

This Week in Wall Street Reform | April 21 – 27

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WELLS FARGO - THE LATEST

[With its 2018 tax cut, Wells Fargo could pay its \\$1 billion fine 3 times and still have cash to spare | Washington Post](#)

Wells Fargo agreed to pay \$1 billion in fines to settle charges by the Office of the Comptroller of the Currency and Consumer Financial Protection Bureau that it had improperly charged customers for auto insurance they didn't need and to lock in mortgage rates. That follows a \$185 million civil penalty Wells Fargo paid in 2016 after admitting it had opened millions of sham accounts customers didn't need. But Wells Fargo is still expected to benefit from a massive corporate tax cut passed by Congress last year. The bank's effective tax rate this year will fall from about 33 percent to 22 percent, according to a Goldman Sachs analysis released in December. The change could boost its profits by 18 percent, according to the analysis.

[Mick Mulvaney's Wells Fargo Settlement Lets The Bank Decide How Consumers Are Paid Back | The Intercept \(David Dayen\)](#)

According to the language in the settlement agreement, in order for homeowners and auto loan customers to receive restitution, they would have to identify an “economic or other cognizable harm” based mainly on a specific violation of federal law, under a standard created and judged by Wells Fargo. CFPB does get to audit the remediation plans, but there's no mechanism for forcing the bank to change those plans outside of going to a court and claiming noncompliance with the settlement...

“The CFPB was created to be a consumer advocate, to defend the interests of ordinary Americans,” said Lisa Donner, executive director of **Americans for Financial Reform**, in a statement to The Intercept. “It is completely backwards that Mulvaney has chosen to let Wells Fargo decide who gets their money back and who does not. With a string of scandals that make it clear just how deep and pervasive wrongdoing is at Wells Fargo, there is no good reason for such a weak approach to enforcing the law on this megabank.”

[Wells Fargo could owe \\$1 billion to U.S. regulators; will consumers see any of it? | KHOU-TV \(Houston\)](#)

[Will Flawed CFPB Wells Fargo Consent Order Be Reopened to Help Victims? | U.S. PIRG \(Ed Mierzwinski\)](#)

[Hensarling, Waters say Wells Fargo execs should be punished after record fine](#) | **The Hill**

The rare moment of bipartisan agreement between Hensarling and Waters comes after Wells Fargo agreed to pay a \$1 billion fine to two federal agencies to settle claims that the bank charged mortgage borrowers inappropriate fees and forced loan customers to purchase unnecessary auto insurance. “It is not enough to hold a bank accountable,” Hensarling said in a statement. “The actual individuals responsible for the wrongful deeds must be held responsible as well.”

[Penalties levied against Wells Fargo miss top execs. Again.](#) | **American Banker (Bartlett Naylor and Susan Harley)**

Critics on both sides of the aisle have asked regulators to do more to identify those to blame for the bank’s problems. As Rep. Jeb Hensarling, R-Texas, chairman of the Financial Services Committee recently said last week: “It is not enough to hold a bank accountable. The actual individuals responsible for the wrongful deeds must be held responsible as well.” Major banks, including Wells Fargo, committed massive frauds leading to the 2008 financial crash. Yet not one senior executive served prison time. Wells Fargo’s size — and legal firepower — must not insulate its senior executives from basic accountability. Again.

[The Trump Administration Is Letting Wells Fargo Get Away With Grand Theft Auto](#) | **The Nation (David Dayen)**

So the CFPB knows who received the briefings that Wells Fargo was stealing cars and ripping off mortgage borrowers. It has names on internal documents of executives who were discussing these issues. It is aware of who turned a blind eye to this scheme that impoverished people and took their cars away. Isn’t that enough to refer to the Justice Department to investigate violations of criminal laws involving theft and fraud? The CFPB cannot make its own criminal cases, but it has every authority to make a criminal referral. The bureau declined to comment on whether it did refer the case to the Justice Department.

