THIS WEEK IN WALL STREET REFORM

TABLE OF CONTENTS

State of the Union

Regulations 'make the free market work better,' says Obama
Byron Tau (Politico)
January 24, 2012

"President Obama defended his administration's approach to federal regulations as sensible, and said that safety regulations by the federal government help make the free market system function well. 'I've approved fewer regulations in the first three years of my presidency than my Republican predecessor did in his. I've ordered every federal agency to eliminate rules that don't make sense,' Obama said during his annual State of the Union address. But, the president said, 'rules to prevent financial fraud, or toxic dumping, or faulty medical devices, don't destroy the free market. They make the free market work better.'" Click here for more.

Click here to view/read the State of the Union and other White House materials.

Obama Urges Tougher Laws on Financial Fraud
Edward Wyatt (NYT)
January 24, 2012

"President Obama called on Congress Tuesday to toughen laws against securities fraud and to strengthen the ability of the Securities and Exchange Commission to punish Wall Street firms that repeatedly violate antifraud statutes. In his State of the Union address, Mr. Obama also said he would ask the attorney general to establish a special financial crimes unit to prosecute cases of large-scale financial fraud. It is not clear how that effort would differ from the Financial Fraud Enforcement Task Force, a cross-agency group that Mr. Obama established in November 2009. Its mission, as the White House put it then, was to 'hold accountable those who helped bring about the last financial crisis and to prevent another crisis from happening.'" Click here for more.

LA Times: Eric Schneiderman promises aggressive financial fraud probe
Jim Puzzanghera (LA Times)
January 25, 2012

"New York Atty. Gen. Eric Schneiderman, who was tapped by President Obama to co-chair a new state and federal mortgage crisis unit, promised Wednesday to move aggressively to coordinate investigations into the causes of the subprime mortgage market meltdown. 'We're undertaking a more coordinated effort to pull together all of the various strands of investigations relating to the conduct that created the mortgage-backed securities bubble and led to the market crash,' Schneiderman told reporters in Washington after an event at the Consumer Financial Protection Bureau." Click here for more.

Obama Proposes Mortgage-Refinance Plan
Nick Timiraos (WSJ – subscription required)
January 24, 2012

"President Barack Obama called on Congress during Tuesday's State of the Union address to approve new legislation that would give all homeowners who are current on their mortgages the opportunity to refinance at record low mortgage rates. Administration officials declined on Tuesday to outline the mechanics or costs of the program, and they said those details would be spelled out in the legislation in the coming days. 'Responsible homeowners shouldn't have to sit and wait for the housing market to hit bottom to get some relief,' Mr. Obama said. 'No more red tape. No more runaround from the banks.'" Click here for more.

Editorial - A Mortgage Investigation
NYT Editorial
January 25, 2012

"In the State of the Union address, President Obama promised a fresh investigation into mortgage abuses that led to the financial meltdown. The goal, he said, is to 'hold accountable those who broke the law, speed assistance to homeowners and help turn the page on an era of recklessness that hurt so many Americans.' Could this be it, finally? An investigation that results in clarity, big fines and maybe even jail time? There is good reason to be skeptical. To date, federal civil suits over mortgage wrongdoing have been narrowly focused and, at best, ended with settlements and fines that are a fraction of the profits made during the

bubble. There have been no criminal prosecutions against major players. Justice Department officials say that it reflects the difficulty of proving fraud — and not a lack of prosecutorial zeal. That is hard to swallow, given the scale of the crisis and the evidence of wrongdoing from private litigation, academic research and other sources.” *Click here for more.*

Click here to view press statement from NPA and **click here** to view the press statement from the PICO National Network.

CFPB and Consumer Issues

Lawmakers Land Few Punches as CFPB's Cordray Visits Capitol Hill
Kate Davidson (American Banker – subscription required)
January 24, 2012

“GOP legislators raise issues surrounding recess appointment but hearing remains cordial.” *Click here for more.*

Consumer Bureau chief vows cooperation with skeptical Republicans
Charles S. Clark (Government Executive)
January 25, 2012

“Hours before he was praised as a consumer watchdog in President Obama's State of the Union address, Consumer Financial Protection Bureau Director Richard Cordray on Tuesday fulfilled a promise and testified to a House panel led by Republicans openly skeptical of his recent recess appointment. Though officials of the government's newest agency had appeared before Congress a dozen times during the past 18 months, Rep. Patrick McHenry, R-N.C., who chairs the House Oversight and Government Reform subcommittee handling financial services, opened the hearing by saying, ‘despite an appointment that is constitutionally questionable, [Cordray should] deliver definitive responses about how he will implement and enforce the unparalleled powers of his new office.’ Cordray said he was proceeding with full confidence in the validity of his appointment, preparing to step up enforcement against dishonest businesses and implementing his agency's hiring push, which comes at a time of constrained federal hiring. ‘My vision for the consumer bureau is that it will work to make consumer financial markets operate fairly in order to protect consumers, support honest businesses and play a crucial role in helping to safeguard the overall economy,’ he said. …Asked to evaluate Cordray's performance, John Carey, spokesman for the consumer coalition called ***Americans for Financial Reform****, said: ‘There are reasons that Director Cordray received a wide range of support, across the political spectrum, from those that know and worked with him in Ohio. He is fair, tough and thoughtful, and those traits were on full display yesterday.’”* *Click here for more.*

Click here to view/read testimony from the House Oversight Subcommittee on TARP, Financial Services, and Bailouts of Public and Private Programs hearing entitled "How Will the CFPB Function Under Richard Cordray?"

Who Will Be the First to Sue the CFPB?
Kate Davidson (American Banker – subscription required)
January 24, 2012

“When President Obama installed Richard Cordray as director of the Consumer Financial Protection Bureau, industry observers declared that a lawsuit was imminent. But in the weeks following the controversial recess appointment, would-be plaintiffs have held up their hands one-by-one and said, ‘Don't look at us.’ Challenging the president's Constitutional authority — and the power of an agency director whose appointment may not be valid — is more complicated than many first assumed. A successful lawsuit depends entirely on whether the plaintiff has standing — or the legal right — to bring a case in court, and whether they can prove that they were harmed by some action the bureau took that it wouldn't be able to take without a director. That means a lawsuit will likely wait until the agency takes an enforcement action against a nonbank lender, lawyers said.” *Click here for more.*

GOP's recess appointment struggle
Manu Raju and Scott Wong
January 25, 2012

"Republicans said it was unconstitutional. An overreach of executive power. A blatant slap at the Senate.But when it comes to waging war over a handful of obscure recess appointments, the Senate GOP is struggling with how to respond. They fear a knock-down, drag-out fight is exactly what the White House wants — and that President Barack Obama would use such a battle to ratchet up his campaign against a dysfunctional and gridlocked Congress. The internal debate highlights the party's challenges, with public opinion soured on Congress and Republicans still lacking a presidential nominee to rally behind. Ahead of a closed-door party retreat Wednesday at George Washington's Mount Vernon estate, Senate Republicans suggested that they might let their business allies fight the battle over recess appointments for the National Labor Relations Board and the Consumer Financial Protection Bureau. The 47-member conference didn't reach a resolution Wednesday." Click here for more.

Consumer Issues

New regulations set for international money
Associated Press
January 20, 2012

"Customers who send international money transfers will soon be entitled to clearer cost disclosures. The Consumer Financial Protection Bureau on Friday issued new rules governing remittances, which are often used by immigrants to send money to family back home."Click here for more.

