AFR Americans for Financial Reform

This Week in Wall Street Reform | May 5 – 11

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THE TRUMP ADMINISTRATION, CONGRESS AND WALL STREET

Ryan: GOP has deal on bill easing Dodd-Frank | The Hill
Ryan told reporters at the Capitol that the House will hold a vote on the Senate bill targeting the Dodd-Frank Act in exchange for the Senate taking up a package of bills from the House Financial Services Committee. Ryan didn't say when a vote would take place, if it would happen before Memorial Day or what House bills the Senate would take up. House Majority Leader Kevin McCarthy (R-Calif.), who controls the House floor schedule, said he would announce when the lower chamber will vote on the Senate bill "soon."

House should 'immediately pass' Senate reg relief version: ICBA | American Banker
The group made its plea in a petition signed by over 10,000 community bank employees. The Senate passed its bill, sponsored by Banking Committee Chairman Mike Crapo, R-Idaho, in March after extensive negotiations between Republicans and supportive Democrats produced a moderate relief package that can pass both chambers.

Small banks will get reg relief. Do they deserve more? | American Banker
[Missouri Congressman Blaine] Luetkemeyer, who chairs the House subcommittee on financial institutions and consumer credit, has promised that the House will push for further rollbacks to regulations that he believes are constraining lending...

The arguments by Luetkemeyer and others bring to mind the state of the industry in 2006, when regulators issued guidance that urged banks to tap the brakes on commercial real estate and construction lending, particularly in markets that appeared to be in danger of overheating.

Community bankers vehemently objected to the guidance at the time, arguing that they knew their markets better than regulators did. They had also stressed that regulators had little to worry about because they had learned their lessons from real estate bust of late 1980s and early 1990s and strengthened their underwriting. That, of course, turned out to be wrong. History repeated itself anyway. Who's to say it won't happen again?

The finance sector is on pace to break its spending record on lobbying | Washington Examiner
The finance sector spent $719 million on politics in 2017, according to a report released Monday by… **Americans for Financial Reform**. That figure includes not just official lobbying but also political contributions by individuals, companies and trade groups, giving a broader picture of how much banks, insurers, and real estate interests are giving to influence politics.

The roughly $2 million-a-day spending puts the finance sector on pace to break its record of $2 billion spent during the 2015-2016 cycle…

[Wall Street Pumping in Big Money](#) | Politico Morning Money
Per a new report from **Americans for Financial Reform**: "Wall Street pumped $719 million into the political process in 2017, a rate that puts it on pace to outstrip the record $2 billion it spent during the 2015-2016 campaign cycle …

"A special data set prepared for AFR reveals that the financial services industry channeled $246 million into campaigns last year and spent $473 million on lobbying during a busy year that included legislation to deregulate big banks, cut taxes on corporations, and scale back consumer protections. That works out to about $2 million per day."

[Why Did Chuck Schumer Hire an Ex-Goldman Sachs Lobbyist?](#) | The Nation (David Dayen)
Patterson was a high-level member of the economic team at Treasury that dominated the response to the financial crisis, and prevented more aggressive interventions. He was present for the disaster Geithner's Treasury made of foreclosure mitigation, as his team was concerned more with protecting bank balance sheets than homeowners. Famously, Geithner told Senator Elizabeth Warren that his foreclosure program was merely intended to "foam the runway" for the banks, with the homeowners representing the foam crushed by a jumbo jet in that analogy...

Now there are three important bank regulatory seats for which Schumer can recommend nominees: two at the Federal Deposit Insurance Corporation, and one at the Securities and Exchange Commission, replacing Kara Stein, a stalwart reform figure throughout the financial crisis and its aftermath, whose presence on the panel expires at the end of the year. "She is somebody who was fighting for needed reforms, who understood those reforms, and was making the case for why they are needed," said Marcus Stanley, policy director at **Americans for Financial Reform**. "You need someone who's demonstrated and shown commitments to protecting ordinary investors and the public."

