

AMERICANS FOR FINANCIAL REFORM

This Week in Wall Street Reform – Mar. 14-20, 2015

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[House Republicans Just Let The Cat Out of the Bag](#)

Zach Carter, *Huffington Post*, 3/19/15

Remarkably, this GOP push to gut Wall Street reform, repeal Obamacare and protect polluters has garnered Democratic support in both chambers of Congress. In the Senate, corporate-friendly lawmakers [including Sens. Amy Klobuchar \(D-Minn.\) and Mark Warner \(D-Va.\)](#) have co-sponsored Republican bills that seek to saddle regulators with additional cost-benefit requirements. In the House, [several conservative Democrats](#) -- including Rep. Ron Kind (D-Wis.), co-chair of the [New Democrat Coalition](#) -- have voted for at least one version of the GOP attack on the regulatory state.

[House Republicans Take Aim at Dodd-Frank in Budget Plan](#)

Sarah N. Lynch, *Reuters*, 3/17/15

[House GOP calls for regulatory reform in budget proposal](#)

Tim Devaney, *The Hill*, 3/16/15

[House GOP Budget Targets Dodd-Frank and Elizabeth Warren's Brainchild](#)

Eric Garcia, *National Journal*, 3/17/15

[CFPB's Independent Funding Nixed in Senate Budget Plan](#)

ThinkAdvisor, 3/20/15

See [AFR Statement](#) on Senate move to strip CFPB of independent funding

CONSUMER FINANCE & PROTECTION

[Forced arbitration: New study shows it's bad for consumers](#)

Scott Maurer, *San Jose Mercury-News*, 3/16/15

The study reveals that only one-fourth of consumers who sign such contracts realize they've given up their right to sue. It also shows a tiny number of consumers will ever use arbitration or small-claims court. The CFPB's next step should be to work to ban forced arbitration clauses from consumer contracts.

[Bank Customers May Get Their Day in Court](#)

Carter Dougherty, *Bloomberg*, 3/20/15

In its report, the CFPB noted that there were just 52 arbitration claims under \$1,000 in 2010 and 2011, and consumers won relief in just four of them. Says Gupta: "What this report shows is not that claims go to arbitration but that they simply go away..."

The report's findings presage a pitched battle between the consumer agency and business groups, notably the U.S. Chamber of Commerce, which views arbitration as a way to thwart avaricious plaintiffs' lawyers. The changes won't happen overnight. The rulemaking process—and the fight with Wall Street—could drag on for years.

[Over Banker Objections, CFPB Invites More Detailed Complaints](#)

Rachel Witkowski, American Banker, 3/19/15

[CFPB will take consumer complaints public](#)

Peter Schroeder, The Hill, 3/19/15

[CFPB Adds Consumer Stories to Public Complaint Database](#)

Ed Mierzwinski, US PIRG, 3/19/15

[Tell the World Your Banking Horror Story](#)

Alexis Goldstein,, Bull Market, 3/20/15

[CFPB Finalizes Policy to Give Consumers the Opportunity to Voice Publicly Complaints About Financial Companies](#)

Press Release, CFPB, 3/19/15

[Lawmakers Comment on CFPB's Arbitration Study](#)

Christine Hines, Fair Arbitration Now, 3/16/15

[Reactions to CFPB's Arbitration Study](#)

Christine Hines, Fair Arbitration Now, 3/17/15

[3 pension advance traps to avoid](#)

Consumer Advisory, CFPB, 3/16/15

[The Odd Couple Fighting Against Predatory Payday Lending](#)

Steve McElwee, The Atlantic, 3/19/15

[Top Democrat skeptical of relief for large regional banks](#)

Jennifer Liberto, Politico Pro, 3/19/15 [paywalled]

[Online Payday Lender Pumped Dark Money Into Effort To Beat Back Regulation](#)

Paul Blumenthal, Huff Post Politics, 3/17/15

[Tribal Payday Lenders & Cronies Reproved](#)

Mike Heuer, Courthouse News, 3/19/15

[Merkley Urges CFPB to Issue Tough Payday Rules, Protect Consumers from Predatory Loans](#)

Statement, Office of Senator Jeff Merkley, 3/19/15

[Payday lenders contribute \\$900M to Ohio's economy, industry trade group says](#)

Evan Weese, Columbus Business First, 3/17/15

ENFORCEMENT

[U.S. Prepared to Charge Banks for Violating Old Settlement Deals](#)

American Banker [paywalled], 3/16/15

EXECUTIVE COMPENSATION

[Delamaide: The failure behind Wall St. bonuses](#)

Darrel Delamaide, USA Today, 3/17/15

The point of the Dodd-Frank reform is that compensation should be structured so that can't happen again, by deferring payment over a longer period and providing ways to claw back bonuses if they were awarded for business that resulted in losses.

