

This Week in Wall Street Reform | Sept. 12–18, 2015

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CONSUMER FINANCE & THE CFPB

Consumer Bureau chalks up victories

David Lazarus, LATimes, 9/18

Despite the ominous, fearful and largely bogus criticism by its Republican critics, the bureau has been steadily doing what it was created to do: safeguarding consumers from the greedy practices of businesses that think they can act without regard for the law...

In the four years since its founding, the Consumer Financial Protection Bureau has, among other actions:

- Forced credit card companies to return nearly \$2 billion to consumers who were duped into signing up for costly add-on programs such as unneeded identity theft or disability coverage.
- Required that mortgage lenders verify in advance that a borrower can repay a loan. The subprime mortgage crisis during the Great Recession was precipitated in part by lenders irresponsibly handing out cash to almost anyone who applied.
- Helped secure \$480 million in debt forgiveness for students saddled with high-priced loans from Corinthian Colleges Inc. For-profit Corinthian filed for Chapter 11 bankruptcy protection in May and closed dozens of schools.
- Created a [database](#) of consumer complaints intended to highlight and resolve ongoing problems. Debt collection, credit reporting and mortgages have drawn the most complaints and, as of last month, the most-complained-about companies were Equifax, Experian and Bank of America.

"The Consumer Financial Protection Bureau is the little agency Wall Street banks and debt collectors love to hate because it works for consumers, not them," said Emily Rusch, executive director of the California Public Interest Research Group.

Corday defends mortgage rules

Richard Cordray, Speech at National Association of Realtors, 9/17

[O]ur first major task as a brand-new agency was to address the serious problems in the mortgage market that caused the crisis in the first place.

When we put those new regulations in place, some were critical of our work. For example, the “Ability to Repay” rule requires lenders to make sure that borrowers actually have the ability to repay their loans before extending them a mortgage. Some enjoyed describing this rule, which was also known as the “Qualified Mortgage” or QM rule, as the “Quitting Mortgages” rule. They made aggressive predictions that our rules would cause mortgage prices to double and would cut the volume in half. They offered dire predictions that our rules would lead to the demise of community banks and credit unions, which would have to withdraw from the mortgage market altogether. We never believed any of this unsupported hyperbole. And it turns out we were right. The rules have now been in place for the better part of two years, and none of those heated claims has come true.

[Elizabeth Warren wants to stop companies from checking your credit before they hire you](#)

Alan Pyke, ThinkProgress, 9/16

They're riddled with errors. They're difficult to correct. And they may be keeping you from getting a job. But a spotty credit report could cease being a reason for employers to reject applicants, if legislation introduced Tuesday by Sen. Elizabeth Warren (D-MA) and Rep. Steve Cohen (D-TN) becomes law.

"Credit reporting companies that sell Americans' personal data to potential employers have pushed the narrative that a credit history somehow provides insight into someone's character," the lawmakers wrote in an op-ed announcing the Equal Employment for All Act. "In fact, research has shown that an individual's credit has little to no correlation with his or her ability to succeed in the workplace."

[Ferguson Report cites predatory lending as a key economic barrier](#)

AFR Blog, 9/18

Better to go without electricity, says Cedric Jones, than take out a payday loan to keep the lights on. Jones is one of the Ferguson, Missouri, residents quoted in [Forward through Ferguson](#), the just-released report of a commission appointed by Governor Jay Nixon to conduct a "thorough, wide-ranging and unflinching study of the social and economic conditions that impede progress, equality and safety in the St. Louis region..."

The average annual interest rate for payday loans in Missouri was well over 400 percent in 2012, according to data cited in the report. That's a higher rate than in any of Missouri's eight adjacent states. As Cedric Jones told the commission, "If you borrow \$500 with an installment loan from a payday loan place, the loan is 18 months. If you take it the whole 18 months, you pay back \$3,000... Six times the amount... And if you're poor to begin with you can get stuck in those things and never, never get out of it."

