing on Thursday.

Senate Democrats have invited aggrieved borrowers to the Capitol to [tell their stories](#) about Mnuchin’s bank while protesters march outside his \$26 million Bel Air home. Progressive groups are targeting Republicans with [TV ads](#) labeling Mnuchin the “foreclosure king,” a Wall Street insider who made millions off of homeowners dragged under by the crisis.

### **Progressives Fight Treasury Pick with Tactics that Sunk Mitt Romney | Huffington Post**

A trio of progressive advocacy groups — Allied Progress, the Progressive Change Campaign Committee and Demand Progress — released a new ad on Wednesday urging voters to tell their senators to oppose Mnuchin because of his [ties to the California bank OneWest](#), which he ran from 2009 to 2015.

PCCC co-founder Stephanie Taylor similarly accused Mnuchin of caring for nothing but his bottom line. “Mnuchin is the poster child for how Trump is betraying America’s working families, including his own voters, by turning over our economy to Goldman Sachs bankers and giant corporations. Mnuchin represents corruption and he should not be running our economy, period,” she said.

### **Chao Could Collect Millions From Wells Fargo For Taking Government Job | Breitbart**

According to financial disclosure [forms](#), Chao will receive a “cash payout for my deferred stock compensation” upon her confirmation as Secretary of Transportation. The annual payouts will begin in July 2017 and would continue through 2021.

“This is a golden parachute for government services that the large banks are now increasingly famous for offering. It is not illegal yet, but it does provide the former employee with substantial financial rewards from Wells Fargo, potentially creating a sense of indebtedness from the government official toward the bank,” ethics expert Craig Holman [told](#) The Intercept after reviewing Chao’s disclosure [forms](#) and Well Fargo’s executive [compensation agreement](#).

“These golden parachutes for taking government positions are either a massively corrupting incentive structure — effectively a backdoor bribe to incoming government officials — or an abject waste of shareholder resources,” Kurt Walters, campaign director for Demand Progress, [told](#) the outlet.

## **CONSUMER FINANCE & THE CFPB**

### **[Consumer Financial Protection Under Attack by Phony Claims](#) | The Hill (Danielle Beavers)**

Hold onto your wallets, America. Members of Congress wants to kill vital protections that help keep you from being ripped off. Some lawmakers have long had their knives out for the Consumer Financial Protection Bureau (CFPB).

Now, with a seemingly sympathetic president about to be inaugurated, they've stepped up the attacks. Some critics—not previously known as leaders on diversity or civil rights—claim that the CFPB has become "[a breeding ground](#)" for discrimination that devalues employees of color and women. As an advocate for diversity—and specifically as an advocate for communities of color—I have to call this out as the nonsense it is.

### **[Don't Muzzle U.S. Consumer Watchdog](#) | Billings Gazette (Katie Sutton)**

Many Americans benefit from the Consumer Financial Protection Bureau daily, yet its importance is not widely known. Since the election, the CFPB has taken on a company that cheated victims of lead-paint poisoning out of their settlements and four pawnbrokers who deceived consumers about the actual cost of their loans. They also stopped a payday lender from illegally taking money out of customers' bank accounts without permission, and forced companies to stop advertising – falsely – that consumers could not lose their homes as a result of taking out reverse mortgages.

### **[Trump Moves Closer to Gutting Warren's Consumer Watchdog](#) | Huffington Post**

### **[Why we need a strong CFPB, in 5 Numbers](#) | Center for American Progress**

Between January 2015 and September 2016, an average of more than \$2.3 million per day was spent on financial industry lobbying and campaign contributions, according to official records examined by the Center for Responsive Politics and **Americans for Financial Reform**. Overall, finance, insurance, and real estate interests spent more than \$1.4 billion to influence Congress and candidates in advance of the 2016 election. Despite rhetoric to "drain the swamp," it is clear that insiders continue to hold significant purse strings and power to support the best interests of Wall Street rather than everyday Americans. An independent CFPB not held captive by financial interests is crucial in order to ensure that someone in Washington has consumers' backs.

### **[Will a Trump presidency lead to more predatory lending?](#) | MarketWatch (Bob Sullivan)**

### **[Trump Faces a Stark Choice: Protect Consumers or Banks](#) | NY Times (Jeff Sovern)**

Mr. Trump's rhetoric, including his willingness to stand up to corporate interests, such as the Chamber of Commerce and international banks, offers hope he will choose consumers. Indeed, some of Mr. Trump's supporters saw no conflict between voting for both him and consumer protection laws. Voters in South Dakota, for example, where 61 percent of votes went to Mr. Trump, also adopted by a three-to-one margin an interest rate cap on payday loans. Similarly, a poll of 2,000 self-described Trump voters found that more than half wanted the president-elect either to expand the power of the Consumer Financial Protection Bureau or at least to leave it alone.