CONSUMER FINANCE AND THE CFPB

[House Votes to Dismantle Bias Rule in Auto Lending](#) | NY Times
Consumer advocates warned that doing away with antidiscrimination protections would drive up fees for those seeking auto loans and said that other consumer protections could soon be targeted.

"Companies will put millions of people into more expensive car loans simply because of the color of their skin," said Rion Dennis, an advocate of financial overhaul at **Americans for Financial Reform**. "By using the Congressional Review Act to wipe out straightforward regulatory guidance, the congressional majority has also opened the door to challenging longstanding efforts to protect workers, consumers, civil rights, the environment and the economy."

The Center for Responsible Lending analyzed loan level data in 2011 and found that black and

Latino consumers were receiving higher numbers of interest rate markups on their car loans than white consumers.

Republicans scrap anti-discrimination auto loan guidelines, set precedent for more rollbacks | Newsweek

Congress Overturns Obama-Era Auto-Loan Rule | Wall St. Journal

House poised to nix anti-discrimination rule as part of broader push to unravel Obama regulations | USA Today

Republicans Find a New Way to Target Obama's Rulemaking Legacy | Bloomberg

Why Regulation To Stop Racial Discrimination In Auto Lending Was Necessary | Jalopnik (Ryan Felton)
How can a rule designed to prevent racial discrimination in auto lending be called "ill-advised," when it's been demonstrated as an issue time and time again.

Take a recent study by National Fair Housing Alliance, a group that works to fight lending discrimination. The alliance sent one white and non-white counterpart into car dealerships in Virginia, and found that more than 60 percent of the time, nonwhite individuals who were more qualified than the white buyers were given costlier lending options.

"On average, Non-White testers who experienced discrimination would have paid an average of $2,662.56 more over the life of the loan than less-qualified White testers," the alliance found.

Auto lending scrutiny: Will states pick up where CFPB left off? | American Banker
U.S. auto lenders may be tempted to breathe easy as Congress prepares to strike down a missive from the Consumer Financial Protection Bureau that they had viewed as regulatory overreach.

But lenders would be well advised to keep up their guard, since states — particularly blue ones — are taking steps of their own to crack down on what they see as abusive lending practices.

See video with Rep. Keith Ellison explaining opposition to auto lending resolution.

CFPB Payday Rule Likely to Survive Congress, But Threats Remain | Bloomberg BNA
Acting CFPB Director Mick Mulvaney, who had previously asked for Congress to use the CRA to eliminate the payday lending rule, has said he will reopen the regulation for comments. To many observers, that may mean the rule will either be weakened or eliminated through the time-consuming regulatory process.

There is also litigation that could kill the rule quickly. The Community Financial Services Association of America, a payday lending industry group, and a Texas-based industry association, sued the CFPB on April 9 in the U.S. District Court for the Western District of Texas alleging that the bureau's rulemaking process violated the Administrative Procedure Act and should be overturned.

[Senators should oppose rolling back protections from payday lenders](#) | Portland (ME) Press-Herald (Carroll Conley)
By seeking out the most financially vulnerable neighbors among us, payday lenders guarantee that a large share of their customers will be caught short. Through a default process spelled out in fine-print legalese, most borrowers end up making payment after payment that goes almost entirely to interest, leaving the original balance untouched for months or years on end.

Christians have two powerful reasons to object. In the first place, when a lender's success rests on the borrower's failure, we're talking about a business engineered to undermine people's dignity. Christians are called to create and support financial systems that respect all persons, because we all bear the image of God.

Secondly, we care about payday lending because of its harmful impact on our communities. Church members and our neighbors struggle with these loan products. When our congregations seek to help people trapped in the payday loan debt cycle, our funds and our parishioners' contributions end up subsidizing unethical lenders' profits.

CFPB's payday rule cuts states off at the knees | American Banker (Jeff Landry)

See NCLC **fact sheet** and Allied Progress **Twitter thread**.

Virginia AG sues NetCredit, Enova | Newport Daily Press
Virginia alleges one of the nation's largest online lenders made more than $47 million of illegal, high-interest-rate loans that put Virginians on the hook for tens of millions of dollars in interest and fees.

