THIS WEEK IN WALL STREET REFORM

TABLE OF CONTENTS

Big Picture

Op-ed - We are on course to stop a new financial crisis
Barney Frank (FT)
July 22, 2011

"One year on from it being signed into law, the Wall Street Reform and Consumer Protection Act is on track to meet its promise. Critics attack the act, but it allows financial institutions to perform the vital function of accumulating capital and making it available to the productive elements in our society, while minimising the likelihood of irresponsible practices that contribute little to productive economic activity." *Click here for more.*

Op-ed - Wall St needs to stop fighting Dodd-Frank
Stephen Foley (The Independent)
July 23, 2011

"One of the great set-pieces of the US legislative process is the formal signing of a bill into law. With the legislation's supporters and beneficiaries gathered around, applauding, the president signs each letter of his name with a different pen, and hands them all out as souvenirs. Sadly, this made-for-TV moment is not the conclusion of the process it might appear." *Click here for more.*

Dodd-Frank Anniversary

Financial Regulation Lags After Dodd-Frank
Fox Business
July 25, 2011

*"These were abuses that were fundamental to the financial crisis that advocates have been fighting for," says Lisa Donner, executive director of **Americans for Financial Reform**, a coalition of labor, civil rights and other organizations in Washington, **...***
Click here for more.

Financial Reform, One Year Later
Michael Krasny (KQED – San Francisco)
July 25, 2011

"Lax investment regulations and bad home loans are blamed for sparking the nation's deepest recession in decades. In response, lawmakers Barney Frank, Chris Dodd and others introduced the Dodd-Frank Wall Street Reform and Consumer Protection Act. The goal was to keep the "average American consumer" safe. But one year later, the act is under legislative attack -- and some are questioning whether the legislation has accomplished its goals." *Click here for more.* ** Note: **AFR's** Lisa Donner is a guest.*

Editorial - A year of Dodd-Frank
FT Editorial (registration required)
July 24, 2011

"A year after the Dodd-Frank financial reform bill became law, it still has as many critics as champions. Some say the measure was too timid to start with – and this was before US banking and finance lobbyists set about watering it down further. Conservatives usually take the opposite line. The law was overkill, they say, like the Sarbanes-Oxley law after Enron and other scandals: a panic response, whose unintended consequences the country will rue. Both criticisms are overdone. No question, the law is flawed. But it is a step forward nonetheless. As the kinks continue to be smoothed out, some of the gains might be lost – but loose ends can be tied up to make the law better." *Click here for more.*

Go Back to Table of Contents

Rich Cordray Nomination

Nomination hearing scheduled for August 4
Dave Clarke (Reuters)
July 28, 2011

"The Senate Banking Committee will hold a hearing on Aug. 4 on the nomination of Richard Cordray to lead the new Consumer Financial Protection Bureau. Earlier this month President Obama nominated Cordray, a former Ohio attorney general, to be the bureau's first director." Click here for more.

First Look: Biz Support Grows for Cordray
Ben White (Politico's Morning Money)
July 29, 2011

"Ahead of next week's confirmation hearing for Richard Cordray as CFPB Director, a number of business executives have written to Senate Banking Committee Chairman Tim Johnson and Ranking Member Richard Shelby in favor of the nomination, which Republicans have vowed to oppose without structural changes to the agency. The list of supporters includes Disney Chairman John E. Pepper Jr. and Leslie Wexner, CEO of The Limited Brands. From the letter: "We have all worked with Mr. Cordray during his career here in Ohio, and have the highest regard for his ability to partner and collaborate on the most important issues facing our community. As a County Treasurer, State Treasurer and State Attorney General, he has been the epitome of the judicious and fair-minded public servant." Full letter: http://politi.co/n7vGME Ohio Bankers League President and CEO Michael Van Buskirk also wrote in support of Cordray: http://politi.co/otbLZi"

Warren to leave CFPB on Aug. 1: Treasury
Ronald D. Orol (MarketWatch)
July 26, 2011

"Elizabeth Warren, the champion of a consumer financial protection bureau, is stepping down from her role as special advisor to the Treasury of the burgeoning bureau effective August 1, according to a statement on Tuesday. Rajeev Date, a former banker with Capital One Financial Corp., will replace her as a special advisor to the bureau until a permanent head is confirmed by the Senate. Earlier this month, the White House nominated former Ohio Attorney General Richard Cordray to head the bureau, which is charged with writing rules for mortgages and other consumer credit products. Warren is returning to her position at the Harvard Law School, according to the Treasury." Entire clip

CFPB Nominee May Spark Senate Fight
Claude R. Marx (Credit Union Times)
July 27, 2011

"A year after the bill creating the Consumer Financial Protection Bureau was signed, Republicans are trying to restructure it and the newly nominated director Richard Cordray is caught in the middle of a fight between the political parties. Cordray, a former Ohio attorney general who was known for his work on consumer issues, was nominated by President Obama on July 18, but if there isn't an agreement between the White House and Senate Republicans, he might not have the opportunity to serve. The CFPB, an independent agency housed in the Federal Reserve, began operating on July 21." Click here for more.

