AFR Americans for Financial Reform Education Fund

This Week in Wall Street Reform | Apr 28 - May 4

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THE TRUMP ADMINISTRATION, CONGRESS AND WALL STREET

Banks poised to win Dodd-Frank changes | The Hill
Advocates for banks and credit unions are beaming as Washington starts to pick apart Dodd-Frank, following years of pressure and wishful thinking.

“This is the beginning of a complete change in attitude among the policymakers of Washington," said Wayne Abernathy, an executive vice president for the American Bankers Association (ABA), the top lobbying group for U.S. banks. “These are just the hors d'oeuvres. This is setting the stage for a lot more important things to come.”

This bill could weaken the protection of a credit freeze | CNN (Mike Litt)
After doing nothing for the first eight months since news of the massive Equifax data breach, Congress is considering making data security and credit scoring market competition worse for American consumers. The House is next to consider a bill passed by the Senate last month that benefits the three national credit bureaus -- Equifax, Experian and TransUnion -- at the expense of consumers.

White House-backed bill purports to strengthen consumer protection. It does the opposite | Los Angeles Times (David Lazarus)
The legislation has a hidden trap — and there's no way an ordinary person would even know it's there. The nearly 200-page bill says, innocuously, that it amends "Section 625(b)(1) of the Fair Credit Reporting Act (15 U.S.C. 1681t(b)(1))" by adding "(J) subsections (i) and (j) of section 605A relating to security freezes."

What does that mean? Obviously the drafters of the bill don't want you to know, otherwise they'd have said it in plain English.

What's happening, though, is that the right to free credit freezes is being linked to a provision of the existing Fair Credit Reporting Act that prevents states from adopting tougher measures. In other words, the new bill would pre-empt state laws.

Auto Lending Discrimination Guidance Repeal Sets a Dangerous Precedent | Morning Consult (Anit Narang)
Congressional Republicans are determined to set a dangerous precedent with their latest assault on regulations. On April 18, the U.S. Senate voted 51-47 to repeal the U.S. Consumer

Financial Protection Bureau's 2013 auto lending guidance. The U.S. House of Representatives is expected to hold a vote the week of May 7. The guidance is designed to combat racially discriminatory lending practices by stopping auto lenders from charging black, Latino and Asian customers with higher interest rates. While consumers have every right to be offended by repeal of this commonsense anti-discrimination measure, voters also should be alarmed by the way it is being repealed: through a clear misuse of the Congressional Review Act.

The CRA has been around for 22 years, but it never before has been used to target nonbinding regulatory guidance or older, settled agency actions. By using the CRA to repeal the CFPB's 2013 auto lending guidance, congressional Republicans are stretching the law far beyond its original intent.

Under Trump, Congress has expanded use of controversial legislative tool to 'tear down' regulations | ABC
In a scathing report released this week, the liberal think tank Center for Progressive Reform (CPR) is calling for a repeal of the Congressional Review Act, slamming it as a legislative gimmick that has allowed the Trump administration to "tear down" Obama-era regulations they don't believe in with little to no regard to the consequences. "I'm very reluctant to throw the phrase money and politics around, but in this case it's hard to deny," said James Goodwin, a CPR analyst, who co-authored the report. "It's scary how recklessly they've deployed these things with very little care."

See new CPR report, It's Time to Repeal the Congressional Review Act

Co-author of Dodd-Frank says bill's foundation will survive | Washington Post

6 candidates to chair banking panel (if GOP keeps House) | American Banker

Banks Thought They Had a Win With Guns. Now They've Got a Big GOP Headache | Bloomberg

The Regulator Banks Loved to Hate Heads Back to Campus | Wall St. Journal
After Daniel Tarullo announced last year that he was resigning from the board of the Federal Reserve, big bank stocks such as Bank of America Corp. and Citigroup Inc. rallied. That was no surprise. The 65-year old longtime public servant was the primary architect of postcrisis financial regulations that imposed stricter requirements on big financial firms. He advocated for greater regulation during his eight years at the U.S. central bank. Mr. Tarullo's resignation followed criticism from President Donald Trump, who argued that more stringent rules have hampered economic growth. For many, Mr. Tarullo's departure marked a turning point in the country's transition from a period of expanded oversight of U.S. banks to one of less.