[SEC must not silence voice of Wells Fargo investors](#) | **San Francisco Chronicle (John Chiang and Amanda Werner)**

When Wells Fargo made headlines for opening 3.5 million fake accounts, reports revealed that customers had tried to sue the financial giant over this fraud since at least 2013. But rather than addressing its systemic wrongdoing, Wells Fargo moved to keep the scandal out of the public eye by forcing consumers to file individual claims in secret hearings — and continue pocketing millions of dollars. Despite widespread outcry and repeated public promises to restore trust, Wells Fargo continues to use forced arbitration “rip-off clauses” in its contracts with consumers and workers. It’s no wonder why. A report from nonprofit arbitration database Level Playing Field found the secret hearings not only save Wells Fargo money — they make the bank money. Even during the prime years of the fake account scandal, the average consumer that faced Wells Fargo in arbitration was ordered to pay the bank nearly \$11,000. Of an estimated 4.3 million victims of Wells Fargo’s illegal activities, only two consumers won in arbitration against the bank last year.

[Wells Fargo blasted by shareholders for series of abuses](#) | **CNN Money**

Demonstrators gathered outside the meeting in Des Moines, Iowa, to protest Wells Fargo's various scandals as well as its financing for fossil fuel projects and gun manufacturing.

Despite criticism of Wells Fargo (WFC), the bank's directors were all re-elected on Tuesday by a wide majority. None of the shareholder proposals pushing to rein in the bank received enough support to pass.

[Wells Fargo fines take backseat to guns, pipelines, prisons at shareholder meeting](#) | **Des Moines Register**

Wells Fargo shareholders and executives clashed Tuesday in Des Moines over the bank's reaction to a series of scandals that have rocked the financial giant and drawn the rebuke of customers, investors and regulators.

[Treasurer Chiang tells Wells Fargo that it's "time for Sloan and Baker to go"](#) | **OC Breeze**

California State Treasurer John Chiang during a meeting of Wells Fargo shareholders in Des Moines, Iowa called for the removal of CEO Timothy Sloan and board member John D. Baker II.

[Wells Fargo Faces Wrath of Activists Over Scandals, NRA Work](#) | **Bloomberg**

[Mississippi woman refiles lawsuit against Wells Fargo in wake of \\$1B penalty against bank](#) | **Clarion Ledger**

The lawsuit allegations include fraud, unjust enrichment, breach of implied good faith and fair dealing, negligence, violation of the Consumer Loan Broker Act, and infliction of emotional distress. At one point, the parties were in settlement talks, but apparently didn't reach an agreement. However, some of the cases have been ordered to arbitration because of a Wells Fargo agreement signed by parties mandating arbitration. Cummings' attorney, Macy Hanson of Madison, said he is waiting to see if Wells Fargo attempts to try to force the Cummings case into arbitration. He said he hasn't seen an arbitration clause in any of Cummings' paperwork.

[Wells Fargo's 401\(k\) Practices Probed by Labor Department](#) | **Wall St. Journal**

The Labor Department is examining whether Wells Fargo WFC -0.19% & Co. has been pushing participants in low-cost corporate 401(k) plans to roll their holdings into more expensive individual retirement accounts at the bank, according to a person familiar with the inquiry. Labor Department investigators also are interested in whether Wells Fargo's retirement-plan services unit pressed account holders to buy in-house funds, generating more revenue to the bank, the person said...

At issue in the Labor Department's investigation is how Wells Fargo handles its clients' retirement savings. Under the Employee Retirement Income Security Act, entities that serve these accounts are supposed to put their clients' interests ahead of their own.

THE TRUMP ADMINISTRATION, CONGRESS AND WALL STREET

[Washington Wants to Weaken Bank Rules. Not Every Regulator Agrees.](#) | **NY Times**

Bank regulators are on the cusp of weakening a rule put in place to prevent the nation's biggest banks from causing another financial crisis, marking the first significant attempt by policymakers to fulfill President Trump's promised regulatory rollback. The effort is causing friction among regulators, who broadly agree that some post-crisis rules need to be revised but disagree about how far Washington should go in changing them. The debate is expected to be the first of many as financial regulators begin changing post-crisis rules through actions that do not require congressional approval. In recent weeks, federal banking regulators have proposed softening a

requirement that puts a hard limit on how much the largest banks can borrow. The rule, known as the supplementary leverage ratio, requires that banks prepare for a disaster by maintaining a certain level of capital on their balance sheets based on their total size.

[Relaxing Bank Capital Requirements Would Risk Another Crisis](#) | Wall St. Journal
(Thomas M. Hoenig and Sheila C. Bair)

America's biggest banks are among the most leveraged financial institutions operating in the country today. They are permitted to finance lending and other activities with 94 cents debt and only about 6 cents of tangible equity for every dollar in assets. Their profits are breaking records—for some, soaring 35% to an all-time high...

