

AMERICANS FOR FINANCIAL REFORM

This Week in Wall Street Reform | June 20–26, 2015

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CONSUMER FINANCE & THE CFPB

[Today we begin to share the story of your complaints](#)

Scott Pluta, CFPB Blog, 6/25

Every day, we hear directly from the American public about your experiences in the consumer financial marketplace. We hear from consumers in their own words about the pain of having a home in foreclosure, the frustration of trying to correct an inaccurate credit report, or their helplessness in dealing with an abusive debt collector.

Today, for the first time, we are making consumers’ complaint narratives – the heart and soul of the complaints we receive – public. These narratives are important because they tell the story of what happened in the consumers’ own words. Making these consumer narratives public, amplifies the voice of the consumer.

See statements by [AFR](#), [Consumer Action](#), and [US PIRG](#).

[Why it’s OK to shame payday loan enablers](#)

Barbara Shelly, Kansas City Star, 6/25

Polite society in Kansas City looked the other way in recent years while a number of its denizens became very rich, very quickly from Internet payday lending. And the willingness of Missouri politicians to be [bought off](#) by the industry has made the state a hotbed for payday loan shops, where annual interest rates average a whopping 452 percent.

In the 2014 election cycle, U.S. Rep. Kevin Yoder of Kansas was Congress’s sixth largest recipient of campaign donations from political action committees and employees connected with the payday industry, according to [a report](#) just out from **Americans for Financial Reform**, a consumer coalition. He collected \$85,757.

See updated AFR report, [Payday Pay-to-Play](#).

[Local lawmakers among the top recipients of campaign contributions from payday lenders \(video\)](#)

Shannon Halligan, KSHB News, 6/24

“A new report out by **Americans for Financial Reform (AFR)** shows lawmakers from Kansas and Missouri are among the top politicians taking contributions linked to payday lenders.”

[Tom Cotton major recipient of predatory lenders' campaign cash](#)

David Ramsey, Arkansas Times, 6/23

“**Americans for Financial Reform** has a report coming out on lobbying bucks from the payday lending industry during the last election cycle. One of the biggest recipients? Sen. Tom Cotton. The Consumer Financial Protection Bureau is currently working to develop rules to protect consumers from predatory lenders. The industry is predictably fighting regulation tooth and nail.”

[Fight erupts over Kennesaw State University's study of payday loans](#)

David Allison, Atlanta Business Chronicle, 6/23

[Pennsylvania Man Charged With Racketeering Related To Massive Payday Loan Scheme](#)

Ashlee Kieler, The Consumerist, 6/24

A life of stealing started with the snatching of a candy bar and transformed into an illegal multi-million dollar online payday lending scheme that allegedly defrauded thousands of people. At least that's what federal prosecutors say led to charges against a Pennsylvania man recently.

[Dallas charity takes steps to help end the payday-loan debt cycle](#)

Editorial, Dallas Morning News, 6/21

[GAO investigating CFPB payday lending rulemaking](#)

Jon Prior, Politico, 6/24

[FTC Proposes Gramm-Leach-Bliley Rule Amendment to Allow Online Privacy Notices From Auto Dealers That Finance Purchases](#)

Press Release, Federal Trade Commission, 6/19

[Protecting Borrowers in Dysfunctional Markets: A Major Challenge to CFPB](#)

Jack Guttentag, Huffington Post, 6/25

[Despite 1st Administrative Appeal, CFPB Seeks Out Courts](#)

Nicholas Smyth, ReedSmith, 6/24

[Valid At Inception Rule Shot Down By The Second Circuit](#)

Richard Eckman and Ashleigh Reibach, Pepper Hamilton LLP, 6/24

[CFPB Asks Google, Bing & Yahoo to Help Stop Student Loan Debt Scams That Imply Affiliation With Feds](#)

Ashlee Kieler, The Consumerist, 6/22

[Debt Collector Left Consumers Hanging on Medical Bill Disputes, Says CFPB](#)

Bob Sullivan, Credit.com, 6/22

[Banks Handed Defeat on Robo-Calling Rules](#)

Kevin Wack, American Banker, 6/19

See [joint letter](#) from AFR, Consumer Action, Consumer Federation of America, Consumers Union, National Association of Consumer Advocates, National Consumer Law Center on behalf of its low-income clients, National Consumers League, Public Citizen, and U.S. PIRG

[Owner of California Payment Processing Company Charged with Fraud](#)

Federal Bureau of Investigation, 6/25

DERIVATIVES, COMMODITIES & THE CFTC

[Commish Urges CFTC To Finish Stalled Governance Rule](#)