CONSUMER FINANCE AND THE CFPB

Let Consumer Complaints See the Light of Day | Bloomberg (editorial)
Since 2011, the database has registered and tracked more than 1 million grievances about a broad range of financial companies, including banks, mortgage lenders, credit reporting agencies and debt collectors. The bureau collects complaints online and by phone, verifies the customer relationships and contacts the companies, which have 15 days to respond. The

results are published on the bureau's website, including such details as the company name, the product, the type of complaint, the consumer's ZIP code and, in many cases, a brief narrative.

Anyone who has ever been shunted to call-center purgatory can understand the benefits that such transparency provides. It pushes companies to be more responsive — some 97 percent of complaints get a timely response, and consumers have tended to dispute only about one-fifth of outcomes. It exposes any persistent problems, making them hard for the CFPB to ignore. It provides journalists and researchers with a wealth of data for assessing the industry's and the bureau's performance. And consumers can consult the data before choosing a company to do business with.

Sadly, these advantages seem lost on Mulvaney…

We need more, not fewer, government Yelps | Washington Post (Blair Levin and Larry Downes)
And conservatives should be particularly supportive of such innovations. Consumer-supplied information can reduce reliance on regulation and enforcement to protect consumers by encouraging market forces that reward better business practices. While the CFPB is politically controversial, it is unique in being the first federal agency designed to take advantage of the widespread availability of broadband Internet. To fulfill its mission of protecting financial services users, the CFPB relies on information collected directly from consumers. In that sense, the bureau has embraced an uncontroversial economic view that the free market works best when all sides have complete information about one another.

See AFR statement, "Preserve Public Access to CFPB Complaint Database."

Cashing Out: Big Banks' Lobbying Dollars Mean Weaker Protections for Consumers and Workers | National Employment Law Project (Anastasia Christman)
In 2016, we conducted interviews with nearly seven dozen banking workers across the country, and in our resulting report, Banking on the Hard Sell, we shared their stories of extreme pressure to sell unnecessary products—sometimes fraudulently—in order to supplement low hourly wages with incentive bonuses. In a forthcoming study analyzing the responses of more than 400 banking workers to a survey, we find that reports of the death of these aggressive practices have been greatly exaggerated. Workers tell us that only 14 percent of their current performance goals are based on customer satisfaction, with almost a third based on numbers of contacts and phone calls. Many workers report that they do not see a clear path to advancement in their workplaces, they regularly worry about making ends meet on their pay, they still feel pressure to sell multiple banking products to customers, and that training is spotty in both quality and quantity.

In the past decade, we've seen banks profit off fraudulent mortgage loans, exorbitant overdraft fees, aggressive sales of unneeded products, unwanted auto insurance, and illegal repossession of active service members' cars, not to mention racially discriminatory provision of banking services, discriminatory pay practices, and hiring discrimination. In the immediate aftermath of a recession that bankrupted millions, policymakers and regulators understood that everyday banking customers needed protection against this constant drive toward revenue at any cost—an understanding that is now giving way to acquiescence to industry-led demands, lobbying, and campaign cash for looser oversight over whatever profits they pursue next. The banks saw a massive windfall in the Trump tax changes, and it seems that much of this new revenue will go toward ensuring reduced public scrutiny, even less regulatory oversight, and free rein to return to business as usual.

CREW: Mulvaney may have misled Senate on real estate deal | PoliticoPro
One of the lenders involved in the deal, Fonville & Co., filed a claim in the proceeding seeking $2.6 million for breach of contract three days before Mulvaney was confirmed, according to the complaint, but he failed to update the Senate. The complaint was filed with the Senate Budget Committee and the Inspector General for the Federal Reserve.

"By making false and misleading statements and failing to correct and update his Senate nomination papers prior to his confirmation, Mr. Mulvaney may have made a material false statement," the complaint alleges.

