THIS WEEK IN WALL STREET REFORM
DEC. 20, 2014 – JAN. 9, 2015

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U.S. Rep. Kevin Yoder's Bank Bill Deserved a Full Debate
Dave Helling, Kansas City Star (blog), 12/29/14
The practice of attaching unrelated policy choices to must-pass spending bills is as old as Congress, but it remains reprehensible. Something as potentially important as the Yoder amendment should have had an up-or-down vote as a stand-alone bill, not as a freeloader on a law designed to keep the government open.

A Tale of Two Equities
Editorial, Albany Times Union, 12/29/14
The banks this will most affect, those deemed "too big to fail" during the Great Recession, lobbied hard… According to a MapLight analysis, the political action committees of Bank of America, Citigroup, Goldman Sachs and JP Morgan Chase, which represent 90 percent of the so-called swaps market, gave on average 2.6 times more in campaign contributions between January 2013 and November 2014 to Congress members who voted "yes" on this proposal. Since January 2013, those banks spent $30.7 million lobbying Congress and federal agencies.

Thumbs Up and Down
Editorial, Appleton (WI) Post Crescent, 12/27/14
Thumbs Down: To a provision in the recently passed federal spending bill that's a giveaway to big banks.

The provision greatly diminishes a section of the Dodd-Frank banking reform law called the "push-out rule." It prevents banks from making some types of high-risk trades. With the passage of this provision, though, they can resume many of these trades — and get bailed out by taxpayers if the banks run into financial trouble because of them. Even more galling, the provision was written by lobbyists for big bank Citigroup.

The High Cost Of Politicians
Scott Burns, Dallas Morning News, 1/03/2015

Piggish Bankers Went Whole Hog, Again
Brian J. O'Connor, Detroit News, 12/28/14

Wall Street Banks on Amnesia
Mark Maddox, Indianapolis Business Journal, 1/03/2015

[Can Wall Street Reform Survive 2015?](#)
Suzy Khimm, MSNBC, 12/26/14
The one-two punch neatly illustrated Wall Street's strategy for pushing back against the law: Fight for a delay of the rules, buying time to build bipartisan support for legislative rollbacks. "The attacks are nothing new, but they'll come harder and faster," says Lisa Donner, executive director of **Americans for Financial Reform**, a group that advocates for stricter financial regulation.

Wall Street Had a Merry Christmas. The New Year's Still Up For Grabs.
Richard Eskow, Institute for Ethics and Emerging Technologies, 12/26/14

The Real Reason for Washington's Derivatives Gift to Banks
Nicole Gelinas, Los Angeles Times, 12/24/14

Scrapping Costly Banking Regulation Is a Way to Invest in America
Kevin Yoder, Kansas City Star, 1/4/15
If we truly want to expand the earning power of American workers, we must encourage investment to grow our economy. That starts with protecting us from the central planners in Washington who continue to stifle lending.

Recently, a bipartisan effort in both houses of Congress did just that by amending an unneeded and duplicative Washington regulation. Section 716 of Dodd-Frank would have prohibited banks from mitigating risk by forcing them to push out commodities swaps…

See reader responses to Rep. Yoder's op ed.

Wall Street Gets Rare House Defeat
Ed Mierzwinski, US PIRG, 1/7/15
[T]he public anger over the inclusion of a Wall Street reform rollback written by Citibank in the final appropriations package funding the government, passed in late December, is at last resonating somewhat on Capitol Hill. Indeed, when Kevin Yoder (KS), a principal author of that controversial December provision repealing the "swaps pushout" provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 defended himself with an op-ed in his local Kansas paper this week, all the comments (so far), have attacked him. This paper is in Kansas, not Cambridge, Massachusetts or Portland, Oregon.

The Renaissance of Jamie Dimon
Max Abelson, Bloomberg, 12/18/14
This month, the $1.1 trillion spending bill the U.S. Congress had to pass to keep the government open offered another chance. That's when Jamie Dimon, chief executive officer of JPMorgan Chase, stepped up to the plate.

Despite setbacks that would dim the power of most bankers, including a $13 billion settlement with regulators over mortgage bond sales last year, Dimon hasn't lost his touch. He visited Senator Orrin Hatch (R-Utah) and House Financial Services Committee Chairman Jeb Hensarling (R-Texas), according to a colleague who asked not to be named because the meetings were private. And he worked the phones, telling politicians the rule—which would have barred trading certain derivatives in parts of the bank that have government backstops such as deposit insurance—makes life expensive and unduly complicated for banks.

House Democrats Block Dodd-Frank Changes
Zachary Warmbrodt, PoliticoPro (paywalled), 1/7/15

Pelosi Statement on Republicans' Latest Wall Street Giveaway
Statement, Office of Rep. Nancy Pelosi, 1/7/15

See AFR Letter on HR 37**. See also** AFR and other statements on swaps-pushout provision in CRomnibus spending bill.

