

AMERICANS FOR FINANCIAL REFORM

This Week in Wall Street Reform | July 24–31, 2015

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CONSUMER FINANCE & THE CFPB

[After returning \\$10.1 billion to 17 million consumers, CFPB still under attack](#)

Charlene Crowell, Philadelphia Tribune, 7/27

Before the CFPB, no single federal agency had consumers as its sole priority and focus. To date, the Bureau has benefited 17 million consumers through a total of \$10.1 billion in financial relief. Over 650,000 consumers have chosen to use its flexible complaint system that includes the options of online, written and telephone complaints in multiple languages.

[Appeals court revives challenge to consumer agency](#)

Sam Hananel, Washington Post, 7/24

Eleven states had joined the lawsuit filed by State National Bank of Big Spring, Texas, to argue that Congress delegated too much power to the bureau. They also argue that it should not be headed by just one person and that President Barack Obama illegally appointed the agency's director, Richard Cordray, during a congressional recess. Cordray was later confirmed by the Senate.

A three-judge panel of the appeals court said those arguments could proceed. Judge Brett Kavanaugh said the bank did not have to intentionally violate the law in order to launch a constitutional challenge. But Kavanaugh said the bank could not challenge the constitutionality of the Financial Stability Oversight Council...

[D.C. Circuit holds Texas bank has standing to challenge CFPB's constitutionality](#)

Deepak Gupta, Public Citizen, 7/24

[Lawsuit challenging CFPB's constitutionality can go forward, says appeals court](#)

Ryan Smith, Mortgage Professional America, 7/27

[Senate Republican Bill Would Undermine Critical Financial Reforms and Consumer Protections](#)

Shaun Donovan, White House Blog, 7/24

[Cruz, Ratcliffe introduce bill to eliminate CFPB](#)

Katherine Bercik, October Research, 7/24

[CFPB Penalizes Paymap for Deceptive Ads; LoanCare Also Implicated](#)

Xhevrije West, DSNews, 7/29

[CFPB Fines Fidelity National Financial, Western Union Units \\$38M](#)

Rachel Witkowski, American Banker, 7/28

[The Risky Business of Owning a Car](#)

Teresa Tritch, New York Times, 7/30

On Wednesday, the House Financial Services Committee passed [a bill](#) that, if enacted, would roll back [efforts by the Consumer Financial Protection Bureau](#) to stop predation and discrimination in car loans...

Republican-dominated House committees routinely pass awful bills that please their corporate constituents but go nowhere. The committee vote on this bill, however, was 47 to 10, with 13 Democrats joining all of the Republican members in voting yes. Overall, the bill has 124 co-sponsors, including 55 Democrats. The level of support reflects the power of auto dealers, who are often among the most prominent businesspeople in any given congressional district and who do not want scrutiny of their lending practices.

[U.S. House committee approves limit on CFPB's oversight of auto lending](#)

Hannah Lutz, Automotive News, 7/29

[Congress urges stronger action against payday loan vendors](#)

Charlene Crowell, National Newspaper Publishers Association, 7/27

[Congress and Church Take Aim at Payday Lending](#)

Stacey Tisdale, Black Enterprise, 7/24

[New NCUA Video Educates Consumers on Payday Loans, Alternatives](#)

Press Release, National Credit Union Administration, 7/29

The video, "Understanding Payday Loans," is available on NCUA's [YouTube channel](#). The video explains how payday loans work and highlights important features of these loans that consumers should understand. The video also provides an overview of payday alternative loans available to members of federal credit unions that offer them under an NCUA regulation.

[Why we need commonsense payday lending rules](#)

Wade Henderson and Janet Murguía, The Hill, 7/29

This fall, the CFPB is expected to issue sweeping new rules to help bring an end to the destructive practices we have seen in payday lending and some other types of small-dollar loans. Even if they have never fallen prey to payday loans themselves, we hope that all Americans will encourage the CFPB to get these rules right.