Click here to view the CFPB's final rule and **click here** to view AFR's statement, **click here** to view the National Consumer Law Center's press statement, **click here** to view National Council of La Raza's press statement, **click here** to view Appleseed's press statement.

U.S. Consumer Bureau Mulling Rule Exemptions for Smaller Banks
Carter Dougherty (Bloomberg)
January 24, 2012

"The U.S. Consumer Financial Protection Bureau may weigh size or market share in exempting community banks from its rules to shield them from the greater regulatory burdens facing their larger rivals. Richard Cordray, the former Ohio treasurer and attorney general appointed to head the consumer bureau Jan. 4, touted the idea of exclusions for smaller lenders in a conference call organized by the Independent Community Bankers of America. 'The bureau will be considering two-tiered regulatory requirements and exemption thresholds as it writes regulations so that community banks will be able to conduct their business without overly burdensome regulatory requirements,' the Washington-based trade group said in its internal newsletter, citing Cordray's comments during the Jan. 12 call. Jen Howard, a spokeswoman for the bureau, declined to comment and didn't dispute the newsletter account." Click here for more.

Editorial - Payday loan industry sinks to new low in defending greed
St. Louis Post Dispatch Editorial
January 25, 2012

"The late Supreme Court Justice Potter Stewart is best known for his famous line about "hard-core pornography." It is hard to define, the justice said, 'But I know it when I see it.' How's this for crossing the line for pornography in the political realm: A Texas law firm representing payday loan companies has sent dozens of letters to church leaders all over Missouri to try to intimidate them. The churches are promoting a ballot initiative that would reduce the obscene amounts of interest those payday loan companies are allowed to charge. The threats are the latest scurrilous action by an industry so tone deaf that it actually argues that it does poor people a favor by charging up to 1,980 percent interest on small loans, often $100 to $500." Click here for more.

Blacks Face Bias in Bankruptcy, Study Suggests
Tara Seigel Bernard (NYT)
January 20, 2012

"Blacks are about twice as likely as whites to wind up in the more onerous and costly form of consumer bankruptcy as they try to dig out from their debts, a new study has found. The disparity persisted even when the researchers adjusted for income, homeownership, assets and education. The evidence suggested that lawyers were disproportionately steering blacks into a process that was not as good for them financially, in part because of biases, whether conscious or unconscious." *Click here for more.*

Umpqua Bank joins Wells Fargo and Chase in requiring consumers to arbitrate disputes, barring class actions
Brent Hunsberger (The Oregonian)
January 23, 2012

"Umpqua Bank is joining other major financial services firms in barring customers from filing class-action lawsuits, requiring instead that they arbitrate disputes privately, outside of a courtroom. The moves come after a series of U.S. Supreme Court rulings upholding the right of companies to keep consumer disputes from going before a judge or jury. It also comes as banks battle numerous class-action lawsuits over alleged deceptive practices. Wells Fargo & Co. drew customer ire this winter when it announced it was strengthening its mandatory arbitration requirement. JPMorgan Chase & Co. is giving customers a window to opt out of its new arbitration agreement. Umpqua, the largest Oregon-based bank and a division of Portland-based Umpqua Holdings Corp., inserted the arbitration requirement in a new deposit agreement mailed to customers last week. It takes effect Feb. 15. The bank will require checking, money-market, CD and savings account holders to resolve disputes through an arbitration service in Portland. It also will waive the customer's right to bring claims as part of a class-action lawsuit or class arbitration. Click here for more.

Federal and state officials announce new law enforcement partnership to protect military community
CFPB and FTC press release
January 25, 2012

"Officials from the Consumer Financial Protection Bureau (CFPB), the Department of Defense, and the Federal Trade Commission (FTC) were joined by the New York Attorney General today to announce the development of a database to combat consumer financial frauds directed at military members, veterans, and their families. The Repeat Offenders Against Military (ROAM) Database will track completed enforcement actions against companies and individuals who repeatedly scam military personnel. 'As a former Ohio Attorney General, I know how frustrating it is to expose a scam and then see it take root in another state. The ROAM database will help law enforcement crack down on frauds that cross state lines,' said CFPB Director Richard Cordray today at a press conference. 'ROAM is a huge step forward in our mission to improve consumer protection for the military community.' Click here for more.

Discover Financial Says CFPB Probe May Have 'Adverse Impact' on Net Income
Donal Griffin and Carter Dougherty (Bloomberg)
January 27, 2012

"Discover Financial Services (DFS), the sixth-biggest U.S. credit-card issuer by customer spending, said a federal probe into the lender's marketing practices may hurt net income. The Consumer Financial Protection Bureau and the Federal Deposit Insurance Corp. have told Discover they plan to take a joint enforcement action over the company's marketing of fee- based products, including payment protection, the Riverwoods, Illinois-based firm said yesterday in an annual filing." Click here for more.

Go Back to Table of Contents

Shadow Markets and Systemic Risk

Ag Committee advances bills easing Dodd-Frank regs
Amanda Peterka (E&E Publishing, LLC – subscription required)
January 26, 2012

"The House Agriculture Committee yesterday approved six bills amending the Dodd-Frank financial reform law with the goal of easing regulations on utility companies, rural electric cooperatives, community banks and manufacturers. The mainly Republican-authored bills achieved bipartisan support and address concerns raised by farm-state lawmakers and nearly 40 witnesses during seven hearings held on the law last year. The measures would ensure that regulations implemented under the act do not reach beyond the scope Congress intended, the bills' supporters said. 'They are intended to restore the balance that I believe can exist between sound regulation and a healthy economy,' Agriculture Chairman Frank Lucas (R-Okla.) said at yesterday's markup. All of the bills passed unanimously by voice vote despite concerns raised by ranking member Collin Peterson (D-Minn.) that they would prove to be unnecessary when the U.S. Commodity Futures Trading Commission issues final rules. 'The sad part of this exercise is that we may find out later it wasn't even necessary," Peterson said. "What is potentially even sadder is that even if we do find that any of these bills are necessary, they have no future. The majority of Senate Republicans and their leadership have dedicated themselves to the repeal of Dodd-Frank.' The bills, many of which have already been approved by the House Financial Services Committee, all deal with the regulation of the over-the-counter derivatives, or swaps, market. The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act mandates oversight of that market for the first time in its history." Click here for more.

AFR letter to the Hill opposing harmful derivatives legislation

Click here to view the letter that outlines our concerns about the legislation considered in the House Agriculture Committee.

Futures Industry Sees Chance to Shape Oversight
Ben Protess and Azam Ahmed (DealBook/NYT)
January 25, 2012

"Earlier this month, in a ninth-floor conference room of the Northern Trust bank in Chicago, an unlikely assembly of futures industry executives, regulators and customers discussed the fallout from MF Global's collapse. The closed-door meeting illustrated a fundamental shift under way in the futures industry: financial firms, ordinarily loath to accept regulation, are now spearheading efforts for new oversight as they try to heal the black eye left by MF Global and the disappearance of $1.2 billion in its customers' money. But calls for a crackdown must contend with a legacy of a light regulatory touch." Click here for more.

