# THIS WEEK IN WALL STREET REFORM

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## *Attacks on Regulations*

**The Push to Pull the Teeth out of Dodd-Frank**
Katherine Reynolds Lewis (The Fiscal Times)
September 29, 2011

*"Shannon Greene, CEO of a Fort Worth leather supplier, ruefully recalls what happened to her business the last time Washington overhauled financial regulations. To comply with the 2002 Sarbanes-Oxley Act, Greene had to hire outside consultants and spend nearly nine months revamping procedures and controls –- at a total cost of $200,000, or 6 percent of her company's earnings in 2004. 'It was very painful, very stressful,' says Greene, whose Tandy Leather Factory has 450 employees and 107 stores worldwide. 'Could we have opened a few more stores with that $200,000? Absolutely.' Greene didn't see a single tangible benefit to the expense and hassle of Sarbanes-Oxley, which she believes punished law-abiding companies for the mistakes of a few bad apples. Now that federal regulators are beginning to write the nearly 400 rules mandated by the Dodd-Frank financial overhaul enacted last year, private-sector companies and their allies in Congress want the experience of Sarbanes-Oxley to stand as a cautionary tale for rules that may impose heavy costs on Corporate America without always demonstrating benefits. … A bill proposed by Sen. Richard Shelby, R-Ala., would force regulators to determine the economic impact of proposed rules, including on growth and job creation. Bills introduced in the House would take a similar approach. … The current economic turbulence is a direct result of insufficient regulation -- so it makes no sense to curb pending rules that would address the causes of the crisis, says **Lisa Donner**, executive director of **Americans for Financial Reform**, a coalition of labor, civil rights, community, and small business groups. "The thought that what we need to get the economy going again is to cut back on regulation is astoundingly backwards," she says, noting that recent polls suggest businesses are struggling with economic conditions, not overregulation." Click here for more.*

**EPI - Regulatory uncertainty: A phony explanation for our jobs problem**
Lawrence Mishel (Economic Policy Institute)
September 27, 2011

*"Job creation has finally returned as a front and center priority in Washington. The prescription for spurring job creation, however, depends on the diagnosis of the underlying problem. Policymakers are currently invoking two very different explanations for the jobs crisis. The more persuasive explanation is that the demand for goods and services is depressed because of the collapse of the housing and stock market bubbles—the financial crisis—that has led to both a deleveraging (paying off debts) of households and a cratering of the construction sector. The initial shock of the bubble's burst then cascaded into non-construction business investment that dried up as customers disappeared. Finally, all of this led to state and local governments cutting back services and jobs as tax revenues plunged. There is a competing story, widely told by Republican politicians and business trade associations, which claims that business investment and hiring is being held back by uncertainty over future regulations and taxation. As Maine Senator Susan Collins said in introducing her bill to put a moratorium on all new regulations: 'Businesses, our nation's job creators and the engine of any lasting economic growth, have been saying for some time that the lack of jobs is largely due to a climate of uncertainty, most notably the uncertainty and cost created by new federal regulations.' Her view has been repeated by others, including House Majority Leader Eric Cantor and the Chamber of Commerce." Click here for more.*

**How Many Jobs Has Deregulation Cost Us, Sen. Shelby?**
Richard Eskow (Huffington Post)
September 27, 2011

*"The Republicans have opened another front in their never-ending war against regulations, those tools that help government protect us from greedy corporations. Leading the charge once again is Sen. Richard Shelby, the willing servant of Wall Street who weakened the regulations in Dodd/Frank during negotiations with Sen. Dodd ... and then refused to vote for it anyway. After that little bit of procedural treachery, Sen. Shelby attacked the Consumer Financial Protection Bureau (Protect consumers? How dare they?) with outright falsehoods about the extent of that organization's power." Click here for more.*

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## *Grassroots Activities*

**The Revolution Begins at Home: An Open Letter to Join the Wall Street Occupation**
Arun Gupta (IndyBlog)
September 28, 2011

*"What is occurring on Wall Street right now is truly remarkable. For over 10 days, in the sanctum of the great cathedral of global capitalism, the dispossessed have liberated territory from the financial overlords and their police army. They have created a unique opportunity to shift the tides of history in the tradition of other great peaceful occupations from the sit-down strikes of the 1930s to the lunch-counter sit-ins of the 1960s to the democratic uprisings across the Arab world and Europe today." Click here for more.*

**Homeowners to Banks: Clean Up the Mess You Left in Our Neighborhood**
Kai Wright, Sita Bhaumik (Color Lines)
September 29 2011

*"Five years ago, millions of bad loans that banks had peddled—in order to feed the profitable securities market—began to fail and foreclosures began climbing. Washington ignored it then and continues to ignore it in all but name today. Millions of people lost their homes and millions more will follow. But amid all the chatter about deficits and coming presidential elections, it's easy to forget this crisis continues apace. One in eight mortgages are past due; one in five black and Latino borrowers are believed to be at the brink of foreclosure. … So yesterday, homeowners and organizers in East Oakland, one of the communities hit hardest in the subprime lending boom, gathered up the banks' trash and delivered it back to them. The action was part of a series of events around the country, organized by **the New Bottom Line** campaign, that aim to put the foreclosure crisis and banks' responsibility for it back on Washington's agenda. Photojournalist Sita Bhaumik went along to record the action yesterday. Participants charged that, within hours of their press release about the action, the banks sent crews to clean up some long neglected properties. They collected the remaining garbage and brought it to local branches of Citibank, Chase and Wells Fargo." Click here for more.*

**Boston's housing crisis spawns a grassroots revolution**
Chris Faraone (The Phoenix - Boston)
September 28, 2011

*"There are about 1500 pissed-off people lacing up their shitkickers around Boston right now. They're airbrushing placards, photocopying fliers, and in some cases preparing to be arrested. It's been more than three years since the nation's biggest banks pillaged the economy and screwed American homeowners, and these activists think it's time to quit taking it and start throwing haymakers. More than a dozen orgs have united to mastermind a multilateral attack for the ages. For the progressive left, which can have a hard time getting its act together, this is a rare phenomenon. Like other urban centers that have been hit hard by the mortgage crisis, Boston has taken its knocks: roughly 7000 Massachusetts residents were put on eviction row in 2011, more than 1400 in July alone. But nowhere else have people been able to fight back against abusive banks in such a sustained or organized way." Click here for more.*

**Wall Street Protesters To Move On To Mass., Take On Bank of America**
The Washington Current
September 29, 2011

*"The demonstrations which have engulfed Wall Street are moving north. After more than a week of protests in New York against major financial institutions and the role they played in the 2008 financial crisis and subsequent economic meltdown, more than 1,000 people will be in Boston on Friday to march on the headquarters of Bank of America headquarters, according to organizers. The action in Boston is organized by **The New Bottom Line**, a nationwide coalition of 1,000 faith-based and community organizations that seeks to hold Wall Street accountable. They are distinct from, but share many of the goals of, the demonstrations known as "Occupy Wall Street," according to organizers." Click here for more.*

**Occupy Wall Street and New Bottom Line Spark The Struggle To Take Back The American Dream**
Tracy Van Slyke (Ourfuture.org)
September 29, 2011

*"In its second week, hundreds of people have taken over Liberty Square as part of Occupy Wall Street. What started as a loosely organized protest against the corrupting impact that Wall Street and big financial institutions have had on our democracy seems to be growing into something larger. The persistence and increasing organization of the mostly young protestors is tapping into the pain and disillusionment that millions of young Americans across the nation are feeling as they face bleak economic prospects that show little sign of improving." Click here for more.*

**NYC Transit Union Joins Occupy Wall Street**
Matt Sledge (Huffington Post)
September 29, 2011

*"New York City labor unions are preparing to back the unwieldy grassroots band occupying a park in Lower Manhattan, in a move that could mark a significant shift in the tenor of the anti-corporate Occupy Wall Street protests and send thousands more people into the streets. The Transit Workers Union Local 100's executive committee, which oversees the organization of subway and bus workers, voted unanimously Wednesday night to support the protesters. The union claims 38,000 members. A union-backed organizing coalition, which orchestrated a large May 12 march on Wall Street before the protests, is planning a rally on Oct. 5 in explicit support. And SEIU 32BJ, which represents doormen, security guards and maintenance workers, is using its Oct. 12 rally to express solidarity with the Zuccotti Park protesters." Click here for more.*