Tom Zanki, Law360 (paywalled), 6/24

[US futures regulator in call to tackle industry 'culture problem'](#)

Gregory Meyer, Financial Times, 6/24

DODD FRANK & LEGISLATIVE ATTACKS

[GOP weighs 'regulatory budget' to curb agencies](#)

Tim Devaney and Lydia Wheeler, The Hill, 6/22

[You Can Be for Cost-Benefit Analysis or You Can Be for Regulatory Budgeting, But You Can't be for Both](#)

James Goodwin, Progressive Reform, 6/22

ENFORCEMENT

[Ex-MF Global trader settles CFTC manipulation claims for \\$500K](#)

Nate Raymond, Reuters, 6/19

[From Student Debt to Home Foreclosures, State AGs Take Growing Consumer Protection Role](#)

Thurbert Baker, Petrina McDaniel and Sada Baby, Forbes, 6/25

EXECUTIVE COMPENSATION

[Dodd-Frank's Next Act: Executive Pay](#)

Ed Zwirn, CFO.com, 6/23

Nearly five years after the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was signed into law, the Securities and Exchange Commission has entered the final stretch of the rulemaking required of it under the act. The agency is drafting new provisions regarding executive compensation disclosure, and like previously implemented Dodd-Frank rules — such as those involving whistleblowers, derivatives, conflict minerals, and proprietary trading by banks — the new provisions have generated much controversy.

According to a proposal released by the SEC for comment in April, companies will be required to disclose the relationship between executive pay and performance, starting with 2016 annual schedule 14A and schedule 14C proxy and solicitation statements issued prior to shareholder meetings. The proposal, dubbed “Pay Versus Performance” and mandated by Dodd-Frank Section 953(a), would require a company to disclose CEO pay and performance both for itself and for companies in a peer group in a table, and to tag the information using the XBRL reporting language.

[How Much the Best-Performing and Worst-Performing CEOs Got Paid](#)

Joann Lublin, Wall Street Journal, 6/25

[Tech Companies Fly High on Fantasy Accounting](#)

Gretchen Morgenson, New York Times, 6/18

FEDERAL RESERVE

[Fed's Powell: Financial Regulation May Contribute to Decline in Bond-Market Liquidity](#)

Victoria McGrane, Wall Street Journal, 6/23

FINANCIAL TRANSACTION TAX

[Tax pushed by Sanders is a sensible idea](#)

Editorial, Concord (NH) Monitor, 6/23

A pot of gold big enough to repair the nation's crumbling infrastructure, provide middle-class tax relief or provide free tuition to public universities is waiting to be tapped. All Congress has to do is say the word. But the hoard is guarded by the people writer Tom Wolfe called the Masters of the Universe, the Wall Street traders, brokers and hedge fund managers who earn in a day what working stiffs earn in a year. People with the money to influence Congress.

A financial transaction tax, a tiny surcharge on the sale of stocks, bonds, derivatives, treasury securities and other financial instruments traded daily in vast quantities could, by different estimates, raise \$50 billion to \$350 billion per year in a way that for most taxpayers would be painless. Nearly two-dozen nations levy an FTT and 11 members of the European Union plan to have one in place next January.

[Sanders Presses for Vote on Financial Transaction Tax](#)

Alan K. Ota, Roll Call, 6/24

MORTGAGES & HOUSING

[Supreme Court rightly supports Fair Housing Act 'disparate impact' claims](#)

Editorial, Los Angeles Times, 6/26

For years, civil rights groups have feared that the Supreme Court would hamstring the effort to end racial segregation in housing by ruling that only practices rooted in intentional discrimination violated the Fair Housing Act. But on Thursday, a 5-to-4 majority rightly held that the landmark law also prohibits some policies that have the effect of isolating racial groups even when there is no deliberate bias.

[The Supreme Court recognizes but limits disparate impact in its Fair Housing Act decision](#)

Paul Hancock & Andrew C. Glass, SCOTUSblog, 6/26

[Supreme Court Rejects Challenge to Fair Housing Act](#)

Mark Joseph Stern, Slate, 6/25

[Mayors from 18 Cities Call for an End to Fire Sales of Distressed Housing Assets to Wall Street Speculators](#)

Joint Statement, 6/22

[CFPB considers delay for "Know Before You Owe" mortgage rules](#)

Lydia Wheeler, The Hill, 6/24

The Consumer Financial Protection Bureau is considering an amendment that would delay its "Know Before Your Owe" mortgage rules, due to kick in Aug. 1, by two months. The agency wants the rules to take effect on Saturday, Oct. 3 to correct an administrative error that would have delayed the rules by at least two weeks had the effective date been Aug. 1. CFPB's "Know Before You Owe" rule finalized in January gives creditors more time to draft disclosure forms. Under the rules, creditors will have three days to provide a revised loan estimate once a consumer locks in a floating interest rate. Loan estimates are now due on the day the rate is locked.