Obama Would Veto House Financial Services Bill
Zachary Warmbrodt, PoliticoPro (paywalled), 1/7/15
Treasury Secretary Jack Lew called House Minority Leader Nancy Pelosi this afternoon to discuss their mutual opposition to the House bill, a White House official said.

"We are opposed to this legislation and pleased that it did not pass," White House spokeswoman Jennifer Friedman said. "Had the bill been presented to the President for his signature, he would have vetoed it. The President has been clear about his opposition to legislation that would weaken key consumer protections and provisions of the Dodd-Frank Wall Street Reform Act."

Dem Moderates, Liberals Lash Out Over Dodd-Frank
Anna Palmer and Lauren French, Politico, 1/8/15
Moderate House Democrats are warring with the dominant liberal faction over the leftward shift of the caucus, arguing that they'll never win back the majority if they don't change their message.

Tension reached a boiling point during a closed-door caucus meeting Wednesday over the party's stance toward Wall Street banks, according to multiple sources at the meeting.

Liberal Massachusetts Rep. Mike Capuano incensed the moderates when he said if Democrats support rolling back Dodd-Frank regulations, "you might as well be a Republican."

Senate Democrats Are Starting To Set The Progressive Agenda
Daniel Strauss, Talking Points Memo, 1/9/15

CONSUMER FINANCE & CFPB

Elizabeth Warren's Brainchild Continues to Show Good Government in Action
Joan McCarter, Daily Kos, 12/29/14
Chalk up another win for the Consumer Financial Protection Bureau, and in fact, another win for the American consumer. In this case, it's members of the military who have new protections from predatory lenders.

CFPB Urges DoD To Close Loopholes That Cost Military Personnel Millions Of Dollars
Ashlee Kieler, The Consumerist, 12/20/14

Feds Bar Companies Long-Distance Lawsuits Against Soldiers
Paul Kiel, ProPublica, 12/26/14
Federal regulators reached a settlement last week with the owners of two high-priced lenders over what they alleged were illegal debt collection practices against service members. The Virginia-based companies were featured in a ProPublica story last summer.

The action by the Consumer Financial Protection Bureau, which enforces federal consumer laws, is the latest move by regulators and the Department of Defense to curb predatory practices by companies that target members of the armed forces around the country.

Payday Lenders Lash Back at Bilking Accusations
Kevin Cirilli, The Hill, 12/31/14

See **CFPB report on loopholes in the current Military Lending Act**.

Texas Is Throwing People in Jail for Failing to Pay Back Predatory Loans
Ben Walsh, Huffington Post, 12/29/14

Seeking a Technological Fix for Consumer Debt Collection's Woes
Penny Crosman, American Banker, 12/29/14

Why Lending Club Relies on a Bank You've Never Heard Of
Kevin Wack, American Banker, 12/18/14
Lending Club's initial public offering last week was a smash hit, fueled by a narrative that emphasized the differences between the firm's 21st-century lending model and the more manual approach used by banks.

Largely overlooked was the fact that Lending Club and its competitors in the fast-growing world of online marketplace lending are relying on old-fashioned banks to issue their loans. These startups turn to banks in order to avoid the hassle and expense of getting licensed to lend in all 50 states.

In the short term, this regulatory quirk has created a lucrative business for numerous small banks, including the $201-million asset WebBank in Utah and the $295 million-asset Cross River Bank in New Jersey. Over the long haul, it raises questions about what rules will apply to a booming business that was barely even a blip on the radar when Congress last revamped the nation's financial regulations in 2010.

Rise in Loans Linked to Cars Is Hurting Poor
Jessica Silver-Greenberg and Michael Corkery, NY Times, 12/25/14
A review by The New York Times of more than three dozen loan agreements found that after factoring in various fees, the effective interest rates ranged from nearly 80 percent to over 500 percent. While some loans come with terms of 30 days, many borrowers, unable to pay the full loan and interest payments, say that they are forced to renew the loans at the end of each month, incurring a new round of fees.

Customers of TitleMax, for example, typically renewed their loans eight times, a former president of the company disclosed in a 2009 deposition.