Activists Call for Breakup of Bank of America
Stephen J. Lubben (DealBook/NYT)
January 25, 2012

"Public Citizen, a consumer advocacy group, is calling for the breakup of Bank of America. In a petition to Treasury Secretary Timothy F. Geithner and Ben S. Bernanke, chairman of the Federal Reserve — who are the chairman and vice chairman of the Financial Stability Oversight Council, respectively — the group argues that the bank is too big to be either governed or regulated, and represents a real risk to the financial system. They are urging Mr. Geithner and Mr. Bernanke to use their power under Dodd-Frank to dismantle the bank, in a manner somewhat reminiscent of the breakup of AT&T three decades ago. …Stephen J. Lubben holds the Harvey Washington Wiley chair in corporate governance and business ethics at the Seton Hall University School of Law and is an expert on bankruptcy." *Click here for more.*

Public Citizen, Other Groups Call For U.S. To Break Up Bank Of America
Reuters
January 25, 2012

"A group of consumer advocates, academics and economists want to end "too-big-to-fail" banks, starting with Bank of America Corp. The group, led by onsumer advocacy organization ***Public Citizen****, plans to file a petition with the Federal Reserve Board and other regulators on Wednesday asking them to carve the bank into simpler, safer pieces. The Fed and the coalition of regulators known as the Financial Stability Oversight*

Council have the authority to take such action under the Dodd-Frank financial reform law passed in 2010, the group said. Nearly two dozen professors and groups have joined the effort. Bank of America, the Fed and the Treasury declined to comment on the planned petition. Some community groups decided to pass on signing the entreaty. Janis Bowdler, an official with the National Council of La Raza, said the letter was distributed on a list-serve for a coalition called ***Americans for Financial Reform****, but her group decided not to join up. 'I don't want to downplay the concerns that were raised,' said Bowdler, "but for now, a strong housing market and cleaning up Countrywide is the priority for us." Click here for more.*

Click here to view Public Citizen's press release which includes links to separate letter to financial regulators co-signed by 19 individuals, including economists and legal scholars, and by Americans for Financial Reform, Center for Media and Democracy, Demos, National People's Action, Neighborhood Economic Development Advocacy Project, New Bottom Line, SAFER and U.S. Public Interest Research Group and a petition sent to the Federal Reserve and the Financial Stability Oversight Council.

Marry Bottari - Stress Testing Tim Geithner
Mary Bottari (Center for Media and Democracy)
January 26, 2012 - 11:58am

"Thanks to Occupy Wall Street, in the State of the Union this week President Obama struck some of his most populist themes yet. He wants to tax millionaires, bring back manufacturing and prosecute the big banks. He touted his Wall Street reforms saying the big banks are 'no longer allowed to make risky bets with customers deposits" and "the rest of us aren't bailing you out ever again.' But are we safe from the next big bank bailout? Many experts are dubious and Wednesday the consumer advocacy group ***Public Citizen*** *decided to test the theory in the most direct way possible. They used the administrative law process to formally petition the nation's top bank regulators to move swiftly to break up Bank of America (BofA) asserting in their petition: 'The bank poses a grave threat to U.S. financial stability by any reasonable definition of that phrase.'" Click here for more.*

Paris and Berlin seek to dilute bank rules
Alex Barker in Brussels and Brooke Masters in London (FT – registration required)
January 22, 2012

"France and Germany are to call for a relaxation of global bank capital rules to prevent lending to the real economy being choked off, setting them at odds with the UK's stricter approach to banks. A joint paper by Wolfgang Schäuble, German finance minister, and his French counterpart, François Baroin, will on Monday call for important elements of the Basel III rules to be watered down to mitigate any 'negative effect' on growth." Click here for more.

Commodity Speculation

Commodity-Speculation Lawsuit Dismissed by Federal Appeals Court
Jeremy Pelofsky (International Business Times)
January 22, 2012

"An appeals court in Washington has dismissed a lawsuit by the financial industry challenging new federal regulations aimed at cracking down on speculation in commodities markets, a move that will likely delay a decision about whether the rules pass muster. The Securities Industry and Financial Markets Association and the International Swaps and Derivatives Association in December filed challenges to the regulations adopted last year by the Commodity Futures Trading Commission. The U.S. Court of Appeals for the District of Columbia Circuit dismissed the lawsuit saying that the case must first be heard by a lower court, an argument advanced by the CFTC. 'There is no express congressional authorization of direct appellate review applicable to the petition for review in this case,' the three-judge panel said in a brief order issued late on Friday. They said that federal laws provided for appellate review for other agency action but not the challenged regulation. The CFTC voted 3-2 in October to set "position limits" on the number of commodity futures and swaps contracts that a trader could hold. It has been decried by traders as a politically motivated effort to cap prices that will make markets less liquid and more volatile." Click here for more.

Levin Introduces Legislation to End Tax Loophole that Subsidizes Short-term Speculation in Derivatives
Official press release
January 23, 2012

"Sen. Carl Levin, D-Mich., chairman of the Senate Permanent Subcommittee on Investigations, on Monday introduced legislation to end a tax loophole that subsidizes short-term speculation in derivatives. The Closing the Derivatives Blended Rate Loophole Act [PDF] would end a tax loophole that allows traders in complex derivatives to buy and sell these instruments in days or even seconds, yet claim a large portion of the resulting income as a long-term capital gain. It is one of a series of bills from Levin to implement a seven-point deficit reduction plan he rolled out in September." Click here for more.

IRS Should End Commodity Mutual-Fund Runaround, Levin Says
Silla Brush (Bloomberg)
January 26, 2012

"U.S. tax authorities should stop a private rulemaking process that has encouraged speculation in oil and agricultural markets by letting mutual funds exceed limits on commodity investments, Senator Carl Levin said. The Internal Revenue Service's so-called private letter rulings, which let funds use foreign corporations and other strategies to escape the tax implications of boosting commodity holdings above 10 percent of income, are a 'blatant end-run around the legal restrictions,' Levin said today at a hearing held by the Senate Permanent Subcommittee on Investigations." Click here for more.

Click here to view testimony from the hearing entitled "Compliance with Tax Limits on Mutual Fund Commodity Speculation".

Volcker Rule

Gillibrand Questions Volcker
Ben White (Politico's Morning Money)
January 26, 2012

"Wall Street has long wondered when Kirsten Gillibrand (D-N.Y.) would come to its defense in the long fight over tougher new regulations on one of her home state's biggest industries. Now that time appears to have come. As one Wall Streeter put it, Gillibrand 'has finally come out of Chuck Schumer's shadow' in a letter to top regulators raising questions about implementation of the Volcker Rule. From the letter: '[I]t is important for the success of the proposal to achieve a uniform approach to enforcement to ensure that we do not advantage certain entities or create opportunities for regulatory avoidance ... The ability of firms to continue to make markets, particularly in less liquid markets ... is important for the continued competitiveness of the U.S. financial industry and the broader strength of the U.S. economic system' Full letter: http://bit.ly/xcUT1Z"

Gillibrand Enters Volcker Rule Fray
Ben Protess (DealBook/NYT)
January 26, 2012

*"The Obama administration's effort to crackdown on banks placing risky wagers with their own money has met Republican opposition. Now a Democrat from New York State has also questioned the overhaul, known as the Volcker Rule. Senator Kirsten E. Gillibrand, whose constituents include Wall Street banks, urged regulators this week to clarify how they would enforce the rule. While there have been some rumblings among House Democrats about the controversial plan, including concerns that it goes too soft on Wall Street, Ms. Gillibrand is the most prominent lawmaker yet to wade into the debate. … 'It is specious to the point of misleading to suggest that the needs for liquidity currently provided by banks will not be filled,' Wallace Turbeville, who represented **Americans for Financial Reform**, a nonprofit group that favors new restrictions on Wall Street risk-taking, told a Congressional committee this month." Click here for more.*

Better Markets - More False Arguments Against Volcker……….By Those Who Should Know Better
Better Markets
January 24, 2012