These proposals have the laudable goals of simplifying bank capital rules and boosting lending to the real economy. But we fear their unintended impact would be to make the financial system less resilient and to make another financial crisis likelier and more severe.

[Senator warns bankers that Dodd-Frank relief could stall](#) | Washington Post

Sen. Mark Warner's comments are a warning shot to House Republicans, who are insisting on adding to Senate-passed legislation that would scale back the law known as Dodd-Frank. The Virginia senator told members of the American Bankers Association that 16 Democrats and one independent who voted for the Senate bill have taken "an awful lot of heat" for a bill he said has been mischaracterized by some members of his own party. In other words, they're not anxious to revisit the debate. "This bill will not pass if it comes back to the Senate," Warner said. "We stretched this about as far as we can go. The House of Representatives needs to accept this legislation."

[House is Expected to Act on Bank-Deregulatory Bill](#) | Wall St. Journal

House Financial Services Committee Chairman Jeb Hensarling (R., Texas) said he is open to advancing Senate-approved legislation to roll back the 2010 Dodd-Frank financial law without changes—as long as there are "other pathways" to advancing a separate series of House-favored bills not included in the Senate plan. The remarks appeared to suggest Mr. Hensarling has accepted the political reality that any changes to the Senate bill could upend bipartisan support in the Senate, which passed the legislation in March on a 67-31 vote.

[Why the House should pass the banking bill](#) | The Hill (Timothy K. Zimmerman & Preston L. Kennedy)

[U.S. Bank Regulator Acquired Bank Stock While Nomination Was Under Review](#) | Wall St. Journal

Comptroller of the Currency Joseph Otting, a former banker who has taken the agency in a deregulatory direction, was confirmed for the post in November and sold the stock in January, according to forms he has filed with U.S. agencies including the Office of Government Ethics.

[Huizenga eyes Financial Services chairmanship](#) | PoliticoPro

Speaking at a U.S. Chamber of Commerce event in Washington, the Michigan Republican -- who chairs the panel's capital markets subcommittee -- said his pursuit of the gavel would depend on the next moves of Rep. Patrick McHenry (R-N.C.). McHenry, the House GOP's chief deputy whip, is seen as the top contender for the post but may try to move up in Republican leadership instead...

Rep. Blaine Luetkemeyer (R-Mo.) said earlier this week that he too was pursuing the gavel, though he also cited the considerations around McHenry. Reps. Sean Duffy (R-Wis.) and Frank Lucas (R-Okla.) also want to be considered for the chairmanship.

[Senators Collins, King vote to deregulate big banks](#) | **Maine Beacon**

Both Maine senators are among those who have taken Wall Street money. According to the Center for Responsive Politics, between 2013 and 2018, King received \$159,513 from the financial industry and \$153,544 from lawyers and law firms, many which represent commercial banks.

Since 1995, Collins has pocketed over a million each from securities and investment firms (\$1,029,377) and lawyers and law firms (\$1,066,201), as well as \$341,869 from miscellaneous finance companies.

[GOP split as banks take on gun industry](#) | **Politico**

[Banking group head: 'Sometimes, it's better if Congress does nothing'](#) | **Washington Examiner**

CONSUMER FINANCE AND THE CFPB

[Mulvaney, Watchdog Bureau's Leader, Advises Bankers on Ways to Curtail Agency](#) | **NY Times**

Mick Mulvaney, the interim director of the Consumer Financial Protection Bureau, told banking industry executives on Tuesday that they should press lawmakers hard to pursue their agenda, and revealed that, as a congressman, he would meet with lobbyists only if they had contributed to his campaign.

"We had a hierarchy in my office in Congress," Mr. Mulvaney, a former Republican lawmaker from South Carolina, told 1,300 bankers and lending industry officials at an American Bankers Association conference in Washington. "If you're a lobbyist who never gave us money, I didn't talk to you. If you're a lobbyist who gave us money, I might talk to you."

[Warren Asks If Mulvaney Also Favors Lobbyist Donors at CFPB](#) | **Bloomberg**

"Almost every one of your major decisions at the CFPB has fulfilled a request of a lobbying organization that has donated tens of thousands of dollars to your political campaigns," Warren, a Massachusetts Democrat, wrote in an April 26 letter to Mulvaney. "The public deserves to know whether this is a coincidence or is a reflection of the same kind of 'hierarchy' you created when you ran your congressional office."

