## THIS WEEK IN WALL STREET REFORM

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## *Big Picture*

**Wall Street Aristocracy Got $1.2 Trillion in Loans from Fed**
Bradley Keoun and Phil Kuntz (Bloomberg)
August 21, 2011

*"Citigroup Inc. (C) and Bank of America Corp. (BAC) were the reigning champions of finance in 2006 as home prices peaked, leading the 10 biggest U.S. banks and brokerage firms to their best year ever with $104 billion of profits. By 2008, the housing market's collapse forced those companies to take more than six times as much, $669 billion, in emergency loans from the U.S. Federal Reserve. The loans dwarfed the $160 billion in public bailouts the top 10 got from the U.S. Treasury, yet until now the full amounts have remained secret." Click here for more.*

**As housing crisis festers, mortgage servicers spend $8 million on political contributions**
Michael Hudson and Aaron Mehta (The Center for Public Integrity- iWatch News)
August 5, 2011

*"As the financial markets roil, one of the critical factors weighing down the U.S. economy is the flood of home foreclosures. Thursday's crash underscores how difficult it will be for the economy to make significant strides while the housing market is still in tatters. The pace of the housing market recovery may depend in part on the outcome of intense negotiations underway among state and federal authorities and the nation's five largest mortgage servicers…. Four of the five companies under scrutiny—Bank of America, JP Morgan, Wells Fargo and Citigroup — are major donors for state and federal political campaigns. Between them, they have donated at least $8 million since the start of 2009 to candidates, party committees and other political action committees, according to an* iWatch News *analysis of campaign finance data." Click here for more.*

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## *Rich Cordray Nomination*

**AFR Petition- Support the Nomination of Rich Cordray to Direct the Consumer Financial Protection Bureau**

*Dear Senators,*

*The President has nominated former Ohio Attorney General Rich Cordray as the first director of the Consumer Financial Protection Bureau (CFPB). The CFPB will not have its full authority to protect consumers, especially against non-bank financial players, until it has a director. Rich Cordray has been praised by all sides and deserves your support.*

*We, the undersigned, urge you to vote to support the nomination of Rich Cordray to direct the CFPB.*

**Click here for sign the petition.**

**Letter-to-the-Editor - Politics: Rehberg voting in banks' favor**
*Susan Estep, Missoula (Missoulian)*
August 25, 2011

*"Montanans continue to suffer from the bank crash: Unemployment in the state rose for the second straight month; foreclosures remain a problem. Yet Rep. Denny Rehberg voted before he left Washington for the August recess to protect abusive bankers from regulation aimed at arresting the 'deceptive and unfair' practices that landed too many home buyers and other borrowers in a financial morass. Rehberg voted with the banking lobby to cut the powers of the newly established Consumer Financial Protection Bureau. Banks spend $1.4 million lobbying EACH DAY, and count as a prime campaign contribution source for House members. Rehberg accepted more money from Wall Street interests (including securities firms, banks and real estate interests) than any other sector, topping energy and natural resource companies. Rehberg should be voting Montana's interests, not those of bankers." This is the full letter-to-the-editor.*

## *CFPB and Consumer Issues*

**What Do You Think the CFPB Should Crack Down On?**
Martha C. White (Time)
August 18, 2011

*"A consortium of consumer groups led by the **National Consumer Law Center** submitted a detailed comment letter to the Consumer Financial Protection Bureau. It's a wish list of sorts, a round-up of shady business models and practices that part unsuspecting Americans from their money. The letter focuses on nonbank financial products and services — things like prepaid debit cards, payday lenders and check-cashing operations and credit reporting bureaus. Right now, these types of businesses and their offerings are regulated under a patchwork of state rules, if they're even regulated at all. The full letter can be read here." Click here for more.*

**Big banks offer payday loans by another name**
Candace Choi (AP)
August 24, 2011

*"Payday loans may be coming to a bank near you. They're marketed under a different name, but a handful of major banks already let customers borrow against their paychecks for a fee. And there are signs the option may soon become more widely available. … 'When you're allowed to be indebted for six billing cycles in a row, that's not a short-term loan,' says Uriah King, vice president for state policy at the **Center for Responsible Lending**, an advocacy group based in North Carolina. 'They call them short-term loans, but that's just not how they're used. And banks know that.'" Click here for more.*

**Gen. Petraeus' wife fights against troop scams**
Kristin M. Hall (AP)
August 24, 2011

*"Army Staff Sgt. David Madeux, 26, thought he was getting a good deal on a laptop that he needed to stay in touch with family while deployed to Iraq. He didn't have any cash, but the business he was working with offered him financing. 'They had easy financing and they did it right then and there and I walked out with a laptop in less than 30 minutes,' said the Fort Campbell, Ky., soldier. What he didn't know was that he had agreed to pay $189 a month for three years for a laptop that broke three months later. Scams like these that prey on young, inexperienced soldiers and their families are increasing, said Holly Petraeus, who is the wife of Gen. David Petraeus and has become a leading advocate for consumer protections for the military. … Petraeus is the director of the Office of Servicemember Affairs within the Consumer Financial Protection Bureau, a new agency created out of the financial system overhaul act signed into law a year ago." Click here for more.*