**Veteran agitators flock to Occupy Wall Street**
Daniel Massey (Crain's New York)
September 29, 2011

*"The city's most experienced agitators—the labor and community groups that typically organize local marches, rallies and sit-ins—have been largely missing from the Occupy Wall Street protest that is in its 13th day at Zuccotti Park in lower Manhattan. But that's about to change. A loose coalition of labor and community groups said Thursday that they would join the protest next week. They are organizing a solidarity march scheduled for Wednesday that is expected to start at City Hall and finish a few blocks south at Zuccotti Park. 'It's a responsibility for the progressive organizations in town to show their support and connect Occupy Wall Street to some of the struggles that are real in the city today," said Jon Kest, executive director of **New York Communities for Change**, which is helping to organize the march. "They're speaking about issues we're trying to speak about.'" Click here for more.*

**#OccupyWallStreet Is a Church of Dissent, Not a Protest**
Matt Stoller (Naked Capitalism)
September 29, 2011

*"Last weekend, I spent a few days with the protesters downtown near Wall Street, and it was an eye-opening experience. The people there want something, but it's not a list of demands, and it is entirely overlooked by the media and most commentators on the protest. If all you read are news stories and twitter feeds about #OccupyWallStreet, the most trenchant imagery that will stick in your mind is that of police brutality, and the politics of Wall Street greed. The debate seems to be organized around whether the protest will be 'successful' or not, how the protesters are stupid or a new American Tahrir Square, or rhetoric designed in a media sphere that maximizes attention. Glenn Greenwald suitably demolishes the sneering commentariat. But I think there's something to add about what exactly this protest is, what it is doing, and most of all, what the people there 'want'. They don't have a formal list of demands." Click here for more.*

**California Homeowners Mount a Growing Protest Movement Against Foreclosures**
Peter Drier (Huffington Post)
September 28, 2011

*"Rose Gudiel is on the front lines of a growing protest movement to stop banks from foreclosing on families victimized by the economic crisis and abusive banking practices. The 35-year old Gudiel, who juggles two jobs and lives with her parents and brother in La Puente, a working class suburb of Los Angeles, has become the public face of a burgeoning crusade to defend homeowners from unfair evictions. Gudiel, her family, neighbors and other supporters have pledged to risk arrest when the Los Angeles County Sheriff tries*

*to evict them this week from Gudiel's home after Fannie Mae issue a foreclosure notice. This week, the coalition -- which is called Refund California and includes the* ***Alliance of Californians for Community Empowerment (ACCE)****, the* ***Service Employees International Union (SEIU)****, the* ***California Nurses Association, the California Community Reinvestment Coalition****, the* ***California Teachers Association, PICO (a faith-based community group)*** *and* ***POWER (a Los Angeles community organization)*** *-- began a multi-week series of protests and public events to call on banks to fix the housing mess, pay their fair share of taxes, and help rebuild hard-hit neighborhoods. They want Wall Street banks to pay for destroying jobs and neighborhoods with their greedy, irresponsible and predatory business practices. These events are also part of a 10-city campaign aligned with* ***The New Bottom Line****, a nationwide coalition of 1,000 faith-based and community organizations that seeks to hold Wall Street accountable."* *Click here for more.*

**Activists Ask Governor Corbett For More Mortgage Relief Money**
Channel 3 – CBS Affiliate - Philadelphia
September 28, 2011

*"Activists in Pennsylvania are decrying the demise of mortgage assistance programs at both the state and federal levels. First, Pennsylvania's Homeowners Emergency Mortgage Assistance Program, HEMAP, was gutted in the new budget. Funding was reduced to $2 million and no new applications are being accepted. And a federal mortgage aid program ends Friday. As he addressed a rally in the state capitol rotunda Tuesday, Philadelphia's Vincent Hughes — the ranking Democrat on the Senate Appropriations Committee – blasted Governor Corbett for not using surplus funds from the previous budget to keep the state program going." Click here for more.*

**A cry for more mortgage help**
John L. Micek (Morning Call – PA)
September 27, 2011

*"A coalition representing 30 housing, church and community organizations called on state lawmakers Tuesday to restore funding to a now-shuttered, three-decade-old state program that provided emergency mortgage assistance to struggling homeowners. The rally in the Capitol Rotunda comes as funding for a federal program that also provides mortgage assistance — and had acted as a stopgap since the state program was closed in late June — is set to expire on Friday. … Activists, organized as a PA Save Our Homes Coalition, asked lawmakers to approve what's known as a 'supplemental appropriation' to revive the state program and run it through the end of the fiscal year, which ends June 30, 2012. Activists are seeking $15 million, well above the $7.8 million the state House had unsuccessfully sought for the program earlier this year." Click here for more.*

**$15 million sought to help those in danger of losing Pa. homes**
Mary Wilson (New Works – PA)
September 27, 2011

*"Housing advocates are calling for Pennsylvania to restore funding to a program that helps those facing foreclosure. After funding was all but eliminated for the Homeowners Emergency Mortgage Assistance Program, it shut down in July. Advocates now are asking for a resurrection of the program known as HEMAP with funding from the state." Click here for more.*

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## *CFPB and Consumer Issues*

**CFPB's McCoy Says Mortgage Rules to Back Simplified Disclosures**
Carter Dougherty (Bloomberg)
September 26, 2011

*"The Consumer Financial Protection Bureau will begin writing mortgage rules next month that will back up its simplified loan disclosure forms, the agency's top mortgage official said. The consumer bureau will soon wrap up testing of two-page disclosure forms, Pat McCoy, the agency's assistant director for mortgage and*

*home equity markets, said today at a Mortgage Bankers Association conference in Washington." [Click here for more.]*

**CFPB - Help for struggling military homeowners**
Holly Petraeus (Office of Servicemember Affairs)
September 29, 2011

*"Military families throughout the country are not immune to the ongoing housing crisis. On my travels to military bases, I've heard too many distressing stories about servicemembers who are underwater on their mortgage and are faced with military permanent change of station (PCS) orders that require them to relocate at a time when their home is worth less than what they owe. This problem has forced some military families into the costly and stressful situation of maintaining two households, with the family remaining behind while the servicemember moves alone. Other servicemembers have had to let their homes be foreclosed on." Click here for more.*

**NCLC - Credit Unions Are Still Peddling High Cost Payday Loans**
Press Release
September 26, 2011

*"At least 25 credit unions across the nation are still involved in payday lending, including 14 federal credit unions that are profiting from loans at annual rates ranging from 146% to 876%, flaunting the credit unions' 18% legal interest rate cap, the National Consumer Law Center (NCLC) reported today in comments filed with the National Credit Union Administration (NCUA) regarding proposed rule changes. NCLC's comments include a chart of credit unions in 13 states involved with payday lending: Alabama, California, Florida, Hawaii, Michigan, Minnesota, Missouri, New Mexico, Oregon, South Dakota, Utah, Washington, and Wisconsin." Click here for more. Click here to view the full comment letter.*

**Banks Object to U.S. Consumer Bureau Sharing Data With States**
Carter Dougherty (Bloomberg)
September 27, 2011

*"Banks are pushing the U.S. Consumer Financial Protection Bureau to limit information-sharing with states out of concern that attorneys general could file lawsuits based on private data collected by the agency's examiners. The dispute, part of the financial industry's efforts to limit the reach of the Dodd-Frank overhaul of rules for Wall Street, revolves around a regulation on disclosure of records and information that the agency issued on July 21, its first official day of work. The rule said sharing some confidential data with states may 'serve the public interest.'" Click here for more.*

**Big Bank CEO Says Consumers Need More Protection**
Christopher Maag (Credit.com)
September 27, 2011

*"The leader of one of the world's largest banks believes that consumers need more protection, and banks need more regulation, for the world economy to recover from its current malaise. Not only that, but America's entire credit score system should be trashed, Vikram Pandit, CEO of Citigroup, told hundreds of his fellow bankers on Friday. 'I will not win any popularity contests for supporting these changes,' Pandit said at the annual Bretton Woods Gathering. 'But given the extent to which excessive consumer leverage fueled the last crisis, more attention needs to be paid to consumer product regulation.'" Click here for more.*

**Debt collectors, other businesses want to call your cellphone**
Eileen Ambrose (The Baltimore Sun)
September 26, 2011

*"That unfamiliar incoming call to your cellphone soon might be from a debt collector. Cellphones are largely off-limits to collection agencies, but proposals by the White House and Congress could change that. Supporters say regulations have not kept up with technology and the fact that many consumers have replaced traditional landlines with cellphones. But consumer advocates warn that cellphone users could be bombarded with "nuisance" calls if debt collectors gain another avenue to reach — or hound — consumers. 'You give them any opportunity to call cellphones, they not only will do what is allowed but what is not*

*allowed,' says **Lauren Saunders**, managing attorney for the **National Consumer Law Center**. 'This is one of the most abusive industries in the country.'" Click here for more.*

**Click here** to view the last week's press statement from NCLC entitled "Obama Deficit Plan Would Allow Debt Collector Robo-Calls to Cell Phones."