Warren joins a chorus of lawmakers on both sides of the political aisle who have criticized Mulvaney over comments he made this week at a conference held in Washington by a banking lobbying group.

[Mulvaney Admits He Spoke Only To Lobbyists Who Paid Him](#) | **Huffington Post**

[Mick Mulvaney Met With Lobbyist Donors While at Trump White House](#) | Daily Beast

At least eight registered lobbyists and six other executives who donated to Mulvaney's congressional campaigns—or whose companies' political action committees did the same—got an audience with the South Carolina Republican when he landed atop the Office of Management and Budget. That's according to a Daily Beast analysis of campaign finance records, lobbying disclosure forms, and OMB visitor logs dating from January 2017 through September 2017.

[Mick Mulvaney just said the swampiest thing ever](#) | CNN

Mulvaney's comments about his constituents have nothing to do with what he said about lobbyists. Mulvaney was an elected member of Congress. His salary was paid for by taxpayers. He doesn't get an award from not demanding that his constituents give him money in order to meet with him.

And, on the lobbyist comment, what Mulvaney is saying is the literal definition of pay-to-play politics. If you are a lobbyist willing to make a campaign contribution to Mulvaney, you had better chance of getting an audience with him. Full stop.

[Mulvaney's unnecessary advice to bankers: Pay to play](#) | St. Louis Post-Dispatch (editorial)

Americans for Financial Reform reported that the financial sector spent \$2 billion on political activity in the 2016 election cycle, including \$1.1 billion in campaign donations and the rest for lobbying. That's \$3.7 million for every member of Congress. Republicans got most of the money, but key Democrats cashed in, too. The totals don't include undisclosed "dark money" contributions.

Mulvaney would call this an underpinning of democracy. We'd call it the undermining of democracy.

[Mick Mulvaney's Favored-Lobbyist Comments Draw Fire](#) | Wall St. Journal

Sherrod Brown, the top Democrat on the Senate Banking Committee, said Mr. Mulvaney should resign and urged the White House to nominate a permanent CFPB director.

"Deciding who you will meet with based on campaign contributions is the kind of 'pay to play' that understandably makes Americans furious with Washington," Mr. Brown said in a statement.

[Mulvaney's unexpected gift to Democrats](#) | American Banker

[Mulvaney could at least feel some shame](#) | Washington Post (Jennifer Rubin)

See [official complaint](#) filed by Project on Government Oversight.

[House plans May vote to repeal auto-lending guidance](#) | The Hill

The House is aiming to vote to repeal the controversial Consumer Financial Protection Bureau (CFPB) policy on auto-loan financing during the week of May 7. Aides to House Majority Leader Kevin McCarthy (R-Calif.) laid out that plan while discussing the House agenda at a breakfast in Washington this week, according to a source in attendance.

[Trump and GOP lawmakers are making it easier for auto dealers to racially discriminate](#) | **LA Times (David Lazarus)**

In no way are Republicans protecting consumers with this vote. Just the opposite. It's pitiful for them to pretend otherwise. Nor are they protecting "job creators," which has become the go-to conservative euphemism for anyone with money to throw around Capitol Hill.

[Mulvaney pushes name change at federal watchdog agency](#) | **Washington Post**

Officials say the change reflects the bureau's legal name, but critics say it underscores the abrupt ideological turn the bureau has taken since Trump-appointee Mick Mulvaney took over. The 2010 Dodd-Frank Act did create a "Bureau of Consumer Financial Protection" but that name has rarely been used, except occasionally in court filings.

[What's in a name? For Mulvaney's CFPB, quite a lot](#) | **American Banker**

Those who got the bureau up and running in the early days say they were deliberate in their efforts to create a modern, consumer-focused agency — and their branding was aimed at reflecting that. That tone was meant to signal the bureau's approach to consumers, but also to employees, to tell them what kind of agency they worked for. At the time, they rejected using a seal, a common practice among agencies, because the agency's logo, a beam of light over the word CFPB, resonated with consumers. It was accessible and easy to understand.