The state is suing Net Credit, which sells personal loans for up to $10,000 and charges interest rates of as much as 155 percent, for violating the state's consumer protection laws… Specifically, the suit says the company is violating the state's usury cap of 12 percent, which applies to all consumer loans except those made by licensed finance companies, car-title lenders, payday lenders, credit card firms and banks. Net Credit has no Virginia licenses.

Mick Mulvaney takes aim at consumer bureau's student protection unit | Washington Post
Some of the most significant student lending cases brought by the federal government in recent years derived from the student office at the CFPB…

But now there is no telling whether any of that work will continue. Folding the student office into the financial education arm of the bureau could mean that staffers will be solely tasked with financial literacy…

Alexis Goldstein, senior policy analyst at **Americans for Financial Reform**, called the consolidation a slap in the face to America's student borrowers at a time when they need government allies more than ever. "America is facing an ongoing student debt crisis, with outstanding student debt surpassing $1.5 trillion and over 8 million borrowers in default on their student loans. Closing the office for students is like shuttering the fire department in the middle of a three-alarm fire," Goldstein said in a written statement.

[CFPB eliminates student loan office](#) | Consumer Affairs

Americans for Financial Reform sees political motives behind Mulvaney's moves since taking over as acting director. The group claims Mulvaney is creating a team reporting to him that will "vet previously non-political research."

"Why is Mick Mulvaney creating a new office on 'costs and benefits' directly under his control, when the CFPB already has a robust research department?" asked Lisa Donner, executive director of **Americans for Financial Reform**. "What he is really interested in is not serious research, but information that advances the interests of the Wall Street banks and predatory lenders he serves."

Career officials in the CFPB told the Times that the timing of the move is suspect. They note that the change could threaten a major enforcement case against Navient, the nation's largest student loan servicer.

[Mulvaney guts CFPB's student lending office](#) | American Banker

Lisa Donner, executive director of **Americans for Financial Reform**, meanwhile, questioned whether Mulvaney was advancing the interests of banks.

[Mulvaney to Prioritize Business Costs in CFPB Reorganization](#) | Wall St. Journal

Mick Mulvaney has tightened his control of the Consumer Financial Protection Bureau with a reorganization that will place more emphasis on evaluating the economic cost of the agency's actions and bring more of its operations under direct supervision of his handpicked staff.
In a memo to CFPB staff sent Wednesday, the Trump-appointed acting director announced he would create an "office of cost benefit analysis" reporting to the director that will help direct the bureau's supervision and enforcement priorities. Businesses and Republicans have pushed for years for cost reviews of regulations and enforcement, arguing some government actions are too costly to businesses or the economy.

[CFPB To Shutter Student Loan Office In Charge Of Returning $750M In Relief](#) | Talking Points Memo

A bureau spokesman did not respond to multiple requests for comment on whether the bureau plans to maintain the number of investigators at the bureau looking at student loans, or whether it plans to move forward with the lawsuit against Navient…

While the housing and stock market have recovered from the 2008 financial crisis, the problems in the student loan market have only become more exacerbated. Roughly 4.6 million Americans are in default on their student loans as of December 31, 2017, according to the Department of Education, more than double what it was four years ago. That's more than 10 percent of the total 42.8 million Americans who currently have a student loan outstanding backed by the Department of Education.

[Mulvaney faces backlash over moving student loan investigation division](#) | The Hill

The move was quickly criticized by consumer advocates as an attack on the agency's duty to reign in abusive and predatory lending practices by for-profit colleges and student loan lenders.

"The Trump Administration is inviting the fox to take charge of the henhouse," California Attorney General Xavier Becerra said in a statement posted on his Facebook page Wednesday afternoon. “Aspiring college students and their parents can smell this raw deal from a mile away.”

Student debt hurts the whole economy. So why is Trump making the problem worse? | NBC (Alexis Goldstein)
The student debt burden in America is a slow-moving crisis for millennials and Gen Z, as they continue to mortgage their futures to obtain an increasingly necessary college degree. It’s clear that the current system is completely unsustainable: Just last week, outstanding student debt in America surpassed $1.5 trillion. Over 8 million borrowers are in default on their student loans, and one in four borrowers are having trouble repaying.