Cordray nomination presents Portman with a dilemma
Jack Torry (Columbus Dispatch)
July 25, 2011

"President Barack Obama's choice of former Ohio Attorney General Richard Cordray to head a powerful new consumer financial agency puts Republican Sen. Rob Portman in No Man's Land. It may not be a cabinet post, but it's pretty close. And it allows Ohio to have a powerful voice in the upper levels of a presidential administration, something that does not happen often." Click here for more.

Editorial - Wall Street needs strong sheriff
McClatchy-Tribune News Service (first appeared in the Miami Herald on 7/22/11)
July 25, 2011

"More than three years after the collapse of the housing market and the onset of the Great Recession, a government agency designed to protect consumers from fraud, abusive practices and deception in the financial arena has finally come into being. That's the good news. The bad news is that Wall Street and its allies in Congress are waging a determined rearguard action to keep the agency from functioning effectively, to the detriment of every American who needs a mortgage, wants to secure a loan or carries out any other kind of financial transaction. Wall Street may have lost round one, but the fight isn't over yet and consumers could still wind up losing big." Click here for more.

Portman declines to endorse Cordray
Jack Torry (Columbus Dispatch)
July 21, 2011

"Sen. Rob Portman, R-Ohio, declined a chance today to back President Barack Obama's nomination of former Ohio Attorney General Richard Cordray as director of the new Consumer Financial Protection Bureau, saying he wants major revisions in the agency before he will back any nominee. In a conference call with reporters, Portman said Cordray has a "distinguished record of public service and I look forward to hear what he has to say, especially about reform" of the new agency, which is designed to make mortgage and credit card transactions easier for consumers to understand." Click here for more.

Consumers vs. the Banks
NYT Editorial
July 24, 2011

"The Consumer Financial Protection Bureau officially opened its doors last week a year after it was established under the financial reform law. Score one for consumers. But the fight to create a bureau strong enough and independent enough to really take on the banks isn't over. Federal watchdogs have given the bureau stellar marks for getting up and running in a timely, professional manner. The bureau has already begun to tackle crucial issues, like simplifying mortgage disclosure requirements and handling credit card complaints." Click here for more.

New Consumer Protection Agency Opens SF Office
CBS-5 San Francisco
July 21, 2011

"The new Consumer Financial Protection Bureau opened for business on Thursday, with a branch office located in San Francisco. The agency is tasked with investigating consumer financial complaints involving banks, mortgage problems, credit cards as well as payday lenders." ****Note****: includes footage from CALPIRG event. Click here for more.*

Editorial - Wall Street needs a sheriff
Senate should confirm the consumer bureau nominee
The Register Guard (Eugene, Oregon)
July 22, 2011

"Republicans are vowing to oppose Senate confirmation of Richard Cordray, President Obama's choice to lead the new Consumer Financial Protection Bureau. But make no mistake — their real aim is to weaken or even eliminate the agency that Congress created to police Wall Street in the wake of the financial industry's 2008 meltdown.In recent months, Republicans have been hovering over the bureau like vultures over a newborn lamb. They've introduced measures to eviscerate its budget and ordered investigations into the scope of the agency's authority." Click here for more.

Op-ed - Congress must stand up for consumers
Burce Speight and A.J. "Nino" Amato (The Cap Times, WI)
July 26, 2011

"The failure of the current bank regulators to stop predatory lending and other reckless Wall Street practices is widely recognized as a primary cause of the 2008 mortgage meltdown that triggered the current recession.

For years leading up to the 2008 financial collapse, federal bank regulators ignored numerous warnings of increasingly predatory mortgage practices, credit card tricks and unfair overdraft policies used by banks. The banks were earning billions from "gotcha" practices. Incredibly, bank regulators actively encouraged this behavior, arguing it was profitable and kept banks safe. No regulator cared about its other job: enforcing consumer laws. Some regulators even actively worked to prevent states from carrying it out. Worse, firms were able to pick and choose among regulators, encouraging a 'race to the regulatory bottom.' That is the system that failed to protect us. Bruce Speight is **WISPIRG** director, and A.J. "Nino" Amato is president of the **Coalition of Wisconsin Aging Groups**." *Click here for more.*

Editorial - Consumer watchdog: Ex-Ohio AG is a smart choice for key agency
Pittsburgh Post-Gazette editorial
July 25, 2011

"Mr. Cordray's reputation as a consumer advocate is that he's tough, smart and honest. As Ohio attorney general, he successfully sued financial giants Bank of America and American International Group. And he took on the major securities-rating agencies. In all, he recovered more than $2 billion for Ohio retirees, investors and business owners." Click here for more.