**Judge grants reprieve on credit card regulations**
Sarah Reinecke (Argus Leader – SD)
September 24, 2011

*"A judge has sided with First Premier Bank and Premier Bankcard in the first step of a lawsuit against the federal government regarding a new credit card regulation that company officials say could cost them more than $1 million a month." Click here for more.*

## Rich Cordray Nomination

**U.S. Senate Banking panel to vote on CFPB nominee**
Dave Clarke (Reuters)
September 29, 2011

*"The Senate Banking Committee is expected to vote next week on the nomination of Richard Cordray to head the new Consumer Financial Protection Bureau, according to a Democratic aide. The vote will likely occur on Oct. 6, but the plan has yet to be finalized. Democrats and Republicans continue to fight over the agency, which was created by the 2010 Dodd-Frank financial oversight law. It opened its doors on July 21." Click here for more.*

**Editorial - Republican gridlock holds consumers hostage**
Newark Star-Ledger Editorial Board (NJ)
September 30, 2011

*"Republicans aggressively fought the appointment of Elizabeth Warren to head the newly created Consumer Financial Protection Bureau, and came away with a big scalp: Warren herself, the architect of the new agency, stepped down as nominee and returned to Massachusetts to run for the U.S. Senate. With any luck, voters there will send her back to Washington to continue challenging those who would shield banks and big business at the expense of the American consumer." Click here for more.*

**Florida PIRG and Florida Legal Services - Congress should confirm choice for finance cop**
Brad Ashwell, Alice Vickers (Tampa Tribune op-ed)
September 29, 2011

*"The choice for U.S. senators is clear. Confirm the president's nominee to head the new Consumer Financial Protection Bureau or give the payday lenders an advantage over the banks. For the past six weeks or so, the new CFPB — a centerpiece of the 2010 Wall Street Reform and Consumer Protection Act — has been up and running. It's the nation's first federal financial regulator with one job: protecting consumers. The CFPB is taking credit-card complaints from consumers, supervising big banks and improving mortgage disclosures. But Congress and the president intended that the CFPB do more than simply regulate consumer practices at banks. The CFPB also is supposed to protect consumers against nonbanking entities, including payday lenders. Without a director, it cannot. … Brad Ashwell is a consumer advocate with the Florida Public Interest Research Group. Alice Vickers is a consumer attorney with Florida Legal Services." Click here for more.*

**US PIRG - Unless It Confirms Nominee to New Consumer Bureau; Senate Leaves Soldiers and Veterans in Harm's Way from For-Profit Schools and Other Predatory Lenders**
Ilya Slavinski (Bangor Daily News – ME)
September 28, 2011

*"For the last two months or so, since July 21, the new Consumer Financial Protection Bureau, or CFPB – a centerpiece of the 2010 Wall Street Reform and Consumer Protection Act — has been up and running. It's the nation's first federal financial regulator with only job—protecting consumers, including servicemembers, from unfair financial practices. So why did Holly Petraeus, who runs the CFPB Office of Servicemember Affairs, recently write in the New York Times that servicemembers and veterans are still being 'exploited by*

*unscrupulous for-profit colleges?' The schools, which use high-pressure sales tactics to recruit students and load them up with high-cost debt to pay for dubious educational programs, are supposed to be regulated by the CFPB. So are payday lenders, mortgage companies and other 'non-banks,' as well as banks." Click here for more.*

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## *Shadow Markets and Systemic Risk*

**AFR Comment Letter to SEC and CFTC Regarding Stable Value Contracts**

*Click here to read Professor Michael Greenberger's letter on behalf of AFR in response to regulators posing the questions of whether stable value contracts meet the definition of swaps in the Dodd-Frank Act, and, if so, whether they should be regulated as swaps or given an exemption. The letter points out that stable value contracts have the characteristics of swaps and also pose some of the same risks as swaps do. It does not take a specific position on whether stable value contracts should be subject to all swaps regulation, but does urge regulators to address these dangers by extending business conduct standards to issuers of stable value contracts and also to ensure that issuers of financial guarantees have sufficient resources to back up their promises.*

**AFR Comment Letter to SEC on International Derivatives Study**

*Click here to read AFR's comment letter stating that harmonious international financial regulation is best achieved by the timely implementation of Dodd-Frank-mandated regulations for derivatives. Contrary to claims made by Wall Street and its allies, postponing the implementation of Dodd-Frank rules until the global community reaches a consensus on derivatives regulation would undercut efforts to achieve harmonious financial reform and expose American taxpayers to significant economic risk.*

**New Capital Rules Likely for Banks**
Victoria McGrane (WSJ – subscription required)
September 27, 2011

*"International regulators are set to rebuff heavy lobbying by banks and stick with a plan to require some of the world's largest financial institutions to hold extra capital, according to people familiar with the matter. The watchdogs that make up the Basel Committee on Banking Supervision are gathering Tuesday in the Swiss city to consider comments on a planned rule requiring big banks to maintain thicker capital cushions than other institutions. The proposal, first put out in July, aims to curb risk-taking and ensure that these banks are able to absorb sudden losses without damaging the broader financial system or requiring taxpayer bailouts." Click here for more.*

**Click here** to view the Clearing House Association's letter to Treasury Secretary Geithner (courtesy of Ben White at Politico's Morning Money).

**Exclusive: CFTC lacks votes on position-limit plan**
Christopher Doering (Reuters)
September 28, 2011

*"The U.S. futures regulator delayed a final vote on controversial measures to crack down on excessive speculation in commodity markets because it lacks the three votes needed for approval, sources familiar with the situation told Reuters on Wednesday. The U.S. Commodity Futures Trading Commission announced on Tuesday it was delaying by another two weeks to October 18 its meeting to consider the long-awaited rule on position limits. It was the second time a vote had been postponed." Click here for more.*

**CFTC Delays Speculative Trading Limit Vote to Oct. 18 Meeting**
Silla Brush (Bloomberg)
September 27, 2011

*"The U.S. Commodity Futures Trading Commission has delayed consideration of Dodd-Frank Act rules seeking to limit speculation in oil, natural gas and other commodities until an Oct. 18 Washington meeting, according to a person briefed on the matter. The so-called position limits rule had been on the schedule for*

*consideration Oct. 4. It has been among the most contentious aspects of Dodd-Frank, the financial-overhaul enacted in July 2010, and has spurred more than 13,000 letters to the CFTC from supporters such as Delta Air Lines Inc. (DAL) and opponents including Barclays Capital." This is the full article.*

**Regulators Delay Position Limits, Again**
Ben Protess (DealBook/NYT)
September 27, 2011

*"Federal rules set to rein in speculative commodities trading face further delays, as regulators struggle to finalize the controversial proposal amid threats of legal challenges. The Commodity Futures Trading Commission decided on Tuesday to push back an Oct. 4 meeting during which the agency had been scheduled to vote on the rules. The commission's chairman, Gary Gensler, is expected to notify his fellow commissioners that the agency is likely to take up the proposal on Oct. 18." Click here for more.*

**Click here** to view comments from Institute for Agriculture and Trade Policy on European Securities and Markets Authority's (ESMA) policy orientations on guidelines for UCITS [Undertaking for Collective Investment in Transferable Securities] Exchange-Traded Funds and Structured UCITS.