[Consumer Financial Protection Bureau Proposes Two-Month Extension Of Know Before You Owe Mortgage Rule](#)

Press Release, CFPB, 6/24

[Dispelling the myth of the affordable housing bogeyman](#)

Elayne Weiss, HousingWire, 6/24

[Housing advocates: REO-to-rental boom is bad for California renters, buyers](#)

Trey Garrison, Housing Wire, 6/23

[Menendez wants investigation into mortgage industry housing discrimination](#)

Max Pizzaro, PolitickerNJ, 6/23

[Prominent Senate Democrats call for investigation into "discriminatory" foreclosure neglect](#)

Ben Lane, HousingWire, 6/23

[Should We Blame Wall Street For L.A.'S Housing Crisis?](#)

Dennis Romero, LA Weekly, 6/23

[Why the U.S. Housing Recovery Is Leaving Poorer Neighborhoods Behind](#)

Joe Light, Wall Street Journal, 6/23

[New federal rule on home closings delayed](#)

Michele Lerner, The Washington Post, 6/22

[Fair Housing Enforcement Still Matters in Our 'Post-Racial' Segregated Society--But It's Endangered](#)

James H. Carr, Forbes, 6/19

[Help keep communities intact, head off foreclosures](#)

Luis Granados and Yul Dorn, San Francisco, 6/18

[Hispanic homebuyers face credit challenges, present huge potential](#)

Victor Whitman, Scotsman Guide, 6/12

MUNICIPAL FINANCE

[A New Bank Boycott Movement Starting?](#)

Yves Smith, Naked Capitalism, 6/21

POLITICAL INFLUENCE OF WALL STREET

[Why Chicago Won't Go Bankrupt—and Detroit Didn't Have To](#)

Saqib Bhatti, In These Times, 6/22

Detroit's bankruptcy was not borne out of financial necessity and was not a foregone conclusion. It was a political decision made by state officials. Gov. Rick Snyder and the Michigan Legislature chose to push the distressed city over the edge in order to accomplish two otherwise difficult political goals: slashing pensions and regionalizing the Detroit Water and Sewerage Department. It was disaster capitalism at its finest.

Austerity hawks are now hoping to use the Detroit playbook in other cities to force the public to accept extreme measures to fix budget crises. And the bond markets seem to have finally settled on an answer to that question about which city will be the next Detroit: Chicago. Moody's Investor Service, one of the three major credit rating agencies, just downgraded Chicago's credit rating to junk level—the municipal equivalent of a subprime credit score, cautioning potential lenders that the city may not be able to pay them back—making it the lowest-rated major city in the country after Detroit.

PRIVATE EQUITY & HEDGE FUNDS

[Democrats Introduce Bill to Close Carried Interest Tax Break](#)

Michael Cohn, Bloomberg BNA, 6/25

Senator Tammy Baldwin, D-Wis., and House Ways and Means Committee ranking member Sander Levin, D-Mich., introduced the [Carried Interest Fairness Act of 2015](#), H.R. 2889, on Thursday. The legislation would end the carried interest tax break and ensure that income earned managing other people's money is taxed at the same ordinary income tax rates as those of the vast majority of Americans instead of at capital gains tax rates.

[Hedge Funds Targeted by Senate's Wyden in Reinsurance Tax Bill](#)

Sonali Basak & Selina Y. Wang, 6/25

The owners of hedge fund-backed reinsurers, including one tied to John Paulson, could have to pay more taxes or shift their focus under a bill introduced by Senator Ron Wyden to counter what he called abuses by offshore companies.

"For over 10 years now this loophole has allowed some hedge fund investors to avoid paying hundreds of millions of tax dollars," Wyden, the top Democrat on the Senate Finance Committee, said in a [statement](#) Thursday. "It's time we shut it

down for good.” Hedge-fund managers can lower the rate they pay on profits and postpone the bills indefinitely by routing investments through reinsurers in offshore locations like Bermuda.

[Are Private Equity Firms Government-Sponsored Enterprises?](#)

Eileen Appelbaum, Center for Economic and Policy Research, 6/19

[How TransUnion was milked by its private-equity owners](#)

Joe Cahill, Crain’s Chicago Business, 6/24

[Goldman's private equity deal weakens credit bureau TransUnion](#)

Joe Cahill, Crains Business Insider, 6/24

RETIREMENT PLANNING & DOL FIDUCIARY RULE

[When Retirement Savings Are Unsafe](#)

Teresa Tritch, New York Times, 6/22

“The proposal, if finalized, would be a big improvement on current practice, in which many advisers are free to steer clients into high-priced strategies and products even when comparable lower-cost alternatives are available.