[Ferguson's 'unbanking' problem](#)

Alan Pyke, ThinkProgress, 9/15

The commission notes a 2008 study estimating that more than one in four Missourians is un- or underbanked and that minority Missourians make up a disproportionate share of that population. The effect of all of that lack of choice on the underbanked is staggering. The effect of all of that lack of choice on the underbanked is staggering. "A household with a net income of \$20,000 may pay [as much as \\$1,200 annually](#)" in fees and interest for such exploitative "alternatives" to basic banking services, the commissioners write, relaying a 2010 Federal Reserve finding.

[Another eye on predatory lenders](#)

The Virginia Pilot, 9/18

Attorney General Mark Herring is reorganizing his office's Consumer Protection division to bolster its focus on predatory lending. The move, long overdue and desperately needed, is part of a broader effort to protect Virginians from usurious businesses flourishing across the commonwealth with state lawmakers' support.

Herring, who recently announced plans to seek re-election in 2017, increasingly appears willing to use his office to fill a void created by a legislature that has abdicated its duty to protect the public from unseemly businesses. Instead, lawmakers have permitted the consumer credit and payday lending industry to wreak financial havoc on lower-income Virginians, with stores dotting the landscape with big promises of easy cash.

[Jewish leaders urge CFPB to act on predatory payday loans](#)

Rachel Anderson, Stop the Debt Trap, 9/18

[Ellison, faith leaders speak out against payday lending](#)

CBS Minnesota, 9/15

[CFPB sues debt relief firm, alleging it bilked customers for \\$67M](#)

Chris Morran, Consumerist, 9/15

Being in debt can be paralyzing, leaving some people with the feeling like they'll never climb their way out of the hole. So when a company promises it can help ease that burden, it might seem like a good idea to spend even more money in the hope that you'll ultimately be pointed in the right financial direction. Federal regulators say one debt relief operation

took in \$67 million from customers in need of help, but most of that money just went to the firm's fees while the customers' debts continued to pile up.

[Anatomy of a debt-relief scheme: CFPB focuses attention on World Law Group](#)

Samuel Friedman, Alabama News, 9/16

Earlier this week, the CFPB [announced](#) that it obtained a preliminary injunction against World Law Group, its affiliated companies and its owners for running an illegal debt-relief scheme. The [Complaint](#) filed in US Federal District Court claims that World Law collected at least \$67 million in unlawful fees from 21,000 financially vulnerable consumers under the false promise of providing legal representation to negotiate debt settlements.

[CFPB sues World Law Group for charging illegal fees and making false promises in debt-relief scheme](#)

Consumer Financial Protection Bureau, 9/15

[FTC action stops scammers who collected millions in phantom payday loan debts](#)

Federal Trade Commission, 9/16

[Will faster electronic payments mean faster fraud?](#)

Lauren Saunders, American Banker, 9/17

DODD-FRANK (AND CONTINUED ATTACKS)

[Remember the lessons of Lehman's collapse](#)

Sen. Sherrod Brown, The Hill, 9/14

Seven years ago today, the investment bank Lehman Brothers filed for bankruptcy. A day later, behemoth insurance conglomerate AIG was bailed out by taxpayers. Together, these actions helped sink our financial markets and push our country's economy into an abyss. No one could see the bottom. Lehman's collapse — the largest corporate bankruptcy in U.S. history — followed a decade of predatory lending, Wall Street recklessness and lax supervision by regulators. The subsequent meltdown in the financial markets triggered a crisis that left America's economy hemorrhaging more than 750,000 jobs a month. By the time we hit bottom, 9 million jobs had vanished, the unemployment rate had soared to 10 percent and 5 million Americans had lost their homes.