**Derivatives Ownership Even More Concentrated Than Ever**
Washingtons Blog (The Big Picture Blog - http://www.ritholtz.com/blog/)
September 26, 2011

*"As I noted in 2009, 5 banks held 80% of America's derivatives risk. Since then, the percent of derivatives held by the top 5 banks has only increased. As Tyler Durden notes: The latest quarterly report from the Office Of the Currency Comptroller is out [shows] that the top 4 banks in the US now account for a massively disproportionate amount of the derivative risk in the financial system. Specifically, of the $250 trillion in gross notional amount of derivative contracts outstanding (consisting of Interest Rate, FX, Equity Contracts, Commodity and CDS) among the Top 25 commercial banks (a number that swells to $333 trillion when looking at the Top 25 Bank Holding Companies), a mere 5 banks (and really 4) account for 95.9% of all derivative exposure …." Click here for more.*

*See 'Upcoming Events' for Senate Permanent Committee hearing on 'Excessive Speculation and Compliance with the Dodd-Frank Act.'*

**Want a Rerun of the 2008 Crisis? Let Banks Gut the Volcker Rule**
Constantine von Hoffman (bnet.com)
September 23, 2011

*"Bankers are trying to gut the Volcker Rule, part of last year's Dodd-Frank financial-reform law that would curtail banks' ability to make trades for their own profit. Volcker is the most important financial reform to come out of the mortgage meltdown, and without it nothing will change. The rule is named after former Fed chairman Paul Volcker. He has frequently criticized trading by banks for their own profit, known as proprietary trading, for encouraging them to take excessive risks. Prop trading also creates a huge conflict of interest, because financial institutions started betting against their clients with information the clients had provided for their own trades." Click here for more.*

**Click here** to view AFR's press statement on the story.

**Excerpt:**

> *"The Financial Times reported today that recent drafts of the Volcker Rule indicate regulators are considering the addition of substantial new exemptions to the statutory ban on proprietary trading and conflicts of interest. These include blanket exemptions for commodity trading, spot currency trading, 'repo' trading, securities lending, broad exemptions for liquidity management, and a broader exemption for securitizations than is contemplated in the legislation. The Volcker Rule is a crucial part of the Dodd-Frank Act. It is perhaps the clearest attempt to change the culture of our major banks to focus on the needs of their customers, rather than short-term returns driven by irresponsible risk-taking and highlighted by conflicts of interest."*

**Are Global Banking Rules 'Anti-American'?**
NYT 'Room for Debate'
September 28, 2011

*"Jamie Dimon has been on the warpath this month against new international banking rules, saying their capital requirements are "anti-American." At a closed-door meeting of the Financial Stability Forum in Washington last week, he [reportedly] "launched a tirade" against the Basel III regulatory standards and against Mark Carney, the central banker of Canada who is seen as the successor to lead the forum. On Sunday, Mr. Carney said publicly: "'f some institutions feel pressure today, it is because they have done too little for too long, rather than because they are being asked to do too much, too soon.' Is Mr. Dimon onto something with his 'anti-American' line? Will the rules hurt American banks' competitiveness?"* [Click here for more.]

**Banks wary of financing big projects**
Tom Braithwaite in New York (FT – registration required)
September 27, 2011

*"Banks are being discouraged from big project-finance deals by new global capital rules and the [eurozone crisis], according to market participants, who say infrastructure schemes will increasingly be funded by investors. Standards ordered by the Basel committee of international regulators will make large long-term loans harder to hold on banks' balance sheets, according to several senior bank executives in the US and Europe."* [Click here for more.]

**At SEC, Strategy Changes Course**
Jean Eaglesham (WSJ – subscription required)
September 30, 2011

*"Securities and Exchange Commission officials are trying to make it easier on themselves to hold more individuals responsible for wrongdoing during the financial crisis. In a major shift from the agency's traditional enforcement strategy, the SEC could file more civil cases in which defendants are accused of negligence only, rather than harder-to-prove charges of intentional wrongdoing or recklessness, according to SEC officials."* [Click here for more.]

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## *Foreclosures and Housing*

**U.S. Mortgage-Aid Program Is Shutting Down, With Up to $500 Million Unspent**
Cara Buckley (NYT)
September 28, 2011

*"In summer 2010, Congress set aside $1 billion for a program intended to bail out people in danger of losing their homes to foreclosure. It was estimated that the program, administered by the federal [Department of Housing and Urban Development], would help as many as 30,000 households. … **John Dodds**, director of the **[Philadelphia Unemployment Project]**, which also processed applications, said the agency could have been nimbler, modeling its program on an existing one rather than creating its own and eliminating stringent requirements, when it became clear that hundreds of millions of dollars would not be spent."* [Click here for more.]

**Another Federal Foreclosure Prevention Effort Fails**
Daniel Indiviglio (The Atlantic)
September 29, 2011

*"For some reason, the government just can't seem to figure out how to aid struggling homeowners. First, its Making Homes Affordable program -- meant to prevent several million foreclosures -- continues to struggle to reach even one million. Then, its long-awaited principal reduction effort was completely shunned by Fannie Mae and Freddie Mac, which significantly limited its potential effectiveness. Another mortgage-aid effort ends Friday, which intended to help 30,000 underemployed Americans avoid foreclosure. Instead, it may not reach even 15,000. What went wrong this time?"* [Click here for more.]

**Mortgage Aid Effort Falls Short of Its Goal**
Joseph De Avila (WSJ – subscription required)
September 29, 2011

*"A federal initiative that gives bridge loans to homeowners struggling to make mortgage payments will likely pay out less than half the $1 billion that Congress allotted for the program, the most recent example of such an effort falling short of goals. The Emergency Homeowners' Loan Program was created under the Dodd-Frank financial overhaul passed by Congress last year. EHLP set out to assist 30,000 homeowners by providing zero-interest loans of as much as $50,000, which could be forgiven after five years if they stayed current on their mortgage payments." Click here for more.*

**Obama jobless mortgage program to end half-used**
Ronald D. Orol (MarketWatch)
September 28, 2011

*"Only 15% of the estimated 100,000 borrowers who sought to obtain financial assistance from a $1 billion Obama administration program for unemployed homeowners will end up receiving it, a top Housing and Urban Development Department official said Wednesday. The Emergency Homeowners' Loan Program, or EHLP, is due to wind down this week, but just half of the funding will be used up, according to Neill Coleman, general deputy assistant secretary at HUD. The program was aimed at those who were either unemployed or who were jobless for a significant period of time. **Philadelphia Unemployment Project Director John Dodds** said thousands of borrowers who were previously unemployed found their applications rejected, because they had found a new job with a salary close to what they previously earned. He pointed to one HUD provision that said that at the time a borrower applies for help their income must be 15% less than at the time they became unemployed. 'Thousands were disqualified because their income was too high to qualify, but many will suffer foreclosures anyway,' said Dodds. 'Many of these people lost their job, got 12 months behind on their mortgage and then went back to work in a similar job.' Dodds raised concerns that HUD didn't do enough to ensure that enough borrowers who could qualify were aware of the program. He added that HUD took too long to set up the program given that it had a short life-span." Click here for more.*

**Home aid program won't hit its target**
Julie Schmit (USA Today)
September 29, 2011

*"A $1 billion federal program to help financially strapped homeowners avoid foreclosure will help 10,000 to 15,000 people — not the 30,000 initially expected, a government official said Wednesday." Click here for more.*

**Freddie Mac Loan Deal Defective, Report Says**
Gretchen Morgenson (NYT)
September 27, 2011

*"Freddie Mac used a flawed analysis when it accepted $1.35 billion from Bank of America to settle claims that the bank misled it about loans purchased during the mortgage boom, according to an oversight report scheduled for release on Tuesday. The faulty methodology significantly increased the probable losses in Freddie Mac's portfolio of loans, according to the report, prepared by the inspector general of the Federal Housing Finance Agency, which oversees the company. Freddie Mac and Fannie Mae were taken over by the government in 2008 so additional losses would be shouldered by taxpayers." Click here for more.*

**State is key to deal on mortgages**
Nathaniel Popper and Alejandro Lazo (LA Times)
September 24, 2011

*"California Atty. Gen. Kamala Harris has emerged as a key player in pursuing a nationwide settlement with major U.S. banks accused of wrongful foreclosures and is facing increased pressure from consumer groups seeking help for homeowners devastated by the mortgage crisis. … The importance placed on California puts Harris in a significant position to hold banks accountable for improper foreclosures. She has been the subject of increased pressure from advocates who say she has not done enough to battle banks' efforts to get off lightly.'The banks want to get away with everything, and she is probably one of the linchpins in saying that is going to happen or isn't going to happen,' said **Liz Ryan Murray**, the chairwoman of the foreclosure*

*task force at **Americans for Financial Reform**. 'We would like to see her come forward and be more public on what she will and won't give up.'"* [Click here for more.]