[Think Finance Says CFPB Unconstitutional In Dismissal Bid](#) | **Law360**

[When a bureaucrat asks for less power, give it to him](#) | **The Hill (Iain Murray)**

[Consumer financial services at a crossroads](#) | **Lexology**

[Mulvaney to bankers: Your input will help limit consumer bureau's power](#) | **The Hill**

Mick Mulvaney, the acting director of the Consumer Financial Protection Bureau (CFPB), on Tuesday told bankers that direct engagement with their representatives would bolster their efforts to curtail the bureau's power and loosen financial regulations. Mulvaney, the White House budget director, told a Washington conference of more than 1,000 bankers that their input on the extensive powers of the CFPB could help rein in the agency long loathed by the financial sector.

See [joint letter](#) critiquing the CFPB's RFI process.

[Consumer Bureau Looks to End Public View of Complaints Database](#) | **NY Times**

Financial companies have worked to diminish the Consumer Financial Protection Bureau's powers since the day the agency was created. Now, they're on the brink of having one of their top demands granted: an end to the regulator's public database of complaints about their products and services.

[Acting CFPB chief mulls taking down public complaint database](#) | **The Hill**

The acting director of the Consumer Financial Protection Bureau (CFPB) on Tuesday said he might remove a database of complaints to the agency from public view. Acting CFPB chief Mick Mulvaney said the bureau's public consumer complaint database contained information not vetted by the agency that could be used unfairly against banks and lenders.

See [joint statement](#) on the importance of a public complaint database.

[Mulvaney Tries to Make Consumer Watchdog Disappear: Will His Magic Act Work? | Who. What. Why. \(Celia Wexler\)](#)

Mulvaney also has put the brakes on the bureau's consumer data collection, citing concerns about the security of consumer information, even though that information — consumer advocates say — is crucial to spotting patterns of behavior by financial institutions and lenders that signal problems.

And he hinted that the consumer complaint database, which now is searchable and accessible to the public, may go dark. "The law mandates collection of data," he told senators, but the "public portion of a consumer-facing database" is not required by statute.

[Gillibrand aims to 'wipe out' payday lenders with postal banking bill | American Banker](#)

Sen. Kirsten Gillibrand, D-N.Y., on Wednesday unveiled a bill that would empower the U.S. Postal Service to take deposits and make loans, a move she said would "wipe out" predatory lending and improve consumers' access to financial services.

The Postal Banking Act would place a retail bank branch in each of the Postal Service's 30,000 locations — branches that would provide "low-cost, basic financial services to all Americans..."

The idea of having the Postal Service offer banking services goes back more than a century, and the Postal Service's inspector general reignited the debate in 2014 with a white paper suggesting that the agency could and should provide financial services at its offices in order to meet consumer demand in locations that lack traditional banking alternatives.

[Kirsten Gillibrand Unveils Her Ambitious Plan to Turn the Post Office Into a Bank | Slate](#)

While the idea of postal banking has been backed by progressives like Elizabeth Warren of Massachusetts and Bernie Sanders of Vermont—both likely presidential candidates—Gillibrand's bill gives an important policy objective a high-profile, useful boost.

Postal banking is a pretty straightforward solution to a nagging problem: Today, too many Americans are cut off from run-of-the-mill financial services. As of 2015, 7 percent of households were unbanked (meaning, they had no bank account at all) and another 19.9 percent were underbanked (meaning they had to rely on expensive and often predatory alternative options like payday lenders or check cashers to deal with their money needs).

[Gillibrand's post office banking bill bypasses years of careful, quiet work to kill payday lending | ThinkProgress \(Alan Pyke\)](#)

The popular progressive idea of using the United States Postal Service to help families struggling with their finances escape the trap of predatory payday lending got a renewed bounce this week from a prominent senator widely expected to run for the White House in 2020.

Sen. Kirsten Gillibrand's (D-NY) Postal Banking Act, announced Wednesday, would launch a new set of basic financial services at USPS branches. For the tens of millions of families who either have no bank account or are categorized as "underbanked" because they also rely on expensive alternatives like payday loans, the idea could create new opportunities to start saving

money or to hurdle an unexpected expense without dropping into almost permanent debt.