Congress responded by passing the most significant financial reforms in generations. The Dodd-Frank Wall Street Reform and Consumer Protection Act put in place new rules to bring stability to the markets, ensure strong consumer protections and crack down on the reckless and irresponsible behavior that helped fuel the disaster. As soon as the bill was signed into law, a top financial services lobbyist said, "Now it's half-time." Then they went back to work. In a May party-line vote, Senate Republicans on the Banking Committee approved a sweeping financial deregulation package that would roll back key Wall Street reforms. It would take us back to a time when no entity was responsible for watching over the entire financial system.

[The Lehman Bankruptcy seven years later](#)

Adam Hodge, Treasury Notes, 9/15

To help prevent a repeat of 2008, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law. The historic reforms [took unprecedented steps](#) to enhance financial stability, increase market transparency, improve market functioning, and protect consumers. As a result, today our financial system is safer, stronger, and more resilient, and our economy is growing and creating jobs at a rapid pace.

And yet, five years after these historic reforms were put into place, some in Congress and on Wall Street continue to fight to tear apart the very protections lawmakers fought to put in place to plug the holes in our system that Lehman and other firms exposed. For example, Wall Street Reform subjects the largest bank holding companies to higher capital and liquidity requirements, stress testing, and resolution planning. One bill being considered would limit this oversight to just six firms. However, seven years ago we saw how interbank lending markets — one barometer of financial stability — deteriorated even more in the days surrounding the failure of Washington Mutual, a firm that was not one of the largest, than they did in the days following the bankruptcy of Lehman Brothers, a firm more than twice its size.

[It could have happened here: the policy response that helped prevent a second Great Depression](#)

Jason Furman, Speech at Macroeconomic Advisers' 25th Annual Washington Policy Seminar, 9/9

[T]oday is... an apt moment to look back as we near the seventh anniversary of the Lehman Brothers bankruptcy—to understand the progress we have made and the swift policy response that contributed to that progress. This is not just a historical exercise but one that reminds us of the importance of some of the current policy debates we are in and also has implications for other countries still facing severe challenges today as well as for future contingencies in the United States.

[Must-Read: Jason Furman: It could have happened here: the policy response that helped prevent a Second Great Depression](#)

Brad DeLong, Washington Center for Equitable Growth, 9/9

[Dodd-Frank likely here to stay](#)

David Morrison, Credit Union Times, 9/16

Sen. Sherrod Brown (D-Ohio) told attendees of NAFCU's 2015 Congressional Caucus that efforts to amend the Dodd-Frank Act in order to provide regulatory relief failed this year – and will keep failing as long as the bill's opponents bring forth efforts to repeal the measure or make major changes to it.

Brown told his audience's mix of credit union industry executives and board members that he supported regulatory relief, especially for financial institutions with less than \$10 billion in assets, but said neither he nor other Democratic senators would go along with efforts to gut or repeal the bill. "We just aren't going to do that," Brown said. Instead, Brown said he favored a system of tiered regulation, where smaller institutions would have significantly fewer regulations than major banks would.

[Democrats on 'high alert' for GOP deregulation in funding bills](#)

Joseph Lawler, Washington Examiner, 9/16

Democrats are on "high alert" for Republican attempts to attach language rolling back financial reform rules in must-pass government legislation, top Democrats said Wednesday. "I think we're on high alert against efforts to have something jammed in at the last second," Sen. Jeff Merkley of Oregon said on a call with reporters.

Chuck Schumer, the New York senator expected to lead the Democratic caucus after 2016, said, "Democrats are standing arm-in-arm to protect" the 2010 Dodd-Frank financial reform law, predicting that Republicans would not be able to peel off Democratic votes for deregulatory measures attached to government funding legislation.

[Democrats, Treasury push back on helping banks in spending bill](#)

Zachary Warmbrodt, PoliticoPro (paywalled), 9/16

Top Senate Democrats and Treasury Deputy Secretary Sarah Bloom Raskin held a press call this afternoon to send the message that Republicans should back off from trying to ease financial regulations in must-pass spending bills... Senate Democrats and the administration are once again making clear that they won't play along with the appropriations strategy, which led to a controversial rollback of a derivatives rule in December.