Using conservative assumptions, the Labor Department has estimated that the new regulations would save investors more than \$40 billion over ten years, money that would otherwise flow to advisers in the form of excessive fees and other charges.”

[The Battle Over the DOL's Fiduciary Rule Gets Dirty](#)

Dan Solin, Huffington Post, 6/23

The battle over a [rule proposed](#) by the U.S. Department of Labor, which would require retirement plan advisors to be fiduciaries to plan participants, has descended to a new low...

In a move that appears to me to be retaliatory, a [bill has been introduced in Congress](#) that sharply reduces funding for the Department of Labor by \$206 million below the level enacted for fiscal year 2015... The lobbyists who I believe persuaded the bill's sponsors to sign off on it (and who probably drafted portions of the law) left nothing to chance. Just in case the reduced budget doesn't gut the Department of Labor, [this language](#) left no room for doubt about its intended purpose: “None of the funds made available by this Act may be used to finalize, implement, administer, or enforce the proposed” fiduciary rule.

[The List: Who Voted to Rip Off Americans’ Retirement Savings?](#)

Kathleen McBride, Blog, 6/25

These Reps voted to let the systematic looting of your retirement accounts, by Banks, Brokers, Mutual Fund and Insurance Companies who will keep \$1 to \$2 TRILLION dollars that come right out of the retirement savings of hard working Americans...

[Silicon Valley and Wall Street battle over Labor Department fiduciary rule](#)

Patrick Temple-West, Politico, 6/25

STUDENT LOANS & FOR-PROFIT EDUCATION

[Predatory Colleges Find Friends in Congress](#)

Editorial, New York Times, 6/25

A Federal District Court judge in Washington on Tuesday [upheld new Obama administration rules](#) that will deny federal aid to career training programs that saddle students with crushing debt while giving them useless degrees in return.

The ruling strongly reaffirms the government’s authority to regulate these often-corrupt programs — and comes at a time when federal and state investigations are uncovering fraud and misconduct by for-profit schools all over the

country. Regrettably, however, Republicans in both houses are [moving bills](#) that would block the Obama administration from enforcing the rules.

[For-profit colleges aggressively target veterans for enrollment. These Democrats want it to stop.](#)

Danielle Douglas-Gabriel, Washington Post, 6/25

[Judge Rejects Second 'Gainful' Challenge](#)

Inside Higher Ed, 6/24

[Federal Court Deals Blow to For-Profit Colleges](#)

Associated Press, 6/23

See related articles in [Chronicle of Higher Education](#), [Wall Street Journal](#), and [Consumerist](#).

[Uncle Sam the Predatory Lender](#)

Mike Grunwald, Politico, 6/19

[CFPB Finds 90 Percent of Private Student Loan Borrowers Who Applied for Co-Signer Release Were Rejected](#)

Press Release, Consumer Financial Protection Bureau, 6/18

SYSTEMIC RISK

[EU Finance Ministers Agree to 'Too-Big-to-Fail' Draft Banking Law](#)

Viktoria Dendrinou, Wall Street Journal, 6/19

“The compromise, which still has to be agreed by the European Parliament, isn’t as far-reaching as the rules proposed by the European Union’s own experts a few years ago. In contrast to the U.S. Volcker rule, which bans all banks from proprietary trading, Friday’s compromise would require the bloc’s 30 largest banks to split of such trades from their regular business.”

[Talks restart on Senate bill to give relief to small and regional banks](#)

Jennifer Liberto and Zachary Warmbrodt, Politico, 6/22

[Why Too-Big-to-Fail Doesn't Fit for Funds: Global Regulator](#)

Kenneth Corbin, Financial Planning, 6/22

[Jamie Dimon is poisoning the economy: Why too-big-to-fail bankers are hazardous to our health](#)

Lynn Stuart Parramore, Salon, 6/20

[Fund groups swerve 'too big to fail' plans but face systemic risk review](#)

Natalie Kenway, Investment Week, 6/18

TRADE AGREEMENTS AND TPP

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[Senate Clears Trade Bill's Way to Passage](#)

Siobhan Hughes, Wall Street Journal, 6/23

“Getting over the Senate’s last hindrance to passage—even with no votes to spare—marked a victory for the White House, many businesses and Republican leaders. It was a crushing blow to labor unions and environmentalists, who helped elect Mr. Obama and view his trade agenda—and the intensity with which he has fought for it—as a betrayal.”