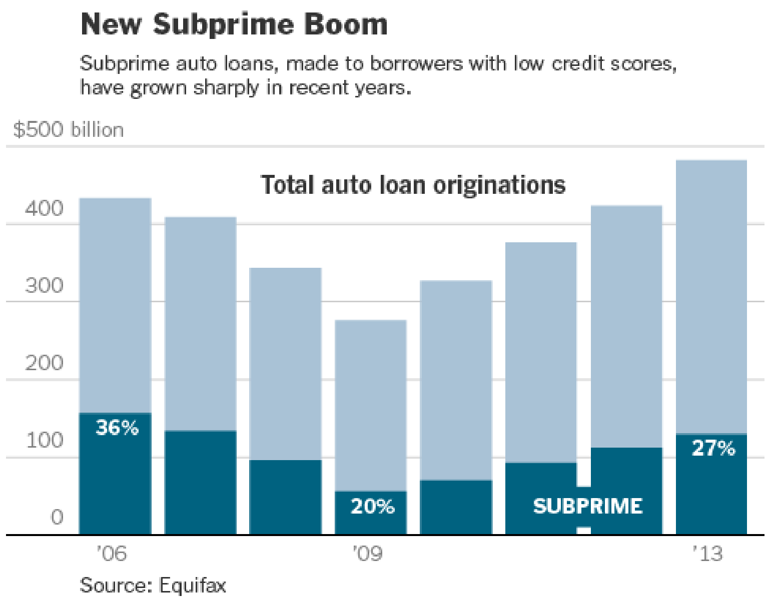
And because many lenders make the loan based on an assessment of a used car’s resale value, not on a borrower’s ability to repay that money, many people find that they are struggling to keep up almost as soon as they drive off with the cash.

As a result, roughly one in every six title-loan borrowers will have the car repossessed, according to an analysis of 561 title loans by the Center for Responsible Lending, a nonprofit in Durham, N.C.

[Car Loans See Rise In Missed Payments]
Alan Zibel, Christina Rogers and AnnaMaria Andriotis, Wall St. Journal, 1/8/15
Borrowers who took out auto loans over the past year are missing payments at the highest level since the recession, fueling concerns among regulators, analysts and some in the car industry that practices that helped boost 2014 light-vehicle sales to a near-decade high could backfire.

"It's clear that credit quality is eroding now, and pretty quickly," said Mark Zandi, chief economist at Moody's Analytics.

[AG Investigates Santander for Auto Lending Practices]
Dierdre Fernandes, Boston Globe, 12/25/14



[Lenders Fashion New Subprime Loan Trap]
Editorial, Daily Hampshire Gazette, 12/26/14

[Consumer Bureau May Go After Payday Loans]
Sally Herships, Marketplace, 1/7/15

[Ho! Ho! Ho! A Season of Opportunity for Payday Lenders]
Rebecca Thiess, AFR Blog, 1/5/15
Cash Title Exchange, a Mississippi-based lender, sent out a colorful direct-mail piece promising "the cash you need this holiday season" and featuring a smiling Santa Claus with an armful of presents. "Even Santa needs help," the ad pointed out.
Santa was also a co-star in a TV spot for TitleMax, based in Savannah, Georgia: "Come to TitleMax now for cold hard cash," says the cheery announcer. "Your car title is your credit – Ho! Ho! Ho!"

[End Payday Lending Trap]
Christ Sanders, The Courier-Journal, 1/01/2015
Hurry in to get your holiday cash today!" "Bring extra cash Ho-Ho-Home for the Holidays!" These advertisements for payday loans can be hard to escape during the holidays. After seeing

these advertisements, many well-intentioned parents and grandparents will take out a loan in order to purchase gifts for their loved ones. That few hundred dollars will push them into a debt trap that could cost them thousands to escape from.

In the Shmitta Year, Lifting the Burden of Pay Day Loans

Ari Hart, Jewish Daily Forward, 1/02/2015

The beginning of 2015 is also the halfway point in the year of *shmitta*, the once in seven years when the Bible commands that land be left fallow — a tradition that is followed today in a number of symbolic ways.

One of the powerful practices of the *shmitta* year is society coming together to erase oppressive debt, in a practice called *shmittat kessafim* — the release of money.

Oklahoma Tribe, Chief Fined by Connecticut Over Payday Lending

Zeke Faux, Bloomberg, 1/6/15

John Shotton, chairman of Oklahoma's Otoe-Missouria tribe, was fined $700,000 today in what may be the first action against the leader of a Native American group involved in payday lending, according to Bruce Adams, general counsel for Connecticut's Department of Banking. The tribe's Great Plains Lending LLC and Clear Creek Lending also must pay a combined $800,000 for making illegal loans to Connecticut residents, the regulator said in an administrative order.

"We're trying to protect poor people within our borders," Adams said in a phone interview. "We shouldn't have to bend to the will of any tribe that creates a company."

CFPB Must Do Its Part to Rein in Payday Lending

Editorial, Cleveland Plain-Dealer, 1/3/2015

In 2008, almost 64 percent of the Ohioans who voted approved upholding a payday-loan-reform law that capped annual percentage rates on such loans at 28 percent. The law, Substitute House Bill 545, was intended to bar APRs that had been as high as 391 percent.