**Op-ed - Consumer advocates fear that more traditional banks will be offering payday loans**
Eileen Ambrose (The Baltimore Sun)
August 22, 2011

*"If you are offered a short-term advance on your paycheck at a triple-digit interest rate, you might think you're being pitched a payday loan — a product that's basically banned in Maryland and other states with rate caps. But what if that deal came from your bank? A few banks, including Wells Fargo & Co., offer deposit advance programs that allow customers with direct deposit to borrow against their next paycheck. The bank collects its due when the paycheck is directly deposited in the account a week or so later. It also pockets a fee for making the loan." Click here for more.*

**State official: new U.S. bureau will help states overcome consumer financial protection roadblocks**
Ted Knutson (Reuters – subscription required)
August 26, 2011

*"The new U.S. Consumer Financial Protection Bureau will likely help state attorneys general overcome years of consumer protection roadblocks from the Office of the Comptroller of the Currency, North Carolina Attorney General Roy Cooper told* Thomson Reuters *Thursday. Cooper, a third-term Democrat, chairs the CFPB working group of the National Association of Attorneys General, a nationwide umbrella and advocacy organization." Click here for more.*

**Bureau's Disclosure Policy Goes Beyond Comment Letters**
Kate Davidson (American Banker – subscription required)
August 22, 2011

*"The Consumer Financial Protection Bureau said Monday it will disclose correspondence with the public about pending rules even if it is made outside the comment-letter process. Typically, regulators will designate a period for the public to weigh in about a proposed regulation with formal submitted letters. But the consumer bureau's policy will go beyond that. The bureau will now require public disclosure of most other types of interactions, which are typically known as 'ex parte' presentations." Click here for more.*

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## *Shadow Markets and Systemic Risk*

**Traders unprepared for anti-fraud rules**
Brooke Masters and Gregory Meyer in New York and Philip Stafford in London (FT – registration required)
August 21, 2011

*"Tough new anti-fraud and manipulation rules for futures and swaps that came into effect last week have caught trading firms unprepared for a coming crackdown. Traders are crowding into seminars and some firms are stepping up investment in surveillance technology as they seek to catch up with the rules passed last month by the Commodity Futures Trading Commission." Click here for more.*

**In Fed's Move on Capital One Deal, a Test of Dodd-Frank**
Steven M. Davidoff (Dealbook/NYT)
August 23, 2011

*"Capital One is the latest bank accused of being 'too big to fail.' A proposed $9.2 billion purchase of the online bank ING Direct would make Capital One the fifth-largest bank in the United States with more than $200 billion in deposits. But before this acquisition can be completed, it requires clearance from the Federal Reserve, Capital One's chief regulator. The Dodd-Frank Act requires that the Federal Reserve weigh the systemic risk of the combined company. If the risk outweighs the benefits of the transaction, the deal must be blocked. …Community interest groups led by the **National Community Reinvestment Coalition**, which oppose the deal, say that Capital One is already classified under Dodd-Frank as systemically important since it has more than $50 billion in assets. Why should any such bank be allowed to get bigger?" Click here for more.*

**Regulators to require minimum derivatives data**
Huw Jones (Reuters in London)
August 24, 2011

*"Banks must report a minimum set of data on their derivatives trades from the end of next year to help regulators monitor financial stabilty and spot abuses, a draft plan from market supervisors and central bankers said on Wednesday. Regulators want a full picture of the $600 trillion off-exchange derivatives market at all times by requiring banks to provide transaction details to repositories. Supervisors were alarmed during the financial crisis when they were not able to quickly see who was exposed to U.S. bank Lehman Brothers when it collapsed in September 2008, which hampered their policy response. The Group of 20 leading economies (G20) called in 2009 for derivatives to be centrally cleared and transactions reported to repositories by the end of 2012." Click here for more.*

**European shorting ban extended**
Jennifer Hughes and James Mackintosh in London (FT – registration required)
August 25, 2011

*"Short-selling bans on selected European bank stocks have been extended by regulators until the end of September in an unprecedented degree of regulatory co-ordination. French, Spanish, Italian and Belgian regulators said the bans, which cover nearly 60 companies and were first introduced two weeks ago, were still necessary to calm excessive market volatility." Click here for more.*