**Kamala Harris pressured to reject bank foreclosure settlement**
Alejandro Lazo (LA Times)
September 30, 2011

*"California Atty. Gen. Kamala Harris is attracting increasing pressure from powerful Golden State players to reject a major settlement with U.S. banks accused of wrongful foreclosures. Lt. Gov. Gavin Newsom has joined a group of California union leaders, activists and politicians in calling the direction of negotiations 'a deeply flawed settlement proposal with the banks at the heart of the nation's mortgage crisis.'"* Click here for more.

**Mortgage bankers ask lawmakers to reinstall HUD counselor funds**
Jon Prior (HousingWire)
September 23, 2011

*"The Mortgage Bankers Association asked lawmakers to reinstall funding cut from the Department of Housing and Urban Development counselor program earlier in the year. Congress cut all $88 million in HUD nonprofit counseling funds appropriated for the department's fiscal 2012 as part of the federal budget negotiations. Earlier in September, HUD granted $10 million in counselor funds to nonprofits from money that wasn't spent the prior year."* Click here for more.

**Mortgage industry tanks, fraud continues at Countrywide**
Michael Hudson (iWatchnews.org)
September 23, 2011

*"The mortgage market was struggling in March 2007 when Countrywide promoted Eileen Foster to executive vice president and tapped her to take over the company's mortgage fraud unit. Home prices were sputtering, borrower defaults were climbing, and the industry leader, Countywide, would soon be forced to ask Bank of America for an infusion of capital to help it keep afloat. The fraud investigation unit was also struggling. The company had laid off several experienced investigators, according to Foster. Those who remained were faced with an ever-growing number of fraud complaints."* Click here for more.

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## *Credit Ratings Agencies*

**Rating agencies win dismissal of Ohio funds lawsuit**
Jonathan Stempel in New York, Dave Clarke in Washington, D.C. and Noeleen Walder in New York (Reuters)
September 27, 2011

*"The three major credit-rating agencies won the dismissal of a lawsuit alleging that five Ohio pension funds lost hundreds of millions of dollars on risky mortgage debt because they relied on flawed ratings that made the debt appear safe. U.S. District Judge James Graham in Columbus, Ohio, agreed with Standard & Poor's, Moody's Investors Service and Fitch Ratings that their ratings are 'predictive opinions.' Graham also said that absent allegations of fraudulent intent or a duty to the funds, the agencies could not be found negligent for assigning alleged false and misleading "triple-A" ratings to mortgage-backed securities that later proved toxic, causing $457 million of losses."* Click here for more.

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## *Executive Compensation*

**BofA, Wells Fargo, Citigroup Left TARP Early To Avoid Restrictions On Executive Pay**
Alexander Eichler (The Huffington Post)
September 30, 2011

*"In the wake of the financial crisis, a number of the nation's largest banks were excused from the government's rescue program before they had returned to a position of complete financial security -- in part because they wanted to avoid restrictions on how much their executives would get paid, according to a new report from the program's government overseer. Citigroup, Wells Fargo, PNC and Bank of America successfully lobbied to leave the federal bailout program early in 2009, even though the Federal Reserve Board and the Federal Deposit Insurance Corporation had recommended they take additional steps to shore up their assets, according to a new report from the Special Inspector General for the Troubled Relief Asset Program, a government watchdog office."* *Click here for more.*

**Outsize Severance Continues for Executives, Even After Failed Tenures**
Eric Dash (NYT)
September 29, 2011

*"Just last week, Léo Apotheker was shown the door after a tumultuous 11-month run atop Hewlett-Packard. His reward? $13.2 million in cash and stock severance, in addition to a sign-on package worth about $10 million, according to a corporate filing on Thursday."* *Click here for more.*

**Variable pay-for-performance is a folly**
Bruno S Frey and Margit Osterloh
September 26, 2011

*"As the bonus culture in the financial sector once again comes under attack, this column challenges the typical defence that banks need to pay top dollar to attract the best talent. Scientific literature has extensively dealt with variable pay-for-performance. Despite the fact that serious problems linked to this approach have thus become obvious, many authors continue to support compensation according to predetermined performance criteria because they are committed to the traditional concept of the 'homo oeconomicus'. Overall, there has been a marked change of opinion in academia (see for instance Bryson and Freeman 2008 on this site). The idea that people are solely self-interested and materially orientated has been thrown overboard by leading scholars. Empirical research, in particular experimental research, has shown that under suitable conditions human beings care for the wellbeing of other persons. Above all, they are not solely interested in material gains (see eg Frey and Osterloh 2002). Recognition by co-workers is greatly important. Many workers are intrinsically motivated, ie they perform work for its own sake because it is found challenging and worth undertaking. This applies not only to qualified employees but also to persons fulfilling simple tasks. They often are proud of their work and performance."* *Click here for more.*

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## *Student Lending*

**Holly Petraeus: For-Profit Colleges Misleading Soldiers**
NPR Morning Edition
September 28, 2011

*"For-profit colleges have been under fire for graduates' high loan default rates. Now the industry is accused of targeting members of the military with aggressive and often misleading marketing. David Greene talks with Holly Petraeus, director of service member affairs at the Consumer Financial Protection Agency and the wife of General David Petraeus, who recently wrote about the issue in* The New York Times." *Click here for more.*

**Attorney General Jack Conway sues National College of Kentucky**
Jack Brammer (Herald Leader)
September 29, 2011

*"Attorney General Jack Conway sued National College of Kentucky on Tuesday, alleging that the for-profit school misrepresented job-placement numbers for its graduates. The lawsuit in Fayette Circuit Court is the third Conway has filed as part of his investigation of for-profit colleges in Kentucky."* Click here for more.

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## *FTT*

**Gates report considers transaction tax**
Alan Beattie in Washington (FT)
September 23, 2011

*"A tax on financial transactions could generate nearly $50bn for development aid if applied across the G20 grouping of leading economies, according to early indications of a report by Bill Gates, founder of Microsoft, to the G20. A discussion note circulated to officials in Washington this week said that Mr Gates, who was commissioned by the G20 to produce a feasibility report, was also likely to recommend that countries should raise taxes on tobacco and on bunker fuel used in shipping."* Click here for more.

**Financial Transaction Tax: Making the financial sector pay its fair share**
EU press release
September 28, 2011

*"Today the Commission has presented a proposal for a financial transaction tax in the 27 Member States of the European Union. The tax would be levied on all transactions on financial instruments between financial institutions when at least one party to the transaction is located in the EU. The exchange of shares and bonds would be taxed at a rate of 0.1% and derivative contracts, at a rate of 0.01%. This could approximately raise €57 billion every year. The Commission has proposed that the tax should come into effect from 1st January 2014."* Click here for more.

**To Ease the Crisis, Tax Financial Transactions**
Philippe Douste-Blazy (NYT op-ed)
September 28, 2011

*"It has been three years since the collapse of Lehman Brothers and the start of a financial crisis that still casts a dark cloud over the global economy. Governments, both rich and poor, urgently need a way to calm speculation in the financial markets and to raise revenue. On Wednesday, the European Commission president, José Manuel Barroso, proposed a tax on financial transactions. Such a measure, already supported by the German chancellor, Angela Merkel, and the French president, Nicolas Sarkozy, is long overdue."* Click here for more.