The regulations initially proposed in 2011, however, were very weak, calling only for the deferral of 50% of the bonus for three years, and that only for the bank's top executives, not for the traders who day in and day out are making the big bets that might well be called "inappropriate risks."

The advocacy group **Americans for Financial Reform**, a coalition of more than 200 civic groups, has called for much tougher regulations. Restrictions should cover the entire bonus, not just half of it; deferrals should last much longer than three years; and they should cover the thousands of risk-taking employees receiving bonuses, not just top management.

['You eat what you kill': Wall Street bonuses keep soaring as profits decline](#)

Suzanne McGee, *The Guardian*, 3/15/15

[2014 Financial Industry's Bonuses Were Double the Combined Earnings of All Full-Time Working Americans Making Minimum Wage](#)

Sarah Anderson, *Mint Press News*, 3/17/15

Wall Street banks handed out \$28.5 billion in bonuses to their 167,800 employees last year, up 3 percent over 2013, according to new figures from the New York State Comptroller. These annual bonuses are an extra reward on top of base salaries in the securities industry, which averaged \$190,970 in 2013.

The European Union now limits bonuses for key bank staff to no more than 100% of their base salaries, or up to 200% with shareholders' approval. **Americans for Financial Reform** has put forward detailed proposals for strengthening the proposed U.S. regulation.

[Consumer Groups Want Quick, Strong SEC Rules on Compensation Clawbacks](#)

Rob Tricinelli, *Bloomberg BNA*, 3/17/15

FEDERAL RESERVE

[Fed Inspector General Reopens Leak Investigation](#)

Jake Bernstein, *Utah Policy*, 3/16/15

FINANCIALIZATION

[How Does Wall Street Work? Only One-Quarter of Investment Bank Revenue Comes From Activities in the Real Economy](#)

Owen Davis, *International Business Times*, 3/13/15

While the figures won't come as a surprise to economists and financiers, the report by the U.K.'s central bank helps demystify exactly how investment banks make their money -- a combined \$140 billion in revenues at the 10 largest firms -- and how little most of their profits have to do with actual commerce.

"For a long time, we took for granted that all these activities are useful simply because they exist," says Thomas Philippon, a professor of finance at the New York University Stern School of Business who studies the efficiency of financial services. "Now we have the challenge of deciding what's useful or not."

HOUSING & MORTGAGES

[In the Eye of the Storm: Why the Threat of Foreclosure Damage Continues](#)

Report, *Empire Justice Center*, March 2015

[Fannie, Freddie to Alter Some Loan Modifications](#)

Joe Light, *Wall Street Journal*, 3/17/15

[What's Behind the Scathing Critique of NeighborWorks America?](#)

Rick Cohen, Nonprofit Quarterly, 3/19/15

[T]he *Bloomberg* article's questioning of the NeighborWorks efforts in foreclosure modifications brings a whiff of partisan politics with it. Schoenberg and Benson mention that Republicans are raising questions about NeighborWorks funding: "House Republicans said...they're seeking ways to cut federal spending by \$5.5 trillion over the next nine years." They cite Rep. Bob Goodlatte (R-VA) who used a congressional hearing to call NeighborWorks "left-wing community organizers." For those who know NeighborWorks and the community-based nonprofits that are members of the NeighborWorks network, calling them "left-wing community organizers" is hard to understand, to put it mildly, given that the NeighborWorks America board is made up of representatives from the Federal Reserve, the National Credit Union Administration, and the Comptroller of the Currency, and the composition of many NW community members' boards has plenty of bankers, reflecting the roots of the NeighborWorks movement.

[U.S. judge dismisses lawsuit over \\$13 billion JPMorgan Chase settlement](#)

Lindsay Dunsmuir, Reuters, 3/19/15

INVESTOR RIGHTS AND THE SEC

[Wall Street Fires Back at Obama Over Broker Standards](#)

Owen Davis, International Business Times, 3/16/15

Most retirement account-holders have little idea whether the person who manages their nest egg is a "fiduciary" or not. But knowing the difference could save the median two-earner family up to \$155,000 over a lifetime of investing, according to a 2012 study from Demos, a New York-based public policy group. The subtle distinction has reignited a long battle between Wall Street and reform advocates over how to ensure investment advice works for everyone.