"As acting director of the CFPB, Mulvaney is expected to protect consumers from unfair, deceptive or abusive practices and take action against companies that break the law," CREW Executive Director Noah Bookbinder said in an emailed statement. "His real estate dealings, and his apparent failure to come clean about them to the Senate, appear to be at odds with his legal and ethical requirements and run directly counter to the basic principles he is expected to uphold at the CFPB."

CFPB's Mulvaney misled Congress about land deal, watchdog says | American Banker
Citizens for Responsibility and Ethics in Washington on Monday asked the Federal Reserve's inspector general to investigate whether Mulvaney misled the Senate Budget Committee by claiming he had paid off his debts on a 17-acre parcel of undeveloped land in Indian Land, S.C.

See complaint filed by Citizens for Responsibility and Ethics in Washington.

ALEC Payday Loan Company Gets Reprieve Under Trump Administration | Center for Media & Democracy
The Center for Media and Democracy has crunched the numbers and Advance America had over $40 million in class action lawsuit pay-outs, fines and restitution as a result of cases brought by state attorneys generals since 2009. The company was found to be cheating consumers by overcharging and ladling on the hidden fees. In some instances, when people authorize withdrawals from bank accounts to pay the loan, the banks will also charge fees.

Many consumer groups including **Americans for Financial Reform** and U.S. PIRG consider Trump's appointment of Mulvaney to be illegal… Now the issue is in court and a federal judge is expected to rule soon. But Mulvaney did not sit around waiting for the courts to rule, he got right to work.

Advance America, owned by the Mexican conglomerate Grupo Salinas, has its U.S. headquarters in Spartanburg, South Carolina. Mulvaney's old House district includes parts of Spartanburg.

As a Republican U.S. House member from South Carolina, Mulvaney took over $62,000 from payday lenders. This week he gave a speech to the American Bankers Association and told them how his office operated.

See joint statement, "CFPB Should Not Weaken its Investigations of Wrongdoing"

Mulvaney's corruption is breathtaking | Oneonta NY Daily Star (editorial)
Such brazen shakedowns apparently served Mulvaney well; during the 2015-16 election cycle, he received $273,580 in contributions from the securities, banking and credit industries, according to opensecrets.org. And since winning a legal battle in November to seize control of the CFPB from its deputy director, the appointee of President Donald Trump has done everything in his power to gut an agency he described in a 2014 interview as a "joke ... in a sad, sick kind of way."

Mick Mulvaney is not fit to lead the CFPB | The Hill (Paul Bland)
Even by the very low standards of the Trump Cabinet, it was a stunning admission. "If you were a lobbyist who never gave us money, I didn't talk to you," Mick Mulvaney, now serving as acting director of the Consumer Financial Protection Bureau (CFPB), told a group of bankers last week. "If you were a lobbyist who gave us money, I might talk to you. If you came from back home and sat in my lobby, I would talk to you without exception, regardless of the financial contributions."

What Mulvaney referred to as a "hierarchy" in his congressional office is what some Americans might call "pay-to-play." And it goes right to the heart of how the most important consumer watchdog should never be run: providing favors for political donors from an agency that was established with a clear mandate to steer clear of politics entirely. It is unethical behavior for a member of Congress, but it is outrageously unacceptable from someone charged with investigating and overseeing the financial industry, which routinely pours millions of dollars into campaign coffers. It is time for President Trump to appoint a qualified, permanent and ethical leader for the CFPB. Mick Mulvaney should step down so that can happen. And if he refuses to do so, Trump should fire him.

Mick Mulvaney shows why we need to radically change our elections | Washington Post (Lawrence Lessig)
Over the past few decades, scholars have shown empirically that access to members of Congress is enabled by contributions and that legislation is affected when a lobbyist holds a fundraiser for a member of Congress.

But while this economy of influence of D.C. has been well-known among its players for some time, what is striking now is how open the players have become about sharing this corruption with the public. The only way to break this culture is through radical changes that change how we fund our elections.

Mulvaney must have realized his comments would be reported, just as Rep. Chris Collins (R-N.Y.) must have known that it would not pass unremarked when he publicly noted that his donors threatened to break ties with him if the tax bill didn't pass.