"Any attempts by Republicans to hold government funding hostage until they roll back consumer protections will be faced with a united Senate Democratic caucus that will not relent," said Sen. Chuck Schumer, who was joined by Sens. Jeff Merkley, a fellow member of Senate Banking, and Chris Coons, a member of Senate Appropriations.

[Dixies Federal Credit Union CEO: Regulation has gone 'way too far'](#)

NAFCU Today, 9/18

ENFORCEMENT

[DOJ must prove commitment to ending 'Too Big to Jail'](#)

Cornelius Hurley, American Banker, 9/15

In 2012, then-presidential candidate and former Massachusetts governor Mitt Romney informed the public that corporations are people too. The U.S. Department of Justice has treated them as such, bringing criminal charges against

the nation's largest banks for a host of offenses committed both before the financial crisis and after. But the DOJ has thus far neglected to treat top bankers as people worthy of prosecution. Now officials say they're changing their tune. In a widely reported speech in New York last week, Deputy Attorney General Sally Yates announced that the DOJ would focus on prosecuting high-ranking individuals for white-collar crimes.

Skeptics argue that this new policy may be more of a public relations stunt than the dawn of a new era in law enforcement. But whether the DOJ's shift from targeting corporations to targeting people is a sham or a serious policy change, the move must be understood in the context of the Obama administration's posture vis-à-vis the financial services industry in general and systemically important banks in particular.

EXECUTIVE PAY

[What's this? Trump vs. Wall Street, CEOs, "hedge fund guys"](#)

Robert Hennelly, CBS News, 9/14

When asked by CBS's Dickerson how he felt about the fact that the average American CEO makes 350 times what the average American worker makes, Trump typically didn't pull his punches. The billionaire said most CEOs get the pay they do because they install their friends on their boards of directors, who in turn give the executives "whatever they want because the friends love sitting on the boards."

Oddly enough, Trump's latest critique of how business is done in most corporate boardrooms resonates with the academic work think tanks from America's progressive political wing are doing. Last year in a white paper entitled "Understanding the CEO Pay Debate," Roosevelt Institute researchers Susan Holmberg and Michael Umbrecht flagged the same quid pro quo culture Trump fingered.

[Safety suffers as stock options propel executive pay packages](#)

Gretchen Morgenson, NYTimes, 9/13

Outsize executive pay packages have frequently been a flash point for stock market investors. Lavish executive compensation at publicly traded companies should be a significant concern for consumers, too.

That's the message of a new study by three academics at the University of Notre Dame. Their research focuses on companies that rely heavily on stock options in executive compensation. They have found a correlation between generous option grants and the incidence of serious product recalls.

[Dimon says iPhones, cars help balance out U.S. income inequality](#)

Claire Boston and Hugh Son, Bloomberg, 9/17

"It is true that income inequality has kind of gotten worse," Dimon said, noting that he wants things to get better for low- and middle-class households. Still, "you can take the compensation of every CEO in America and make it zero and it wouldn't put a dent into it. What really matters is growth."

[Dimon: Slashing CEO pay won't fix inequality](#)

Ben White, Politico, 9/18

FEDERAL RESERVE

[Reforming the Federal Reserve's rescue authority: Warren and Vitter come to Cato](#)

Tom Clougherty, Cato Institute Blog, 9/17

[T]he Government Accountability Office [estimates](#) that the Federal Reserve lent more than \$16 trillion to financial firms between December 2007 and July 2010 — a figure that comes close to matching the entire, annual gross domestic product of the United States.