[Lawmakers could be violating robocall restrictions](#)

Mario Trujillo, The Hill, 7/28

[Do consumers need better rules for prepaid cards?](#)

Kelsey Holland, CNBC, 6/30

"Unbanked consumers, typically the most vulnerable, are using these cards like checking accounts. Thus, the cards need to have comparable protections," said Susan Weinstock, director of the Pew Charitable Trust's consumer banking project.

That could change in the coming months. The Consumer Financial Protection Bureau expects to issue new proposed rules to protect consumers using prepaid cards by early 2016,.,

DERIVATIVES, COMMODITIES & THE CFTC

[House Ag Chairman: No CFTC funding without reauthorization](#)

Peter Schroeder, The Hill, 7/29

[Conaway: No increase for CFTC without Dodd-Frank reforms](#)

Philip Brasher, Agri-Pulse, 7/29

DODD-FRANK ANNIVERSARY (AND CONTINUED ATTACKS)

[The Few Who Won't Say 'Sorry' for Financial Crisis](#)

Barry Ritholtz, Bloomberg, 7/27

The exception to any post-crisis self-reflection is former Senator Phil Gramm. Although he was one of the chief architects of the radical gutting of financial regulations and oversight rules during the two decades that preceded the financial crisis, the former senator remains a stubborn believer that banks and markets can regulate themselves.

Perhaps more than anyone else, Gramm drove the legislation that allowed banks to get much bigger and derivatives to run wild. His name is on the law -- the Gramm-Leach-Bliley Act of 1999 -- that overturned the Glass-Steagall Act, a Depression-era law that forced commercial banks to get out of the risky investment-banking business.

[Deregulator of Banks Set to Testify Before House](#)

Michael J. de la Merced, New York Times, 7/26

[Dodd-Frank reform has helped, Frank says, even without bank break ups](#)

Trent Gillies, CNBC, 7/26

[House Republicans Invite Architect of the Financial Crisis Over for Advice](#)

Alan Pyke, ThinkProgress, 7/28

[Shelby: I 'got two trains running' on regs overhaul](#)

Kevin Cirilli, The Hill, 7/28

"We're going to see what we can do when we get back [after August recess] with what's substantive and what's doable." Shelby's staff has taken particular interest in negotiating with Sen. Jon Tester (D-Mont.), a moderate Democrat on the panel. "We've got a lot of talk in the back channels going everywhere and I think that's healthy," Shelby said.

[At fifth anniversary, time to finish a key Dodd-Frank rule](#)

Sen. Cardin and Sen. Lugar, The Hill, 7/27

[House Votes to End All Major New Rules, Again](#)

Michael McAuliff, Huffington Post, 7/28

[GOP: Deregulate Wall Street, or the Roman Empire Will Fall](#)

Zach Carter and Ben Walsh, Huffington Post, 7/28

[This is the GOP's plan to strip the New York Fed of a crucial role in policymaking](#)

Jonathan Marino, Business Insider, 7/26

[Time to put some Main Street common sense into banking regulations](#)

Rep. Steve Stivers, Washington Times, 7/29

[Tipton: Federal red tape hurts small banks](#)

Mariam Baksh, Durango Herald, 7/23

EXECUTIVE PAY

[Clinton Calls Out SEC for Dodging Rule on CEO Pay](#)

Patrick Caldwell, Mother Jones, 7/29

Slipped in among the big-picture reforms was a shout-out to an obscure, seemingly minor provision of Wall Street reform. "Many rules have yet to be put in place," Clinton said, referring to the terms of the 2010 Dodd-Frank financial reform law. "That includes a requirement to publish the ratio between CEO pay and the paychecks of everyday employees. There is no excuse for taking five years to get this done. Workers have a right to know whether executive pay at their company has gotten out of balance—and so does the public."