"There is just a tidal wave of opposition," says Lisa Donner of **Americans for Financial Reform**, a consumer group that supports the proposed rules. "This has been a very long time coming."

[SEC's political gap widens as Republicans make enforcement dissents](#)

Patrick Temple-West, Politico Pro [paywalled], 3/17/15

Recent objections by Republican commissioners to certain SEC enforcement actions are highlighting the increasing partisan divide at the regulator when it comes to policing bad actors in the financial markets.

While Democratic commissioners have made public their concerns about allowing companies that have been hit with enforcement actions to continue to participate in certain businesses, the regulator's Republican members have raised objections to whether penalties in some cases have gone too far.

[SEC chief: 'It's beyond time' for new rules on financial advisers](#)

Kevin Cirilli, The Hill, 3/17/15

The Obama administration and liberal groups argue the disclosure requirements are needed to better protect consumers from faulty financial advice. But Republican and centrist Democratic critics, backed by the business community, argue the rules would prevent low-income Americans from obtaining financial advice.

[Industry study: White House study on retirement advisers 'flawed'](#)

Peter Schroeder, The Hill, 3/16/15

[Heavier Scrutiny for Banks' Charitable Donations Could Backfire](#)

Pastor Mark Whitlock and Gilbert R. Vasquez, American Banker, 3/16/15

[More Dems Draft Anti-insider-trading Bills](#)

Patrick Temple-West, PoliticoPro (paywalled), 3/19/15

Rep. James Himes said today he was drafting his own anti-insider trading bill, adding to the number of Democrats responding to a stinging ruling from an appeals court last year.

Earlier this month, Rep. Stephen Lynch introduced a bill aimed at helping the government prosecute insider trading, and Sens. Bob Menendez and Jack Reed have introduced a similar bill. So far, no Republicans have expressed interest in supporting the Democrats' legislation.