[Congress must protect working families from payday predators](#) | **The Hill (Lois Lupica)**

[Pay Day Loans – Hard To Pay Off](#) | **Garnet News (Annie Harper)**

When I first met Veronica, she had already paid more than \$1000 on a \$500 loan taken seven months before, and the balance was still \$492.,,

Veronica has to manage her schizophrenia, which she does really well. She also has to manage living on a very low income; her disability check of less than \$1000 a month is supplemented by her husband's sporadic income from factory work and her own occasional work as a companion and homemaker. Her husband has complex, ongoing parole requirements that often result in fines, if he wants to avoid jail time. Her three sons, one, inpatient in a mental health facility, the second recently out of jail and struggling to find a job, and one still in high school, are unable to contribute financially; instead, they often need financial help from Veronica.

[FTC sues LendingClub for allegedly misleading consumers](#) | **Washington Post**

The Federal Trade Commission said in a complaint filed in federal court in California that LendingClub deducted hidden fees from the loans it issued to borrowers, despite promising “no hidden fees.” The lender also allegedly deducted payments automatically from consumers' bank accounts even after they had paid off their loans or had canceled automatic payments, according to the complaint. Some consumers were allegedly charged double payments, the complaint said.

[9 Democrats Sign Up To Help Wall Street Steal Cars](#) | **Huffington Post (Zach Carter)**

The bill, authored by one of the bureau's most ferocious critics, Rep. Sean Duffy (R-Wis.), has the backing of self-styled progressives, such as Rep. Gwen Moore (D-Wis.) and Sen. Tammy Baldwin (D-Wis.), along with six more conservative House Democrats and Sen. Joe Manchin (D-W.Va.).

The legislation would deny the CFPB jurisdiction over companies that are subject to state insurance regulation that also engage in “offering or providing a consumer financial product or service...” State insurance regulators, which have a much weaker record of consumer protection enforcement, would replace the CFPB.

In January, the progressive advocacy group **Americans for Financial Reform** sent a sharply worded letter to members of Congress warning that the bill “strikes a major blow against CFPB regulatory authority over large financial services firms” that “would have called into question the CFPB's ability to investigate and punish the Wells Fargo scheme to sell unnecessary insurance to its auto credit customers.”

[Equifax breach has set company back \\$243M](#) | **PoliticoPro**

DERIVATIVES, COMMODITIES & THE CFTC

[Swaps Rules Due for Overhaul in Bid to Boost Liquidity](#) | Wall St. Journal

U.S. regulators want to make it easier for companies to complete swaps trades, responding to industry complaints that postcrisis rules have hurt market liquidity. Commodity Futures Trading Commission Chairman J. Christopher Giancarlo on Thursday laid out his vision for overhauling the system, setting the stage for new rules to be rolled out in the coming months. Mr. Giancarlo, a Republican, has long criticized the swap-execution rules enacted by the CFTC under former Democratic Chairman Gary Gensler, saying they are overly prescriptive and run counter to what Congress intended in the 2010 Dodd-Frank financial law.

[Startups Love This Cryptocurrency Strategy. Regulators Say Not So Fast.](#) | Wall St. Journal

Startups are raising money from venture capitalists and other wealthy investors by rewarding them with new cryptocurrencies, in a bid to avoid much of the cost and regulation of traditional stock sales. One problem: Regulators haven't recognized the arrangement as a valid way to raise money in compliance with investor-protection laws. The strategy is known as a presale of tokens, or Simple Agreement for Future Tokens. Companies say the SAFT is a credible attempt to fit the new world of cryptocurrencies into laws that date to the Great Depression.

[A Former Top Wall Street Regulator Turns to the Blockchain](#) | NY Times

Gary Gensler was one of the top financial regulators in the Obama administration, the finance chief for Hillary Clinton's 2016 presidential campaign and, before both of those jobs, a partner at Goldman Sachs. Now, like many other big names from business and government, he is plunging into the world of the blockchain, the data-tracking technology introduced by Bitcoin. Mr. Gensler, 60, has recently gone to work at the Massachusetts Institute of Technology, where he will write and teach about the potential he sees for blockchains to change the financial world. He will also use his position to warn about how many of the current projects in the world of virtual currencies, including some of the biggest, are likely to face a significant moment of reckoning with regulators.

[Cryptocurrency Class Action Won't Be Arbitrated, Appeals Court Rules](#) | Daily Business Review

ENFORCEMENT

[Closing Arguments in Fraud Trial of Former Bank Executives](#) | NY Times

Four former Wilmington Trust Corporation executives knew they were misleading banking regulators and investors by concealing the truth about the bank's imploding commercial real estate loan portfolio in the wake of the 2008 financial crisis, a prosecutor told jurors Monday in the defendants' federal fraud and conspiracy trial..