CFPB Plans Packed Agenda for 2015

Kevin Wack, American Banker, 1/02/2015

The CFPB's rapid pace is likely to continue this year as it tackles some of its trickiest areas yet, including payday loans, debt collection and overdraft protection, which are likely to have a significant impact on the financial services arena.

CFPB Sets Sights on Payday Loans

Alan Zibel, Wall St. Journal, 1/4/15

Early this year, the CFPB plans to convene a panel of small lenders to discuss its payday-loan plans, according to the people familiar with the matter. The bureau, like other federal agencies, is required to consider input from small businesses if regulations being developed are likely to have a significant impact on them.

An overly strict set of rules would "eliminate a viable credit option and drive them to miss bill payments, use overdraft programs, or turn to dangerous, illegally operating lenders," said Jamie Fulmer, a spokesman for Advance America, the largest U.S. payday lender.

Consumer advocates want the rules to be strict and are pushing the CFPB to require that lenders verify borrowers' income, expenses and credit history before extending loans.

[South Dakota, Pioneer of High-Cost Lending, Considers Payday Ban]
Kevin Wack, The American Banker, 1/02/2015
An expected ballot measure, which is backed by a prominent Democrat and Republican, would serve as a referendum on South Dakota's decades-old decision to deregulate interest rates.

[Credit Unions Seek 'Regulatory Relief' From New Congress]
Tim Devaney, The Hill, 1/6/15
The National Association of Federal Credit Unions (NAFCU) signaled its discontent with heavy-handed regulations from the Obama administration's top consumer financial watchdog in a [letter] to top lawmakers.

The Consumer Financial Protection Bureau (CFPB) should focus its regulatory efforts on large systemic banks, rather than "good actors" like federal credit unions, NAFCU President Dan Berger wrote…

The NAFCU blamed the CFPB for pushing many credit unions out of business through regulations. According to Berger, the number of credit unions around the country has dropped by 21 percent, or 1,600 institutions since 2007, before the Dodd-Frank financial reform laws were passed.

[Debt Collectors Hound Millions of Retired Americans]
Herb Weisbaum, MSNBC, 12/20/14

[6 'Hidden' Bank Fees Buried In The Fine Print]
Benzinga.com, 12/30/14

DERIVATIVES, COMMODITIES & THE CFTC

[CFTC Publishes Report on Forex Market Recommendations]
Bernardo Mariano, Futures, 12/29/14

ENFORCEMENT

[States Wield New Weapon Against Banks — Courtesy of Dodd-Frank]
Benjamin P. Saul and W. Kyle Tayman, American Banker, 12/26/14

EXECUTIVE COMPENSATION

[Fox Host: Forcing Companies to Disclose CEO Salaries Is Basically 'Slut Shaming']
Brendan James, Talking Points Memo, 1/6/15
Fox News personality and former MTV host [Lisa] Kennedy offered a perplexing usage of the slang term "slut shame" while defending high-paid CEOs on Tuesday's edition of the daytime panel show "Outnumbered…"

The phrase "slut shaming" usually refers to criticizing a woman for dressing or behaving in an overtly sexual way and is sometimes used to blame victims of sexual assault. The panel did not elaborate on how this compared to the Dodd-Frank rule requiring transparency from companies on their CEO-to-worker pay ratio.

[Dems Maneuver to Curb CEO Pay Loophole]
Sarah Anderson, Huffington Post, 1/7/15

FEDERAL RESERVE

The Fed Fights Half the Battle

Editorial, NY Times, 12/28/14

The challenge for the Fed is to hold rates low without inflating bubbles. The way to do so is to control speculation through stepped-up regulation of banks and other financial institutions. Instead, the Fed has been inclined to ease up on regulation.

On Dec. 19, it delayed a core provision of the Volcker Rule, a part of the 2010 Dodd-Frank financial reform law that bans speculative trading by federally backed banks. Under the rule, banks were supposed to sell their investments in private equity funds and hedge funds by July 2015. They will now have until mid-2017, and possibly until 2022, to do so. The rationale for the delay is that closing out their bets sooner might force them to take potentially destabilizing losses. It is simply not credible that banks need seven to 12 years to unwind their bets. The delay is yet another example of regulators who are captive to the banks they are supposed to oversee.

If the Fed Is Worried About Wall Street Bubbles, Maybe It Should Regulate Wall Street

Pat Regnier, Time, 1/9/15

Obama's Choice for Fed Is a Nod to Smaller Banks

Binyamin Appelbaum, NY Times, 1/6/15

President Obama said on Tuesday that he would nominate Allan R. Landon, the former chief executive of one of the largest banks in Hawaii, to a seat on the Federal Reserve's Board of Governors.