**Click here** to view CFTC Chairman Gary Gensler's prepared remarks during the Conference on Commodity Markets.

**Excerpt:**

> *"Three years ago, our country's largest financial institutions were trading swaps in the shadows and this marketplace contributed to and helped accelerate the financial system's downward spiral. Though the crisis had many causes, it is clear that the swaps market played a central role. Swaps added leverage to the financial system – more risk was backed by less capital. …Congress and the President came together and responded to this crisis by passing a historic law, the Dodd-Frank Wall Street Reform and Consumer Protection Act. The law includes many important provisions, but two overarching goals of reform include: bringing transparency to the swaps market and lowering the risks of this market to the overall economy. A year after the Dodd-Frank Act became law, there are those who would like to roll back its provisions and even return to the environment that led to the 2008 crisis. But as you know, economists have agreed for decades that transparency actually reduces costs. This law and our corresponding rules are about transparency."*

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**Commodity Speculation**

**Oil Prices Set to Slip if Rebels Win Libya**
Liam Pleven and Benoît Faucon (WSJ – subscription required)
August 22, 2011

*"A rebel victory in Libya would likely put added downward pressure on oil prices, which are already falling amid concerns about the slowing economy, experts say. Oil prices came under pressure Monday, falling around $3 a barrel on the front-month Brent crude futures contract, as investors reacted to news that rebel forces had entered Tripoli Sunday, fueling hopes that the six-month conflict is nearing an end." 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"

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## *Foreclosures and Housing*

**Coalition Demands Fair Settlement for Homeowners in state Attorneys General Investigation**
**Click here** to view the coalition letter to state Attorneys General urging a strong settlement for homeowners as the investigation into robo-signing concludes.

**Excerpt:**

> *"In the midst of the continuing foreclosure crisis, and with negotiations between State Attorneys General, Federal Agencies and the major servicers reaching a pivotal point, we are writing to urge a strong settlement to the legal actions under discussion, and one that leaves open the path for further needed actions to hold lawbreakers accountable.*
>
> *Since early 2007 more than 7.5 million homes have entered the foreclosure process, 4.8 million borrowers are at risk of foreclosure now, and the crisis continues, with more households drawn in to the danger zone every day. Default and foreclosure rates are many times higher than they have been at any time since the great depression, and the damage has impacted every corner of our country, including urban and rural areas, and families of every kind. It has also had a particularly destructive impact in minority communities and is a major cause of the more than 50% drop in wealth among black and Latino families since the financial crisis began."*

**Number of Delinquent Mortgages on the Rise Again**
CNBC.com
August 22, 2011

*"After several quarters of improvements, the number of U.S. homeowners who are late on their mortgages increased in the second quarter, according to a survey by the Mortgage Bankers Association (MBA). The second-quarter mortgage delinquency rate rose to 8.44 percent of all mortgage loans outstanding, according to the MBA's Mortgage Deliquency Survey. That is an increase of 0.12 percent from the previous quarter, but is still down 1.41 percent from the same period a year ago." Click here for more.*

**Editorial - Homeowners Need Help**
NYT Editorial
August 21, 2011

*"Neither Congress, nor federal regulators, nor state or federal prosecutors have yet to conduct a thorough investigation into the mortgage bubble and financial bust. We welcomed the news that the Justice Department is investigating allegations that Standard & Poor's purposely overrated toxic mortgage securities in the years before the bust. We hope the investigative circle will widen. But a lot more needs to be done to address the continuing damage from the mortgage debacle. Tens of millions of Americans are being crushed by the overhang of mortgage debt. And Congress and the White House have yet to figure out that the economy will not recover until housing recovers — and that won't happen without a robust effort to curb foreclosures by modifying troubled mortgage loans." Click here for more.*

**Billions Meant for Struggling Homeowners May Pay Down Deficit Instead**
Lois Beckett (ProPublica.org)
August 25, 2011

*"With housing prices dropping sharply, and foreclosure filings against more than 1 million properties in the first half of this year, the Obama administration is scrambling for ways to help homeowners. One place they won't be looking: an estimated $30 billion from the bailout that was slated to help homeowners but is likely to remain unspent." Click here for more.*

**U.S. May Back Refinance Plan for Mortgages**
Shaila Dewan and Louise Story (NYT)
August 24, 2011

*"The Obama administration is considering further actions to strengthen the housing market, but the bar is high: plans must help a broad swath of homeowners, stimulate the economy and cost next to nothing. One proposal would allow millions of homeowners with government-backed mortgages to refinance them at today's lower interest rates, about 4 percent, according to two people briefed on the administration's discussions who asked not to be identified because they were not allowed to talk about the information." Click here for more.*

**Consumer Action - Help for Troubled Homeowners**
Consumer Action (Press Release)
August 25, 2011

*"Consumer Action today released a free resource guide to help struggling homeowners at all stages in the foreclosure process. Housing Help: Consumer Action's Foreclosure Prevention Guide lists the variety of government and private programs and websites where homeowners can learn if they are eligible for help in saving their homes from foreclosure. The free guide, which can be downloaded from Consumer Action's website, describes each program's features, explains who is eligible for assistance, and lists contact information for the programs." Click here for more.*