But Mr. Trump has appointed and nominated opponents of regulation to his new administration, and one of the features of his campaign was to complain about regulation, particularly the Dodd-Frank rules imposed on banks after the financial crisis. It is Dodd-Frank that created the bureau, and it has been a target of Republican lawmakers ever since.

### [\*\*The Watchword for the Consumer Financial Protection Bureau\*\*](#) | Social Policy

#### [\*\*All the Fury Over the CFPB Ignores its Modest Mission\*\*](#) | Rooflines

The mission of the CFPB is to ensure that markets are truly safe, fair, and free. Among its goals is the elimination of fraudulent, unfair, deceptive, and discriminatory practices. For example, the bureau has established a seemingly straightforward—yet controversial—standard for mortgage lenders to assess a borrower's "ability to repay." This is similar to the standard set forth in a proposal on short-term, small-dollar lending. The financial services industry has railed against such a principle, yet all it seeks is for lenders to make sure borrowers have the resources to pay back a loan. This has traditionally been viewed as sound underwriting—a "best practice."

#### [\*\*Does Consumer Protection have a Future?\*\*](#) | The Hill (Gregory Squires)

Recent attacks on financial regulation reveal a collective amnesia about the 2008 financial crisis and, more importantly, ignorance of its continuing costs. Particularly with the election of Donald Trump, this is contested terrain, and no outcome is certain.

The economic costs of the financial crisis included more than five million homes lost to foreclosure, \$20 trillion lost in household wealth and nine million lost jobs.

#### [\*\*What's Up For Grabs; How Will it Affect the Industry?\*\*](#) | Pay Before

While repealing and eventually replacing the Affordable Care Act (ACA) is at the top of the list for Trump and Republican lawmakers (more on that act later), rolling back the Dodd-Frank Act and its numerous regulatory tentacles is a priority, too.

Some of the biggest potential changes following the November elections could be for the CFPB—in structure, leadership, funding, reach or all of the above—although you can be sure Senate Democrats like Elizabeth Warren (D-Mass.) will fight against them. Republican lawmakers have been chomping at the bit to overhaul the bureau's leadership structure and budget oversight. U.S. Rep. Jeb Hensarling (R-Texas), chairman of the House Financial Services Committee, introduced to the House in September the Financial CHOICE Act ([HR 5983](#)), which includes sweeping changes to the CFPB.

#### [\*\*That credit score you bought may be worthless\*\*](#) | Morning Call

Most of us understand the importance of our credit rating. But because we all have multiple credit scores, it can be confusing to gauge our true creditworthiness.

Two of the nation's largest credit reporting agencies, TransUnion and Equifax, and their subsidiaries were accused recently of contributing to that confusion by deceiving people about the usefulness of credit scores they sold.

The Consumer Financial Protection Bureau said the companies "falsely represented" that scores they sold were the same scores lenders typically use to make credit decisions.

#### [\*\*Definition of a Bank at a Center of OCC Charter Complaints | Politico\*\*](#)

The OCC's basis for issuing special purpose charters for startups comes from an interpretation of the National Bank Act — the guiding document of much of U.S. banking law. It grants the agency discretion over issuing special purpose charters for companies engaged in "at least one of the following three core banking functions: receiving deposits, paying checks, or lending money."

Still, it's an area that state regulators, consumer advocates and other opponents of the charter proposal clearly feel they have a case to argue.

The Conference of State Bank Supervisors, the umbrella organization for state bank regulators who issue their own form of charters, argued that the OCC doesn't have authority under the National Bank Act and could face a legal challenge.

For coverage of CFPB suit against Navient, see under "**Student Loans and For-Profit Schools.**"

## **ENFORCEMENT**

#### [\*\*Moody's to pay \\$684 million for alleged financial-crisis misconduct, DOJ says | Politico\*\*](#)

Moody's, the ratings service, has agreed to pay federal and state regulators about \$864 million to settle alleged misconduct that contributed to the financial crisis, the Justice Department [said](#) on Friday.

Beginning in 2001, Moody's credit rating standards for residential mortgage backed securities started to decline, the Justice Department said. Then Moody's began using a more lenient standard for rating certified debt obligations in 2004, the department said.

## **MORTGAGES & HOUSING**

#### [\*\*One of Trump's First Acts Will Cost Homeowners Millions of Dollars | Huffington Post\*\*](#)

With what may have been his first presidential order, [Donald Trump](#) made it more expensive for working- and middle-class Americans to buy their first homes. The move will increase costs for 750,000 to 850,000 Americans in the next year alone, according to the National Association of Realtors.