EXECUTIVE COMPENSATION

[Colorado CEOs earn in three days what the typical worker earns in a year, new disclosures show](#) | Denver Post

See IPS report, [CEO-Worker Pay Ratios in the Banking Industry](#)

INVESTOR PROTECTION, THE SEC, AND RETIREMENT SAVINGS

[Supreme Court Weighs Arguments in Case Involving SEC's In-House Judges](#) | WSJ

Supreme Court justices appeared wary Monday of claims that the nonpolitical process for appointing administrative-law judges to hear securities-enforcement cases is unconstitutional, with several justices concerned that striking down the system could erode the political independence of the federal civil service.

[SEC's Clayton won't blindly allow corporations to ban shareholder lawsuits](#) | Yahoo Finance

[Financial Advisers Need Steady Learning to Keep Earning](#) | Washington Post (Nir Kaissar)

[Ex-Yahoo paying \\$35M to settle SEC charges over 2014 hack](#) | Washington Post

[States ask court to reconsider decision on Obama-era financial rule](#) | The Hill

[AARP challenges court ruling vacating Labor Department fiduciary rule](#) | PoliticoPro

"AARP is not giving up on our fight to make sure that hard-earned retirement savings have strong protections from conflicts and hidden fees," said Nancy LeaMond, the group's chief advocacy and engagement officer. "The recent court decision allows some financial advisers to provide guidance based on what's best for their pocketbooks, not the consumers."

[Fiduciary watchers say problems with SEC advice rule portend long slog](#) | Investment News

[SEC Fines Welsh Carson Over Fee Disclosure](#) | Wall St. Journal

The Securities and Exchange Commission has penalized private-equity firm Welsh, Carson, Anderson & Stowe for failing to disclose to investors the fees it received for the bulk purchase of supplies. WCAS Management Corp., the adviser for Welsh Carson's funds, agreed to pay about \$779,000 for failing to disclose the conflict of interest created by these fees, according to an SEC order made public Tuesday.

MORTGAGES AND HOUSING

[New tax break for poor neighborhoods may benefit luxury builders](#) | Bloomberg

Recovery in the U.S. from the Great Recession has been uneven. Superstar cities such as New York and San Francisco have sprung back, while plenty of rural areas and Rust Belt towns are still in a slump. Buried in the tax overhaul late last year was a provision to address some of

these economic disparities by allowing states to designate “opportunity zones” in low-income areas. Investors who develop real estate or fund businesses in these zones will be eligible for tax breaks. The concept is not new—Congress has launched similar efforts in the past—but this one is more free market in spirit than its predecessors...

The provision’s backers hope the tax breaks will create jobs and boost local economies in parts of the country that badly need it— from rural Idaho to Newark, New Jersey. Some researchers and community groups aren’t so sure. They say that the law could promote the kind of investments that are intended, such as new small businesses and affordable housing—but the legislation is so broadly written that savvy investors, corporations, and real estate developers could exploit it. “It could be used to take affordable housing and convert it into market-rate condos,” says Brett Theodos, a senior researcher at the Urban Institute. “It could be used to support payday lenders. Amazon could engineer it into an investment vehicle for HQ2.”

[Shake-Up Considered on How Banks Lend to the Poor](#) | Wall St. Journal

A Trump-appointed federal bank regulator has floated no longer enforcing lending rules for the poor based on the location of a bank’s physical branches, a change likely to be opposed by community groups. People familiar with the matter said the Office of the Comptroller of the Currency privately sought other regulators’ input on eliminating the concept of geographic “assessment areas” when deciding whether banks comply with the 1977 Community Reinvestment Act.

REGULATION IN GENERAL

[Senate GOP Twists Obscure Law to Gut Decades-Old Regulations \(Forever\)](#) | Brad Blog

We’re joined today by JAMES GOODWIN of the Center for Progressive Reform to discuss this dangerous and insidious new scheme which has received disturbingly sparse media attention since its first time use this past week.