Mr. Landon's selection comes after months of pressure by the community banking industry, which is regulated by the Fed and which has argued that the Fed's seven-member board should include at least one person with relevant experience of that sector.

Mr. Landon, 65, began his career as a banking auditor in the Midwest before joining the management of a Tennessee bank and then moving to Hawaii, where he served as chief executive of Bank of Hawaii from 2004 to 2010. Since then he has helped to run an investment fund that specializes in community banks.

The Second Most Powerful Banker In America

Kate Davidson, Politico, 1/2/2015

Stanley Fischer came to the Federal Reserve in the spring with a higher profile than any vice chairman in the 100-year history of the institution after leading Israel's central bank and holding top jobs at the International Monetary Fund and World Bank.

Boston Fed's Rosengren Says Progress Since Financial Crisis 'Relatively Modest'

Ben Leubsdorf, Wall Street Journal, 1/03/2015

FINANCIAL TRANSACTION TAX

America Could Insure the Next Generation a Brighter Future

Ronald H. Glassman and Gerald E. Scorce, LA Times, 12/29/14

The midterm elections showed a country in a sour mood. They also showed a country hungry for a sense of purpose. In 1961, heralding a New Frontier, President Kennedy committed the nation to sending a man to the moon. In 2015, President Obama could revive that same ideal and commit the nation to sending the sons and daughters of working- and middle-class families to college, and doing it without leaving them deeply in debt. A financial transaction tax would provide the rocket fuel propelling America toward that goal.

HOUSING AND MORTGAGES

Court Filing Illuminates Morgan Stanley Role in Lending
Nathaniel Popper, NY Times, 12/29/14
Since the financial crisis, Wall Street firms have argued that they were victims, just like everybody else, of the bad mortgages that were churned out by subprime lenders like Countrywide and New Century.

Now, though, a trove of emails and confidential documents, filed in court, reveal the extent to which one of Wall Street's leading banks, Morgan Stanley, actively influenced New Century's push into riskier and more onerous mortgages, and brushed aside questions about the ability of homeowners to make the payments.

Private Equity Gets Cash from JP Morgan Clients to Buy Distressed Mortgages
Heather Perlberg & Jody Shenn, Bloomberg, 1/7/15

Castro Defends Move to Lower Federal Mortgage Fees
Vicki Needham, The Hill, 1/8/15

If You're Poor, Your Mortgage Rate can Depend on the Color of Your Skin
Jeff Guo, Washington Post, 12/23/14

Ocwen Settlement Could Be a Game Changer for Financial Regulation
Dan Freed, TheStreet.com, 12/24/14

CFA Applauds FHA Move to Lower Insurance Premiums
Press Release, Consumer Federation of America, 1/7/15

CFPB to Launch Plain Language Common Sense Mortgaging
Mark Greene, Forbes, 1/5/15

INVESTOR RIGHTS AND THE SEC

Do Financial Advisers Work for You or Wall Street?
Liz Shuler & Richard Fiesta, Huffington Post, 1/7/15
Did Wall Street win on Election Day? The balance in your retirement savings account may soon tell the story. Here's why:

The U.S. Department of Labor's watchdog agency charged with protecting pension and retirement savings is on the verge of issuing new worker and retiree protections. These changes likely will require that professional investment advice about all forms of retirement money, whether in a 401(k) account, an individual retirement account (IRA) or a pension plan, is solely in the client's best interest and not distorted by how and what the adviser is paid. Workers and retirees will not get these long overdue protections, however, if Wall Street and Congress get in the way.

[Pay-Disclosure Advocates Chafe at SEC Rule Delays]

Eric Garcia, MarketWatch, 1/2/15

Supporters of a rule that would require public companies to disclose the ratio between executive and median employee pay say the Securities and Exchange Commission should move soon to enact the regulation…

Marcus Stanley, policy director for **Americans for Financial Reform**, said he didn't understand the reasons for the delay from a policy perspective.

"I think it's there's a lot of what I think is fundamentally political resistance from industry to reveal this figure," Stanley said. "It's one of the simplest, most straightforward Dodd-Frank rules that has been delayed." Republican Commissioner Dan Gallagher has opposed the regulation, saying he believed the disclosure was meant to shame executives.

[SEC Agenda 2015: Swaps, 'Pay Ratio' and New Republican Oversight]

Patrick Temple-West, Politico, 1/02/2015

Liberal-leaning advocacy groups are revving up their lobbying of the Securities and Exchange Commission, hoping to get the agency to finish its remaining rules from the 2010 financial reform law before the new Republican majority in Congress gets a chance to rewrite them.