**NYSE Working Against Transaction Tax**
Ben White (Politico's Morning Money)
September 29, 2011

*"Sources tell M.M. that NYSE Euronext is getting active in efforts to beat back a financial transactions tax in the United States. NYSE officials say they are confident that the Administration and Congressional leaders remain opposed to such a tax. A person close the NYSE told M.M.: 'On Sept. 14, NYSE-listed companies that conduct business with the public reported second-quarter 2011 after-tax profits of $2.1 billion and revenues of $39.7 billion -- that's a $4 billion [decline] compared to the $6.1 billion reported in the first quarter of 2011. A transaction tax has major implications when businesses of all sizes are clearly struggling.'"*

**Business attacks transaction tax plan**
Joshua Chaffin in Strasbourg, Stanley Pignal in Brussels and Jeremy Grant in London (FT – registration required)
September 28, 2011

*"A European Union proposal to impose a tax on financial transactions has been attacked by financial and business groups as an assault on the City of London and companies seeking to protect themselves against market uncertainty. Unveiling the proposals in Strasbourg on Wednesday as part of his annual State of the Union address, José Manuel Barroso, the European Commission president, said the tax could raise some €55bn ($75bn) a year to replenish government coffers." Click here for more.*

**Why Don't the Deficit Hawks Want to Tax Wall Street?**
Dean Baker (Huffington Post)
September 26, 2011

*"The intensity with which the country's leading deficit hawks continue to ignore financial speculation taxes (FST) is getting ever more entertaining. While deficit hawks like Wall Street investment banker Peter Peterson, Morgan Stanley director Erskine Bowles, and the* Washington Post *never tire of preaching the virtues of shared sacrifice, somehow sacrifice for Wall Street never features as a part of this story. The refusal of this group to consider financial speculation taxes is becoming more striking because most of the world appears to be moving in this direction. Last spring, the European Parliament voted by an almost 4-to-1 margin in support of financial speculation taxes. The European Commission, the executive body of the European Union (EU), is now making plans to implement a modest tax beginning in 2014." Click here for more.*

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## *Interchange*

**Revenge of the Banks**
Ben White (Politico's Morning Money)
September 30, 2011

*"It was only a matter of time before banks started looking to make up for revenue lost to Dodd-Frank. And the backlash is well underway. Bank of America will start charging $5 per month for debit card users to make up for revenue they are losing to the Durbin amendment capping swipe fees. The cap goes into effect tomorrow. Other banks are expected to follow suit, meaning it could be hard for consumers to simply move their money. BofA's move reignited the bitter war of words between bankers and retailers and Sen. Dick Durbin's office.* ***Bank of America's Anne Pace:*** *'The economics of offering a debit card have changed with recent regulations. As a result, we have decided to introduce a monthly usage fee for customers who use their debit cards for purchases.'* ***Durbin spokesman Max Gleischman emailed M.M. to suggest that BofA just doesn't want to lose a fat revenue stream:*** *'The Fed found that it costs 7 to 12 cents to conduct a debit transaction, but the Fed set a very generous limit of 24 cents per transaction. This allows Bank of America to easily cover its costs. Bank of America's new consumer fee is a transparent effort to try to continue to make excessive profits off of debit cards. ... Many small banks and credit unions and even one giant bank, Citibank, have announced that they will not charge debit fees to their customers. Consumers will have options to take their business to banks that value their customers more'* ***Trish Wexler, spokeswoman for the Merchant Payments Coalition emailed M.M.:*** *'It is astounding that Senator Durbin, who created today's chaos, is now trying to point the finger at everyone but himself for the widely predicted consumer harm from his amendment. ... If on Saturday you hear a giant sucking sound, that's the sound from the hose that Senator Durbin attached to consumer's wallets to siphon billions into the coffers of giant retail.'* ***Richard Hunt, president of the Consumer Bankers Association*** *emailed M.M. to suggest the amendment is costing jobs: 'Durbin has been touting the jobs bill, yet a Texas bank just laid off 500 people directly because of him. Certainly looking forward to my local retailers cutting prices Saturday. Wonder why they're not advertising lower prices like they do at Christmas!'*

**Banks to Make Customers Pay Fee for Using Debit Cards**
Tara Siegel Bernard and Ben Protess (NYT)
September 29, 2011

*"Bank of America, the nation's biggest bank, said on Thursday that it planned to start charging customers a $5 monthly fee when they used their debit cards for purchases. It was just one of several new charges expected to hit consumers as new regulations crimp banks' profits." Click here for more.*

**Little saved from lower debit fees**
Josh Boak (Politico)
September 28, 2011

*"In a continuing big bank versus consumer battle, the lower fees that banks begin charging Saturday for debit card swipes might not in the end generate that much savings. Congress limited the so-called swipe fees under the argument that billions of dollars would trickle back to shoppers. But banks, facing the expected industrywide loss of $6.6 billion in swipe fees, are phasing out free checking and charging more for other bank services. And while retailers continue to tout how this should help consumers, they're strapped by stagnating sales in a very fragile economy and may struggle to pass on meaningful benefits." Click here for more.*

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## *OTHER*

**Europe again steps back from brink in debt crisis**
Stephen Brown and Madeline Chambers (Reuters)
September 29, 2011

*"Following a now-familiar script, Europe again averted disaster in its debt crisis when German lawmakers rallied behind Chancellor Angela Merkel to approve a stronger euro zone bailout fund on Thursday. But bigger challenges loom for the euro zone now. Financial markets are already anticipating a likely Greek default and demanding more far-reaching measures to prevent the crisis that began in Athens from spreading far beyond Europe and its banks." Click here for more.*

**Europe Meltdown, Global Slump Seen Next Year: Poll**
*Simon Kennedy (Bloomberg)*
*September 29, 2011*

*"Global investors anticipate Europe's debt crisis leading to an economic slump, a financial meltdown and social unrest in the next year with 72 percent predicting a country abandoning the euro as a shared currency within five years, a Bloomberg survey found. About three-quarters of those questioned this week said the euro-area economy will fall into recession during the next 12 months and 53 percent said turmoil will worsen in a banking sector laden with government bonds, according to the quarterly Global Poll of 1,031 investors, analysts and traders who are Bloomberg subscribers. Forty percent see the 17-nation currency bloc losing at least one member in the next year. … Seventy-four percent of poll participants said Bank of America Corp. (BAC)'s credibility has diminished after it posted a record $8.8 billion quarterly loss and shook up management. About half said the standing of Goldman Sachs Group Inc. (GS) had lessened. There was little change in the reputations of Barclays Plc, Deutsche Bank AG, Wells Fargo & Co., JPMorgan Chase, Morgan Stanley, Royal Bank of Scotland, Citigroup Inc. and HSBC Holdings Plc, the poll found." Click here for more.*

**Pivot Point: Investors Lose Faith in Stocks**
Tom Lauricella (WSJ – subscription required)
September 26, 2011

*"European nations, flirting with recession, can't agree on how to climb out from under their pile of debt. The U.S. is careening toward a budget fight that threatens to shut down the government. China's mammoth economy may be downshifting. And across the financial markets, a sea change is taking place. Investors are abandoning the time-tested 'stocks for the long run' optimism that dominated since the late 1980s. Instead,*

*there is a widening belief that the mess left behind by the housing bubble and financial crisis will be a morass to contend with for years." Click here for more.*

**Is Eric Schneiderman America's most powerful liberal?**
Ben Smith (Politico)
September 24, 2011

*"New York Attorney General Eric Schneiderman was too busy running for office during the first two years of the Obama presidency to really pay much attention. 'Obama ran on this visionary platform, and then something happened, between the time I started campaigning and the time I finished campaigning,' he recalled in an interview in the spacious, sparsely furnished office he won last year, around the corner from the New York Stock Exchange. 'But it certainly looked different in December of last year than in June of '09.' … A New Yorker who represented the Manhattan's Upper West Side, writes for The Nation, and has spent a decade fighting his party's moderates, Schneiderman found himself in the position of being one of the few public officials who could try to erase an act that was the key root cause of early progressive disappointment with Obama: his relatively gentle handling of Wall Street in the wake of the 2008 economic crisis." Click here for more.*

**Bernanke says Fed would act if inflation falls**
Kim Palmer (Reuters)
September 29, 2011

*"Federal Reserve Chairman Ben Bernanke said on Wednesday the central bank might need to ease monetary policy further if inflation or inflation expectations fall significantly. In his first public remarks since the Fed launched a fresh measure aimed at keeping down long-term borrowing costs, Bernanke indicated a willingness to push deeper into the realm of unconventional policy if economic growth remains anemic. 'It is something that we're going to be watching very carefully,' Bernanke said in response to questions from the audience at a forum sponsored by the Cleveland Fed…. Bernanke called for the U.S. government to beef up its assistance to the ailing housing sector, the epicenter of the 2008 financial meltdown. 'Some strong housing policies to help the housing market recovery would clearly be very useful and would allow the monetary policy actions of the Fed ... to have more effect and to help the economy recovery more strongly,' Bernanke said." Click here for more.*