"Joining a long list of industry allies, Senator Bob Corker today made yet another argument against the Volcker Rule, which bans proprietary trading by bank holding companies. He claimed today that exempting Treasury securities from the Volcker Rule's prohibition on proprietary trading is unfair because trading in Treasuries is just like trading in other debt instruments. From the MarketWatch story: 'I don't know why trading in U.S. Treasuries would be different than buying a GE [General Electric Co.] bond?' asked Sen. Bob Corker, Republican from Tennessee, at an event at the U.S. Chamber of Commerce. 'If you bet the wrong way on a U.S. Treasury you can lose just as much money as trading a GE bond.' He made this claim at a Chamber of Commerce's latest event convened for the purpose of bashing the Volcker Rule. No one who supported the Volcker Rule was invited or spoke at the event. The one-hand clapping event-machinery of Wall Street and those who do its bidding continues unabated. Senator Corker's criticism is, at best, misinformed. While the senator does not see a difference between Treasuries and other debt instruments, financial markets do. For one thing Treasuries have zero default risk. So a trader's loss on Treasuries will not derive from the discovery that the full principal won't be repaid. This means that Treasuries as an asset class will continue to trade even if a trader takes a large loss and, importantly, other traders who own Treasuries can continue to use them as collateral." Click here for more.

MF Global

MF Customers Face Long, and Possibly Fruitless, Slog
Jamila Trindle (WSJ – subscription required)
January 24, 2012

"Customers of failed futures firm MF Global Holdings Ltd. could be in for a long courtroom battle and—even after all is argued and litigated—still might not get all their money back. Take it from Frederick Grede, the trustee liquidating the assets of failed money manager Sentinel Management Group Inc., who says that MF Global customers may have 'a harder road than perhaps they're expecting.' Mr. Grede says Sentinel customers are still missing more than $500 million after the firm allegedly took $600 million in customer money and used it to secure loans to trade on the firm's own behalf. Sentinel filed for bankruptcy protection in 2007." Click here for more.

International

Greece, creditors edge closer to deal
George Georgiopoulos and Lefteris Papadimas (Reuters)
January 26, 2012

"Greece and its private creditors made progress on Thursday in talks on restructuring its debt, both sides said, and they will continue negotiating on Friday with the aim of sealing an agreement within a few days. Athens needs a deal quickly to avert a chaotic default when a major bond redemption comes due in March. Greece's creditors are demanding that the European Central Bank contribute to a deal to put the country's messy finances back on track." Click here for more.

Go Back to Table of Contents

Foreclosures and Housing

Outlook for U.S. mortgage settlement: partly cloudy
Aruna Viswanatha (Reuters)
January 25, 2012

"The outlook for securing a broad mortgage settlement that would bring housing relief nationwide has clouded, as California on Wednesday said the latest proposal is inadequate and New York was tapped to help lead a separate mortgage investigation effort. Federal enforcement agencies, state attorneys general and some of the nation's top banks had appeared to be in the final stages to reach a deal that the Obama administration said last week would give relief to one million American homeowners."Click here for more.

Obama Expands Aid For Delinquent Homeowners
Lorraine Woellert (Bloomberg)
January 27, 2012

"The Obama administration, seeking to help more homeowners lower their interest rates and shed mortgage debt, will relax the rules on a federal loan- modification program and triple its incentives to banks. The revised Home Affordable Modification Program, or HAMP, would pay Fannie Mae (FNMA) and Freddie Mac (FMCC) to forgive debt on homes that have lost value. The government-owned companies so far have refused to reduce principal, citing cost. That policy has limited HAMP's reach because the two companies own or guarantee nearly half of U.S. home loans." Click here for more.

Proposed Multistate Mortgage Settlement Said to Be Limited to Foreclosures
Lorraine Woellert (Bloomberg)
January 27, 2012

"A proposed multistate settlement to resolve probes of flawed foreclosure practices won't release banks from criminal liability, according to a person briefed on the talks. Any final agreement will be narrowly focused to release banks from claims related only to documentation errors and other so-called robo-signing conduct, said the person, who declined to be identified because the talks are ongoing." Click here for more.

California attorney general rejects foreclosure settlement
Rick Daysog (Sacramento Bee)
January 26, 2012

"Calling it 'inadequate for California,' the state is rejecting the latest settlement proposal between states and major U.S. banks over lending abuses that fueled the foreclosure crisis. California Attorney General Kamala Harris pulled out of nationwide talks with the banks in October, saying the proposed $25 billion deal gave too much immunity to lenders and didn't provide enough relief for homeowners in a state hard hit by the mortgage meltdown. On Wednesday, Harris' office said a new version of the settlement plan still falls short of those goals. 'At this point, this deal does not suffice for California,' said spokesman Shum Preston." Click here for more.

Economists See Ways to Aid Housing Market
Nick Timiraos (WSJ – subscription required)
January 23, 2012

"The underpinnings of a housing recovery are hiding in plain sight: sharp price declines, low mortgage rates and rising rents have made owning more affordable than renting in a growing number of markets. Yet housing largely remains in a funk. The prospect of continued price declines—led by the oversupply of foreclosed homes—has deterred some potential buyers, while others can't qualify for loans. Many economists, including some at the Federal Reserve, are urging President Barack Obama to do more, and the president will be 'aggressive on housing' in his State of the Union address on Tuesday, his housing secretary said last week. The administration is already rebooting a refinancing initiative and putting finishing touches on programs to convert some foreclosed properties into rentals." Click here for more.

Political Push Moves a Deal on Mortgages Inches Closer
Nelson D. Schwartz and Shaila Dewan (NYT)
January 23, 2012

"About one million homeowners facing foreclosure could have their mortgage burden cut by about $20,000 each as part of a long-awaited deal taking shape among state attorneys general, federal officials and the nation's largest mortgage servicers. But a final agreement remained out of reach Monday despite political pressure from the White House, which had been trying to have a deal in hand that President Obama could highlight in his State of the Union address Tuesday night. The housing secretary, Shaun Donovan, met on Monday in Chicago with Democratic attorneys general to iron out the remaining details and to persuade holdouts to agree with any eventual deal. He later held a conference call with Republican attorneys general. But as he renewed his efforts, Democrats in Congress, advocacy groups like MoveOn.org and several crucial attorneys general said the deal might be too lenient on the banks." Click here for more.

Protests intensify as mortgage settlement nears
Andrew Stern and Aruna Viswanatha (Reuters)
January 23, 2012

*"As state and federal officials near a deal with top banks to settle claims of foreclosure abuses, left-leaning activist groups have stepped up pressure on the officials to reach a deal that demands more from the banks. Around three dozen protestors from groups that include **MoveOn.org**, **National People's Action** and **The New Bottom Line** gathered outside the State of Illinois building in downtown Chicago on Monday morning in a blustery rain chanting 'banks got bailed out, we got sold out.'" Click here for more.*

Click here to view the press statement from the Center for Responsible Lending.

Joel Sucher - How Long Will the Robo-Signing Settlement Be 'Imminent'?
Joel Sucher (American Banker)
January 23, 2012

"Pity Shaun Donovan. The much beset upon Housing and Urban Development secretary has the thankless task of facilitating that long sought after agreement between the state attorneys general and the banks, the one that would finally put that nasty robo-signing scandal behind us. Long anticipated, it was supposed to be signed by Christmas (not). On Jan. 18 at least two trade publications proclaimed a settlement was "imminent." It's been almost a week since. How can hope fade so quickly?" Click here for more.