On Wednesday, [Cato's Center for Monetary and Financial Alternatives](#) hosted a [two-part discussion of the Federal Reserve's emergency lending power](#), and the legislative efforts underway to reform it. The first panel saw the Washington Post's [Ylan Mui](#) interview [Phillip Swagel](#), a former Treasury official turned University of Maryland professor, [Marcus Stanley](#), the policy director at Americans for Financial Reform, and [Mark Calabria](#), Cato's own director

of financial regulation studies.

United States Senators Elizabeth Warren (D-MA) and Richard Vitter (R-LA) joined us for the second panel, during which they outlined their proposed [“Bailout Prevention Act of 2015,”](#) as well as their broader, bipartisan quest to end “too big to fail.”

[Warren, Vitter team up to take on Wall Street’s ‘Too Big to Fail’ megabanks](#)

Genevieve Wood, The Daily Signal, 9/17

HEDGE FUNDS AND PRIVATE EQUITY FUNDS

[Trump lands a blow against carried interest tax loophole](#)

James B. Stewart, NY Times, 9/17

“The hedge fund guys didn’t build this country,” [Mr. Trump told John Dickerson](#) on CBS’s “Face the Nation.” “These are guys that shift paper around and they get lucky.” He continued: “The hedge fund guys are getting away with murder.” And at Wednesday night’s debate, Mr. Trump raised the issue again. “The hedge fund guys won’t like me as much as they like me right now — I know ‘em all,” he said. “But they’ll pay more.”

Earlier Wednesday, in a speech to the Business Roundtable, President Obama again called for carried interest to be taxed as ordinary income rather than at the lower capital gains rate. He put some teeth into the proposal by linking it to a resolution of the looming budget negotiations and threat of a government shutdown.

Even [N.Y. Senator and Democratic fundraiser Chuck] Schumer threw his support behind this latest idea on Wednesday, saying that treating carried interest like ordinary income “would find a wealth of bipartisan support” and could pave the way to a budget deal this fall.

[Obama to press Republicans to end ‘carried interest’ tax break](#)

Robert Schroeder, Market Watch, 9/16

[Joint Committee on Taxation: Ending carried interest will raise \\$15.6 billion](#)

Hazel Bradford, Pensions & Investments, 9/17

[The one thing Trump, Bush, Obama and Clinton agree on](#)

Editorial, Baltimore Sun, 9/17

Both Donald Trump, the leading candidate in the field, and former Florida Gov. Jeb Bush (Number 2 or 3 depending on the poll) have come out in favor of dropping the so-called “carried-interest” tax loophole that unfairly benefits hedge fund managers.

Put those two in a room with President Barack Obama and leading Democratic candidate Hillary Clinton, and you would have four people who feel exactly the same way. Under most circumstances, that’s a pretty powerful statement — a clear indication that the tax loophole is so egregious that it offends not only a Democratic president and the leading Democratic candidate but the major Republican candidates seeking the same office. Considering how much political hay Republicans have made by being against raising taxes, you know the carried-interest provision has got to be really, really bad to unite the populist Mr. Trump and the cautious Mr. Bush.

HIGH SPEED TRADING AND FINANCIAL TRANSACTION TAX

[Tax Season: IEX, anti-high frequency trading firm, seeks to become stock exchange](#)

CBC News, 9/16

While widespread, critics say high-frequency trading is unfair to smaller investors because it gives a built-in advantage to large firms that pay for ever-faster networks. Katsuyama’s company was hailed in the book and in media reports from the time for trying to install a sort of “speed bump” in the trading process, which would ensure that nobody could gain an advantage based on speed alone.

Normally technology helps to bring down costs over time, but IEX says high-frequency trading or HFT has actually had the opposite effect, making stock trading more expensive by adding costs charged to traders for faster and faster trading mechanisms, fees which ultimately get passed on to clients.