No shoes, but all business: Can Rich Cordray save new consumer bureau?
Bob Sullivan (MSNBC)
July 26, 2011

"Answer: *The man President Barack Obama hopes can magically overcome the partisan divide in Washington D.C.* ***Question:*** *Who is Rich Cordray?It's a question millions of Americans are about to ask themselves, if they haven't already. Their three-year romance with consumer zealot and media star Elizabeth Warren just ended badly, as Warren was not picked to lead the new Consumer Financial Protection Bureau; Cordray is her surprise replacement. Apart from being a former 'Jeopardy' champion -- a piece of trivia many already seem to know -- who is Rich Cordray?" Click here for more.*

Op-ed - Republicans seek to handcuff Consumer Financial Protection Bureau
Phyllis Salowe-Kaye (NJ.com)
July 28, 2011

"Consumers finally have cause to celebrate. On July 21, the landmark Consumer Financial Protection Bureau became the nation's chief consumer financial oversight agency. The implementation of this part of the Dodd-Frank Wall Street reform and Consumer Protection Act represents a historic step toward protecting average Americans from the deceptive and dangerous banking practices recognized as a primary cause of the 2008 financial crisis. The celebration, however, will be short-lived if efforts by Republicans in Congress to dilute the agency's effectiveness are successful. The GOP threatens to oppose any nomination for a director unless the bureau's authority is weakened. House of Representatives Bill 1315, which passed on July 21, would handcuff the bureau and give banking regulators the power to block needed protections." Phyllis Salowe-Kaye is the executive director of New Jersey Citizen Action, a consumer advocacy group with offices in Newark." *Click here for more.*

Go Back to Table of Contents

CFPB and Consumer Issues

Moody's Sees Benefits for Banks From Consumer Bureau
Ben Protess (NYT/Dealbook)
July 25, 2011

"The new Consumer Financial Protection Bureau has ignited fear on Wall Street. But many banks may eventually benefit from the regulator's careful watch, according to a new report by Moody's Investors Service." Click here for more.

Op-ed - Opposing view: Hold consumer bureau accountable
Senator Jerry Moran (USA Today)
July 25, 2011

"The Consumer Financial Protection Bureau (CFPB) — one of the act's key components — marked that anniversary Thursday by opening its doors, without the benefit of accountable leadership or robust congressional oversight." Sen. Jerry Moran*, R-Kan., serves on the Senate Committee on Banking, Housing and Urban Affairs." Click here for more.*

Dodd-Frank Backers Clash With Regulator
Binyamin Appelbaum (New York Times)
July 23, 2011

John Walsh voiced the frustrations of many bankers when he warned in a speech last month that federal regulators were not paying attention to the cumulative impact of new rules and restrictions, jeopardizing the ability of banks to support economic growth. 'I might have titled these remarks, 'Beware of the Pendulum,' he said. 'To put it plainly, my view is that we are in danger of trying to squeeze too much risk and complexity out of banking.' What made the speech unusual was that Mr. Walsh is a federal regulator. In fact, he is responsible for overseeing most of the nation's large banks. And as the text of his remarks ricocheted across the electronic landscape of official Washington, it drew a furious reaction from advocates of increased regulation, who called on the White House to replace him." Click here for more.

CFPB Study: Consumers And Lenders Not Looking At Same Credit Scores
Tom Quinn (Business Insider)
July 25, 2011

"Among the responsibilities placed on the Consumer Financial Protection Bureau by the Dodd-Frank financial reform act of 2010 was the study of credit scores—specifically, the differences between scores purchased by consumers and those used by lenders to make credit-granting decisions. Tuesday, the CFPB followed through on this mandate, releasing a report to Congress titled 'The impact of differences between consumer- and creditor purchased credit scores.'" Click here for more.

CFPB Complaint Form Invites Its Own Complaints
Kate Fitzgerald (American Banker – subscription required)
July 26, 2011

"Legal experts say the placement and wording of the Consumer Financial Protection Bureau's new online form for credit card complaints may put an unwelcome spotlight on issuers' risk management strategies. What concerns certain industry experts is that the bureau's complaint form asks 'a lot of leading questions,' Alan Kaplinsky, a partner with the law firm of Ballard Spahr LLP in Philadelphia, says. The agency seems to have designed the questions to gather more information than is needed to enforce existing laws, he says." Click here for more.

CFA, NACAA, NACPI - Nation's Top 10 Consumer Complaints
Press Release
July

"The tough economy continued to pose problems for consumers and state and local consumer protection agencies in 2010 according to the latest consumer complaint survey conducted by Consumer Federation of America (CFA), the National Association of Consumer Agency Administrators (NACAA), and the North American Consumer Protection Investigators (NACPI). Thirty-one agencies from 18 states participated in the survey, which asked about the most common, fastest growing and worst complaints they received last year, as well as their biggest achievements and challenges." Click here for more.

The Federal Reserve - Report to the Congress on Government-Administered, General-Use Prepaid Cards

"Section 1075 of the Dodd-Frank Act, which amends the Electronic Fund Transfer Act (EFTA), directs the Board to report annually on the prevalence of use of general-use prepaid cards in federal, state, and local government-administered payment programs and the interchange transaction fees and cardholder fees

charged with respect to the use of such general-use prepaid cards.[1] The act requires the Board to begin submitting these annual reports 12 months after the date of enactment." [Click here for more.]