[Nobel Laureate Stiglitz Blocked From SEC Panel After Faulting Speed Traders (1)]

Dave Michaels, Bloomberg, 1/05/2015

[SEC Agenda 2015: Swaps, 'Pay Ratio' Amid New Republican Oversight]

Patrick Temple-West, PoliticoPro (paywalled), 12/30/14

Liberal-leaning advocacy groups are revving up their lobbying of the Securities and Exchange Commission, hoping to get the agency to finish its remaining rules from the 2010 financial reform law before the new Republican majority in Congress gets a chance to rewrite them. Meanwhile, pro-business groups are drawing up a wish list of changes to the Dodd-Frank law they believe are too onerous…

This showdown between business and consumer groups will be on display early in the New Year as the SEC's commissioners are expected to vote on Dodd-Frank rules as soon as mid-January, sources said, with the most likely candidates being regulations concerning derivatives markets and the law's controversial "pay ratio" requirement for executive compensation.

[SEC Budget Boost Not Enough for Advisor Exams: Investor Advocate]

ThinkAdvisor, 12/29/14

[Every Time a Bell Rings, an Angel [Investor] Gets its Wings: The SEC meets 'It's a Wonderful Life']

Jenna Cohen, Crowdfund Insider, 12/29/14

[T]his season the SEC has been a regular Scrooge (or Mr. Potter perhaps); denying the everyday person the chance to invest in wealth building deals. While the SEC sits on its hands, people can spend all the money they want on Kickstarter, earning them trinkets and promises, but they can't invest in those same businesses to earn a return. It's a reality that feels like a massive lump of coal lodged in our holiday stocking.

[Bankers Brought Rating Agencies 'To Their Knees' On Tobacco Bonds]

Cezary Podkul, ProPublica, 12/23/14

What Investment Bankers Say About Rating Agencies Behind Their Backs
Cezary Podkul, ProPublica, 12/24/14

Delving Into Morass of Insider Trading
New York Times, 12/29/14

It Is Time to Rein in the SEC
Mark Cuban and Thomas Melsheimer, Washington Post, 12/19/14

MUNICIPAL FINANCE

Experts: Planned Municipal Advisers Test may not Protect CPS, Others
Heather Gillers, Chicago Tribune, 1/2/15
After governments across the country, including Chicago Public Schools, suffered devastating losses on risky bond deals during the financial crisis, Congress passed a 2010 measure setting first-ever standards for the advisers who guide government borrowers. But some worry a planned certification test — which municipal advisers will likely have to pass by the end of 2016 — will not do enough to weed out unqualified practitioners…

Municipal securities regulators defended the proposed exam as part of a larger regulatory framework aimed at improving industry standards. "We encourage issuers to perform their own assessment of the professional qualifications, expertise, experience and training of those they hire to provide them with advice." [said Lawrence Sandor, the Municipal Securities Rulemaking Board's deputy general counsel].

Tennessee-based municipal adviser Larry Kidwell… noted that securities industry regulation has developed slowly over time and suggested more specialized tests could be added in the future once a baseline exam is in place.

But Marcus Stanley, policy director of the national advocacy group **Americans for Financial Reform**, wondered when those specialized tests might be complete. "It's taken how many years since these problems emerged to get one test in the field?" he asked.

POLITICAL INFLUENCE OF WALL STREET AND REVOLVING DOOR

Why Won't Warren Quit Worrying and Learn to Love Wall Street?
Jim Naureckas, FAIR, 12/24/14
Echoing the New York Times**'** Andrew Ross Sorkin (FAIR Blog, 11/26/14), [David] Ignatius goes after Warren for opposing the nomination of Antonio Weiss to be the Treasury Department's undersecretary for domestic finance. He makes the same extraneous points Sorkin did about Weiss (He's a Democrat! He publishes the Paris Review**!**) and similarly misrepresents Warren's primary reason for opposing him, which is, as she wrote in the Huffington Post (11/19/14), that "Weiss has spent most of his career working on international transactions," so "neither his background nor his professional experience makes him qualified to oversee consumer protection and domestic regulatory functions at the Treasury."

Ignatius also criticizes Warren for including on her "enemies list" Timothy Geithner and Lawrence Summers, despite the fact that they "had never worked as private bankers." Summers may not have been a private banker, but he was a managing director of the hedge fund D.E. Shaw, which paid him $5.2 million; he also got $2.7 million in "speaking fees" from financial firms, including major banks like Citigroup and JP Morgan Chase (Salon, 4/4/09). But he wasn't a private banker!

As for Geithner, he started his career at Kissinger Associates–with friends like that, who needs an enemies list?