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Mulvaney Sinks in the Swamp | Coalition for Sensible Safeguards (Caroline Ristaino)

Senate Dems request investigation of Mulvaney over lobbyist remarks | The Hill

Senate Democrats urge investigation of Mulvaney's lobbyist comments | Politico Pro
Five Democratic senators and Independent Bernie Sanders today called for an investigation into Mick Mulvaney's remarks last week about the "hierarchy" of people he'd see in his office when he was a congressman, saying he may have committed Hatch Act violations.

See joint letter on CFPB's RFIs, An Inquiry Process Weighted in Industry's Favor

Mick Mulvaney Is Our Duke Of The Week | Talking Points Memo
Lobbyists' efforts to sway him with donations were, in fact, one of the "fundamental underpinnings of our representative democracy," he said in his speech. "And you have to continue to do it."

Drain swamp, refill with cash | Scranton PA Times-Tribune (editorial)
Most of the buzz about Mick Mulvaney's speech to bankers last week centered on his frank revelation that, when he was a congressman, he met only with lobbyists who paid for the access with campaign contributions.

The bankers already knew that. One of their political arms, BANKPAC, made 15 contributions to Mulvaney's campaigns between 2010 and 2016, according to the Center for Public Integrity.

The real reason Mulvaney wants CFPB employees in the basement | American Banker
"I recognize that there may well be some (a few? A lot?) of people who work here who aren't happy that I'm working here," Mulvaney wrote in the memo, according to a copy obtained by Reuters. "That's fine. I also recognize that those folks might be interested in undermining my leadership."

What better way to get back at some of those alleged insurgents than by forcing employees to move around in the name of cost-cutting?

Even before this latest news, Brandon Barford, of Beacon Policy Advisors, and formerly a GOP staffer on the Senate Banking Committee, said Mulvaney's ultimate goal is to push out those loyal to Cordray and the CFPB's founder, Sen. Elizabeth Warren, D-Mass.

"The longer true believers in a Warren and Cordray type of mission stay, the greater the chance that they can 'outlast' the current acting director and Trump administration," Barford said. "That is a key part of Mulvaney's plans — to do everything possible to make the bureau a challenging place to work for mission-driven" employees.

Equifax shareholders should shed sunlight on political spending | Medium

CFPB auto-loan crackdown crumbled long before Senate stepped in | American Banker
The truth is that the guidance was part of a wider CFPB effort — aimed at changing how auto loans get priced — that crumbled even before Director Richard Cordray's departure last November. Banks and other auto lenders generally did not succumb to the agency's pressure to change the way they priced loans originated at car dealerships.

The Final Drive Against the CFPB's Auto Financing Guidance | NADA (Wes Lutz)

Pay day loan practices immoral | The Advocate (Richard Fossey)
At triple-digit interest rates, payday lenders take a big bite with on each individual loan. But they don't stop there. These predatory lenders count on needy borrowers' inability to repay their loan and meet the next month's expenses, forcing people to reborrow or "roll over" their loan — for a sizable fee. A study conducted by the Consumer Financial Protection Bureau (CFPB) found 80 percent of payday loan borrowers either roll over their loan or re-borrow within 14 days.

Congress shouldn't lift rules on Louisiana's payday lenders | The Advocate (Chris Odinet and Davida Finger)
With a state budget deficit looming and talks of tax hikes and budget cuts underway in Baton Rouge, our representatives in Washington should focus on putting money back into the hands of Louisiana consumers. Rejecting efforts to repeal the Consumer Financial Protection Bureau's rule to rein in predatory payday and car-title lenders, who take more than $241 million a year out of our state economy and out of the hands of working families in Louisiana, would be a good start.

Federal judge rejects state regulator suit over fintech charter | Politico Pro
Friedrich ruled that the suit could not continue since the bank regulator has yet to issue a special purpose charter to a fintech company. That echoed a judgment in the Southern District of New York, where New York's Department of Financial Services brought a similar suit against the OCC.

PHH declines to appeal ruling upholding CFPB constitutionality | Politico Pro
PHH Corporation has decided not to appeal a January ruling that upheld the constitutionality of the CFPB's single-director structure, in a setback to the effort to convert the agency's leadership into a bipartisan commission.