**Click here** to view Chairman Bernanke's entire speech as prepared for delivery.

**Kantor op-ed - To grow the economy, enforce rules**
Mickey Kantor (op-ed for Politico)
September 25, 2011

*"Here is a modest step the United States and other governments can take to help stave off a global economic slowdown: insist that countries play by the rules on trade and investment to which they have committed in international treaties. The free flow of goods, services and capital that we call 'globalization' can be a powerful engine for growth and development. But globalization works because it is supported by a broadly accepted set of rules that are well known and, for the most part, enforceable. Those rules, which are set forth in pacts including the World Trade Organization agreements and a vast and growing network of free trade agreements and investment treaties, create expectations, which allow producers of goods and services, importers, exporters and investors to plan their business on a global scale." Click here for more.*

**$200K Per Job? Timothy Geithner Says White House Jobs Plan Is Still a Bargain**
Ben Forer (World News with Diane Sawyer)
September 26, 2011

*"Treasury Secretary Timothy Geithner didn't dispute a Harvard economist's estimate that each job in the White House's jobs plan would cost $200,000, but said the pricetag is the wrong way to measure the bill's worth. And he also pointed out, in an interview today with ABC News' David Muir, that there is no other option on the table for getting the economy moving and putting more people back to work." Click here for more.*

**Goldman Sachs Draws Up Deeper Cuts**
Susanne Craig and Kevin Rose (DealBook/NYT)
September 26, 2011

*"Goldman Sachs, bracing for what could be one of its worst quarters since it went public 12 years ago, is preparing to expand its cost-cutting initiative by hundreds of millions of dollars, a move that could lead to additional job losses at the Wall Street bank. This summer, Goldman said that it would wring out $1.2 billion in costs from its operations by mid-2012 and cut roughly 1,000 jobs, about 3 percent of its work force. But as the market turmoil has weighed on trading and other businesses in recent weeks, senior executives have been debating even deeper reductions, according to people briefed on the matter who were not authorized to speak publicly. With the company's third quarter closing on Friday, Goldman has been revising its plans, potentially raising the cuts by as much as $250 million, to $1.45 billion. Based on its 2010 spending, such reductions would amount to 5 percent of the firm's expenses." Click here for more.*

**Jennifer Taub - Everybody Wants to Rule the World**
Jennifer Taub (theParetoCommons blog)
September 26, 2011

*"Possibly my two favorite things are 80s music and Goldman Sachs-related grandiosity. So, a combo is a special treat. We have them together with the BBC-broadcasted-boastings of* independent *trader Alessio Rastani. Rastani proudly proclaimed today, 'This is not a time right now for wishful thinking that governments are going to sort things out . . The governments don't rule the world, Goldman Sachs rules the world.' You've got to give this guy credit. The bar was pretty high over at Goldman, what with Blankfein doing God's work and Tourre deeming himself the 'fabulous Fab.' The interview is jam-packed with other gems, and it will probably go viral soon, so it's worth watching. What about the 80's music? Tears for Fears, of course: Everybody Wants to Rule the World." Click here for more.*

**US tax authorities target bank deals**
Vanessa Houlder and Megan Murphy in London and Jeff Gerth in Washington (FT/ProPublica)
September 25, 2011

*"US tax authorities are targeting cross-border finance deals worth billions of dollars between leading US and UK banks as they step up efforts to clamp down on abusive tax avoidance, a joint investigation by the Financial Times and ProPublica, a non-profit news organisation, has found. Four US banks – BB&T, Bank of New York Mellon, Sovereign (now part of Santander of Spain), and Wells Fargo – are in turn suing the US government over more than $1bn in tax credits that the Internal Revenue Service has disallowed over the past decade. Washington Mutual has settled a similar dispute and Wachovia is pursuing an administrative complaint over a deal." Click here for more.*

**Timeline -UBS mishaps, management changes**
Edward Taylor (Reuters – Frankfort)
September 26, 2011

*"Swiss lender UBS announced that Sergio Ermotti would take over as caretaker chief executive after Oswald Gruebel resigned in the wake of a $2.3 billion rogue trading scandal, clearing the way for a major overhaul of its investment banking business. UBS has been dogged for years by huge losses at its investment bank, followed by management reshuffles." Click here for more.*

**Coca-Cola chief criticises US tax rules**
Alan Rappeport in New York (FT – registration required)
September 26, 2011

*"Coca-Cola now sees the US becoming a less friendly business environment than China, its chief executive has revealed, citing political gridlock and an antiquated tax structure as reasons its home market has become less competitive. Muhtar Kent, Coke's chief executive, said 'in many respects' it was easier doing business in China, which he likened to a well-managed company. 'You have a one-stop shop in terms of the Chinese foreign investment agency and local governments are fighting for investment with each other,' he told the Financial Times." Click here for more.*

**H-P Hires Banker In Defense Move**
Gina Chon and Anupreet Das (WSJ – subscription required)
September 29, 2011

*"Hewlett-Packard Co. has hired Goldman Sachs Group Inc. to help the company defend itself against possible activist investors who could push for change at H-P, people familiar with the matter said. H-P has felt vulnerable to possible activist investor pressure amid questions about the company's performance and strategic direction, the people said. The concerns intensified earlier this month when Leo Apotheker was ousted as chief executive and replaced by Meg Whitman. As a result, Goldman was recently brought on board to help H-P formulate defenses in case it becomes the target of shareholders seeking change, the people added. Typically, companies with such a concern put in 'poison pills' – shareholder rights' plans that make takeovers more difficult for activist investors." Click here for more.*

**The Book on Barack**
Hendrik Hertzberg (The New Yorker)
October 3, 2011

*"If the United States is one big book club, and sometimes it feels that way, then the White House must have been hoping that this would be the week when everyone was talking about 'The Rogue,' Joe McGinniss's much ballyhooed takedown of his erstwhile Alaska neighbor Sarah Palin, loaded with interesting-if-true (interesting even if untrue, actually) anecdotes about the former Governor's mayoral, marital, maternal, eschatological, and recreational activities. The West Wing's preferred alternate selection, no doubt, would have been 'Jacqueline Kennedy: Historic Conversations on Life with John F. Kennedy,' drawn from Arthur Schlesinger, Jr.,'s long-sealed 1964 oral-history interviews with the recently widowed First Lady and featuring her tart appraisals of the great and the good, delivered in her breathy voice on the accompanying CDs. No such luck. The book of the week, maybe the book of the month, is Ron Suskind's 'Confidence Men: Wall Street, Washington, and the Education of a President.' Suskind has a knack for persuading people in high places to talk frankly to him, on the record as well as off." Click here for more.*

**Dimon's Bathroom Gets a Diner Double**
Kevin Roose (DealBook/NYT)
September 29, 2011

*"A commode fit for a Wall Street C-suite has made its way to the unlikeliest of places: a greasy-spoon diner on Manhattan's Lower East Side. 'Power Toilet,' an art project that claims to be an exact replica of the executive bathroom at JPMorgan Chase's New York headquarters, has been installed at the Greek-owned Olympic Restaurant on Delancey Street. The installation is the work of SuperFlex, an art group from Denmark, in conjunction with Creative Time, a non-profit that arranges public art projects around New York City. 'It's a political project,' said Ann Pasternak, the president of Creative Time. 'It's about making private spaces public. And it's about the excesses of Wall Street, and saying, 'enough is enough.''" Click here for more.*

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## *Upcoming Events*

**Community & Labor March on Wall Street**

WEDNESDAY, OCT. 5TH, 4:30 PM
MEET AT CITY HALL (250 BROADWAY)
MARCH TO ZUCCOTTI PARK

Union workers and community members impacted by the economic crisis are demanding that Wall Street and the wealthiest New Yorkers pay their fair share of taxes.

Join us as we march down to Wall Street to welcome the protesters and show the media the face of New Yorkers hardest hit by corporate greed.