But instead of helping, the Trump Administration just made things even harder for America’s student loan borrowers.

Consumer Bureau Downplays Mulvaney’s Reorganization of Student Loan Division | Government Executive
John Czwartacki, the bureau’s new chief communications officer, said in a statement to Government Executive, "This is a very modest organizational chart change to keep the bureau in line with the statute, but the office is still operating within the same division. The work of the office continues, personnel are all on the job and working on the same material as they were before. The bottom line is there is no functional or even practical change...”

“America is facing an ongoing student debt crisis, with outstanding student debt surpassing $1.5 trillion and over 8 million borrowers in default on their student loan,” said Alexis Goldstein, senior policy analyst at **Americans for Financial Reform**. “Closing the Office for Students is like shuttering the fire department in the middle of a three-alarm fire.”

Worries That A Federal Student Loan Watchdog Will Be Muzzled | NPR
[C]urrent and former staffers… think this is a move to block the student loan office from continuing to root out wrongdoers, fix problems, and claw back money for student loan borrowers who've been treated unfairly.

Internal Mulvaney Memo Sets Off More Controversy | InsideArm
The Office of Students and Young Consumers will be “folded” into Office of Consumer Education and Engagement (also known as the Office of Financial Education)

Consumer advocates and Democrats are livid. A statement in American Banker says the office will “Essentially [be] working on pamphlets and web content about student loans.”

See statement by Americans for Financial Reform

See video of rally and press conference by education advocates.

White House looks to extend Mulvaney's CFPB tenure | American Banker
President Trump is expected to name J. Mark McWatters, the chairman of the National Credit Union Administration, as his CFPB nominee close to June 22, according to sources familiar with the situation.

McWatters' nomination has long been rumored, but waiting until late June would also maximize the tenure of Mulvaney, who has moved aggressively to reshape the agency. Under the Federal

Vacancies Reform Act, Mulvaney can only serve for six months — a deadline up in late June — unless a permanent successor is nominated. Once that nomination is made, however, the acting appointee can stay in office as long as it is pending, a period that could extend for months.

[Mick Mulvaney does not want you to see complaints against banks that bankrolled his campaigns, report says](#) | Washington Post
Mulvaney also took aim at the consumer watchdog agency's complaint database, which contains more than 1.5 million complaints from consumers about their credit cards, bank accounts, mortgages and other financial arrangements. "I don't see anything in here that I have to run a Yelp for financial services sponsored by the federal government," Mulvaney said during his address to the American Bankers Association meeting. "I don't see anything in here that says that I have to make all of those public."

A review of Mulvaney's campaign contributions finds some overlap between the two issues: Eight of the 10 companies subject to the most consumer complaints about their banking practices contributed to Mulvaney's political campaigns, according to a report by Public Citizen, an liberal consumer rights group, scheduled to be released Tuesday. Nineteen of the top 30 contributed $140,500 to Mulvaney.

See Public Citizen report, **"Companies With the Most Complaints in CFPB Database Were Mulvaney Donors"**

Senate Democrats seek Mulvaney schedule, citing lobbyist remarks // PoliticoPro
Twenty-two Senate Democrats called on Acting CFPB Director Mick Mulvaney to release his official schedule and any documents discussing meetings with lobbyists in light of his remarks about the "hierarchy" he maintained for visitors to his congressional office.

Meet Mulvaney's 'politicos': Six senior staff remaking the CFPB | American Banker
Like a baseball manager who brings aboard his own coaching staff, Mulvaney has stocked the agency with a critical mass of political appointees, making good on his December promise to pair political staffers with senior career officials at the agency.

A number of the political appointees have close ties to House Financial Services Committee Chairman Jeb Hensarling, R-Tex., while others have represented banks in lawsuits filed by the bureau under former Director Richard Cordray.