The Pew Health Group - Safe Checking in the Electronic Age
Press Release
July 28, 2011

"Nearly three-fourths of Americans with checking accounts support regulations that would require banks to better disclose the terms, conditions and fees associated with their checking services, according to a new poll commissioned by the Pew Health Group's" Safe Checking in the Electronic Age Project. Click here for more.

Op-ed - Every credit score is not created the same
Sandra Block (USA Today)
July 26, 2011

"If you spend any time on the Internet, you've probably seen ads for "free" credit scores. They usually appear alongside ads promising to make your belly fat disappear. But even more troubling, these scores could give you a distorted view of your credit standing, according to a report from the Consumer Financial Protection Bureau. That's because these credit scores usually aren't the same scores lenders use when they consider your application for a loan, the CFPB said. Credit scores marketed to consumers who order their credit reports from AnnualCreditReport.com could also mislead consumers, the report said." Click here for more.

Op-ed - The Travails of Ms. Warren
Joe Nocera (New York Times)
July 22, 2011

"It's finally live. The Consumer Financial Protection Bureau, I mean. After 10 months of preparation hiring staff, creating a management structure, laying out an initial agenda the bureau officially hit the starting gate on Thursday, a year to the day after the Dodd-Frank financial reform bill was signed into law by President Obama. And, of course, the person who hired most of that staff, created that management structure and laid out that agenda indeed, the person most responsible for the bureau's very existence is departing. This coming week will be Elizabeth Warren's last at the bureau. So accustomed are we to our nation's poisoned politics that nobody even thinks this is strange." Click here for more.

Go Back to Table of Contents

Shadow Markets and Systemic Risk

Gensler: U.S. CFTC to Act on Position Limits in September
Reuters
July 22, 2011

U.S. Commodity Futures Trading Commission Chairman Gary Gensler said on Thursday [July 21] the agency could take up in September a long-awaited rule that would curb excessive speculation in the commodity markets. 'We anticipate taking up in August rules with regard to swap data repositories. In September, clearing, position limits and others,' Mr. Gensler said while testifying before the Senate Banking Committee on the one-year anniversary of the Dodd-Frank financial oversight law." Click here for more.

Collateral Rules Criticized
Aaron Lucchetti (WSJ – subscription required)
July 25, 2011

"Some lawmakers and financial firms are resisting rules being written to implement last year's Dodd-Frank law that could require banks to set aside more collateral when they make certain trades in the derivatives market. The law requires that much of the collateral be held in cash or high-quality government securities, such as Treasury bonds. But some critics claim such a requirement could steer more money into U.S. securities just when many investors are getting nervous about the nation's debt load." Click here for more.

CFTC Chairman Gary Gensler Announces Appointment of Tony Thompson as Executive Director
Press Release
July 26, 2011

"The Commodity Futures Trading Commission (CFTC) today announced the appointment of Tony Thompson to serve as the agency's Executive Director. Mr. Thompson is the Deputy Administrator for the Office of Management at the U.S. Department of Agriculture's (USDA) Food Safety and Inspection Service (FSIS). Mr. Thompson will replace Madge Bolinger Gazzola, who recently retired after almost 35 years at the CFTC." *Click here for more.*

S.E.C. Removes Credit Ratings From Regulations
Ben Protess (NYT/Dealbook)
July 26, 2011

"Credit ratings are sprinkled throughout hundreds of pages of financial statutes and guidelines. But ever since Standard & Poor's, Moody's and other credit rating agencies belatedly sounded the alarms about the subprime mortgage mess, securities regulators have aimed to curb their influence over the financial industry." Click here for more.

SEC will monitor high-frequency traders
Jesse Hamilton (Boston.com)
July 27, 2011

"The Securities and Exchange Commission will impose a system to monitor the behavior of high-frequency trading firms and hedge funds under new reporting standards for the most active market participants." Click here for more.

SEC tightens reporting for large traders
Steve Lodge (FT – registration required)
July 28, 2011

"The US Securities and Exchange Commission (SEC) is bringing in new reporting rules for large traders such as banks and hedge funds in a move aimed at improving the regulator's ability to investigate quickly market shocks such as the 'flash crash' of 2010." Click here for more.

Hedge funds regulation: It's not working out
John Carney (CNBC.com)
July 27, 2011

"Years of concern about giant pools of investment capital that were said to be under-regulated and under-taxed concluded in Dodd-Frank's hedge fund regulation requirements and gave rise to new plans to end capital gains treatment for the profits of hedge fund managers. But instead of kneeling down before the regulators and the tax collectors, some of the largest hedge funds are avoiding the regulation by shutting themselves off to outside investors." Click here for more.