**'MERS morass' is hanging up negotiations on foreclosure settlement**
Brady Dennis, (Washington Post)
August 24, 2011

*"State and federal officials negotiating a settlement with the nation's biggest banks over shoddy foreclosure practices are hung up on how they should deal with a Reston-based company that has acted as a proxy for financial firms throughout the country for more than a decade. Some officials refer to the dilemma as the*

*“MERS morass,” referring to [Mortgage Electronic Registration Systems](), whose vast but controversial registry contains roughly 65 million mortgages.” [Click here for more.]()*

**New York Attorney General Kicked Off Government Group Leading Foreclosure Probe**
Shahien Nasiripour (The Huffington Post)
August 23, 2011

*“New York Attorney General Eric Schneiderman on Tuesday was kicked off the committee leading the 50-state task force charged with probing foreclosure abuses and negotiating a possible settlement agreement with the nation's five largest mortgage firms, according to an email reviewed by The Huffington Post.” Click here for more.*

**Click here** to view the press statement from The New Bottom Line.

**Excerpt:**

> *“The news that Iowa Attorney General Tom Miller has summarily dismissed New York Attorney General Eric Schneiderman from the executive committee of the 50 state Attorney General robo-signing and servicing settlement talks is just the latest example of the Obama Administration and their allied Attorneys General's full court press for a settlement - any settlement - at the expense of real accountability for banks and real relief from homeowners.”*

**Attorney General of N.Y. Is Said to Face Pressure on Bank Foreclosure Deal**
Gretchen Morgenson (NYT)
August 21, 2011

*“Eric T. Schneiderman, the attorney general of New York, has come under increasing pressure from the Obama administration to drop his opposition to a wide-ranging state settlement with banks over dubious foreclosure practices, according to people briefed on discussions about the deal. …Mr. Schneiderman and top prosecutors in some other states have objected to the proposed settlement with major banks, saying it would restrict their ability to investigate and prosecute wrongdoing in a variety of areas, including the bundling of loans in mortgage securities. But Mr. Donovan and others in the administration have been contacting not only Mr. Schneiderman but his allies, including consumer groups and advocates for borrowers, seeking help to secure the attorney general’s participation in the deal, these people said. One recipient described the calls from Mr. Donovan, but asked not to be identified for fear of retaliation.” Click here for more.*

**Schneiderman Pushes Back, Reiterates Vow to Fully Investigate Mortgage Scandal Top to Bottom**
David Dayen (Firedoglake.com)
August 25, 2011

*“One thing I’ve observed about Eric Schneiderman since he became the New York Attorney General is that he goes about his work. He doesn’t show up in the media, he doesn’t write op-eds for the New York Times. He makes his arguments in court, as befitting the state’s top prosecutor. The New York AG position has been a high-profile one for a long time, from Andrew Cuomo to Eliot Spitzer and even before that. But Schneiderman is more concerned with his mission than with press clippings. So when he was pressured by the White House and then booted off the executive committee ‘investigating’ foreclosure fraud, I didn’t really expect him to run to the media. Instead, he let his constituents know he was planning to keep working for them.” Click here for more.*

**Can housing policy be an effective stimulus?**
Brad Plumer (WP – Ezra Klein’s blog)
August 23, 2011

*“As we saw with Texas, the shape of a state’s housing market can go a long ways in predicting local economic conditions. Note that there is a strong correlation between the percentage of underwater mortgages in a state (i.e., mortgages on which the homeowner owes more than his property is worth) and the unemployment rate: Click here for more.*

**Kicking Assets**
Zigas & Associates (Zigas blog)
August 19, 2011

*"The government last week launched a new 'Request for Information (RFI)' asking for suggestions about how to take Fannie Mae's, Freddie Mac's and FHA's inventory of foreclosed homes and move it in bulk into the hands of private investors so they can convert them to rental units. The solicitation states that it is seeking 'ideas for sales, joint ventures, or other strategies to augment and enhance Real Estate-Owned (REO) asset disposition programs of Fannie Mae and Freddie Mac (the Enterprises) and the Federal Housing Administration (FHA).... A specific goal is to solicit ideas from market participants that would maximize the economic value that may arise from pooling the single-family REO properties in specified geographic areas.' I'm glad the Administration has reawakened its interest in the housing markets after two years of the weak showing of its flagship 'Making Home Affordable' mortgage modification program. Maybe the solicitation will generate proposals to optimize the GSEs' management of their REO and use existing public investments in the firms to achieve long-term public benefits. But it's much more likely to elicit offers from private equity to buy properties in bulk at a steep discount to convert to rentals and ultimate resale. If this is the case, it seems to me the Administration would be deliberately throwing away an opportunity to turn the GSE lemons into at least a weak lemonade and missing the chance to use its stranglehold on Fannie Mae and Freddie Mac to do something useful." Click here for more.*