**From The New Bottom Line: Schedule of Direct Actions Demanding that Wall Street "Pay US Back"**

| | | |
|---|---|---|
| San Francisco/Bay Area | September 26-30 | Daily actions with mass mobilization on Sept. 30 |
| Boston | September 29 to October 1 | Large-scale direct action at a bank focused on foreclosures. Build up of actions at homes and banks throughout September. |
| Los Angeles | October 3-6 | Mass mobilization on Oct. 6 |
| Chicago | October 9-14 | Mass mobilization, escalating actions throughout the week. Focus on revenue, jobs, foreclosure, and TIFs |
| New York City | October 11-14 | Range of actions targeting banks, billionaires, state agencies and donors of elected officials against extending millionaires' tax. Tactics include marches, subway turnstile hopping, using moving trucks as props. |
| Minneapolis | October 10-14 | Community groups, faith and labor organizations will confront banks and financial institution from Oct 11 - 14 with demands that they support jobs not budget cuts, repay the public, and reform the worst practices of the industry. Coalition event Fri., Oct 14th at 3 pm, Minneapolis. |
| Denver | October 25-29 | Direct actions targeting Wells Fargo on foreclosures, predatory/payday lending, and private prison divestment. |
| Honolulu | November 5-7 | All-day conference kicking off New Bottom Line campaign in Hawaii, clergy leaders speaking at more than dozen Oahu churches. Holding events/actions during Asian Pacific Economic Conference. |

**SEC**

Date: Monday, October 17, 2011, 1 - 5 p.m.
What: Roundtable on Microcap Securities - see Press Release
Where: SEC Headquarters
100 F Street, NE
Washington, DC 20549

Contact: Division of Enforcement, 202-551-6607

**CFTC**

No open meetings as of 9/30/11

## Capitol Hill

### Senate

**Senate Banking, Housing, and Urban Affairs Committee**

Hearings are webcast live at: http://banking.senate.gov

Testimony and archived videos will be posted at:
http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Home

**FULL COMMITTEE HEARING: "Financial Stability Oversight Council Annual Report to Congress"**

WITNESS: The Honorable Timothy Geithner, Secretary, United States Department of the Treasury
DATE: Thursday, October 6, 2011
TIME: 10:00 A.M.
LOCATION: Room SD-538, Dirksen Senate Office Building

**SUBCOMMITTEE HEARING: "Consumer Protection and Middle Class Wealth Building in an Age of Growing Household Debt" -** Subcommittee on Financial Institutions and Consumer Protection

WITNESS: Mr. Atif Mian, Associate Professor of Economics and Finance, Haas School of Business and Department of Economics, University of California, Berkeley, Ms. Katherine Porter, Professor of Law, University of California-Irvine School of Law, Mr. Robert Lawless, Professor of Law, University of Illinois College of Law, Mr. Ray Boshara, Senior Advisor, Federal Reserve Bank of St. Louis, Mr. Douglas Fecher, President and CEO, Wright-Patterson Federal Credit Union, Fairborn, Ohio, Ms. Ida Rademacher, Vice President for Policy and Research, Corporation for Enterprise Development, and **Ms. Susan Weinstock**, Project Director, Safe Checking in the Electronic Age, The Pew Charitable Trusts

DATE: Tuesday, October 4, 2011
TIME: 3:00 P.M.
LOCATION: Room SD-538, Dirksen Senate Office Building
CONTACT: Meghan Dubyak (Brown): 202-224-3978

**SUBCOMMITTEE HEARING: "Perspectives on the Economic Implications of the Federal Budget Deficit" -** Subcommittee on Economic Policy

WITNESS: Ms. Maya MacGuineas, President, Center for a Responsible Federal Budget, Mr. Roger Altman, Chairman, Evercore Partners, Mr. William Johnstone, President and Chief Executive Officer, Davidson Companies, Mr. Douglas Holtz-Eakin, President, American Action Forum, and additional witnesses may be announced.

DATE: Wednesday, October 5, 2011
TIME: 10:00 A.M.
LOCATION: Room SD-538, Dirksen Senate Office Building
CONTACT: Andrea Helling (Tester) 202-224-2644

**Senate Committee on Finance**

**Tax Reform Options: Incentives for Homeownership**
United States Senate Committee on Finance
Thursday, October 6, 2011, 10:00 AM
215 Dirksen Senate Office Building

A witness list will be provided at a later date.

**Senate Permanent Subcommittee on Investigations**

**Excessive Speculation and Compliance with the Dodd-Frank Act**

Live video will not be available until approximately 15 minutes prior to the scheduled hearing start time.

Date: Thursday, October 6, 2011
Time: 09:30 AM
Where: Dirksen Senate Office Building, room SD-342

The Permanent Subcommittee on Investigations has scheduled a hearing, "Excessive Speculation and Compliance with the Dodd-Frank Act," on Thursday, October 6, 2011, at 9:30 a.m., in Room 342 of the Dirksen Senate Office Building.

The Subcommittee plans to hold a hearing on speculation in the commodities markets and implementation of the Dodd-Frank Act's provisions on speculative position limits for futures, options, and swap contracts for oil and other commodities. Hearing witnesses will include a panel of experts and the Chairman of the Commodity Futures Trading Commission. A witness list will be available Tuesday, October 4, 2011.

**Senate Committee on Agriculture, Nutrition, and Forestry**

**No pertinent markups/hearings scheduled as of 9/30/11**

## House

**House Committee on Financial Services**

Hearing entitled "The Annual Report of the Financial Stability Oversight Council"
Full Committee
October 6, 2011 2:00 PM in 2128 Rayburn HOB

Hearing entitled "The Obama Administration's Response to the Housing Crisis"
Insurance, Housing and Community Opportunity
October 6, 2011 9:30 AM in 2128 Rayburn HOB

Hearing entitled "Audit the Fed: Dodd-Frank, QE3, and Federal Reserve Transparency"
Domestic Monetary Policy and Technology
October 4, 2011 10:00 AM in 2128 Rayburn HOB

**House Small Business Committee**

Full Committee
October 5, 2011

Adding to Uncertainty: The Impact of DOL/NLRB Decisions and Proposed Rules on Small Businesses
On Wednesday, October 5, 2011 at 1:00 p.m., the House Small Business Committee will hold a full committee hearing entitled, "Adding to Uncertainty: The Impact of DOL/NLRB Decisions and Proposed Rules on Small Businesses." The hearing will take place in room 2360 of the Rayburn House Office Building.

The hearing will focus on recent decisions and proposed rules by the National Labor Relations Board and the Department of Labor that some fear disadvantage small businesses in union organizing drives. The hearing will also examine how these proposed rules and decisions add to the myriad of uncertainties facing small businesses as they struggle to survive and create jobs in today's economy.

Opening Statement: Chairman Sam Graves (R-MO)

Witnesses and Testimony: Elizabeth Milito, Senior Executive Counsel, National Federation of Independent Business Small Business Legal Center

**House Committee on Agriculture**

**No pertinent markups/hearings scheduled as of 9/30/11**

**Committee on Oversight and Government Reform**

**No pertinent markups/hearings scheduled as of 9/30/11**

**Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs**

**No markups scheduled as of 9/2/11**

**From GW's Center for Law, Economics & Finance (C-LEAF) presents the Third Annual Financial Regulatory Reform Symposium:**

**"Dodd-Frank's Future Direction: On Track or Off Course?"**

Friday, October 21, 2011
8:30 a.m. to 2 p.m.
Jack Morton Auditorium, Media & Public Affairs Building
805 21st Street, N.W., Washington, D.C. 20052

Featuring:

The Manuel F. Cohen Memorial Lecture
*delivered by*
**Simon Johnson**, Ronald A. Kurtz (1954) Professor of Entrepreneurship; Professor of Global Economics and Management, MIT Sloan School of Management

and

Keynote Address *delivered by*
**The Honorable Sheila C. Bair**, Former Chairman, Federal Deposit Insurance Corporation

The event also will include two panel discussions dealing with financial regulatory reform topics, including new regulations affecting large, systemically important financial companies and the future of housing finance. Join us for lively question-and-answer sessions with our guest speakers and panelists.

More details, including registration information, to follow.
www.law.gwu.edu/C-LEAF

**The Honorable Sheila C. Bair**
Sheila C. Bair served as the 19th chairman of the Federal Deposit Insurance Corporation from June 2006 through July 2011. She served as chairman of the FDIC during one of the nation's most severe financial and economic crises. During her five-year term, Chairman Bair worked tirelessly to bolster public confidence and the stability of the financial system. She has been an outspoken advocate of legislative and regulatory reforms to end the doctrine of too-big-to-fail and prevent future taxpayer bailouts of large financial institutions.

**Simon Johnson**
Simon Johnson is the Ronald A. Kurtz (1954) Professor of Entrepreneurship at MIT Sloan School of Management. He also is a senior fellow at the Peterson Institute for International Economics in Washington, DC, co-founder and co-author of BaselineScenario (a much-cited blog on the global economy), a member of the Congressional Budget Office's Panel of Economic Advisers, and a member of the FDIC's Systemic Resolution Advisory Committee.