Go Back to Table of Contents

Commodity Speculation

Senators Call for CFTC to Curb Abusive Oil Speculation, Impose Position Limits
Press Release
July 28, 2011

"Four Senators called this week for immediate action to crack down on oil speculators through specific measures that the Commodities Futures Trading Commission has a legal duty to impose. Senators Richard Blumenthal (D-CT), Bernie Sanders (I-VT), Bill Nelson (D-FL) and Ron Wyden (D-OR) this week sent a letter to Chairman Gary Gensler and all five commissioners of the Commodity Futures Trading Commission (CFTC), calling on the CFTC to use the authority granted it under the landmark Dodd-Frank financial reform bill, which was signed into law one year ago last week. The Senators called on the CFTC to impose spot-month position limits in order to rein in gas prices that are plaguing families in Connecticut and across the

country. Connecticut currently has the highest gas prices in the continental United States – higher than $4 per gallon and nearly a dollar higher than they were in July of last year.” [*Click here for more.*]

[**Click here**] to read a summary of the release and press coverage of our report with Robert Pollin and James Heintz, “How Wall Street Speculation is Driving Up Gas Prices Today”

[**Click here**] to read prepared remarks from CFTC Commissioner Bart Chilton to the American Soybean Association Legislative Forum – the speech is entitled **"Caging the Financial Cheetahs"** and was delivered on Tuesday.

Excerpt:

> *“…From 2005 to 2008, roughly $200 billion in new speculative massive passive money came into the commodity markets in the U.S. alone. At the time, consumers were outraged about gas prices and food prices. So, should we be worried that maybe that’s what’s going on today? Is that at least part of the reason gas is historically high in the U.S.? Consumers are certainly outraged again.”*

Go Back to Table of Contents

Foreclosures and Housing

AFR Comments Supporting the Fed’s Proposed Rulemaking Addressing Changes in TILA

Click here to view AFRs comment letter regarding the Fed’s proposed changes to the Truth in Lending Act here.

Excerpt:

“The proposed rule would establish important consumer safeguards for mortgage lending. The recent crisis illustrated all too clearly the importance of having clear rules of the road that creditors must follow in extending credit to consumers. Purchasing a home is the largest investment most consumers will ever make. Whether purchasing a first home, a trade up, or refinancing an existing home loan, the mortgage transaction is likely to be the most complicated financial transaction in which most consumers will participate. The size of the obligation and the significant portion of income that must be devoted to the mortgage loan and associated homeownership costs make the quality of the underwriting that determines the size and terms of the mortgage that a consumer is offered of the highest priority.”

Wells Fargo Target Of Justice Department Probe; Agency Alleges Discriminatory Lending
Shahien Nasiripour (Huffington Post)
July 26, 2011

“The Department of Justice is preparing a lawsuit against Wells Fargo, the nation's largest home mortgage lender, for allegedly preying upon African American borrowers during the housing bubble and steering them into high-cost subprime loans, according to three people with direct knowledge of the probe.” *Click here for more.*

Banks Spar Over Loan Settlement
Dan Fitzpatrick, Nick Timiraos and Ruth Simon (WSJ – subscription required)
July 27, 2011

"U.S. banks trying to negotiate a settlement over the home-foreclosure mess have hit a new hurdle: They are squabbling over how to split the tab. The lack of a deal so far among the nation's largest home-loan servicers has already depressed bank stocks, and an extended impasse could further spook investors. ... Wells Fargo & Co. has told government officials it should pay less than Bank of America Corp. or J.P. Morgan Chase & Co. ...The behind-the-scenes infighting has delayed a resolution and could prolong the months-long uncertainty over the ultimate cost of ending one of the biggest controversies stemming from the financial crisis." *Click here for more.*

Association of Mortgage Investors Expresses Grievances
Krista Franks (DSNews.com)
July, 28, 2011

"The Association of Mortgage Investors (AMI) sent letters to a handful of large banks last week expressing concerns on behalf of its members who hold residential mortgage-backed securities (RMBS) certificates." Click here for more.

The Banks Still Want a Waiver
Gretchen Morgenson (New York Times)
July 24, 2011

"HOW should banks atone for those foreclosure abuses — all the robo-signing and shoddy recordkeeping that jettisoned so many people from their homes? It has been four months since a deal to remedy this mess was floated. Not much has happened since — at least not publicly. Last week, banking executives and state attorneys general met in Washington to try to settle their differences. At issue was how much banks should pay, and how and to whom, to make this all go away. The initial terms, which emerged in March, were said to carry a $20 billion price tag. But here is a crucial question: to what extent would such a settlement protect banks from future liability? Will the attorneys general strike a deal that effectively prevents them from bringing new, unrelated lawsuits against the banks? Click here for more.

Colbert Report: Difference Makers - Patrick Rodgers
Colbert Report
July 27, 2011

"For too long, average homeowners have been powerless against big banks, but vampire Patrick Rodgers forecloses on the foreclosers." Click her for more.

Go Back to Table of Contents

Executive Compensation

Pop the cork, Dodd-Frank turns 1
Nicole Duran (The Deal – subscription required)
July 22, 2011

"While Democrats, Republicans and regulators continue to argue over financial regulatory overhaul, outside groups and industry used the one-year anniversary of the Dodd-Frank Act to home in on its on specific provisions. The AFL-CIO and Public Citizen both issued reports on the law's pay-disparity ratio disclosure requirement, which the Republican-controlled House Financial Services Committee is trying to repeal."