Warren's War Against Wall Street
David Ignatius, Washington Post, 12/23/14
The revival of the U.S. financial system after the crash of 2008 is arguably the Obama administration's biggest domestic policy success. But Sen. Elizabeth Warren (D-Mass.), in her jihad against Wall Street, seems determined to devalue this accomplishment — and to make financial expertise a mark of shame for Democrats, rather than a source of pride.

Bank Lobbyists Pretending They're A Bunch Of George Baileys LOL
John Mouser, Wonkette (satire), 1/02/2014

Wall Street Rises Again
William D. Cohan, The Atlantic, 12/28/14
The flow of complaints from Wall Street executives that post-crisis reregulation has hurt their moneymaking prospects has not abated, but the flow of money itself has long since resumed. In fact, the big banks that survived the events of 2008 have entered a new golden age. As incredible as it may seem, this new age is marked not just by the immense profits and hefty bonuses common to prior times of plenty, but also, because of the sheer size of the banks, by an increase in the power that Wall Street wields in local, state, and national politics.

Discord Brews Over SEC Campaign-Finance Rule
Rebecca Ballhaus, Wall St. Journal, 12/18/14
A Securities and Exchange Commission rule designed to limit conflicts of interest in state contracting is becoming less effective amid the rise of super PACs and should be broadened, groups that track campaign finance say.

The SEC's so-called pay-to-play rule, which applies to state officials including governors, could become a prominent factor in the 2016 presidential election given that four or more Republican governors who would be in office during the campaign have said they may run or are thought to be considering a candidacy…

Critics say the SEC rule's effectiveness could be blunted in 2016 by the rise of super PACs, which can raise money without contribution caps but can't coordinate with or give to candidates' campaigns, as well as politically active nonprofit groups. In particular, they point to the increasing number of super PACs that form to support only a single candidate. Critics argue that a contribution to a group that spends money on behalf of a single candidate is akin to giving to the candidate.

This "Hometown" Bankers Association is Anything But
Alexis Goldstein, Bull Market, December 2014
In mid-December, I was watching primetime on MSNBC when I saw what appeared to be an ad for a small community bank. In it, a parade of bankers from Virginia to New Mexico (oddly, all of whom were white) extolled the virtues of 24 hour fraud protection, and a South Dakota-based banker named Nate tells his customers, who are uncomfortably grabbing their neckties, that he doesn't like business-wear either. I was surprised to see what appeared to be a PR campaign

for community bankers—after all, why spend the money? But the ad's sponsor wasn't a community bank. Instead, the ad came from one of the most sophisticated and powerful Washington lobbying groups, the American Banker's Association (ABA). The folksy nature of the ad belies the kind of lobbying that remains at the heart of the ABA: advocating for the biggest banks, while using small banks as a PR human shield.

Consumer Bankers Assn. Boosts Congressional Team to Perfect Dodd-Frank
Lydia Wheeler, The Hill, 1/6/14

Jeb Bush to Cut Ties with Barclays
Catalina Camia, USA Today, 12/18/14
Jeb Bush plans to end his work as a paid adviser to Barclays, the London-based bank with interests around the world, in another sign that he'll launch a presidential bid. The former Florida governor plans to step down as a senior adviser on Dec. 31. .

STUDENT LOANS

Student Lending Presents Growing Policy Challenge for Senate Banking Committee
K. Claire Compton, Bloomberg BNA (paywalled), 12/22/14
The Senate Banking Committee in 2015 will have to contend with the $1.2 trillion question of student debt—and how federal regulators are tackling the corollary problems that recall the housing crisis.

Student loan debt has surpassed mortgage debt to become the biggest category of consumer debt. Total outstanding student loan debt has reached $1.2 trillion, a number remarkable not only for its size but for the sudden speed at which it ballooned.

Voice of the Consumer: Don't Fall for Student Loan Repayment Scams
Betty Sexton, Colorado Springs Gazette, 12/29/14

College Accreditors Care About Money, Not Students
Brianna Ehley, Fiscal Times, 12/23/14

An Update on For-Profit Colleges
Anya Kamenetz, NPR, 12/14/14

Kaplan Settles Texas Whistleblower Suit
Inside Higher Ed, 1/6/15

Department Of Education's 'Gainful Employment' Rule: An Excessive And Ideologically-Driven Regulation
Lanny Davis, Forbes, 1/7/15
Suppose a Republican administration's Department of Education enforced a regulation that cut off federal student loans only for those students who attend colleges that predominantly serve lower income, minority and working class families. Can you imagine the cries of outrage that would be heard from liberal members of the Congress? Class discrimination? Hard-hearted conservatives targeting the most vulnerable students in our society?

So, how and why did this happen in a progressive Democratic administration—one whose policies I have supported over the last six years…?