Top CFPB officials describe recent changes at the Bureau | Ballard Spahr

Goldman Sachs and Apple Plan to Offer a New Credit Card | NY Times

DERIVATIVES, COMMODITIES AND THE CFTC

Bitcoin Sees Wall Street Warm to Trading Virtual Currency | NY Times
Some of the biggest names on Wall Street are warming up to Bitcoin, a virtual currency that for nearly a decade has been consigned to the unregulated fringes of the financial world. The parent company of the New York Stock Exchange has been working on an online trading platform that would allow large investors to buy and hold Bitcoin, according to emails and documents viewed by The New York Times and four people briefed on the effort who asked to

remain anonymous because the plans were still confidential. The news of the virtual exchange, which has not been reported before, came after Goldman Sachs went public with its intention to open a Bitcoin trading unit — most likely the first of its kind at a Wall Street bank.

ENFORCEMENT

[Rod Rosenstein signals era of big corporate penalties is ending] | American Banker
Rosenstein, in a speech Wednesday in New York, said companies in highly regulated industries such as banking were too often assessed multiple fines by various agencies and governments for the same misconduct. While large fines are sometimes warranted, Rosenstein said, they shouldn't be the result of "piling on" by several enforcement authorities…

Former federal prosecutors said much of what Rosenstein announced on Wednesday was already being practiced at the department. In recent years, companies that resolved investigations for violations of the Foreign Corrupt Practices Act, for example, received credit from the Justice Department and the Securities and Exchange Commission for penalties paid to other jurisdictions.

The new policy could come into play in cases where state regulators or attorneys general seek to bring their own actions on companies also under investigation by the Justice Department.

[RBS strikes preliminary $4.9B deal with DOJ over sales of toxic securities] | PoliticoPro

[Wall Street Must Suppress its Delight at Eric Schneiderman's Fall] | Financial Times (Brooke Masters)
History suggests that financial abuses tend to multiply at the end of an economic boom, as market participants try to keep the good news flowing. We are in the eighth year of an upcycle, yet President Donald Trump's administration is loosening the rules on banks, and his choice as US Attorney for the Southern District - another vital financial crime watchdog - is untested.

Mr Schneiderman did the right thing by resigning. But his disappearance leaves us without a determined cop on Wall Street at a time when investors are particularly vulnerable. That cannot be good for anyone.

[Eric Schneiderman's Legacy in Financial Cases May Survive His Downfall] | NY Times
Mr. Schneiderman's big accomplishment in going after Wall Street were the billions of dollars in penalties that he helped secure from big banks that had sold flawed mortgage-backed bonds during the run-up to the financial crisis. He ensured that some of that money went to help communities across the state that were overrun by abandoned houses and foreclosures — often referred to as "zombie homes." A spokeswoman said that the office generally avoided providing details about the number of open investigations. But Barbara Underwood, who was named New York's acting attorney general on Tuesday, said in a statement that the office's "work continues without interruption."

[Treasury launches effort to shed light on opaque shell companies] | PoliticoPro
FinCEN is calling on banks and other financial firms to collect information about any individual who owns at least a 25 percent stake in one of their customers, as well as anyone who directly controls or manages the entity. Banks also have to develop a risk profile of their customers to

determine how often the information needs to be updated...

But banks argue that there's still a lot they don't know heading into the effective date, after which examiners can start faulting them for lack of compliance with the rule… The Independent Community Bankers of America, a leading trade group for small banks, asked for a one-year delay in the rule's effective date, as did Reps. French Hill (R-Ark.), Steve Pearce (R-N.M.) and Blaine Luetkemeyer (R-Mo.) — all members of the House Financial Services Committee.

EXECUTIVE COMPENSATION

[Institutional investors lukewarm on CEO pay-ratio disclosure] | IR Magazine
So far, several companies have made headlines for revealing ratios ranging from the hundreds to more than 2,000. But at a recent IR Magazine event, one institutional investor dismissed the disclosure as 'just math...'

T Rowe Price will not consider the CEO pay ratio this year because there isn't enough data to compare, but will reassess its position next year, a spokesperson says. CalSTRS expects boards to have been aware of the CEO pay ratio before this year, a spokesperson says. Due to the complexity of executive compensation, CalSTRS wouldn't vote against a company based solely on the CEO pay ratio. In a comment letter to the SEC last year, the pension fund encouraged issuers to provide additional information to explain the ratio, including the number of overseas employees, number of hourly employees and the ratio of CEO pay to the average employee.