#### [\*\*Trump plans repeal of FHA mortgage insurance premium cut | Housing Wire\*\*](#)

When Ben Carson, [President-elect Donald Trump's choice](#) to lead the Department of Housing and Urban Affairs, [appeared last week](#) before the Senate Committee on Banking, Housing, and Urban Affairs, one of the topics of discussion was the outgoing administration's recent decision to cut Federal Housing Administration mortgage insurance premiums on its way out the door. At the time, Carson said that the Trump administration plans to "really examine" the Obama administration's decision to cut FHA premiums before determining a course of action.

But with President-elect Trump's inauguration mere hours away, it appears that the Trump administration will do more than just "examine" the FHA premium cut once Trump is sworn on

#### [\*\*Trump shows he is serious about deregulation\*\*](#) | Housing Wire

See [statement](#) by Center for American Progress.

### **RETIREMENT SECURITY & FIDUCIARY DUTY RULE**

#### [\*\*Trusted Adviser or Just Another Salesperson? Brokers Want It Both Ways\*\*](#) | The Street

Two consumer groups, the Consumer Federation of America and **Americans for Financial Reform**, published a report Tuesday, titled "Financial Advisor or Investment Salesperson? Broker and Insurers Want to Have it Both Ways," which contrasts the yawning gap between what the brokerage and insurance industries say in legal filings with the way they portray themselves to the public.

"Are they financial advisers or are they just salespeople?" asked Barbara Roper, director of investor Protection at the Consumer Federation of America and co-author of the report "Financial Advisor or Investment Salesperson? Brokers and Insurers Want to Have it Both Ways." "Put another way, are they lying to the court, or are they lying to their customers?"

#### [\*\*Investment advice? Or sales pitch? New rule will make that clear\*\*](#) | Chicago Tribune

Faced with the prospect that millions of Americans will run out of money in retirement and become a burden on government, the U.S. government took action last year to try to take some confusion out of the advice business. The Department of Labor is imposing what's known as the "fiduciary rule" to improve the chances that when an adviser gives money advice it's actually untainted advice — best for you, and not a disguised sales pitch.

Numerous investment and insurance firms, plus business organizations ranging from the U.S. Chamber of Commerce to the Insured Retirement Institute and the Securities Industry and Financial Markets Association, sued to stop the new rule. Many had been fighting attempts to impose a fiduciary rule for over a decade.

#### [\*\*Here's why you may not trust your financial advisor\*\*](#) | CNBC

Here's a surprise: Your financial advisor may not be operating with your best interests at heart. That was the finding from a report released Wednesday by the Consumer Federation of America, a Washington, D.C.-based consumer advocacy group. The organization looked at 25 major brokerage firms and insurance companies.

The report said while brokerage firms and insurance companies call their professionals "financial advisors," these individuals often are actually sales representatives who pitch mutual funds, annuities and insurance products.

#### [\*\*Report Says Top Financial Firms Mislead Consumers, "Posing as Fiduciaries"\*\*](#) | CPA

Lisa Donner, executive director, **Americans for Financial Reform**: "Investors who unknowingly rely on biased salespeople as if they were trusted advisors can suffer real financial harm as a result. It is estimated, for example, that retirement savers lose \$17 billion a year or more as the

result of the excess costs associated just with conflicted retirement advice. The cost on an individual basis, in the form of lost retirement savings, can amount to tens or even hundreds of thousands of dollars over a lifetime of investing, money that retirees struggling to make ends meet can ill afford to do without.”

[\*\*Advisor or Salesperson? B-D's Send Contradicting Messages\*\*](#) | Financial Advisor

[\*\*As Trump takes power, fiduciary advocates renew defense of rule\*\*](#) | Financial Planning

[\*\*Consumer Group Blasts Brokerages\*\*](#) | Barron's

[\*\*Warren Questions Firms on DOL Fiduciary Prep Ahead of Possible Delay\*\*](#) | ThinkAdvisor

Sen. Elizabeth Warren, D-Mass., sent a letter on Thursday to 33 financial firms asking them whether they support delaying and rolling back the Department of Labor's fiduciary rule, as the rule could suffer such a fate Monday.

The [letter](#) — which was sent to such firms as Morgan Stanley, Raymond James, Charles Schwab & Co., Fidelity, BlackRock and TD Ameritrade — comes on the heels of reports that the incoming Trump administration will seek to delay the rule, Warren said.

[\*\*You're either an advisor or salesperson\*\*](#) | Insurance Business

One might describe an overly-ambitious individual as someone who wants to have their cake and eat it too. There's nothing wrong with being ambitious, of course.

However, there is something wrong with insurers marketing themselves as financial advisors, when they're really selling preferred products. Or at least that is the view of the Consumer Federation of America, the Department of Labor and a 2015 White House report.