SYSTEMIC RISK

A Look Inside the Unlikely Partnership Between U.S. Sen. David Vitter and Some Democratic Counterparts
Gregory Robert, Baton Rouge Advocate, 12/20/14
The connection was forged a couple of years ago, said U.S. Sen. Sherrod Brown, in a hearing of the House Banking, Housing and Urban Affairs Committee on the regulation of big Wall Street banks and other financial institutions.

At the other end of the committee's semicircular dais, where the minority Republicans sat, David Vitter took his turn to quiz the witness, a high-ranking official, on steps the federal government was taking to avoid a repeat of the 2008 financial meltdown that triggered the Great Recession.

"I started listening to his questions," Brown said — and he liked what he heard from Vitter. So when the hearing ended, Brown recalled, "I just walked over and said, 'We should work together on this.' "

Break up Citigroup — and Save the Financial System
Simon Johnson, MarketWatch, 12/30/14
From the perspective of anyone seeking the nomination of either of America's political parties, here is an issue that cuts across partisan lines. "Break up Citigroup" is a concrete and powerful idea that would move the financial system in the right direction. It is not a panacea, but the coalition that can break up Citi can also put in place other measures to make the financial system safer – including more effective consumer protection, greater transparency in markets, and higher capital requirements for major banks…

This idea would play well in the Democratic primary elections (which start in early 2016). And, because it forms the basis for responsible policies, it would attract support from centrists. And voters on the right like proposals that offer a credible way to end the favoritism — if not outright corruption — that has come to define the relationship between the top levels of government and Wall Street.

Goldman Says JPMorgan Should Break Itself Into Pieces
Hugh Son, Bloomberg, 1/5/15
JPMorgan could unlock value by splitting its four main businesses or dividing into consumer and institutional companies, Goldman Sachs analysts led by Richard Ramsden wrote today in a research note. Units of New York-based JPMorgan trade at a discount of 20 percent or more to stand-alone peers, they wrote.

"Our analysis suggests that a breakup into two or four parts could unlock value in most scenarios, although the range of outcomes we assessed is wide, at 5 percent to 25 percent potential upside," the analysts wrote.

The move would reverse much of Chief Executive Officer Jamie Dimon's work since taking over JPMorgan in 2006

Bank Of America Moral Hazard May Lead To Another Financial Crisis
Steven Mintz, Pacific Coast Business Times, 1/02/2014

Washington's Lies About TARP's "Success" Are Worse than the Original Bailout
David Stockman, ContraCorner, 12/24/14

Full Report on 'London Whale' Incident Sheds More Light on New York Fed Role
Victoria McGrane & Ryan Tracy, Wall St. Journal, 1/8/15

Former Treasury Official Says Individual Asset Managers Don't Need Heightened Regulation
Ryan Tracy, Wall St. Journal, 1/9/15
Former U.S. Treasury official Mary Miller said she doesn't believe risks in the asset management industry can be addressed by slapping individual asset managers with heightened regulation, offering insight into internal U.S. discussions about the industry…

U.S. Treasury officials have been noncommittal in their public comments about the industry as U.S. regulators review the risks it poses and whether new regulations are needed to address them. However, officials have recently targeted their review at industrywide risks rather than at individual firms, as Ms. Miller suggested.

OTHER TOPICS

The Gap Between the Rich and the Rest of Us Is The Widest It's Been In 30 Years. Here's One Reason Why
Erika Eichelberger, Mother Jones, 12/26/14
One often-overlooked factor is that 16.7 million poor Americans don't have a bank account. Lack of access to this basic financial tool cramps poor Americans' ability to prove credit-worthiness and build assets, and forces them to rely on expensive alternative financial services, trapping them in a cycle of debt and instability.

How the Wall Street Weasels Won
Barry Eichengreen, Salon, 1/4/15
In particular, the Obama administration's attempts to provide distressed homeowners with mortgage relief were a pale imitation of what was achieved by the Home Owners' Loan Corporation of the 1930s. Changes in the nature of housing finance in the intervening period made it more difficult to restructure mortgages without imposing large losses on either the banks or taxpayers, something that was both a political and an economic nonstarter. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 did not begin to rise to the ambition of the Glass-Steagall Act of 1933 or the Securities Exchange Act of 1934. By more successfully deploying their monetary and fiscal tools, policy makers this time prevented the worst. And by preventing the worst, they allowed the vested interests that benefited from the prevailing financial system to regroup. They relieved the pressure for root-and-branch reform.

Bernie Sanders' Brutal Letter On Obama's Trade Pact Foreshadows 2016 Democratic Clash
Zach Carter, Huffington Post, 1/5/15

Wall Street's Best Lies, Tricks and Doublespeak in 2014
Susan Antilla, TheStreet, 12/30/14

Wall Street Regulator Plans to Scrutinize Electronic Bond Trading
William Alden, NY Times, 1/6/15