This view is shared by many institutional investors..

[The Business Case for Clawbacks] | Harvard Law School Forum on Corporate Governance and Financial Regulation (Kathryn Neel, Seymour Burchman & Olivia Voorhis)

FEDERAL RESERVE

[Wells Fargo may be stuck in the Fed's penalty box until 2019] | CNN Money
The Fed slammed Wells Fargo in February with unprecedented sanctions that prevent the bank from growing because of its "widespread consumer abuses." Those restrictions were to be lifted as soon as the end of September — if Wells Fargo could prove to the Fed that it had cleaned up its act.

But Wells Fargo (WFC) signaled on Thursday that it has more work to do to satisfy regulators following a wave of scandals.

[Powell: Fed won't lift restrictions on Wells Fargo without board vote] | PoliticoPro

[Fed watching to ensure liquidity rule doesn't affect monetary policy] | PoliticoPro

[Powell: Fed's role in global financial conditions 'often exaggerated'] | PoliticoPro

INVESTOR PROTECTION, THE SEC, AND RETIREMENT SAVINGS

Trump administration to grant Wall Street fiduciary relief | PoliticoPro

Wells Fargo Settles Securities Fraud Class Action for $480 Million | Wall St. Journal
The settlement comes at a difficult time for Wells Fargo, which is dealing with multiple investigations and settlements. The problems kicked off in September 2016 when its sales-practices scandal erupted, and the bank later disclosed it opened up to 3.5 million sham retail banking customer accounts.

JPMorgan to Remove Some Fiduciary Rule Handcuffs, Others May Follow | AdvisorHub
JP Morgan Chase & Co. is telling its brokers and private bankers to prepare for changes to its retirement account policies and products in preparation for the likely repeal of the Department of Labor's fiduciary rule next week… Other firms are indicating they may become more aggressive on sales of commission products such as variable annuities and load mutual funds that appeared to be prohibited under the fiduciary rule.

The adjustments appear to confirm that the Trump administration has effectively killed the Obama-era Labor Department's efforts to impose a fiduciary standard that it said would restrain sales practices that reduced annual returns on retirement savings by 1% and cost U.S. investors an estimated $17 billion a year.

SEC plan to protect retail investors is short on detail | Financial Times (Barbara Roper)
The SEC's 407-page proposal contains this baffling sentence: "We are not proposing to define 'best interest' at this time," which rather leaves the whole purpose of the exercise up for grabs.

There is another problem: the proposal says that brokers in decades-long relationships with their customers have no duty to monitor those accounts in between their "episodic" recommendations. As long as the advice made sense at the time, brokers do not have to tell their clients if circumstances have changed.

Mr Clayton's effort to reshape the rules for brokers comes at a time of momentous change in American financial regulation, and generally not for the better. Congress is in the advanced stages of passing legislation that would roll back some protections adopted in the wake of the financial crisis, and President Donald Trump's choice to head the Consumer Financial Protection Bureau, Mick Mulvaney, appears intent on dismantling the agency set up to protect borrowers from abusive practices. This sort of political environment threatens to rub off on the SEC…

SEC's 'best interest' proposal falls short of its laudable goal | The Hill (Kurt Schacht)

Court ruling aside, for now DOL will rely on fiduciary rule to govern investment advice | Investment News

Peirce, SEC's top dissenter, says agency must curb enforcement | PoliticoPro
In a speech in Denver, Hester Peirce acknowledged she has a high rate of "no" votes on enforcement actions and sought to explain "the why behind the no."

"Enforcement is not an end goal for the Commission; it is a last resort," Peirce said, according to prepared remarks. "I want to ensure that the Commission is known for taking a vigorous, but careful enforcement approach."

SEC's Newest Republican Emerges as One-Woman Party of 'No' | Bloomberg Government
Take the SEC's $14 million penalty in March for the New York Stock Exchange and two affiliated exchanges for alleged failures related to multiple disruptive market events. [Commissioner Hester] Peirce voted no on the settlements with the exchanges.