[Republicans Have Found a Nuclear Option to Kill Regulations](#) | The Intercept (Gary Rivlin)

[Benefit-Cost Analysis Should Promote Rational Decisionmaking](#) | The Regulatory Review (Sally Katzen)

[Three Pinocchios: Do small businesses face \\$83,000 in start-up costs to comply with regulations?](#) | Washington Post

[Corporations Hold Massive Secret Power Over Our Democracy. Here’s How We Change It.](#) | Public Citizen (Craig Sandler)

[Regulatory Foes Try to Seize the Day](#) | Project on Government Oversight (Laura Peterson)

[Regulating Within a Budget](#) | The Regulatory Review (Susan Dudley)

[Americans want tougher regulations for tech companies: poll](#) | The Hill

[Regulatory Analysis Under the Trump Administration](#) | The Regulatory Review (Lisa A. Robinson)

STUDENT LOANS AND FOR-PROFIT COLLEGES

[Sen. Durbin warns educators of risks of for-profit colleges](#) | KFVS

U.S. Sen. Dick Durbin (D-IL) is asking educators for help in warning students about the risks associated with for-profit colleges.

The senator is asking principals, counselors, and teachers to provide students with “accurate and up-to-date information about their post-secondary education options.”

[McNally Smith founders dug deep into own pockets to keep college afloat, bankruptcy filings reveal](#) | Pioneer Press

McNally sold his Cass County home in March and moved to Arizona, joining his wife at a gated-community golf course home that they rent. After earning \$120,000 last year, he now makes \$12 an hour as a safari Jeep tour guide. Combined with Social Security checks, it's enough to break even on a monthly budget of \$3,900.

“They'd been shoveling money in to keep the school going for quite some time. In Jack's case, it actually bankrupted him,” said John Lamey, McNally's bankruptcy attorney.

[Education Department Unlawfully Withholding Records Concerning Delay Of Rule To Protect Student Borrowers From Fraud, Lawsuit Alleges](#) | Public Citizen

The U.S. Department of Education must hand over records related to its justification for delaying implementation of a rule to help student loan borrowers, including records of communications between agency officials and representatives of the for-profit college industry, the National Consumer Law Center (NCLC) said in a lawsuit filed today. Public Citizen Litigation Group serves as co-counsel with NCLC in this lawsuit brought against the department in the U.S. District Court for the District of Massachusetts.

[Trump Administration Requests to Delay Another Higher Ed Oversight Regulation](#) | NASFFA

As the Department of Education (ED) is working to rewrite gainful employment and borrower defense to repayment regulations after hosting a series of negotiated rulemaking sessions following an announcement to delay the rules last summer, the Trump administration may push off the effective date of another set of regulations aimed at protecting students from abuse by universities — this time related to distance education programs.

[Colleges are using consultants to manipulate student loan default rates, GAO says](#) | Washington Post

[States move ahead on student loan bills after DeVos guidance](#) | Politico Morning Education

[Some Colleges Push Students to Delay Loan Repayments. They'll Pay More in Interest Later.](#) | Chronicle of Higher Education

[Drew Cloud, a widely-quoted student loans expert, doesn't actually exist. He was the creation of a for-profit company.](#) | Washington Post

SYSTEMIC RISK

[Financial Deregulation Throws Fuel on Already-Hot Economy](#) | WSJ

Deep into an economic boom with asset prices near records is when you'd expect the U.S. financial system's guardians to tamp down risk-taking. Instead, federal regulators and legislators are doing the opposite—watering down, narrowing or declining to enforce rules passed after the financial crisis. The changes are modest and don't foreshadow a crisis any time soon. But the timing is definitely awkward. They will stimulate lending and risk-taking at a time when the industry is lowering its own standards amid a near-record economic expansion. Much as this year's tax cut may overheat an economy already near full employment, the deregulatory push could aggravate excesses that come back to haunt the economy in its next downturn.

[To Spot the Next Financial Crisis, Look Who Was Spared by the Last One](#) | Wall St. Journal

Leading the list are Australia, Canada and Sweden. They had all the benefits of the lowest global interest rates in history, without first suffering the economic meltdown and bank failures that led the U.S. and Europe to take emergency action. Having come through the Lehman crisis in good shape, lenders in the three countries have not learned the lesson pummeled into bank boards in other developed countries: Watch out for frothy housing markets and watch out for trouble in foreign-currency financing.

OTHER TOPICS

[Anger over banks' gun policies snags Louisiana road plan](#) | Washington Post

[Hoenig to leave FDIC on April 30, ending six-year term](#) | PoliticoPro