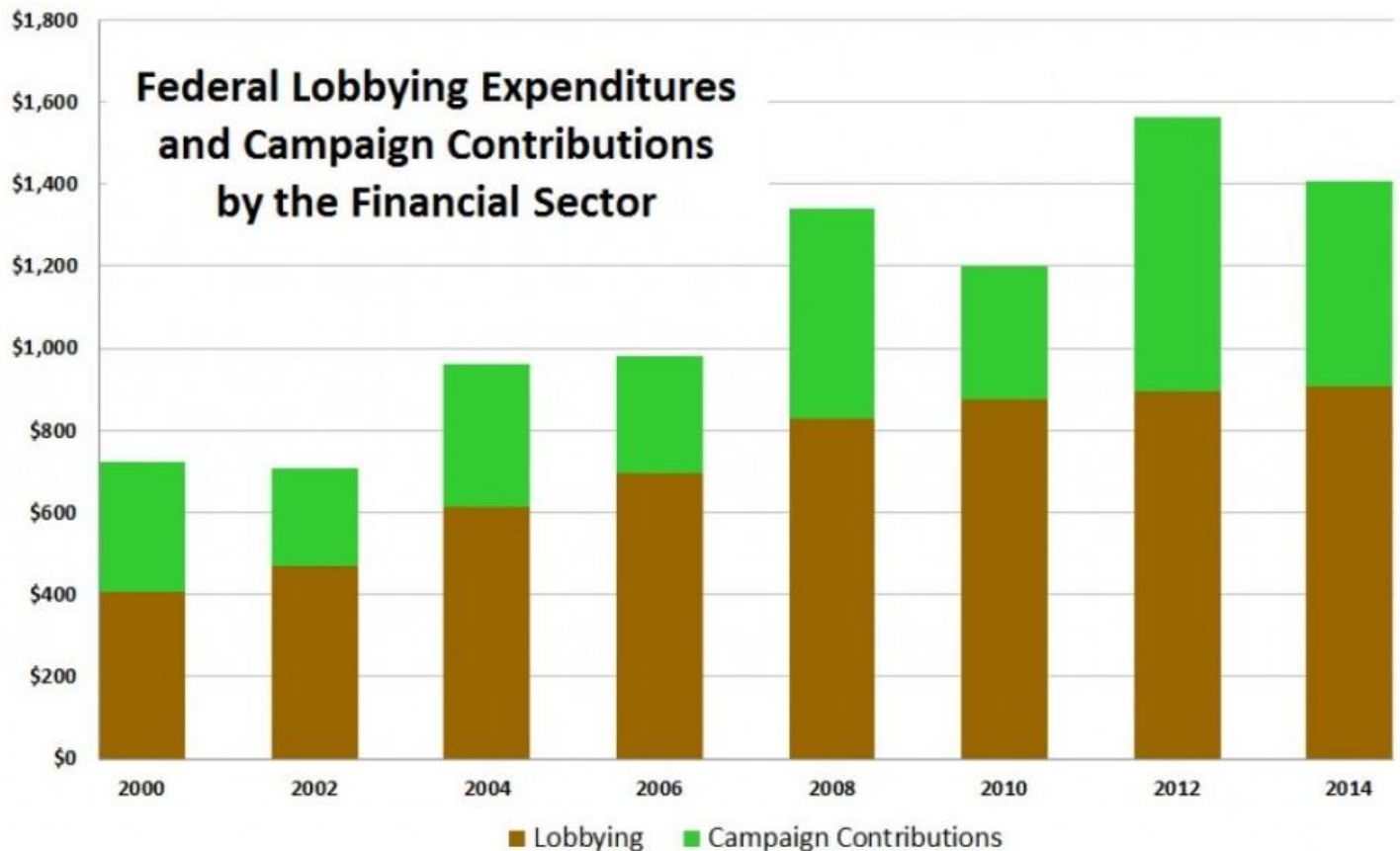
MUNICIPAL FINANCE

[“Not true and they knew it”: What Rahm Emanuel’s Wall Street craze cost Chicago](#)

David Dayen, Salon, 3/17/15

The city of Chicago and its public school system could recoup potentially billions of dollars in overpayments from complicated, unjust deals inked with Wall Street banks, if they pursued legal action or demanded enforcement from federal regulators. But Rahm Emanuel, the current mayor, has refused to chase this opportunity, despite the city's drastic fiscal outlook and the effect on citizens.

POLITICAL INFLUENCE OF WALL STREET



Source: Center for Responsive Politics – special data release for AFR that excludes health insurers.

[Financial Lobbying Upped in 2014 Elections: AFR](#)

Clayton Browne, Value Walk, 3/19/15

According to a March 18th report from the nonprofit watchdog group **Americans for Financial Reform**, the financial sector is the biggest single source of [campaign contributions](#) to federal candidates and political parties, as well as the second biggest spender on lobbying overall. According to federal records, in the 2013-14 election cycle, Wall Street banks and the financial industry spent over \$1.4 billion to influence politicians in Washington to support their interests.

See [Updated AFR Report: Wall Street Money in Washington](#):

[Activists to Dems: Stay Away from “Toxic” Hedge Fund Money](#)

Colin Campbell, BusinessInsider.com, 3/13/15

[Hedge fund executives give 'til it hurts to politicians, especially Cuomo, to get more charter schools](#)

Juan Gonzales, NY Daily News, 3/11/15

Hedge fund executives have unleashed a tsunami of money the past few years aimed at getting New York's politicians to close more public schools and expand charter schools.

They've done it through direct political contributions, through huge donations to a web of pro-charter lobbying groups, and through massive TV and radio commercials.

[Billionaire Philanthropist Paul Tudor Jones Focus of Protests](#)

Rick Cohen, Nonprofit Quarterly, 3/17/15

[Progressive Group Takes Aim at Hedge Fund Managers](#)

Ross Barkan, Observer, 3/18/15

[Protestors hold rally against hedge fund manager](#)

Greenwich Time.com, 3/14/15

STUDENT LOANS

[There's a big fight over how student debt gets collected in this country](#)

Danielle Douglas-Gabriel, Washington Post, 3/16/15

[Durbin: Corinthian Buyer ECMC Is Breaking Its Promises](#)

David Halpurn, Huff Post Business, 3/12/15

[What Law Students \(And Everyone\) Should Know About For-Profit Colleges](#)

David Halpurn, Huff Post College, 3/12/15

[Gainful employment rule could harm law schools](#)

Martha Walters Barnett, The Hill, 3/13/15

SYSTEMIC RISK AND BIG BANKS

[Putting a Breakup of Bank of America to a Shareholder Vote](#)

Antony Currie, NY Times, 3/19/15

[Should fewer banks be 'too big to fail'?](#)

Joseph Lawler, Washington Examiner, 3/21/15

[BNY Mellon Close to Settling Foreign Exchange Lawsuits](#)

Christie Smythe, Charles Stein & Bob Van Voris, Bloomberg, 3/19/15

[Exclusive: Foreign banks may be subject to future UK stress tests – sources](#)

Douwe Miedema, Soyoung Kim, and Steve Slater, Reuters, 3/17/15

OTHER TOPICS

[N.Y. Regulator Studying How Car, Other Insurance Rates Are Set](#)

Leslie Scism, Wall St. Journal, 3/20/15