Or, for example, an almost $1 million settlement in March to resolve anti-corruption compliance allegations against Canada's Kinross Gold Corp.? No. Or the $4.45 million deal in February to settle claims that Deutsche Bank misled customers? Yes, except not the corporate undertakings.

SEC's Piwowar to leave in July | PoliticoPro

How SEC's Piwowar teed up a Trump deregulatory win | PoliticoPro

Annuities Are the Retirement Solution Everyone Loves to Hate | Bloomberg Government

A Private-Market Deal Gone Bad: Sketchy Brokers, Bilked Seniors and a Cosmetologist | Wall St. Journal (Jean Eaglesham and Coulter Jones)
Ray Kay, who works as a financial adviser in Beverly Hills, Calif., advertised on the radio a purportedly low-risk, high-income investment. There were a few points Mr. Kay omitted. He used to be called Raymond L. Kotrozo. Under that name, he was barred from the securities industry for allegedly running a fraud, according to public records, and later fined $5,000 for breaking that ban.

One more thing: Regulators say the investment he pushed was a Ponzi scheme, one of the biggest in recent years.

Starting Next Week You Can See Brokers' Profits From Bond Sales | Wall St. Journal
Beginning Monday, brokers will have to say how much they pocket when they buy corporate and municipal bonds and sell them to retail investors later that day. The disclosures are aimed at addressing long-standing concerns that individual investors who buy bonds don't know how much they are paying in fees, known as markups, that can eat into returns.

Shining a light on corporate spending in our elections | The Hill (Rep. Salud Carbajal)
A year after the Citizens United decision, a rule-making petition was submitted to the SEC mandating public disclosure of political spending by corporations and it received over 1.2 million comments – the largest number of comments on a rule in the history of the SEC. Stockholders and voters have been clear; they want to know the details of the political donations of the companies they own and give their business.

Despite its popularity, the SEC has been barred from formalizing the rule, largely because this Republican majority in Congress has included riders prohibiting it in recent spending bills… My bill would overturn that restriction and finally allow for this popular rule to move forward.

SEC Puts Dodd-Frank Rule on 2018 Agenda | Bloomberg Law
he rulemaking list has more than 30 items Securities and Exchange Commission Chairman Jay

Clayton is looking to have the SEC act on in the next 12 months. The agenda includes 10 additions that didn't appear on the previous list released in December.

Among the new arrivals is work to adopt a rule that would direct companies to report whether they let their directors, officers, and employees hedge against declines in company stock. The SEC proposed the regulation in 2015 under Section 955 of the Dodd-Frank Act.

Another newcomer included a "testing of the waters" proposal to give all corporations, not just emerging-growth companies, more freedom to talk to investors about their potential initial public offerings. Clayton has sought to increase the number of IPOs as chairman.

MORTGAGES AND HOUSING

HUD Secretary Ben Carson to be sued for suspending Obama-era fair-housing rule | Washington Post
Fair-housing advocates planned to file a lawsuit early Tuesday against the U.S. Department of Housing and Urban Development and HUD Secretary Ben Carson for suspending an Obama-era rule requiring communities to examine and address barriers to racial integration. The 2015 rule required more than 1,200 communities receiving billions of federal housing dollars to draft plans to desegregate their communities — or risk losing federal funds. After nearly 50 years of inaction, the rule was seen as a belated effort by HUD to enforce the landmark civil rights legislation of the 1968 Fair Housing Act, which compelled communities to use federal dollars to end segregation in residential neighborhoods.

HUD signals changes could be coming to disparate impact rule | HousingWire
Changes could be on the way for the Department of Housing and Urban Development's disparate impact rule, a rule enacted by HUD during the Obama administration and used as a way to enforce the Fair Housing Act. Under HUD's rule, lenders, landlords, and other housing providers can be held liable for discrimination against protected classes even if it was not their intent to discriminate.