[Exchanges face pressure to disclose high-speed trader perks](#)

Silla Brush, Bloomberg, 9/17

A top U.S. derivatives regulator is calling for the world's biggest exchanges to explain publicly how they encourage high-speed trading. Exchanges such as CME Group Inc. and Intercontinental Exchange Inc. should release more information about incentives and other financial perks they offer to lure certain traders to use interest rate, energy and other contracts on their markets, Sharon Y. Bowen, a member of the Commodity Futures Trading Commission, said in remarks prepared for a speech on Thursday.

"My hope is that greater transparency will enhance these programs, including by creating the possibility for more informed choices for investors," Bowen, a Democrat, said in the speech for an International Swaps and Derivatives Association conference in New York.

INVESTOR PROTECTION AND THE SEC

[Law firm removes references to SEC chief's husband's ties to audit regulator](#)

Francine McKenna, MarketWatch, 9/18

A move by the law firm Cravath, Swaine & Moore to excise references to uncommonly close regulatory ties follows a Bloomberg [story](#) that pointed to an ongoing conflict between John White's service to the group while his wife, Securities and Exchange Commission Chairwoman Mary Jo White, has oversight responsibility for the Public Company Accounting Oversight Board, the audit regulator...

The conflict has existed since April 2013, when Mary Jo White became head of the agency. John White has served on the PCAOB advisory committee continuously since he was at the SEC between 2006 and 2008.

[Mary Jo White in yet another conflict of interest issue](#)

Mark Melin, ValueWalk, 9/18

[SEC Chair faces new conflict claims over husband's legal work](#)

Robert Schmidt & David Michaels, Bloomberg, 9/16

[Financial Services Democrats file amicus brief against SEC](#)

Colin Wilhelm, Politico, 9/15

House Financial Services Committee Ranking Member Maxine Waters (D-Calif.), former panel Chairman Barney Frank and four other current Democratic members of the committee have sided with the North American Securities Administrators Association and multiple states in a lawsuit against the SEC.

Waters and other members of the House and Senate filed a joint amicus brief Sept. 2 in a case challenging the SEC's finalization of the so-called Regulation A+ private-offering rule. The finalized rule allows companies to structure offerings to supersede state regulations.

[Watch the SEC's Mary Jo White get publicly shamed](#)

Joe Patrice, Above the Law, 9/15

The rising tide of opposition to SEC Chair Mary Jo White has leapt from the pages of dissents and petitions and finally manifested itself in physical form. Behold the "Dump (Mary Jo) Truck," a mobile billboard set up by CREDO Action that will travel between Union Station, K Street, and the White House from this morning until Thursday.

[Financial industry protects itself, not investors](#)

Sheyna Steiner, Bankrate, 9/10

MORTGAGES & HOUSING

[How segregation destroys black wealth](#)

Editorial, NY Times, 9/15

Americans commonly — and mistakenly — believe that well-to-do black people no longer face the kind of discrimination that prevents them from living anywhere they can afford. But a federal housing discrimination complaint filed last week by the [National Fair Housing Alliance](#) shows that this toxic problem is very much with us, nearly 50 years after Congress outlawed housing discrimination in the Fair Housing Act.

The complaint, and the investigations that led to it, shows how real estate agents promote segregation — and deny African-Americans the opportunity to buy into high-value areas that would provide better educations for children and a greater return on their investments.

[CFPB creates online tool to help homebuyers with mortgages](#)

Lydia Wheeler, The Hill, 9/17

The Consumer Financial Protection Bureau (CFPB) has created a virtual tool to help homebuyers navigate the mortgage process. The agency has created an “Owning a Home” page on its website that features an interactive step-by-step overview of the loan process, a monthly mortgage repayment worksheet to help homebuyers figure out how much they will owe and sample forms for loan estimates and closing disclosures. The site also includes a closing checklist, a loan options guide and a tool to help consumers explore interest rates.