[SEC Poised to Complete CEO-Pay Ratio Rule](#)

Andrew Ackerman and JoAnn Lublin, Wall Street Journal, 7/27

[Massive pay hikes for Fannie, Freddie CEOs fall under Congressional scrutiny](#)

Ben Lane, HousingWire, 7/24

FEDERAL RESERVE

[House Committee Approves Federal Reserve Overhaul Bill](#)

David Harrison, The Wall Street Journal, 7/29

[The Fed's stance on banks and capital makes good sense](#)

Editorial Board, Washington Post, 7/23

INVESTOR PROTECTION AND THE SEC

[Obama Administration Asks Supreme Court to Review Insider Trading Ruling](#)

Jacob Gershman, Wall Street Journal, 7/30

The Obama administration on Thursday asked the Supreme Court to review a controversial decision by a federal appeals court that prosecutors say will make it harder for them to win insider trading cases. In a [petition filed with the Supreme Court](#), U.S. Solicitor General Donald Verrilli said December's decision at the Second U.S. Circuit Court of Appeals in New York clashed with long-standing precedent and had troubling implications for the government's ability to police Wall Street.

[Clearing, Resale Bills Get Committee Approval](#)

Editorial, Bloomberg BNA, 7/29

The House Financial Services Committee unanimously approved three securities bills July 29, as part of a larger package of financial legislation... H.R. 1317, sponsored by Rep. Gwen Moore (D-Wis.), would allow affiliates of anyone qualifying for a clearing exemption to also qualify for the exemption, provided they use "an appropriate credit support measure." The bill would modify both the Commodity Exchange Act and the 1934 Securities Exchange Act.

The bill was amended in committee, by voice vote, to limit the exemption to hedging purposes, a change that was favored by **Americans for Financial Reform** in a July 28 letter to members of Congress.

MORTGAGES & HOUSING

[Congress moving on from Fannie, Freddie pay-for in highway bill](#)

Jon Prior, Politico, 7/27

[Empire Justice focuses on mortgage lending](#)

Patti Singer, Democrat and Chronicle, 7/28

[Homeownership rate drops to 48-year low](#)

Trey Garrison, Housingwire, 7/28

[GAO says regulators may need more data to gauge effect of mortgage rules](#)

Jon Prior, Politico, 7/27

[SIGTARP report reveals massive failure of HAMP](#)

Brena Swanson, HousingWire, 7/29

[TRID changes: Realtors should expect longer closings, walk-through tweaks](#)

Amy Swinderman, Inman, 7/28

POLITICAL INFLUENCE OF WALL STREET

[Wall Street is in Hillary Clinton's corner](#)

Darrell Delamaide, USA Today, 7/28

[T]he drip feed of policy prescriptions that Clinton has embarked on (there's more to come "over the course of this campaign," she says) obscures the fact that there's not really that much reform there.

Her proposals for reforming capital gains tax by scaling up the amount of time it takes to get truly favorable rates, for instance, met mixed reviews. Some critics say it won't accomplish her stated goal of getting companies to look beyond quarterly profits.

In any case, it's small potatoes compared to forthright calls by her rivals for the Democratic nomination, Vermont Sen. Bernie Sanders and former Maryland governor Martin O'Malley, to break up the banks and impose more drastic restrictions on bank activity.

[Psst, wanna change the law? Lobby this little-known government office after it's passed.](#)

Simon Haeder and Susan Webb Yackee, Washington Post, 7/27

Why lobby OIRA? OIRA is charged with reviewing "significant" government agency regulations, including those issued by federal agencies like the Department of Health and Human Services, the Department of Education, or the Department of Labor, before they become law.

Take for example the most heavily lobbied rule in our study, the Department of Education's rule on [Gainful Employment Measures](#). According to the rule's abstract, the rule sought to "establish measures for determining whether certain postsecondary educational programs lead to gainful employment in recognized occupations, and the conditions under which those educational programs remain eligible for the student financial assistance programs authorized under title IV of the Higher Education Act of 1965, as amended." With enormous financial stakes involved, lobbying groups and OIRA held 17 individual meetings with 43 interest groups and lobbying firms with almost 200 individuals present.