Companies including Prudential and USAA, trade organizations like Insured Retirement Institute, American Council of Life Insurers, the National Association of Insurance and Financial Advisors and the many financial services firms that recommend them are all getting called out by the Consumer Federation of America (CFA).

See [roundup of additional media coverage](#).

## STUDENT LOANS & FOR-PROFIT SCHOOLS

[\*\*CFPB, state AGs sue student loan servicer over deceptive practices\*\*](#) | Politico

The CFPB on Wednesday filed suit against Navient, accusing the nation's largest student loan servicer of "systematically and illegally" cheating borrowers in how it collected payments.

The [complaint](#) accuses Navient of failing to properly apply borrower' payments, failing to help borrowers enter into federal income-based repayment programs and deceiving private loan borrowers about releasing their co-signer from their loan.

The lawsuit also names Pioneer Credit Recovery, Navient's debt collection subsidiary, as a defendant. It accuses Pioneer of misrepresenting the terms of the federal government's program to help get federal loan borrowers out of default.

[\*\*Student Loan Giant Navient Sued By CFPB & Two States\*\*](#) | Consumerist

[\*\*CFPB Sues TCF Bank for Overdraft Schemes and Loan Servicer Navient for “Failing Students”\*\*](#) | U.S. PIRG

Firms that benefited from the lax regulatory environment that helped fuel the 2008 financial collapse -- resulting in millions of consumers losing homes or jobs and millions more losing trillions of dollars in retirement savings -- are trying to convince the new Congress and the new President that the financial crisis is over and it is time to re-rig the financial system against consumers. These two enforcement actions this week show that crime in the suites is still rampant; that CFPB is doing a good job and that it is needed now, more than ever.

[\*\*Student Loan Giant Navient Sued by CFPB and Two States\*\*](#) | Consumerist

[\*\*AG Ferguson files suit against Navient\*\*](#) | Office of Washington State Attorney General

[\*\*Government sues America's largest student loan company\*\*](#) | St. Louis American

[\*\*Student-Loan Servicer Navient Sued by CFPB\*\*](#) | Philadelphia Magazine

[\*\*Navient hit with three government lawsuits in one day\*\*](#) | Washington Post

[\*\*Feds sue nation's biggest student loan company for misleading borrowers\*\*](#) | Dallas News

See AFR statement: "[\*\*Navient attempts to evade responsibility for breaking the law.\*\*](#)"

## **SYSTEMIC RISK**

[\*\*How a financial council Republicans loathe could work in their favor\*\*](#) | Wall St Journal

Republicans have for years trashed a powerful regulatory committee born after the financial crisis as too political, opaque, and overreaching. But once a GOP administration takes control of the panel, they may find its broad remit useful in quickly scaling back Obama-era policies.

The Financial Stability Oversight Council, a group of 15 state and federal officials, was created by the 2010 Dodd-Frank financial overhaul law as a single entity watching the health of the full financial system—something some felt was missing in the crisis.

It is chaired by the Treasury secretary. The two men who have held that post under President Barack Obama have used its authority to expand oversight of big non-banks from insurers to investment funds. President-elect Donald Trump's choice to fill the job, former Goldman Sachs Group Inc. executive Steven Mnuchin, has criticized Dodd-Frank, and could reverse the committee's agenda.

[\*\*Crapo looks for ‘common ground’ on Volcker rule\*\*](#) | Politico

Senate Banking Chairman Mike Crapo said today he would look for "common ground" on what to do with the so-called Volcker rule, after Treasury secretary nominee Steven Mnuchin contradicted House GOP plans to repeal the bank proprietary trading ban.

In Senate testimony today, Mnuchin said he supported the rule but that it needed to be more clearly defined in a way that didn't hurt market liquidity. House Financial Services Chairman Jeb Hensarling has proposed a full repeal.

## OTHER TOPICS

### [\*\*Newt Gingrich Wants GOP Back in Economic Dark Ages | Forbes \(Stan Collender\)\*\*](#)

Former House Speaker Newt Gingrich (R-GA), a high-level advisor to President-elect Donald Trump during the campaign, tweeted last Friday that one of the most respected agencies in the entire federal government – the Congressional Budget Office – “should be replaced.”

Why? According to the Gingrich-authored blog post Gingrich was promoting with his tweet, CBO is “a left-wing, corrupt, bureaucratic defender of big government and liberalism.” Later in that same post, Gingrich said CBO was “obsolete, inaccurate, and dishonest.”

Meanwhile, for more than 40 years CBO has consistently produced much of the best, most honest, and most respected spending and revenue information for members of the House and Senate to use when making decisions.