Click here to view the AFL/CIO' white paper entitled 'Why CEO-to-Worker Pay Ratios Matter For Investors'

Executive pay: The trickle-up effect
Brian Groom (FT – registration required)
July 27, 2011

"Top-level earnings are on the rise once more - eroding trust in business Vince Cable, Britain's outspoken business secretary, is fulminating about "outrageous" executive pay awards – and threatening government action. Across the developed world, bosses' earnings are bouncing back as profits recover from the recession. The political temperature is rising." Click here for more.

Go Back to Table of Contents

Interchange

Debit fees to pinch consumers
Ellis Smith (Chatanooga Times Free Press)
July 24, 2011

"Banking may never be the same after Oct. 1, as a new federal rule threatens to eliminate free checking and affect the way people use their debit cards. The new rule slashes in half the amount banks are allowed to collect from merchants for each debit card swipe. Lost revenue from swipe fees is expected to be made up with a bevy of new fees on card consumers, instead of merchants — who were granted relief by the Federal Reserve under the Dodd-Frank law, experts say." Click here for more.

Go Back to Table of Contents

Student Lending

On Strayer, For-Profit Ed, Grassley Cracks Down on Dept. of Ed
Dimitra DeFotis (Barron's)
July 27, 2011

"Here's a factoid worth noting as members of Congress toil away on deficit-busting bills: students at for-profit colleges represent 12% of all higher education students, 26% of all student loans and 46% of all student loan dollars in default, according to the U.S. Department of Education." Click here for more.

Grassley Wants To Know If DOE Officials Leaked To Hedgies
FINAlternatives (Hedge Fund & Private Equity News
July 29, 2011

"Senator Charles Grassley (R-Iowa) wants to know if Education Department officials shared confidential government information about the looming regulation of the for-profit college industry with hedge fund managers.In a letter to U.S. Education Secretary Arne Duncan, Grassley asks whether any of the Secretary's staffers might have leaked information about negotiations to regulate the for-profit college industry to hedge fund managers including Steve Eisman, the former FrontPoint Partners manager. Several investors (including Eisman) both lobbied for stricter rules governing the for-profit college industry and, anticipating such rules, placed huge bets against the industry." Click here for more.

Go Back to Table of Contents

OTHER

What Happens to Money Market Funds If Treasurys Get Downgraded?
John Carney (CNBC.com)
July 26, 2011

"Money market funds are required by law and by their own charters to hold only high-quality securities. So if the ratings agencies downgrade the credit of the United States, will they have to sell their Treasury holdings? This is a question that quite rightly has investors nervous." Click here for more.

ICYMI: Wall Street Letter to Congress
Ben White (Politico's Morning Money)
July 29, 2011

"From the letter sent by the Financial Services Forum to members of Congress: 'The consequences of inaction - for our economy, the already struggling job market, the financial circumstances of American businesses and families, and for America's global economic leadership - would be very grave. Our economic recovery remains very fragile. A default on our Nation's obligations, or a downgrade of America's credit rating, would be a tremendous blow to business and investor confidence - raising interest rates for everyone who borrows, undermining the value of the Dollar, and roiling stock and bond markets.' The letter was signed

by CEOs of Allstate, Bank of America, BNY Mellon, Citigroup, Inc., Edward Jones, Goldman Sachs, JPMorganChase, MetLife, Morgan Stanley, Prudential Financial, Inc., State Street Corporation, US Bancorp, and the Financial Services Forum's Rob Nichols. Full letter: http://politi.co/oVRaKu"

Issa: U.S. 'should' lose AAA
Glenn Thrush and Josh Gerstein (Politico)
July 25, 2011

"Rep. Darrell Issa (R-Calif.) isn't afraid of default - and the prospect of ratings agencies lowering America's sterling AAA credit rating? Bring it on! 'Until we stop spending more, we should be downgraded,' Issa, the head of the House oversight committee and a long-time fiscal hawk, told Don Imus Monday morning. ... "The reality is these rating agencies have no idea how to rate a 17-trillion-dollar economy like the United States. They have no idea how to rate the debt worthiness of a 14-trillion-dollar debt like the United States." Click here for more.

Treasury's Priorities List Might Cost Votes
Humberto Sanchez (Roll Call)
July 29, 2011

"Republican votes for a debt ceiling deal might be tougher to get after the Treasury Department unveils a priority list that ensures bondholders will be paid in the event that the debt limit is not raised by Aug. 2. Many Republican lawmakers have expressed doubts that Tuesday's deadline means the U.S. risks default on its debt and welcomed the Treasury's Thursday announcement." Click here for more.

Recession Study Finds Hispanics Hit the Hardest
Sabrina Tavernise (New York Times)
July 26, 2011

" Hispanic families accounted for the largest single decline in wealth of any ethnic and racial group in the country during the recession, according to a study published Tuesday by the Pew Foundation." Click here for more.