Cleaning Up After Richard Cordray | Wall St. Journal (editorial)
Mick Mulvaney has been doing yeoman's work cleaning up after Richard Cordray at the Consumer Financial Protection Bureau. One mess he may have overlooked is the bureau's dubious lawsuit against student-loan servicer Navient.

DERIVATIVES, COMMODITIES & THE CFTC

World's Second Most Valuable Cryptocurrency Under Regulatory Scrutiny | Wall St. Journal
Until now, regulators hadn't questioned whether rules designed for stocks should apply to virtual currencies such as ether, the world's second most valuable cryptocurrency after bitcoin with a market value of $67 billion. The analysis, by federal securities and commodities regulators, turns on whether the creators of virtual currencies other than bitcoin exert significant influence over their value, in the same way a company's stock price depends on its managers and their strategy, performance and investments, the people said. The Commodity Futures Trading Commission has deemed bitcoin to be a commodity, meaning it isn't subject to investor-protection laws enforced by the Securities and Exchange Commission.

ENFORCEMENT

Goldman Sachs fined $110M for ineffective oversight of FX trading | Politico Pro
The Federal Reserve and the New York Department of Financial Services each announced today that they are fining Goldman Sachs $54.75 million for questionable conduct in its foreign exchange trading division, for a combined penalty of $109.5 million.

See consent order faulting the bank for lack of controls.

INVESTOR PROTECTION, THE SEC, AND RETIREMENT SAVINGS

Last-Ditch Efforts by AARP, States to Save Fiduciary Rule Fail | Wealth Management
The Fifth Circuit Court of Appeals has denied motions by AARP and State Attorneys General of California, Oregon and New York to intervene in the case against the Department of Labor's fiduciary rule, meaning the Court will not grant their requests for rehearing.

Court refuses to let states, AARP intervene in Obama-era financial rule case | The Hill
A federal appeals court on Wednesday said AARP and California, New York and Oregon could not intervene in a lawsuit business and financial groups brought challenging the Obama-era rule requiring retirement advisers to act in the best interest of their clients. A three-judge 5th Circuit Court of Appeals panel denied the request from AARP and the states' attorneys general filed jointly last week. The parties had also petitioned the court to reconsider its March decision to strike down the rule and rehear the case with its full panel of judges. The court's refusal to let the parties intervene in the case scraps their requests for it to reconsider its ruling. The appeals court sided with the Chamber of Commerce and 21 other business and financial groups in March when it struck down the rule in a 2-1 ruling. It said the rule bears the hallmarks of "unreasonableness" and constitutes an arbitrary and capricious exercise of administrative power on behalf of the Department of Labor. The court could still decide on its own to rehear the case en banc.

As curtains close on DOL fiduciary rule, SEC advice rule takes center stage | **Investment News**

SEC advice rule faces arduous journey | **Investment News**

6 big questions about the SEC advice rule | **Investment News**

Leave Broker Disclosures to the SEC | **Wall St. Journal (Paul S. Atkins and Gregory F. Jacob)**

SEC Chief Pitches Investors, Brokers to Back Rule Targeting Stockbroker Conflicts | **Wall St. Journal**
Wall Street's chief regulator took to the road Wednesday to promote proposed stricter rules on how stocks brokers advise their clients, saying they would help investors and not hurt the brokerage industry. Securities and Exchange Commission Chairman Jay Clayton told an audience in Philadelphia that the approach is rigorous, "fundamentally right" and should become the standard among federal and state regulators. He argued that the agency's plan would preserve the option for brokers to be compensated through commissions, which for some investors is a cheaper way to pay for advice. Mr. Clayton's remarks are part of an effort to persuade skeptics that the SEC's proposal, released last month, goes far enough to rein in conflicts of interest that can hurt investors.

Fiduciary advocates disagree SEC advice rule harmonizes standards | **Investment News**

The Free Trips Your Financial Adviser Takes Could Cost You | **Wall St. Journal (Jason Zweig)**
Later this month, three dozen advisers will spend three days at the Ritz-Carlton Hotel in Marina del Rey, Calif., all expenses paid. Next month, about 75 wealth managers will spend four days and three nights in Mexico City, staying at the Four Seasons Hotel and dining at lavish restaurants like Cipriani and Nobu. The advisers won't have to pay for their airfare, hotel, meals or entertainment.