[Fair Housing’s unfinished business](#)

Charlene Crowell, BlackPressUSA, 9/14

[Senators Corker, Warner, Vitter, and Warren reintroduce “Jumpstart GSE Reform Act”](#)

The Chattanooga, 9/16

“It has been nearly seven years since the financial crisis, and it is past time to reform Fannie and Freddie. That means removing the obstacles and starting a bipartisan effort to take on housing finance reform this Congress. I am pleased to have the opportunity to work with Senators Corker, Warner, and Vitter, and I look forward to collaborating with them and other Senators in the months ahead on this important issue,” said Senator Warren.

[Cracking down on fraudulent mortgage practices](#)

George White, Highbrow Magazine, 9/17

In another joint-agency bank discrimination case, the Justice Department and the federal Consumer Financial Protection Bureau announced in May that they reached a settlement with the San Bruno, Ca.-based Provident Funding Associates in a lawsuit that alleges the company charged Latinos and African-Americans higher prices for loans.

[207 groups call on House and Senate Leaders to reject anti-fair housing riders in FY2016 funding bill](#)

National Fair Housing Alliance, 9/14

[30-Year U.S. mortgages spur too much debt, ex-housing chief says](#)

Matt Scully and Jody Shenn, Bloomberg, 9/17

[New report finds Long Island communities trying to recover from the foreclosure crisis lack access to mortgage lending](#)

Empire Justice Center, September 2015

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

[The retirement problem that costs Americans \\$17 billion a year](#)

Thomas Perez and Jeff Zients, CNN Money, 9/15

When you receive medical treatment, you know that your doctor has taken a sworn oath to consider your best interest. The same goes for a lawyer. But believe it or not, financial advisers operate under no such commitment, even though

they hold your precious, hard-earned nest egg in their hands. In fact, conflicted financial advice -- where advisers put their own interests ahead of their customers' interests -- costs Americans who are saving for retirement some \$17 billion a year. This has to change, especially as the retirement landscape shifts and fewer Americans have the fallback of a defined benefit pension.

Some in the industry say they support the best interest standard in principle, but that it's just too difficult to implement - they often say it would be "unworkable" for financial advisers to put their clients' interest first. However, a substantial number of advisers already operate under a fiduciary standard, have found a way to abide by it and still do quite well for themselves.

[Beware of those pretending to protect small-fry investors](#)

Editorial, St. Louis Post-Dispatch, 9/16

Ann Wagner and William Lacy Clay don't agree on much, but St. Louis' two U.S. representatives are united in their opposition to a proposed [Department of Labor](#) rule that tries to make sure financial advisers put their clients' interests ahead of their own. We're all for bipartisanship, but in this case, the unlikely union between Ms. Wagner, a Republican from Ballwin, and Mr. Clay, a St. Louis Democrat, rings some warning bells.

Ms. Wagner called the Labor Department rule a "solution in search of a problem." That is code for hang on to your wallet.

The proposed rule, supported by President Barack Obama, would keep financial advisers from pushing high-fee investment plans on low-dollar investors. It tightens guidelines on advisers, raising the standards for investment advice given by brokers handling retirement accounts. It requires them to "put their clients' best interests before their own profits."

Ms. Wagner, Mr. Clay and other opponents of the new rule would like you to think they're just trying to protect small investors... The real reason they are united in their fight is that some financial services companies don't like it. The four largest financial services firms not located in New York are headquartered in St. Louis. Both have coveted seats on the Financial Services Committee; members of that committee pull in more money from PACs than members of any other House committee.

[More protection for a nest egg has some brokers upset](#)

Tara Siegel-Bernard, NY Times, 9/18

A dozen or so new victims file into Joseph Peiffer's law offices each month. There was the 51-year-old woman who worked at BellSouth, he recounted, who was told to invest her [retirement](#) money into nontradable real estate securities. He has also worked with retirees who were advised to put their [I.R.A.](#) savings into pricey variable [annuities](#) or other illiquid investments, when other options would have been far more appropriate.