U.S. Money Market Funds Build Liquidity
Dan McCrum (FT – registration required)
July 27, 2011

"US money market funds are stockpiling cash in case Congress fails to raise the debt ceiling, distorting the short-term market for US government debt and raising borrowing costs for banks and other financial institutions. While the funds will continue to hold US Treasuries in the event of a downgrade or default, they are building up liquidity and shunning certain securities due to fears that a failure to raise the debt ceiling could trigger client redemptions." Click here for more.

Novel Website Exposes U.S. Chamber of Commerce Regulatory Snake Oil Tour
Press Release
July 25, 2011

"The U.S. Chamber of Commerce is ratcheting up its campaign and spending millions of dollars to weaken and eliminate essential public safeguards in the name of "regulatory reform." Recently, it hired former U.S. Sen. Evan Bayh of Indiana and George W. Bush White House Chief of Staff Andy Card to embark on a "road show" to spread its anti-regulatory gospel. As an answer to the Chamber's snake oil tour, the Coalition for Sensible Safeguards launched a new website today to serve as an informative and fun online destination where the myths of the hired peddlers are debunked. A visit to www.chambersnakeoiltour.org reveals how Big Business is deceiving the American public when it makes its case for upending the system that helps keep our water and air clean, consumer products safe, the financial system sound and much more." Click here for more.

Are the New Dodd-Frank Regulations Good for the Insurance Business?
Lena S. Rizkallah (Seeking Alpha)
July 27, 2011

"Almost a year after the Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Act") was signed, advisors are still unclear about how the provisions in it will affect the financial industry. Many advisors agree that, while some previously overlooked areas of the industry are now rightly being scrutinized, certain consumer protection provisions within the Act would unnecessarily allow government agencies to overreach their authority and over-regulate parts of the industry." Click here for more.

How to Liberate America from Wall Street Rule
New Economy Working Group (NEWGroup)
July 19, 2011

"The most powerful master is the one who rules unseen and unmentioned. Wall Street received a generous public bailout and quickly recovered. Main Street continues to languish. Politicians and pundits rarely inquire into the reasons for the disparity. Doing so would expose the reality that the United States is ruled as a plutocracy, not a democracy, and would focus citizen anger on the structure of the institutional system that gives Wall Street bankers their power." Click here for more.

Big companies beefed up their charitable giving last year
Eric Frazier, and Marisa Lopez-Rivera (USA Today)
July 25, 2011

"Charitable giving by America's biggest companies is expected to be flat this year, after a sharp rebound in 2010, according to a survey of 180 of the nation's largest businesses by The Chronicle of Philanthropy and USA TODAY. … Goldman Sachs, the investment bank, surged into second place by more than tripling its giving, to $315.4 million. Other financial companies also posted notable increases as their profits rebounded last year. Citigroup, which needed a government bailout to survive the downturn, rejoined the list of companies giving more than $100 million in cash. When ranking companies by the combined total of their cash and products, Pfizer topped the list by giving $3 billion in cash and products, followed by Oracle ($2.3 billion) and Merck ($1.1 billion)." Click here for more.

George Soros To Close Hedge Funds As Regulatory Climate Changes
Murray Coleman (Barron's)
July 26, 2011

"After nearly a four-decade run, billionaire George Soros is exiting the hedge funds business, sources are telling Bloomberg. Soros has decided to cease managing money for outside investors and will concentrate on his family's private portfolio, according to a letter sent to investors. Chief Investment Officer Keith Anderson is reportedly set to leave to look for other opportunities." Click here for more.

After Soros, Which Hedge Funds Go Dark?
Robert Holmes (The Street)
July 28, 2011

"George Soros' decision to return money from his hedge fund to outside investors has sparked worry that new regulations under Dodd-Frank will push hedge funds deeper into the dark." Click here for more.

Is George Soros a Hypocrite on Regulation?
Shira Ovide (WSJ blog - The Deal Journal)
July 28, 2011

***"George Soros** blamed government regulations for a decision to scale back his roughly $25 billion hedge fund. Now, a U.S. senator is calling out Soros for being a flip flopper. … Today, Sen. Richard Shelby said Soros was for such open kimono treatment for hedge funds, before he was against it. Here's what the Republican from Alabama said: 'It appears that Mr. Soros talked up financial reform only to sell it short. Don't be surprised to see his fellow Wall Street financiers follow suit. They'll use their political clout and legal muscle to sidestep Dodd-Frank while their smaller competitors and businesses take the hit.'" Click here for more.*

Go Back to Table of Contents

Upcoming Events

Joint CFTC/SEC

The staffs of the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC) will hold a joint public roundtable to discuss international issues related to the implementation of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

When Monday, August 1, 2011, 9:00 a.m.