At such "due-diligence conferences," advisers meet with fund companies and other businesses... The format can vary, but advisers often sign up to meet face-to-face with asset managers for 20 to 25 minutes at a time. An announcer declares when time is up, and the advisers then switch to meet with the next managers on their list. These regimented sit-downs are nicknamed "speed-dating." Over two to three days, advisers tend to have at least 16 speed-dates with managers. Some events also feature "dine-arounds," with advisers and fund managers meeting at gourmet restaurants.

SEC launches searchable database of targeted fraudsters | **The Hill**
The Securities and Exchange Commission (SEC) on Wednesday launched a searchable database of individuals who have been targeted by the federal watchdog for allegedly breaking trading laws. The database, called the SEC Action Lookup for Individuals (SALI), allows investors to check whether the person offering them an investment has been penalized for violating securities laws. The tool is intended to help investors avoid bad actors likely to defraud them, SEC Chairman Jay Clayton said in a statement.

SEC seeks to force Jay-Z to testify in securities law case | Politico Pro
The Securities and Exchange Commission is asking a court to force Shawn Carter — better known as rapper Jay-Z — to comply with a subpoena to testify about potential violations of securities laws, the agency said today.

In a case filed in federal court in the Southern District of New York, the SEC said its investigation is connected to financial reports filed by Iconix Brand Group Inc., which has paid Carter more than $200 million to acquire intangible assets.

SEC rejects stock exchanges' bid to recoup revenue | PoliticoPro

AmTrust Has Been Under an SEC Investigation for Five Years | Wall St. Journal
AmTrust Financial Services Inc. AFSI -0.08% on Friday disclosed it has been under investigation by the Securities and Exchange Commission for nearly five years over its accounting practices and other matters. In a proxy filing with the SEC, the New York insurer said that since June 2013, it "has been responding to an investigation by the SEC, which in its course has included" a review of its accounting for its loss and loss-adjustment reserve estimates for major business lines and segments, its investment in life settlement contracts, and its acquisition of captive insurance companies in Luxembourg. The company described the SEC inquiry as "ongoing" and said it has cooperated with the probe. AmTrust said it can't predict when or how the inquiry will end or whether it could have a material impact on the company.

SEC commissioner takes on 'middle-market' tax on IPOs | CNBC
Middle market companies are paying 7% to Wall Street banks while the big companies are paying 1-2%, says SEC's Rob Jackson.

Demonstrators Disrupt Wells Fargo Shareholder Meeting | Inequality.org (Negin Owliaei)
It's becoming something of a tradition. Wells Fargo holds its annual shareholder meeting at a location kept close to the chest until the last moment — a futile attempt to keep angry protesters away. But despite the secrecy, those protesters show up year after year after year to demand accountability from the scandal-plagued bank.

The 2018 meeting, held on April 24 in Des Moines, Iowa was no different. Demonstrators gathered in the lobby of the Marriott hotel hosting the shareholders. Chants of "Wells Fargo, you're the worst, put people and the planet first" were punctuated by notes from one protester's plastic trombone.

The demonstrators had a set of clear demands: fire the board and CEO. Break up the bank. Stop retaliating against workers in their attempts to organize. And pay restitution to the victims of Wells Fargo's many, many abuses.

MORTGAGES AND HOUSING

New Report Analyzes 50 Years of the Fair Housing Act and Calls for Stronger Enforcement of Fair Housing Laws | National Fair Housing Alliance
Highlights:

- More than half a million housing discrimination complaints have been processed since 1996, when NFHA first began collecting complaint data.
- Since 1991, more than 70,000 units of multi-family housing have been made accessible to persons with disabilities through litigation brought primarily by DOJ and private, nonprofit fair housing organizations.
- Since 1988, dozens of cases alleging redlining and discrimination by mortgage lenders have resulted in close to $1 billion in compensation to victims of mortgage lending discrimination and for investment in communities.
- There were 28,843 complaints of housing discrimination in 2017.
- The three most common types of complaints in 2017 were based on disability (57 percent), race (19 percent), and family status (9 percent).
- The biggest obstacle to fair housing rights is the federal government's failure to enforce the law vigorously.