**Obama Goes All Out For Dirty Banker Deal**
Mattt Taibbi (Rolling Stone)
August 24, 11:17

*"A power play is underway in the foreclosure arena, according to the* New York Times*. On the one side is Eric Schneiderman, the New York Attorney General, who is conducting his own investigation into the era of securitizations – the practice of chopping up assets like mortgages and converting them into saleable securities – that led up to the financial crisis of 2007-2008. On the other side is the Obama administration, the banks, and all the other state attorneys general. This second camp has cooked up a deal that would allow the banks to walk away with just a seriously discounted fine from a generation of fraud that led to millions of people losing their homes." Click here for more.*

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## *Executive Compensation*

**Battle is brewing over executive pay**
Michael Hiltzik (Tribune Newspapers)
August 23, 2011

*"When Nintendo slashed the price of its 6-month-old 3-D game device by nearly a third (to $169.99) a few weeks ago, company President Satoru Iwata voluntarily took a 50 percent pay cut. That wasn't the first time in history that a corporate CEO took a pay cut. But what made the event more unusual was Iwata's choice of whom to blame for the botched rollout of the Nintendo 3DS — himself. …But it's proper to pay attention to these issues now, because federal regulators are drawing up new rules for executive pay disclosures, and because the rules have become the focus of a new fight in Washington over how much CEOs should get paid and how that figure should be communicated to the public. The immediate issue is a provision of the Dodd-Frank Act, the corporate and Wall Street regulatory overhaul act passed last year to address some of the financial abuses uncovered in the wake of the 2008 crash. In the year since its passage, Dodd-Frank has become a target of business leaders and conservative lawmakers who blame it for creating "uncertainty" in corporate boardrooms and, therefore, hampering job creation." Click here for more.*

**Investors Urge the SEC to Appeal Proxy Access Decision**
Ted Allen (ISS Blog)
August 24, 2011

*"The Council of Institutional Investors (CII), which represents public, labor, and corporate pension funds, has urged the Securities and Exchange Commission to seek additional judicial reconsideration of the federal appeals court decision that struck down the SEC's proxy access rule. The council is asking the SEC to seek*

*an en banc rehearing from the full U.S. Court of Appeals for the D.C. Circuit. The proposed marketwide access rule, Rule 14a-11, would allow long-term investors to join together to nominate board candidates to appear on management proxy statements. The commission adopted the rule by a 3-2 vote in August 2010 after more than 14 months of deliberation and receiving more than 500 comments from companies, investors, and others. CII supports Rule 14a-11 and joined with 14 investors to file an amicus brief in the access case." Click here for more.*

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## *Interchange*

**New Regs Spur Wells Fargo Monthly Fee For Debit Cards**
Forbes
August 25, 2011

*"Wells Fargo has started a pilot program in several parts of the country to understand how customers will respond to a monthly fee on their debit cards.* [1] *The bank, which holds the distinction of being the second-largest bank in the U.S. in terms of deposits held, will charge a $3 monthly charge to all customers who use their debit or ATM card for making purchases at merchant establishments." Click here for more.*

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## *Student Lending*

**Party Ends at For-Profit Schools**
Melissa Korn (WSJ - subscription required)
August 23, 2011

*"For-profit colleges are facing a tough test: getting new students to enroll. New-student enrollments have plunged—in some cases by more than 45%—in recent months, reflecting two factors: Companies have pulled back on aggressive recruiting practices amid criticism over their high student-loan default rates. And many would-be students are questioning the potential pay-off for degrees that can cost considerably more than what's available at local community colleges." Click here for more.*

**Regulatory Reform Must Target U.S. Department of Education's Wasteful Gainful Employment Regulation**
iStock Analyst
August 24, 2011

*"This week, the Obama Administration announced new policies to update, streamline or repeal burdensome regulations. According to the Administration, these final plans reduce costs, simplify the regulatory system and eliminate redundancy and inconsistency. At the same time, the U.S. Department of Education is working to implement its recently finalized gainful employment regulation, which represents the antithesis of everything the Administration says it stands for in regulatory reform." Click here for more.*

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## *FTT*

**Why We Need A Financial Transactions Tax**
John Fullerton (Capital Institute)
August 21, 2011

*"Speculators may do no harm as bubbles on a steady stream of enterprise. But the situation is serious when enterprise becomes the bubble on a whirlpool of speculation. - John Maynard Keynes, Speculator and Economist You know you've hit a hot button when publicly traded stock exchanges, futures brokers, and a host of bank stocks get slammed with the simple mention of a financial transactions tax ('FTT'). The*

*market's response is understandable – even a small transactions tax would have a significant impact on the high frequency trading and other 'quant' trading strategies that now comprise an astonishing 70% of vastly bloated equity trading volume. The truth is simple: A modest financial transactions tax of less than 1% would serve as a remarkably efficient tool to achieve needed reform. To give it real teeth, it should be a dynamic tool of our systemic risk regulators, with the taxation rate automatically increasing during periods of heightened market volatility." [Click here for more.]*