[Garrett in trouble on Wall Street](#)

Ben White, Politico, 7/30

[The Revolving Door Is Spinning Out of Control. Can It Be Slowed?](#)

Justin Miller, The American Prospect, 7/30

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

[Separating fiction and facts in the conflicted-advice debate](#)

Joseph C. Peiffer, The Hill, 7/23

Who could possibly be against eliminating a conflict of interest that costs American savers and investors \$17 billion to \$21 billion a year? Who would even try to argue with a straight face that such a massive harm is actually a good thing for investors and savers? The brokerage industry, that's who...

The brokerage industry wants to have it both ways today. They want brokers whose every decision are driven by commission income to be able to pass themselves off as trusted advisers who are putting their clients' interests first. When those clients object in arbitration proceedings to the harm done to their nest eggs by conflicted advice, brokers want to be able to disown any fiduciary obligation. This is very the definition of a broken system and it needs the fix that the Department of Labor rule is providing.

[Most Advisors See Little Effect From New Fiduciary Rules, Survey Finds](#)

Janet Levaux, ThinkADVISOR, 7/30

[Cracks emerge in Democrat support for Labor Department fiduciary rule](#)

Patrick Temple-West, Politico, 7/29

STUDENT LOANS & FOR-PROFIT EDUCATION

[Haunted by Student Debt to the Grave](#)

Blog, Huffington Post, 7/27

[T]he government is withholding Social Security payments for some retirees, because their student loans have not been fully repaid. This is a growing problem which Sens. Elizabeth Warren and Claire McCaskill [have asked the government](#) to study in greater depth.

"Garnishing Social Security benefits defeats the entire point of the program -- that's why we don't allow banks or credit card companies to do it," said Sen. McCaskill. "Social Security is the sole means of retirement income for tens of millions of Americans, and allowing those benefits to be garnished to collect student loan debt cuts a dangerous hole in our safety net."

[Lenders Pitch Refinanced Loans to Former Students \(Some of Them\)](#)

Annamaria Andriotis, Wall St. Journal, 7/30

[We Just Got Some New Data on America's Student Loan Burden](#)

Jody Shenn, Bloomberg, 7/29

[Student Loan Debt Devastates Millennials, Impacts Economy](#)

Nicole Thompson, Latin Post, 7/28

[How Families End Up With Massive Student Loan Debt](#)

Robert Farrington, Forbes, 7/27

[Obama's Higher Ed Home Stretch](#)

Micheal Stratford, Inside Higher Ed, 7/27

[Nearly 9 in 10 students drop out of unaccredited law schools in California](#)

Jason Song Victoria Kim and Sandra Poindexter, Los Angeles Times, 7/25

[Are for-profit universities taking advantage of veterans?](#)

Video, PBS News Hour, 7/24

[How the University of Phoenix woos veterans and their GI Bill funds](#)

Editorial, Reveal, 7/24

SYSTEMIC RISK

['Too Big to Fail' Is Still a Problem. Here's How D.C. Wants to End It.](#)

Eric Garcia, The National Journal, 7/29

"Fixing much of this could have been done 10 years ago by higher capital requirements, which we failed to do, but we need to move more in that direction," [Sherrod] Brown, now the ranking Democrat on the Senate Banking Committee, said at a press conference this month with **Americans for Financial Reform**.

[Banks fail to persuade regulators to dilute new buffer rules](#)