See NHFA Fair Housing trends report, "Making every neighborhood a place of opportunity."

A once obscure office at HUD is the subject of unusually intense lobbying effort (Washington Post)
For most of its existence, the Office of Manufactured Housing has been an unassuming office within a federal department not known for its glitz and glamour. But the little-known agency in the Department of Housing and Urban Development has been thrust into the spotlight as trade groups mount an unusually intense lobbying effort, seeking to scale back regulations that they say are hampering an industry that could provide a market-based solution to the affordable housing crisis.

In the process, the groups are gaining influence with Trump administration officials trying to purge their ranks of holdovers from the previous administration and put their stamp on every part of government, no matter how obscure. The growing clout of the industry came into sharp focus last summer, when a trade group demanded — and got — the ouster of an agency official who favored more regulation of the industry while serving in the Obama administration, and an underling who donated to the former president's campaign.

Warren Buffett's mortgage companies set up to cater to white clients | Reveal
Trident Mortgage Co. helps more families buy homes in Philadelphia and neighboring Camden, New Jersey, than any other company, but it primarily serves one demographic: white people.

That is no coincidence: Trident employs a nearly all-white team of mortgage consultants, and all of Trident's offices are in white neighborhoods, where it makes the overwhelming majority of its loans to white homebuyers.

It's a division of Berkshire Hathaway Inc., the giant holding company led by Warren Buffett, which has dramatically expanded its mortgage brokerage portfolio in recent years, reporting nearly 28,000 loans worth $7.3 billion last year.

Foreclosure crisis is fading into history | Scotsman Guide
The housing-inventory crunch has been the big story of the 2018 market, but no relief will be coming from a once-plentiful source of affordable properties post-recession, analysts say. The number of foreclosed properties has been shrinking fast.

U.S. homeownership stabilizes after long decline | Scotsman Guide
The overall rate stood at 64.2 percent in the first quarter, unchanged from the fourth quarter, but up by 60 basis points year over year. The rate has increased year-over-year for five consecutive quarters. Homeownership bottomed out in the second quarter of 2016, at 62.9 percent, or 63.1 percent seasonally adjusted.

PRIVATE FUNDS

KKR Surges 9% As Billionaires Henry Kravis And George Roberts Pioneer Next Era Of Private Equity | Forbes
On Thursday the $190 billion in assets firm said it would convert from a partnership to a corporation, a technical change in structure that could have big ramifications on the PE industry and the broader financial sector. Converting to a corporation will alter how KKR's partners and its shareholders are taxed. Instead of pass-through partnership income, KKR they will now be taxed at the recently lowered 21% corporate rate. In February, KKR estimated its aftertax economic net income would have been 17% lower had the partnership been taxed as a corporation.

So what's the upside? Expect KKR to become one of the most compelling financial stocks to own.

KKR shares jump after private equity firm announces structuring change | CNBC

REGULATION IN GENERAL

Under Trump, Congress has expanded use of controversial legislative tool to 'tear down' regulations | ABC News

Addressing Uncertain Foregone Benefits of Deregulatory Actions | The Regulatory Review (Jennifer Baxter)

STUDENT LOANS AND FOR-PROFIT COLLEGES

The black-white wealth gap is fueled by student debt | Market Watch (Jillian Berman)
It’s become increasingly clear over the past several years that black student-loan borrowers take on more debt than their white counterparts and struggle to repay it. But new research sheds light on the different trajectories of black and white students during the college-going and student-loan borrowing experience, and the disparate impacts it has on their financial well-being.

“Student debt is going to contribute to the ongoing persistence of the racial wealth gap,” said Fenaba Addo, a professor of consumer science at the University of Wisconsin-Madison and one of the authors of the working paper. “These disparities are large and then they grow over time.”

Indeed, the study finds that the gap in student debt held by black and white borrowers grows by 6.8% each year. As a result, black young adults hold 10.4% less wealth on average than their white counterparts due to differences in student-loan debt.