**A Sales Tax on Wall Street Transactions**
Nancy Folbre (Guest blog – NYT Economix)
August 22, 2011

*"Most of us pay state and local sales taxes on most things we buy, and most casino gambling is subject to state taxes ranging from up to 6.75 percent in Nevada to 55 percent on slot machines in Pennsylvania. But speculative purchases of stocks, bonds and other financial instruments in the United States go untaxed but for a tiny fee (less than a half-cent) on stock trades that helps finance the Securities and Exchange Commission." Click here for more.*

## OTHER

**On Wall St., a Big Split on Outlook**
Nelson D. Schwartz and Eric Dash (NYT)
August 21, 2011

*"Amid all the grim economic data and a chorus of warnings of a fresh recession, one group on Wall Street has remained remarkably optimistic despite the dangers that may lie ahead — the research analysts who track individual companies. Typically bullish in the best of times, this group has barely budged on its expectations for earnings in the second half of 2011, even as the economists and strategists at the big brokerage firms have steadily ratcheted down their forecasts for overall economic growth." Click here for more.*

**White House issues new rules to cut bureaucratic red tape**
David Nakamura (Washington Post)
August 23, 2011

*"The Obama administration released final plans Tuesday to streamline the federal bureaucracy by eliminating hundreds of regulatory requirements across two dozen agencies, an overhaul that officials said could save $10 billion over five years. Administration officials hailed the reforms, which came in response to President Obama's January decree to cut red tape, as a way to spur job creation by freeing businesses from burdensome rules that hindered growth. But Robert Weissman, president of Public Citizen, a nonprofit lobbying group, said the White House appeared eager to curry political favor of big business at the expense of consumers. 'It's worrisome because it suggests the White House is going to ease up on enforcement and slow down on health, safety and environmental protections,' Weissman said." Click here for more.*

**Supercommittee may call for K St. creativity**
Dave Levinthal (Politico)
August 20, 2011

*"Lobby shops and their clients are fast realizing that a full frontal assault on Congress's budget-slashing supercommittee may not be a fruitful strategy — particularly as some committee members and senior congressional staffers suggest that K Street won't be terribly welcome at their negotiating table. K Street's worry is that it won't be business as usual in Washington, where lobbyists famously enjoy open access to lawmakers." Click here for more.*

**Is the SEC Covering Up Wall Street Crimes?**
Matt Taibbi (Rolling Stone)
August 17, 2011

*"Imagine a world in which a man who is repeatedly investigated for a string of serious crimes, but never prosecuted, has his slate wiped clean every time the cops fail to make a case. No more Lifetime channel specials where the murderer is unveiled after police stumble upon past intrigues in some old file – "Hey,*

*chief, didja know this guy had* two *wives die falling down the stairs?" No more burglary sprees cracked when some sharp cop sees the same name pop up in one too many witness statements. This is a different world, one far friendlier to lawbreakers, where even the* suspicion *of wrongdoing gets wiped from the record. That, it now appears, is exactly how the Securities and Exchange Commission has been treating the Wall Street criminals who cratered the global economy a few years back. For the past two decades, according to a whistle-blower at the SEC who recently came forward to Congress, the agency has been systematically destroying records of its preliminary investigations once they are closed. By whitewashing the files of some of the nation's worst financial criminals, the SEC has kept an entire generation of federal investigators in the dark about past inquiries into insider trading, fraud and market manipulation against companies like Goldman Sachs, Deutsche Bank and AIG. With a few strokes of the keyboard, the evidence gathered during thousands of investigations – "18,000 ... including Madoff," as one high-ranking SEC official put it during a panicked meeting about the destruction – has apparently disappeared forever into the wormhole of history." Click here for more.*

**Goldman CEO hires prominent defense lawyer**
Andrea Shalal-Esa (Reuters)
August 22, 2011

*"Goldman Sachs Chief Executive Lloyd Blankfein has hired high-profile Washington defense attorney Reid Weingarten, according to a government source, as the Justice Department continues to investigate the bank. Blankfein, 56, is in his sixth year at the helm of the largest U.S. investment bank, which has spent two years fending off accusations of conflicts of interest and fraud." Click here for more.*

**Economists Undermine Rep. Issa's Attack On Regulation**
Brian Powell (Political Correction – Media Matters Action Network)
August 24, 2011