Where: CFTC's Conference Center, 1155 21st Street NW, Washington, DC

Topic: International Issues relating to the Implementation of Title VII of the Dodd-Frank Act

Listening Information:

Call-in to a toll-free or toll-telephone line to connect to a live audio feed. Call-in participants should be prepared to provide their first name, last name and affiliation. Conference call information is listed below

Domestic Toll-Free Number: (866) 844-9416
International Toll Numbers: (203) 369-5026
Participant Passcode/Pin: 43160576

SEC

Field Hearing on the State of Municipal Securities Market

When: Friday, July 29 (8:30 a.m. - 4:00 p.m. Central Time; 9:30 a.m. - 5:00 p.m. Eastern Time)

What: **Field Hearing on the State of Municipal Securities Market**

Where: Rosewood Hall, City of Homewood, 2850 19th Street South, Homewood, AL 35209

Contact: (202) 551-5727

CFTC

Open Meeting on Three Final Rule Proposals under the Dodd-Frank Act

The Commodity Futures Trading Commission (CFTC) will hold a public meeting to consider three final rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

When: Thursday, August 4, 2011, 9:30 a.m.

Where: CFTC's Hearing Room, 1155 21st, NW, Washington DC

Topic: Commission meeting to consider five final rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act

Viewing/Listening Information: Watch a live broadcast of the meeting via webcast on www.cftc.gov. Call-in to a toll-free or toll-telephone line to connect to a live audio feed. Call-in participants should be prepared to provide their first name, last name and affiliation. Conference call information is listed below:

US Toll-Free: 866-844-9416

International Toll: International Numbers

Passcode: 5810508

FTC

Here is the link to the updated webpage for the next FTC auto lending roundtable: http://www.ftc.gov/bcp/workshops/motorvehicles/.

The FTC's second motor vehicle roundtable will take place at St. Mary's University School of Law, One Camino Santa Maria, San Antonio, Texas on August 2 - 3, 2011. Topics for the second roundtable may include motor vehicle sales and financing issues pertaining to military consumers, fair lending, and financial literacy. Additional information for the second roundtable will be posted on this webpage, when available.

Senate

Senate Banking, Housing, and Urban Affairs Committee

Nomination Hearing:

WITNESS: The Honorable Richard Cordray to be Director, Bureau of Consumer Financial Protection

DATE: Thursday, August 4, 2011

TIME: 2:00 P.M.

LOCATION: Room SD-538, Dirksen Senate Office Building

Full Committee Hearing:

"Housing Finance Reform: National Mortgage Servicing Standards"

WITNESS: Mr. Jack Hopkins, President and CEO, CorTrust Bank on behalf of the Independent Community Bankers of America, Ms. Faith Schwartz, Executive Director, Hope Now Alliance, and additional witnesses may be announced.

DATE: Tuesday, August 2nd, 2011

TIME: 10:00 A.M.

LOCATION: Room SD-538, Dirksen Senate Office Building

Subcommittee Hearing:

"Examining the Housing Finance System: The To-Be-Announced Market"
Subcommittee on Securities, Insurance, and Investment

WITNESS: Mr. Thomas Hamilton, Managing Director, Barclays' Capital, Mr. Paul Van Valkenburg, Principal, Mortgage Industry Advisory Corporation, Mr. Andrew Davidson, President, Andrew Davidson & Co., Inc., and additional witnesses may be announced.

DATE: Wednesday, August 3rd, 2011

TIME: 9:30 A.M.

LOCATION: Room SD-538, Dirksen Senate Office Building

CONTACT: Chip Unruh (Reed): 202-224-4642

SUBCOMMITTEE HEARING: "Debt Financing in the Domestic Financial Sector"
Subcommittee on Financial Institutions and Consumer Protection

WITNESS: Dr. Joseph Stiglitz, Professor of Finance and Economics, Columbia Business School, Columbia University, Dr. Edward Kane, Professor of Finance, Boston College, The Honorable Eugene A. Ludwig, Chief Executive Officer, Promontory Financial Group, Dr. Paul Pfleiderer, C.O.G. Miller Distinguished Professor of Finance, Stanford University Graduate School of Business

DATE: Wednesday, August 3rd, 2011

TIME: 2:00 P.M.

LOCATION: Room SD-538, Dirksen Senate Office Building

CONTACT: Meghan Dubyak (Brown): 202-224-3978

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

Senate Committee on Finance

No pertinent markups/hearings scheduled as of 7/28/11

Senate Committee on Agriculture, Nutrition, and Forestry

No pertinent markups/hearings scheduled as of 7/29/11

House

House Committee on Financial Services

Hearing entitled "Fixing the Watchdog: Legislative Proposals to Improve and Enhance the Securities and Exchange Commission"
Full Committee
August 4, 2011 10:00 AM in 2128 Rayburn HOB

House Small Business Committee

No pertinent markups/hearings scheduled as of 7/29/11

House Committee on Agriculture

No pertinent markups/hearings scheduled as of 7/29/11

Committee on Oversight and Government Affairs

No pertinent markups/hearings scheduled as of 7/29/11

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

No markups scheduled as of 7/29/11

Complied by our friend at NFHA:

DATE CORRECTION: August 26-27 – John Marshall Law School National Conference (Chicago, IL).