Student loans: Court fight looms over debts of former Corinthian Colleges students | USA Today
Attorneys for the students are trying to force the U.S. Department of Education to restore a program that would forgive the student loans. Their argument is that Corinthian defrauded the borrowers with misleading data about career opportunities and post-graduation job placement.

Hearing Could Determine Fate of Corinthian Colleges Student Loan Debt | CBS Los Angeles

Senate Democrats question the role of a former for-profit college lobbyist at the Education Department | Washington Post
Lawmakers sent Education Secretary Betsy DeVos a letter Thursday raising concerns about Diane Auer Jones. She is a former education official under George W. Bush and a former senior vice president at Career Education, a for-profit college operator. Jones, who was appointed senior policy adviser to the assistant secretary for postsecondary education in February, has also worked with for-profit colleges as a lobbyist and consultant.

Education Department to cancel student debt collection contracts | Politico Pro
The Trump administration plans to revoke two massive contracts that the Education Department earlier this year awarded to companies that collect defaulted federal student loans, amid a slew of legal challenges to the award decision.

SYSTEMIC RISK

Wall Street's Fear Gauge Hasn't Jumped Like This Since XIV Died | Bloomberg
The Cboe Volatility Index -- the VIX, Wall Street’s fear gauge -- leapt from below15 intraday on Wednesday to above 18 in trading on Thursday.

TAXES

Top Dem tax-writer calls for guidance on new business tax deduction | The Hill
The top Democrat on the House Ways and Means Committee is urging the Treasury Department and IRS to issue guidance "as soon as possible" on a new deduction for business income created by the GOP tax law. In a letter sent to the agencies Tuesday, Rep. Richard Neal (D-Mass.) said guidance is needed promptly on the "pass-through deduction" because taxpayers are confused about how to determine their estimated tax payments and because an absence of guidance could lead businesses to abuse the deduction to avoid taxes.

OTHER TOPICS

The Real Villain Behind Our New Gilded Age | NY Times (Eric Posner and Glen Weyl)
In the past two decades, growth rates in the United States have fallen to half of what they were in the middle of the 20th century. The share of income accruing to the top 1 percent has nearly doubled since the 1970s, while the share of income going to all workers has fallen by nearly 10 percent.

These are the marks of our new Gilded Age. It's tempting to blame impersonal market forces such as globalization and automation for widening inequality. But the true villain would be familiar to anyone who lived through the previous one: market (that is, monopoly) power.

Clinton: Being a capitalist 'probably' hurt me with Dem voters | The Hill

George Mason president: Some donations 'fall short' of academic standards | Washington Post
The president of George Mason University said Friday that some financial gift agreements accepted by the school "fall short of the standards of academic independence" and raise questions about donor influence at the public institution.

To Sue Goldman Sachs, You Have to Be Willing to Hang On—For a Long, Long Time | Bloomberg

A Magna Carta for the digital age | Washington Post (Anthony Giddens)
In 1215, England adopted the Magna Carta to stop kings from abusing their power. Today, the new kings are big tech companies, and just like centuries ago, we need a charter to govern them. The digital revolution is the greatest dynamic force in the world today. It affects everything from the intimacies of everyday life to geopolitical struggles and has made the world become one in a way that was never possible before. But at the same time, it is fracturing and dividing.

Smaller Banks Have Greater Compliance Burden, According to St. Louis Fed Report | CSBS
Compliance costs across all banks in the three-year period averaged about seven percent of their noninterest expenses, according to the findings. But the burden was much greater for smaller banks with assets of less than $100 million. Their compliance costs averaged nearly 10 percent, while expenses for banks with assets of $1 billion to $10 billion averaged just over five percent.

In Gerrymandered Districts, Constituents Likely To Lose Economic Security | NPR

Warren rushing to Tester's aid after Trump attack | Politico
Sen. Elizabeth Warren is coming to the rescue of Sen. Jon Tester in the face of escalating attacks by President Donald Trump, just weeks after her campaign trashed the politically vulnerable Montana Democrat for supporting a landmark bank deregulation bill.