Auditor urges Treasury toughness on banks
Shahien Nasiripour in Washington (FT – registration required)
January 26, 2012

"A federal auditor has warned that the Obama administration's failure to crack down on recalcitrant banks risks harming distressed borrowers. The warning, offered in a report released early Thursday, contrasts with comments earlier in the week by Barack Obama, US president, who chided banks for giving borrowers the "runaround" when it came to lowering their mortgage payments through refinancings. The US Treasury department has the authority to penalise banks for their noncompliance with the administration's Making Home Affordable programme, but it has not been using that authority to ensure banks are not harming homeowners and improperly benefiting from taxpayer-provided aid, according to the Special Inspector General for the Troubled asset relief programme (Sigtarp)." Click here for more.

Two foreign banks sue Morgan Stanley over $1.2 billion in RMBS
Kerri Panchuk
January 26, 2012

*"Two international banks are suing **Morgan Stanley** (MS: 18.20 0.00%) for misrepresenting the underlying collateral on $1.2 billion in residential mortgage-backed securities. Belgium bank **Dexia** filed one of the suits in New York state court, claiming Morgan Stanley sold the bank $680 million in RMBS while representing the bonds as deserving of AAA status." Click here for more.*

Go Back to Table of Contents

Executive Compensation

The New Bottom Line - Wall Street Bank Bonuses & Compensation Near 2007 'Good Times' Levels, Report Finds
Press release
January 22, 2012

"The nation's top six banks -- Bank of America, JPMorgan Chase, Wells Fargo, Citigroup, Morgan Stanley and Goldman Sachs -- paid out $144 billion in bonuses and compensation for 2011, second only to the record $147 billion they paid out in 2007 at the height of the economic boom, according to a report released today by The New Bottom Line. Four banks – Bank of America, JPMorgan Chase, Wells Fargo, and Morgan Stanley – were awarded record high bonuses and compensation in 2011, despite their bleak stock performance during the year." Click here for more.

Bad Year for Wall St. Not Reflected in Chiefs' Pay
Suanne Craig (DealBook/NYT)
January 20, 2012

"Wall Street stocks and profits took a beating in 2011. But there is one corner of the Street that took a lighter hit: the compensation paid to chief executives. Three big banks disclosed on Friday what their top executives will receive in deferred stock for their work in 2011. Such stock is expected to make up most of their bonus as banks are increasingly paying employees more in deferred stock. Those awards to top bank executives are coming as lower-level employees are finding out that their own bonuses will be much smaller than a year ago. Brian Foley, a compensation expert in White Plains, said that for top executives, he would have expected 'the belt to come in a few more notches' this year given the banks' lackluster stock performance. He added that executive suite pay packages this year might further lower morale inside the banks." Click here for more.

TARP pay czar pressured on executive pay: report
Reuters
January 24, 2012

"Pressure from financial institutions and Treasury officials undermined an effort to limit executive pay at seven companies rescued with taxpayer money, a new government audit showed on Tuesday. The official overseeing executive pay for bailout firms limited cash compensation and made some reductions in pay, but still approved compensation packages in the millions, the TARP (Troubled Asset Relief Program) inspector general said in the report. Former U.S. pay czar Kenneth Feinberg approved pay packages worth $5 million or more from 2009 to 2011 for 49 top earners, the report said. 'Special Master Feinberg said the companies pressured him to let the companies pay executives enough to keep them from quitting, and that Treasury officials pressured him to let the companies pay executives enough to keep the companies competitive and on track to repay TARP funds,' the report said." Click here for more. Click here to view the SIGTARP report to Congress.

Carlyle Curbing Shareholder Rights Irritates Lawmakers Who See Precedent
Miles Weiss (Bloomberg)
January 26, 2012

"Carlyle Group (CG) LP's plan to protect itself from class-action lawsuits may set a precedent that undermines shareholder rights and encourages more companies to follow suit, lawyers, investors and government officials said. The buyout firm this month amended a regulatory filing to require future shareholders to resolve claims against it through arbitration. The U.S. Securities and Exchange Commission, which blocked an initial public offering with a less-restrictive arbitration clause more than 20 years ago, must decide whether to allow Washington-based Carlyle's offering to proceed." Click here for more.

The CEO Bankruptcy Bonus
Mike Spector and Tom McGinty (WSJ – subscription required)
January 27, 2012

"On the way to bankruptcy court, Lear Corp., a car-parts supplier, closed 28 factories, cut more than 20,000 jobs and wiped out shareholders. Still, Lear sought $20.6 million in bonuses for key executives and other employees, including an eventual payout of more than $5.4 million for then-Chief Executive Robert Rossiter. The Justice Department objected, arguing that the package violated a federal law intended to rein in pay for executives at companies that harmed investors and cut jobs before and during the bankruptcy process. But a judge approved the payouts, accepting the company's arguments that the executives would deserve them if they met earnings milestones and steered Lear through a quick exit from bankruptcy." Click here for more.

Broc Romanek - The Furor over Income Inequality: Directors Need to Look In the Mirror
Broc Romanek (TheCorporatecounsel.net blog)
January 27, 2012

"In the wake of President Obama's State of the Union address, the front-page headline in the Washington Post screamed 'Obama: Nation Must Address Inequality.' Some claim that the President is playing a class warfare card ahead of the November elections and maybe he is. But that is because he can. Not only is it abundantly clear that the vast majority of those in this country - and around the world for that matter, remember Britain's actions just this week - are angry about increasing pay disparity, but quite a few experts

believe our country's ability to continue to be a high achiever is at risk because the rich are getting richer at the expense of the middle class. So even more than it was for the [last Presidential election](), excessive CEO pay will be a lightning rod once a GOP nominee is found and we head into the general election." [Click here for more.]()

In Britain, Rising Outcry Over Executive Pay That Makes 'People's Blood Boil'
Julia Werdigier (Reuters)
January 24, 2012

"As company boards prepare to vote on the annual compensation of their senior executives, investors and the government in Britain are pushing for ways to shrink what some have called excessive pay packages. Over the last two months, two of the country's biggest investors stepped forward to declare their general disapproval with the level of executive pay, and to call for investors to be given more say over the packages. Prime Minister David Cameron backed their calls on Thursday after saying that large pay packages, during times when many households have to tighten their belts, understandably 'made people's blood boil.' On Tuesday, Vince Cable, the business secretary, is due to present proposals for a fairer compensation system, including giving shareholders veto power over pay packages and making them more transparent, said a senior government official who declined to be identified because the proposals were not yet public." Click here for more.

Go Back to Table of Contents

Student Lending

Race Matters
Paul Fain (Inside Higher Ed)
January 25, 2012

"The Department of Education has acknowledged using flawed data in a study on the impact of race on student loan repayment rates, having omitted black students from its calculation. The analysis was conducted during the debate over gainful employment regulations, in response to complaints that the rules would hurt colleges that enroll relatively high percentages of minority students. Department officials disclosed the error in a December court filing, which is part of the ongoing legal challenge to gainful employment by the Association of Private Sector Colleges and Universities, the primary for-profit trade group. That lawsuit appears to have led to the mistake's discovery." Click here for more.

For-Profit Colleges Face Curbs on U.S. Aid in New Vets Bill
John Hechinger (Businessweek)
January 26, 2012

"For-profit colleges would be forced to rely less on federal money under a bill aimed at curbing the marketing of degrees to soldiers and veterans. The proposed legislation, to be introduced today by Senate Democratic leaders, would require for-profit colleges to get no more than 85 percent of their revenue from federal programs, according to a summary from the office of Illinois Senator Richard Durbin, a co-sponsor. Colleges now can receive as much as 90 percent. They would lose federal funding for exceeding the cap for one year, instead of the current three. Colleges solicit the military because their government tuition programs are excluded from the cap on federal money, said Senate education committee Chairman Tom Harkin, the other sponsor. The bill would eliminate that incentive by counting military money, according to Christina Mulka, a spokeswoman for Durbin, the majority whip, or No. 2 Senate Democrat. 'For-profit college companies have created aggressive marketing plans and a sales force specifically designed to target and enroll as many veterans, service members and family members as possible,' Durbin said at a forum today in Chicago where he announced the filing of the bill." Click here for more.