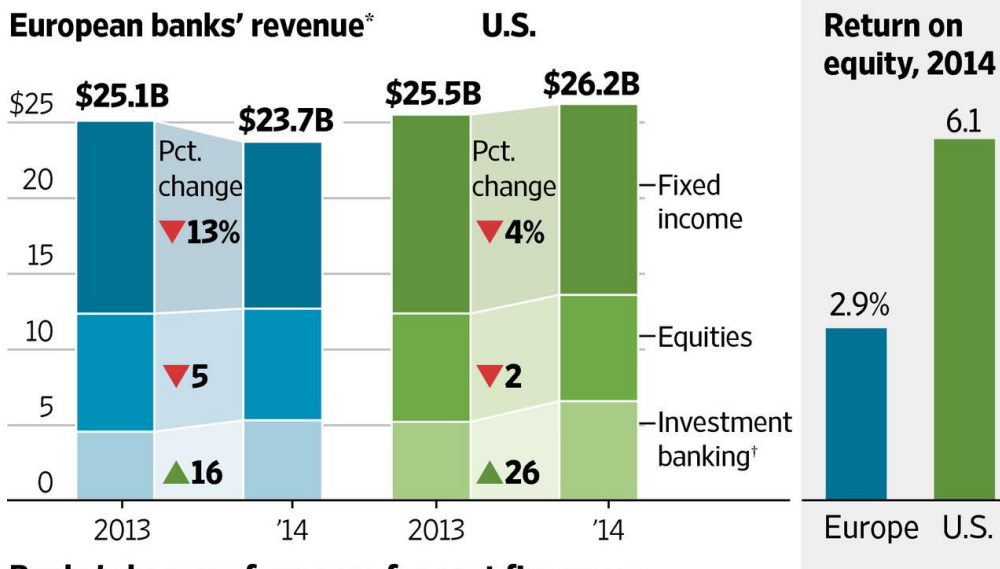
Huw Jones, Reuters, 7/28

[Making banks not too big to fail: Our view](#)

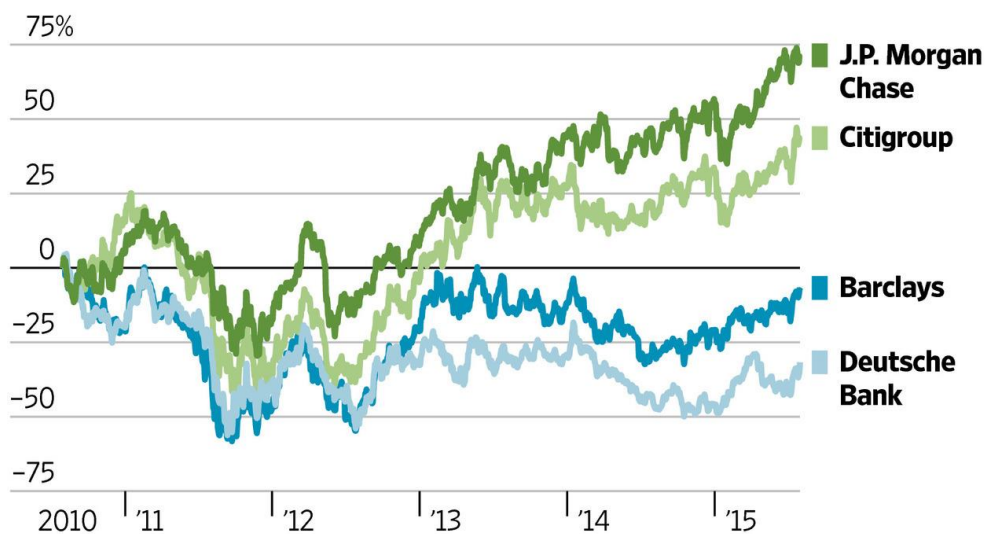
Editorial Board, USA Today, 7/26

Continental Divide

European banks, after posting lower returns than their American counterparts, are now scaling back.



Banks' share performance for past five years



*Europe, Middle East and Africa †includes merger advice, underwriting
 Sources: Coalition (revenue); FactSet (ROE, share performance) THE WALL STREET JOURNAL.

[U.S. Banks Take Global Lead](#)

Justin Baer & Max Colchester, Wall St. Journal, 7/30

European bank executives over the past week have delivered a series of dour proclamations about their need to shrink and further dial back their global ambitions. Meanwhile U.S. banks are preparing to pounce, with executives touting the gloom emanating from their European counterparts as a big opportunity to press their newfound advantage.

[Rick Perry backs Glass-Steagall solution for Wall Street](#)

Peter Schroeder, The Hill, 7/29

[Rick Perry Channels Warren in 'Too Big to Fail' Speech](#)

Victoria Finkle, American Banker, 7/29

[The American People Deserve to Know Where Candidates Stand on Glass-Steagall](#)

Dennis Kelleher, Huffington Post, 7/30