While the Supreme Court upheld the use of disparate impact as a legal means to establish liability for discriminatory actions, the court's decision did not specifically rule on HUD's policy. Now, HUD is preparing to ask the public to comment on whether its rule is "consistent" with the Supreme Court's decision.

At Sean Hannity properties in working-class areas, an aggressive approach to rent collection | Washington Post

Sean Hannity's Guide to Real Estate -- Sean Hannity buys HUD REO | NY Times
Sean Hannity pouts that he's not getting credit for helping to solve the housing crisis. The Fox News "journalist," using $17.9 million in mortgages subsidized with insurance from the Department of Housing and Urban Development, used shell companies to buy distressed properties. All perfectly legal, but it's the kind of federal aid Mr. Hannity so often derides…

It's been sort of a revolving door for the perpetrators of the housing bust. Banks such as IndyMac underwrote mortgages to buyers who could not be expected to keep up with their payments. Those loans were then repackaged by the likes of Goldman Sachs into "highly rated" securities. When it all went sideways, people like Steve "I Take Great Offense to Anybody Who

Calls Me the Foreclosure King" Mnuchin picked at the carcasses. Mr. Mnuchin, a former Goldman executive and later the chief executive of IndyMac's successor company, OneWest Bank, is now the Treasury secretary.

Mr. Hannity joined this flock of vultures in 2012, buying distressed properties using limited liability corporations — shell companies that are often used to hide the real ownership.

REGULATION IN GENERAL

What Europe's Tough New Data Law Means for You, and the Internet | NY Times

STUDENT LOANS AND FOR-PROFIT COLLEGES

Defining What's 'Good Enough' on Completion Inside Higher Ed
As nonprofit colleges grab more of the online education market amid the ongoing collapse of the for-profit sector, they also may be drawing more scrutiny.

Last month The New York Times and ProPublica came at the "behemoth" Liberty University with a critical look at student recruiting and outcomes for online programs at the nonprofit Christian institution. And more recently, a prominent education technology consultant published critiques of completion rates and faculty-student interaction at Rio Salado College, the nation's only majority online two-year institution (for now), which is part of Arizona's Maricopa Community College system…

"One question we should ask is whether it is appropriate to hold up a school with some of the lowest student outcomes measures in the country as an exemplar," [Phil] Hill wrote. "Yes, Rio Salado has found a way to spend as little as possible on instruction and student support services, and yes, a lot of students transfer out, but that is not enough. We need greater evidence of student success if we are to use them as a case study for others to emulate."

Have nonprofits adopted negative for-profit habits? | Education Dive

More defections from student loan industry group after DeVos guidance | PoliticoPro

Accreditors Must Stop Letting Failing Colleges Off the Hook | Real Clear Education (Antoinette Flores)

Aid in the Wrong Direction? | Inside Higher Ed

Stabenow, Peters Raise Alarm over actions by Secretary of Education DeVos | *UP Matters*

Student debt just hit $1.5 trillion | Market Watch

Education Dept to relax rules restricting faith-based institutions from getting federal aid | The Hill

SYSTEMIC RISK

A Simple Rule Has Constrained Bankers' Freedom. Now It Is Getting 'Retooled' | Wall. St. Journal
The largest big-bank rule changes proposed since President Donald Trump took office would refashion one of the core responses to the 2008 financial crisis, generating an unusual level of opposition for the consensus-driven world of bank regulation. Trump-appointed officials are retooling the leverage ratio, a capital rule adopted to curb excessive borrowing. The changes portend more freedom for gigantic lenders such as Bank of America Corp. and Goldman Sachs Group Inc. to expand activities they have cut back in recent years…

Big bank critics across the political spectrum support the leverage ratio as a relatively simple curb. Bankers say the current version is so strict and simplistic, it discourages them from low-risk activities. Regulators are siding with the industry and recently proposed two major changes that would diminish its significance.

Is It Time to Start Worrying About Consumer Credit? American Banker (podcast)
Household debt is higher than ever, and delinquencies in credit cards and unsecured personal loans are edging upward. Bruce Van Saun, chairman and CEO of Citizens Financial, shares his views on the market and the business opportunities there.

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