Obama College Aid Proposal Puts a Focus on Affordability
Tamara Lewin (NYT)
January 27, 2012

"President Obama is proposing a financial aid overhaul that for the first time would tie colleges' eligibility for campus-based aid programs — Perkins loans, work-study jobs and supplemental grants for low-income students — to the institutions' success in improving affordability and value for students, administration

officials said. Under the plan, which the president is expected to outline on Friday morning in a speech at the University of Michigan, the amount available for Perkins loans would grow to $8 billion, from the current $1 billion. The president also wants to create a $1 billion grant competition, along the lines of the Race for the Top program for elementary and secondary education, to reward states that take action to keep college costs down, and a separate $55 million competition for individual colleges to increase their value and efficiency." [*Click here for more.*]

[*Go Back to Table of Contents*]

FTT

Dean Baker and Nicole Woo - CBO Letter on FTT: When There's No Smoke, There's No Fire
Dean Baker and Nicole Woo (CEPR)
January 20, 2012

"Late last year, the Congressional Budget Office (CBO) responded to an inquiry from Senator Orrin Hatch about the potential impact of a financial transaction tax (FTT) of three one-hundredths of a percent on (1) GDP and jobs, (2) municipal financing, and (3) U.S. Treasuries. In general, CBO responded that the FTT "could" or "would probably" cause "slight" negative effects in the short term, and it never quantifies these effects. As for long-term impact, CBO states that it does not know whether it will be positive or negative. While some media and critics have held up this letter as a major setback for the FTT, let's take a closer look at what CBO actually said…" [*Click here for more.*]

Cameron: EU financial tax would be madness
The Independent (UK)
January 27, 2012

"David Cameron delivered a blistering message to European leaders, urging them to take bold action to sort out the eurozone debt crisis, and describing their proposals for a financial transaction tax as 'madness'. In a message aimed squarely at the German Chancellor, Angela Merkel, Mr Cameron warned: 'Tinkering here and there and hoping we will drift to a solution simply won't cut it any more. This is a time for boldness not caution.'" [*Click here for more.*]

Germany Poised to Woo U.K. With Transaction Tax Alternative
Rainer Buergin and Brian Parkin (Bloomberg)
January 26, 2012

"[Germany] is preparing plans for a form of European stamp duty on [shares] linked to tougher trading rules as an alternative to a financial-transaction tax, as it seeks to win U.K. support for a European Union-wide levy. Chancellor [Angela Merkel]'s Christian Democrats and their Free Democratic Party allies are coalescing around an FDP proposal for a Europe-wide tax along the lines of the U.K.'s levy on shares. Such a solution is a 'good option' if accompanied by rules that limit 'abusive excesses' in automated trading, the Free Democrats said in a paper drafted by former Economy Minister [Rainer Bruederle]." [*Click here for more.*]

[*Go Back to Table of Contents*]

Credit Ratings Agencies

Illinois attorney general sues Standard & Poor's, alleges misrepresentation of investment risk
Associated Press
January 25, 2012

"The Illinois attorney general filed a lawsuit Wednesday accusing Standard & Poor's of misleading investors by assigning its highest ratings to risky mortgage-backed investments during the years leading up to the crash of the housing market. The lawsuit from Lisa Madigan's office alleges the agency compromised its independence by issuing high ratings for unworthy or risky investments as part of a strategy to boost revenue and market share. The lawsuit cites internal emails and conversations, including an instant messenger

exchange in April 2007 in which an employee tells another that an investment 'could be structured by cows and we would rate it.'" Click here for more.

Click here to view the complaint.

Barbara Roper - CFTC's Message to Municipalities: Caveat Emptor
Barbara Roper (Huffington Post)
January 26, 2012

"In a little noticed vote, the Commodity Futures Trading Commission (CFTC) reversed course last week on a rule that had the potential to save cities and school districts across the country billions in excess costs on the swaps they purchase to hedge their interest rate and other risks. After enduring months of intense industry lobbying, the Commission voted 4-1 in favor of a final swaps dealer business conduct rule that makes deep concessions to industry on every major issue and, as a result, offers at best modest new protections to the most vulnerable participants in the over-the-counter derivatives markets." Click here for more.

Other

U.S. GDP grew at fastest pace in 1.5 years in fourth quarter 2011
Peter Whoriskey (Washington Post)
January 27, 2012

"The nation's on-and-off economic recovery has picked up its pace, the Commerce Department reported Friday, with the U.S. economy growing at an annualized rate of 2.8 percent for the end of 2011. That rate is the fastest recorded in a year and a half, and it follows three quarters of growth below 2 percent. A look at the policies the GOP candidate favors and the economic advisers helping him devise them. Over all of 2011, the economy grew at a rate of 1.7 percent." Click here for more.

Fed Signals That a Full Recovery Is Years Away
Binyamin Appelbaum (NYT)
January 25, 2012

"The Federal Reserve, declaring that the economy would need help for years to come, said Wednesday it would extend by 18 months the period that it plans to hold down interest rates in an effort to spur growth. The Fed said that it now planned to keep short-term interest rates near zero until late 2014, continuing the transformation of a policy that began as shock therapy in the winter of 2008 into a six-year campaign to increase spending by rewarding borrowers and punishing savers. The economy expanded 'moderately' in recent weeks, the Fed said in a statement released after a two-day meeting of its policy-making committee, but jobs were still scarce, the housing sector remained deeply depressed and Europe's flirtation with crisis could undermine the nascent domestic recovery." Click here for more.

Click here to view the Fed's press release.

Lobbying Expenditures Slump in 2011
Press release
January 26, 2012

"The nation's economy may be slowly rebounding, but during 2011, the economic engine of K Street sputtered. Overall expenditures on lobbying were down for the first time in more than a decade, according to research by the Center for Responsive Politics. More than $3.27 billion was spent on lobbying in 2011, according to the Center's preliminary analysis of lobbying reports filed with Congress last week. (An estimated 90 percent of the reports due had been filed by the deadline Friday, so this figure is likely to increase slightly as the remaining fourth-quarter reports are processed.) Notably, 2011 ranked as the first year since 1999 that lobbying expenditures have dropped, according to the Center's research. During 2010, when health care and stepped-up regulation of the financial sector were the subjects of fierce struggles on Capitol Hill, outlays for lobbying totaled $3.51 billion. …commercial banks, telecomm services providers, the mining industry, public sector unions and advocates of reproductive rights were among those increasing their lobbying expenses. …But despite Google's hefty increase in lobbying, the total for the tech industry was up only slightly in 2011. Last year, these interests spent at least $125.1 million, compared with $122.4 million in 2010. The top-spending industries in 2011 were the pharmaceutical/health products industry (at least $236

million), the insurance industry ($158 million), the oil and gas industry ($146 million) and electric utilities ($144 million). Within these four industries, lobbying expenditures were largely comparable to what they were during 2010, although the pharmaceutical industry and oil and gas industry were both down significantly from 2009, when health care and cap-and-trade energy proposals dominated the legislative agenda of the 111th Congress. Similarly, spending by the high-profile securities and investment industry was nearly on par with such expenditures in 2010. Last year, the securities and investment industry invested more than $98 million on lobbying as it sought to thwart the new regulations called for by the Wall Street overhaul championed by Sen. Chris Dodd (D-Conn.) and Rep. Barney Frank (D-Mass.). That was a shade less than the year before, when the industry spent about $101.4 million. Investment firm Goldman Sachs alone spent $4.35 million on lobbying in 2011 (down from $4.61 million in 2010), while Morgan Stanley spent $2.37 million (down from $2.75 million in 2010). The U.S. Chamber of Commerce once again ranked as the biggest spender on lobbying in 2011." Click here for more.