*"House Oversight Committee Chairman Darrell Issa (R-CA), along with fellow Republicans and right-wing media, have repeatedly pushed the distorted assertion that government regulation is a nefarious bogeyman scaring away jobs and burdening businesses with compliace costs of $1.75 trillion a year. Issa's corporate donors complain loudly about their legal responsibility to protect the safety and equality of their employees and the well-being of the public's air and water supplies. Their calls have been answered by the Oversight Committee, which has solicited a hit list of regulations to be eliminated and has fought at every step to keep the banking industry from being held accountable for its role in the economic slowdown. Issa claims that regulations are bad for the economy. But a 50-year-oldassociation of professional economists begs to differ. A survey completed by the National Association for Business Economics (NABE) found "80 percent of survey respondents felt that the current regulatory environment was 'good' for American businesses and the overall economy." From the survey's summary:" Click here for more.*

**FDIC has to face $10 billion WaMu-related lawsuit**
Tom Hals (Reuters)
August 23, 2011

*"A federal judge ruled that the Federal Deposit Insurance Corp has to face a $10 billion lawsuit tied to the failure of Washington Mutual Bank. The judge refused the FDIC's request to dismiss the lawsuit brought by Deutsche Bank National Trust Co over bad mortgages that were securitized by Washington Mutual." Click here for more.*

**FDIC Q2 Report**
Josh Borak (Politico's Morning Money)
August 24, 2011

*"What we know because of the newly released FDIC Q2 banking profile: 1.) For the first time since late 2006, there are fewer "problem" banks; 2.) Earnings increased - particularly among mega banks - as less money was socked away to protect against losses; 3.) Revenues fell; 4.) Lending inched up by less than a percentage point after falling for the previous four quarters." Click here for more.*

**Here's Why Bank Of America's Stock Is Collapsing Again**
Henry Blodget (Business Insider)
August 23, 2011

*"It's deja vu all over again. The stock of a humongous American bank, [Bank of America] (BAC), is collapsing. This is stoking fears that [Bank of America] will go bust, taking the whole economy down with it. Why is Bank of America's stock tanking? Because the market thinks [Bank of America] is worth much less than Bank of America's management says it is." [Click here for more.]*

**Buffett to Invest $5 Billion in Shaky Bank of America**
Nelson D. Schwartz (NYT)
August 25, 2011

*"Warren E. Buffett, the legendary investor, is sinking $5 billion into Bank of America in a bold show of faith in the country's biggest, and most beleaguered, financial institution. It comes amid deepening worries about the long-term health of the company, which has already had to set aside roughly $20 billion to atone for its mortgage misdeeds at the height of the housing bubble." [Click here for more.]*

**JPMorgan to Pay $88.3 Million for Sanctions Violations**
Kevin Roose (Dealbook/NYT)
August 25, 2011

*"JPMorgan Chase has agreed to pay $88.3 million as part of a settlement with the Treasury Department over a series of transactions involving Cuba, Iran and Sudan, the agency said on Thursday. The Treasury Department's Office of Foreign Assets Control said in a news release that JPMorgan processed wire transfers totaling around $178.5 million for Cuban nationals in late 2005 and early 2006, violating United States embargo laws. The bank's officers discovered the transfers in 2005, after they were tipped off by another financial institution, but failed to report them and did not take adequate steps to prevent more transfers, according to the statement. The release did not say which institution made the initial discovery." [Click here for more.]*

**Romney would repeal Dodd-Frank law**
Shira Schoenberg (Boston Globe)
August 24, 2011

*"Republican presidential candidate Mitt Romney has sharpened his critique of the financial regulatory overhaul signed by President Obama. In response to the financial meltdown, Obama and Congress passed the Dodd-Frank bill, Wall Street reform legislation that enacted consumer protections, reformed some derivatives trading, and imposed new regulations on mortgage lenders and hedge funds." [Click here for more.]*

**Romney: Banks are my friends, people**
John Papagiannis (Public Campaign Action Fund)
August 25, 2011

*"'It's not healthy for rich people to feel maligned.' That's a recent quote from a Wall Street executive, who has shifted his campaign giving from President Obama to Mitt Romney. According **[to that article]**, "67 people who work in the financial sector and live in the New York City metro area gave to Obama in 2008 and to the former Massachusetts governor in 2011." It's probably not surprising then that Republican presidential hopeful, Mitt Romney, said yesterday that **[he would repeal]** the Dodd-Frank Financial reform legislation. 'The extent of regulation in the banking industry has become extraordinarily burdensome following Dodd-Frank,' Romney said at a campaign stop in New Hampshire." [Click here for more.]*

**Rick Perry woos K Street and Wall Street**
Kenneth P. Vogel & Maggie Haberman & Dave Levinthal
August 25, 2011

*"Rick Perry has directed plenty of scorn toward the Beltway and Wall Street, but for years he's also been raising money from a small pool of deep-pocketed donors in the Washington and New York metropolitan areas to finance his successful runs for Texas governor. As his presidential campaign gears up, he has stepped up his efforts to broaden his fundraising networks in those two reservoirs of establishment*

*Republican wealth, wooing D.C.'s lobbying community, and working to set up operations in the two towns by among other things, trying to poach key supporters from his chief rival for the GOP nomination, Mitt Romney."* *Click here for more.*