"It is really on the broker to do the right thing, because the typical investor doesn't know enough to know if the broker and his firm have the investor's interest at heart," said Mr. Peiffer, a [consumer lawyer](#) in New Orleans who represents investors with cases against banks and brokerage firms.

[How rules on financial advisers are set to get tougher](#)

Anna Prior, Wall St. Journal, 9/18/15

A rule change in the works at the U.S. Labor Department could upend the legal obligation of some advisers to their clients and potentially change the way they charge for their services. But that bid to require advisers working with retirement accounts to [act as fiduciaries](#)—putting the interests of their clients first—is only one of the regulatory proposals and areas of increased agency scrutiny that could affect advisers and clients.

[Proposed new federal rules would extend fiduciary laws to 401\(k\) rollovers](#)

Becky Gillette, Mississippi Business Journal, 9/17

[Personal capital report exposes true cost of hidden fees](#)

Marianne Ahlmann, Personal Capitol, 9/14

STUDENT LOANS & FOR-PROFIT EDUCATION

[The empty promises of for-profit colleges](#)

Gillian White, Atlantic, 9/15

A new report from the Brookings Institution shows that for-profit colleges aren't just part of the student-loan crisis—they're a disproportionately large segment, and one that has swelled in recent years. Between 2000 and 2014, the number of students holding education debt doubled to 42 million, their total debt outstanding quadrupling to over \$1 trillion. In 2000, there was only one for-profit institution among the 25 colleges and universities where students held the most student-loan debt. In 2014, there were 13, and University of Phoenix topped the list. The amount of debt owed by those attending for-profit colleges has grown from \$39 billion in 2000 to \$229 billion in 2014—which is more attributable to increases in the rate of borrowing at those schools than to increases in enrollment.

[Why graduates of for-profit colleges are struggling to pay back student loans](#)

Casey Quilan, ThinkProgress, 9/14

Jessica King has over \$30,000 in student loan debt. King went to Everest to become a medical assistant, but after the students began using needles on each other, she began to have her doubts about the college's legitimacy. King considered leaving the school, but a college counselor convinced her to stay. "I didn't want to feel like a failure by dropping out because they kept saying, 'Are you going to quit this like you quit other things in life? Are you going to not make this a priority? Are you not going to take care of your child in the future?'" King recounted. "There were these manipulation tactics, and they bring you even further down from where you even where, with your self-esteem, like what am I going to do?"

King doesn't remember taking out that much money. When she expressed anxiety over her financial situation, counselors assured her that as a low-income single mother, she would be taken care of through scholarships and grants. She only remembers taking out \$1,200 for a private loan at the urging of a counselor. After she graduated Everest with honors and was advised by a potential employer that she should remove Everest from her resume and return to school, King attempted to get her associate's degree. After being contacted by her prospective college's financial aid office, she discovered that she owed Everest \$32,000.

[State agency struggling to police for-profit colleges](#)

Steve Miller, CalWatchdog, 9/15

SYSTEMIC RISK

[Sanders says financial system "more fragile" than many perceive](#)

Derek Wallbank, Bloomberg, 9/14

Bernie Sanders, in e-mail to supporters, restates his call to break up large banks that he says are "too big to fail" and "creating an economy which is not sustainable from a moral, economic, or political perspective..."

WHISTLEBLOWER PROTECTION

[Second Circuit allows whistleblower retaliation protection without reporting to SEC](#)

William R. McClucas, Mark D. Cahn, Christopher Davies and Arian M. June, WilmerHale, 9/16

On September 10, 2015, in a 2-1 decision in *Berman v. Neo@Ogilvy LLC*, the US Court of Appeals for the Second Circuit ruled that whistleblowers who report securities law violations internally but not to the US Securities and Exchange Commission (SEC) are protected under the Dodd-Frank Act from employer retaliation. The decision creates a split with the Fifth Circuit...

[Vanguard Group fires whistleblower who told TheStreet about flaws in customer security](#)

Susan Antilla, TheStreet, 9/18