Tim Geithner Won't Stay On If Obama Wins Second Term: Report
Jillian Berman and Bonnie Kavoussi (Huffington Post)
January 25, 2012

"Barack Obama won't ask Timothy Geithner to stay on as Treasury Secretary if the president wins reelection, Geithner told Bloomberg TV's Trish Regan Wednesday. 'He's not going to ask me to stay on, I'm pretty confident,' Geithner told Bloomberg. 'I'm confident he'll be president. But I'm also confident he's going to have the privilege of having another secretary of the Treasury.' Geithner, who has been Treasury Secretary under Obama since his inauguration, signaled to White House offials last summer that he was mulling leaving his post after Congress and the President reached an agreement to raise the nation's debt limit -- negotiations in which Geithner played a crucial role. Geithner is the only member of Obama's original economic team still serving." Click here for more.

Geithner says most important Dodd-Frank rules to be in place by year's end
Alexandra Villarreal (CreditNewsline.com)
January 26, 2012

"U.S. Treasury Secretary Timothy Geithner defended recent Obama bank reforms and regulations on Wednesday, adding that the most important financial rules of the Dodd-Frank will be in place by the end of the year. 'I know that people are concerned that they will be too tough. I don't think there is much risk of this. I think there is no evidence of that,' Geithner told the Charlotte Chamber of Commerce, Nasdaq.com reports. Geithner responded to questions about the government's recent reforms, stating that the new regulations were 'tough where they need to be tough.' The Dodd-Frank regulations aim to prevent a repeat of 2008's financial downfall by prohibiting banks and other institutions from making risky, speculative investments. Geithner referred to the recent financial collapse of 2008, noting the financial losses experienced by millions of Americans. 'Look at the damage caused to the innocent,' Geithner said, according to Manufacturing.net. 'We are making a huge amount of progress in building a stronger, safer financial system.'" Click here for more.

Reid Tees Up Bill on Insider Trading by Members
Dan Friedman (National Journal's 'Influence Alley')
January 26, 2012

*"The Senate is likely next week to pass a bill banning insider trading by members of Congress after Senate Majority Leader **Harry Reid**, D-Nev., teed up action on the measure on Thursday. Reid filed cloture on the so-called STOCK Act, legislation drafted after a CBS News* 60 Minutes *segment about the absence of insider-trading rules governing members of Congress. Democratic aides said the bill is likely to pass with little opposition next week. The Senate Homeland Security and Governmental Affairs Committee previously passed the bill. The measure is likely to become the first proposal touted by President Obama in his State of the Union speech on Tuesday to pass either chamber. In moving it quickly, Democrats hope to place pressure on House Republican leaders, who last month forced House Financial Services Committee Chairman **Spencer Bachus**, R-Ala., to pull a House version of the bill to allow more member input." This is the entire piece.*

Clash on Dodd-Frank 'conflict minerals'
Tim Mak (Politico)
January 26, 2012

"Faith leaders and business groups are colliding over a coming SEC ruling on little-known provisions of Dodd-Frank which require companies to track the use of "conflict minerals" in their production of certain consumer products. One section of Dodd-Frank requires businesses to track - but not halt – the use of so-called conflict minerals from the Democratic Republic of the Congo, including a private sector audit of tracking methods. Another requires those involved in the commercial development of oil, natural gas, or minerals to disclose payments made to governments." *Click here for more.*

SEC inspector general Kotz won't let sleeping watchdogs lie
Peter Schroeder (The Hill)
January 26, 2012

"H. David Kotz has had an eventful four years watching the watchdog of Wall Street. Kotz, the Securities and Exchange Commission's (SEC) inspector general, will leave his post at the end of January, closing out a tenure that spanned one of the most tumultuous eras in the agency's history." Click here for more.

Pandit Says Banks Must Work to Regain Trust
Bloomberg
January 26, 2012

"Citigroup Inc. Chief Executive Officer Vikram Pandit talks about the banking industry's reputation and plans to cut costs. He speaks with Erik Schatzker on Bloomberg Television's 'On the Move' on the sidelines of the World Economic Forum's annual meeting in Davos, Switzerland." Click here for more.

David Brodwin - Why campaign spending rules hurt small business
David Brodwin (Special to CNN)
January 26, 2012

"Editor's note: *David Brodwin is a co-founder and board member of the* American Sustainable Business Council, *a liberal-leaning, nonprofit national business coalition that advocates for public policies that meet the realities of the 21st century global economy. Two years ago, the Supreme Court upended the rules for campaign finance, unleashing a tsunami of unregulated, unrestricted and undisclosed spending that has, in effect, allowed donors to buy elections. The full impact of this decision is just now becoming clear, and it's bad both for America's businesses and for our democracy. … A recent poll conducted by Lake Research found that 66% of a random sample of 500 small-business owners believe the Citizens United decision was "mostly bad" or 'somewhat bad' for small business. Since small businesses create 70% of new jobs in the private sector, according to the Small Business Administration, their view should matter a lot. The poll was commissioned by the* ***American Sustainable Business Council**, **the Main Street Alliance**, and **Small Business Majority** -- three groups that represent the views of small business and which have a combined membership of more than 100,000 small businesses nationwide. The poll tapped the views of 500 small-business owners nationwide, most of whom are not members of the organizations conducting the survey. … unlimited contributions give major Wall Street firms the edge over community banks, because the big banks can win loan guarantees, taxpayer bailouts and deeply discounted borrowing rates that smaller banks can't touch." Click here for more.*

Click here to view the poll.

Lawrence Summers - Economic uncertainty is no excuse for inaction
Lawrence Summers (FT – op-ed)
January 23, 2012

"The year has started well for financial markets. Equities are generally up. European sovereigns have borrowed with an ease that has surprised many observers. Economic data, particularly in the US, have beaten expectations. So as President Barack Obama prepares to give his State of the Union address, and as policymakers and corporate chiefs come together in Davos, there is less alarm among the global community, though not yet a sense of relief. Indeed, anxiety about the future remains a major driver of economic performance." Click here for more.