**Louisville Slugger: Yarmuth Wants Geithner Out**
Jonathan Allen (Politico's Huddle)
August 26, 2011

*"Rep. John Yarmuth (D-Ky.) tells Huddle he repeatedly pressed Obama adviser David Axelrod to replace Treasury Secretary Tim Geithner with someone who had broader experience and a better ability to communicate with the public about the economy. 'I'd rather have somebody else in that position,' Yarmuth said in a telephone interview last night. He said Geithner and other Obama economic officials have a 'very narrow view' of the economy and that the only person in the administration who can talk about the economy in ways that are accessible to average Americans is Vice President Joe Biden. Earlier in the day Sen. Rand Paul (R-Ky.) had said at a Kentucky Farm Bureau event that he will call for Geithner's resignation when lawmakers return to Washington, and Yarmuth more or less agreed in a separate televised interview. Yarmuth said that Geithner was the only person in the president's Cabinet that he had expressed concerns about because Geithner, who was previously chairman of the New York Fed, 'came from the same world that caused the problem.' Video of Paul and Yarmuth interviews, via WDRB TV http://bit.ly/putGu5"*

**Americans Choose Gold as the Best Long-Term Investment**
Dennis Jacobe, Chief Economist (Gallup)
August 25, 2011

*"Thirty-four percent of Americans say gold is the best long-term investment, more than say so about four other types of investments. Real estate (19%) and stocks (17%) are distant second choices." Click here for more.*

**Harrisburg Counting on $7.5 Million**
Michael Corkery (WSJ – subscription required)
August 26, 2011

*"Harrisburg, the financially strapped capital of Pennsylvania, will likely miss a bond payment next month if a deal to obtain $7.5 million in borrowed cash falls through, a spokesman for the mayor said Thursday." Click here for more.*

**Moody's cuts Japan rating, blames politics**
Rie Ishiguro and Kaori Kaneko (Reuters in Tokyo)
August 24, 2011

*"Moody's Investors Service cut its rating on Japan's government debt by one notch to Aa3 on Wednesday, blaming a build-up of debt since the 2009 global recession and revolving-door political leadership that has hampered effective economic strategies." Click here for more.*

**Deutsche Boerse-NYSE clear U.S. regulatory hurdle**
Harriet Torry (MarketWatch)
August 23, 2011

*"German exchange operator Deutsche Boerse AG (DB1.XE) said Tuesday its proposed merger with NYSE Euronext (NYX) has cleared an important regulatory hurdle after the Committee on Foreign Investment in the U.S. reviewed it without objection, but analysts believe the focus remains on the decisive European antitrust ruling expected in late 2011." Click here for more.*

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## *Upcoming Events*

**House and Senate are in pro forma session until September 6, 2011**

**Complied by our friend at NFHA:**

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

**SEC**

**When:** Wednesday, August 31
**Who: The Commission**
**What:** Open Meeting
See Sunshine Act Notice
**Where:** Auditorium, Room L-002, 100 F Street, NE, Washington, DC 20549 Contact: Office of the Secretary, (202) 551-5400

**CFTC**

No public hearings as of 8/26/11

### Senate

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

FULL COMMITTEE HEARING: Nomination Hearing

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

DATE: Postponed until September 6, 2011

TIME: 2:30 P.M.

LOCATION: Room SD-538, Dirksen Senate Office Building

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

**From the Roosevelt Institute:**

There is ongoing discussion about the role of Fannie Mae and Freddie Mac in the financial crisis. Looking back, did government-sponsored enterprises contribute to the crisis? And moving forward, what kind of housing market do we want to have and what will the federal government need to do?

Please join Roosevelt Institute Senior Fellows **Rob Johnson, Jeff Madrick,** and **Joseph Stiglitz** along with Fellow **Mike Konczal** in Washington D.C. as we examine these questions and the future of housing policy in America.

***The Government's Role in Housing Policy***

September 13, 2011
8 a.m.-12:30 p.m.
at the Capitol Hill Visitors Center, Room SVC 212-210

Featuring keynote speakers

- **Phil Angelides**, Chairman of the Financial Crisis Inquiry Commission
- **Joseph Stiglitz**, Nobel Prize-winning economist and Roosevelt Institute Senior Fellow

Panelists include:

- **Joshua Rosner**, co-author of *Reckless Endangerment*
- **Robert Van Order**, Professor of Finance and Oliver T. Carr Professor of Real Estate, George Washington University; former Chief Economist, Freddie Mac
- **Susan Wachter**, Richard B. Worley Professor of Financial Management; Professor of Real Estate and Finance,The Wharton School

Space is limited, so please RSVP to Madeleine Ehrlich at mehrlich@rooseveltinstitute.org or 212.444.9138. We'll begin with a continental breakfast from 8:00-8:30 a.m.