Sharan Burrow - The World's Next Top (Economic) Model
Sharan Burrow (Huffington Post – Ms. Burrow is General Secretary, International Trade Union Confederation
January 24, 2012

"Models are the hot topic at this week's gathering of political and business heavyweights in the Swiss mountain resort of Davos for the annual World Economic Forum (WEF). Not of the pouting, long-legged variety who strut the catwalk, but economic models -- those invisible and mysterious systems that not only steer stock markets and currency prices but shape the livelihoods of each and every one of us. And while there is unlikely to be a new black unveiled, organizers are canvassing discussion of an extreme makeover of the rules that govern global trade. Economist and WEF founder Klaus Schwab is leading the charge, and is not mincing words about the failure of the status quo -- talking about 'outdated and crumbling models' and the need for new ways of thinking, going so far as to say that capitalism in its current form is not working. Those are welcome words to labor leaders as we prepare to put our case for reform at Davos this week. It's never been clearer that unrestrained market forces do not produce the kind of societies we aspire to -- economically stable and socially inclusive, where citizens have access to secure jobs with the dignity of a fair wage and a welfare safety net." *Click here for more.*

Go Back to Table of Contents

Upcoming Events

Capitol Hill

House Committee on Financial Services

Hearing entitled "The Collapse of MF Global: Part 2"
Oversight and Investigations
February 2, 2012 10:00 AM in 2128 Rayburn HOB

Hearing entitled "H.R. 3461: the Financial Institutions Examination Fairness and Reform Act"
Financial Institutions and Consumer Credit
February 1, 2012 2:00 PM in 2128 Rayburn HOB

Hearing entitled "Implementation of the Manufactured Housing Improvement Act of 2000"
Insurance, Housing and Community Opportunity
February 1, 2012 10:00 AM in 2128 Rayburn HOB

Tuesday, February 7: The Subcommittee on Insurance, Housing and Community Opportunity will mark up H.R. 32, the Homeless Children and Youth Act of 2011, sponsored by Subcommittee Chairman Judy Biggert. The Subcommittee will also mark up legislation concerning affordable housing and reform of the Federal Housing Administration. The Subcommittee will meet at 10 a.m.

Wednesday, February 8: The Subcommittee on Financial Institutions and Consumer Credit will hold a hearing at 10 a.m. on legislation concerning accountability and transparency at the Consumer Financial Protection Bureau (CFPB). Bills that will be discussed at the hearing include **H.R. 1355**, the Bureau of Consumer Financial Protection Accountability and Transparency Act of 2011, sponsored by Rep. Randy Neugebauer, and **H.R. 2081**, which would remove the CFPB Director from membership on the Board of Directors of the Federal Deposit Insurance Corporation (FDIC). H.R. 2081 is sponsored by Rep. Jim Renacci.

Wednesday, February 8: The Subcommittee on Capital Markets and Government Sponsored Enterprises will hold a hearing to examine legislative proposals to limit the extraterritorial impact of the Dodd-Frank Act. The hearing will take place at 2 p.m.

House Small Business Committee

No pertinent markups/hearings scheduled as of 1/27/12

House Committee on Agriculture

No pertinent markups/hearings scheduled as of 1/27/12

Committee on Oversight and Government Reform

'Uncharted Territory: What Are The Consequences Of The President's Unprecedented 'Recess' Appts?'
Full Committee Hearing
Full House Committee on Oversight and Government Reform Hearing

Date: Wednesday, February 01, 2012
Duration: 2 Hours
Contact Info:
(202) 225-5074

Email:
URL: http://oversight.house.gov

The Oversight and Government Reform Committee will hold a hearing entitled, "Uncharted Territory: What are the Consequences of President Obama's Unprecedented 'Recess' Appointments?" at 9:30am on Wednesday, February 1st in room 2154 Rayburn House Office Building.

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

No pertinent markups/hearings scheduled as of 1/27/12

Senate

Senate Banking, Housing, and Urban Affairs Committee

Holding the CFPB Accountable: Review of First Semi-annual Report

Tuesday, January 31, 2012
10:00 AM - 12:00 PM
538 Dirksen Senate Office Building

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS will meet in OPEN SESSION to conduct a hearing entitled “Holding the CFPB Accountable: Review of First Semi-annual Report”. The witness will be The Honorable Richard Cordray, Director, Consumer Financial Protection Bureau.

Add To My Calendar (vCal)

Witnesses

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau

Senate Committee on Finance

No pertinent hearings/markups scheduled as of 1/27/12

Senate Committee on Agriculture, Nutrition and Forestry

No pertinent hearings/markups scheduled as of 1/27/12

SEC

No pertinent meetings scheduled as of 1/27/12

CFTC

CFTC Staff to Host Public Roundtable to Discuss the "Available to Trade" Provision for Swap Execution Facilities and Designated Contract Markets

Washington, DC – Staff of the Commodity Futures Trading Commission (CFTC) will hold a public roundtable on January 30, 2012, from 9:30 a.m. to 1:30 p.m., to discuss the proposed regulations to implement the "available to trade" provision of the trade execution requirement set forth in Section 2(h)(8) of the Commodity Exchange Act pursuant to Section 723 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The roundtable will discuss: 1) the filing process under Part 40 of the Commission's regulations for a designated contract market (DCM) or swap execution facility (SEF) to notify the Commission that it has determined that a swap is "available to trade"; 2) the factors that a DCM or SEF must consider to make an "available to trade" determination; and 3) the meaning and parameters of "economically equivalent swap." The roundtable will assist the CFTC in the rulemaking process.

The roundtable will be held in the Conference Center at the CFTC's headquarters at Three Lafayette Centre, 1155 21st Street, NW, Washington, DC. The roundtable discussion will be open to the public with seating on a first-come, first-served basis. Members of the public may also listen by telephone and should be prepared to provide their first name, last name and affiliation.

Listening information:

US Toll-Free: 866-844-9416
International Toll Numbers: See Related Links
Passcode: 8082055

Members of the public wishing to submit their views on the topics addressed at the roundtable may do so via:

Paper submission to David Stawick, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, DC 205681; or

Electronic submission by visiting CFTC's Comments Online.

CFPB

National Credit Union Administration (NCUA) Board Chairman Debbie Matz will host a free webinar with Richard Cordray, the first Presidentially appointed director of the Consumer Financial Protection Bureau (CFPB), on Wednesday, Feb. 8, at 3 p.m. EST.

FTC

The Federal Trade Commission will host a workshop on April 26, 2012, to examine the use of mobile payments in the marketplace and how this emerging technology impacts consumers. This event will bring together consumer advocates, industry representatives, government regulators, technologists, and academics to examine a wide range of issues, including the technology and business models used in mobile payments, the consumer protection issues raised, and the experiences of other nations where mobile payments are more common. The workshop will be free and open to the public.

Topics may include: What different technologies are used to make mobile payments and how are the technologies funded (e.g., credit card, debit card, phone bill, prepaid card, gift card, etc.)? Which technologies are being used currently in the United States, and which are likely to be used in the future? What are the risks of financial losses related to mobile payments as compared to other forms of payment?

What recourse do consumers have if they receive fraudulent, unauthorized, and inaccurate charges? Do consumers understand these risks? Do consumers receive disclosures about these risks and any legal protections they might have? When a consumer uses a mobile payment service, what information is collected, by whom, and for what purpose? Are these data collection practices disclosed to consumers? Is the data protected? How have mobile payment technologies been implemented in other countries, and with what success? What, if any, consumer protection issues have they faced, and how have they dealt with them? What steps should government and industry members take to protect consumers who use mobile payment services?

To aid in preparation for the workshop, FTC staff welcomes comments from the public, including original research, surveys and academic papers. Electronic comments can be made at

https://ftcpublic.commentworks.com/ftc/mobilepayments. Paper comments should be mailed or delivered to: 600 Pennsylvania Avenue N.W., Room H-113 (Annex B), Washington, DC 20580.

The workshop is free and open to the public; it will be held at the FTC's Satellite Building Conference Center, 601 New Jersey Avenue, N.W., Washington, D.C.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online Complaint Assistant or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's Web site provides free information on a variety of consumer topics.

Other

National Consumer Protection Week (NCPW) is an annual campaign among government and non-profit entities that encourages consumers to take full advantage of their consumer rights and make better-informed decisions in the marketplace.

The 14th annual NCPW will be March 4 – 10, 2012.

If you have any questions about how to promote NCPW in your community, please send an email to ncpw@ftc.gov.