AMERICANS FOR FINANCIAL REFORM

THIS WEEK IN WALL STREET REFORM
November 9-15, 2013

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TOP STORIES

Yellen Sides With Those Who Say Big Banks Enjoy Unfair Advantages
(Ylan Q. Mui, Washington Post, 11/14/13)
"Janet Yellen appeared before the Senate banking committee Thursday for a hearing on her confirmation. Many of lawmakers' questions focused on what the Fed has done to shore up the banking sector and central bank's progress in crafting new regulations required under sweeping reforms passed by Congress three years ago. They also challenged Yellen to address ways to limit the dominance of the nation's largest financial institutions, which have been dubbed 'too big to fail.'

"Addressing that issue 'has to be among the most important goals of the post-crisis period,' she said. 'Too Big to Fail is damaging, it creates moral hazard, it corrodes market discipline, it creates a threat to financial stability, and it does — unfairly, in my view — advantage large banking firms over small ones."

Obama Nominates Senior Treasury Official to Lead CFTC
Zachary Goldfarb and Danielle Douglas, Washington Post, 11/12/13)
The CFTC is "at an important crossroad," the Post observes, because "the 2010 Dodd-Frank Act directed the agency, with 674 employees and a $194 million budget, to oversee a $400 trillion piece of the unregulated derivatives market, a key contributor to the financial crisis. The CFTC has almost finished writing the rules mandated by the law, and must now get Wall Street to comply.

"[White House nominee Timothy] Massad has not previously worked at a financial regulaton, but officials say he is deeply familiar with the field through his work at a major law firm, Cravath, Swaine & Moore, where he spent the bulk of his career since graduating from Harvard Law School. He also advised the Congressional Oversight Panel, which reviewed the causes and response to the financial crisis.

The Post goes on to quote AFR executive director Lisa Donner: "Massad has not, in his previous work, been required to address the issues the CFTC is responsible for… It is not clear from what we know whether he is the right person for the job. There needs to be a serious inquiry into his views and perspectives as part of the consideration of his confirmation."

Compared to CFTC, Heading TARP May Have Been Easy Job
(Andrew Ackerman & Michael Crittenden, Wall Street Journal, 11/11/13)

"… If confirmed by the Senate, Mr. Massad would fill the role vacated by Gary Gensler, who has spent more than four years pushing back against Wall Street in a bid to bring more transparency and stricter rules to the multibillion-dollar derivatives market…

"It is unclear how Mr. Massad, a onetime corporate lawyer, would approach some of the biggest issues facing the agency. His prior legal work focused primarily on securities matters, though he has a background in derivatives. Before joining the government, Mr. Massad worked at law firm Cravath, Swaine & Moore LLP for 25 years, where he represented a range of companies, including financial firm Lazard and media and entertainment conglomerate Time Warner Inc. As a young attorney at Cravath, Mr. Massad helped develop standardized legal documents that allowed for trading derivatives…

"'I don't know what Tim's views are on key issues facing the CFTC such as the cross-border rule,' Damon Silvers, policy director and special counsel for the AFL-CIO, said several weeks ago when Mr. Massad's name first surfaced as a possible successor to Mr. Gensler. 'This is something the Senate's going to have to take a look at if he's nominated.'

"Mr. Silvers's and Mr. Massad's families have known each other for years, and Mr. Silvers was instrumental in bringing Mr. Massad to Washington at the height of the financial crisis. A conversation between the two in November 2008 led to Mr. Massad's serving as a special legal adviser to the oversight panel headed by now-Sen. Elizabeth Warren (D., Mass.), of which Mr. Silvers was a member. "

When Lobbyists Literally Write The Bill
(Alisa Chang, NPR, 11/11/13)
"It's taken for granted that lobbyists influence legislation. But perhaps less obvious is that they often write the actual bills — even word for word. In an example a week and a half ago, the House passed a measure that would roll back a portion of the 2010 financial reforms known as Dodd-Frank. And reports from The New York Times and Mother Jones revealed that language in the final legislation was nearly identical to language suggested by lobbyists..

"The House bill passed on Oct. 30 essentially sought to wipe out a financial overhaul known as the 'push-out rule.' The rule prevents banks from using your deposits to trade in derivatives — risky securities that many believe contributed to the 2008 financial crisis. Marcus Stanley of Americans for Financial Reform says the regulation was a way to protect taxpayer money.

"The purpose of this part of Dodd-Frank was to basically say that Wall Street derivatives activities should be funded by private money and shouldn't get a public subsidy, and this bill kind of reversed that," Stanley says.

Warren urges Congress to Tackle 'Too-Big-to-Fail' by Curbing Bank Activities
(Emmanuel Olaoye, Reuters, 11/13/13)
"Three years after Congress passed the Dodd-Frank Act, the country's biggest banks are bigger than ever, while the risk to the financial system has grown out of proportion, Senator Elizabeth Warren told an audience of reform advocates at a conference yesterday. Speaking at an event organized by the Roosevelt Institute and Americans for Financial Reform, Warren, a Massachusetts Democrat, said the financial reform law had failed to resolve the problem of big banks posing a risk to the financial system and that Congress needed to pass legislation that would prevent the banks from harming the financial system.

“Warren, who before her election to the Senate was a driving force for creating the Consumer Financial Protection Bureau, said the four biggest banks in the country are 30 percent larger than they were five years ago, while the five largest banks own more than half of the banking assets in the country. She said Congress needed to take action to deal with banks that are too-big-to-fail.”

MORE ON THE CFTC

CFTC Closes Loophole On Cross-Border Swaps Trading
(Evan Weinberger, Law360, 11/15/13)
“The U.S. Commodity Futures Trading Commission on Thursday cleared up confusion on a potential loophole in its cross-border swaps trading guidelines by saying that trades prepared by U.S. firms for overseas clients should be processed through electronic platforms.

The two-page guidance was a direct answer to an interpretation by Wall Street banks of a footnote in the **July guidance** on cross-border swaps that the banks said allowed some trades in the $633 trillion derivatives market to remain private. Some banks interpreted footnote number 513 of the cross-border guidance to mean that trades arranged by U.S.-based brokers or banks for foreign clients that were then processed by a foreign affiliate of the bank could avoid being completed through an electronic clearinghouse or exchange.”

Obama Nominee for Swaps Agency Draws Skepticism Over Experience
(Silla Brush, Bloomberg, 11/13/13)
“Timothy Massad, a little-known Treasury official who oversaw the U.S. rescue of Wall Street, faces skepticism about his qualifications from lawmakers who will vote on his nomination to lead the country’s top derivatives regulator.

“Massad, 57, was picked by President Barack Obama yesterday to succeed Gary Gensler as chairman of the Commodity Futures Trading Commission, which won authority in the 2010 Dodd-Frank Act to regulate swaps trading by Wall Street firms including Goldman Sachs Group Inc. (GS) and JPMorgan Chase & Co. (JPM).”

After quoting skeptical comments by Senators Elizabeth Warren and Bernie Sanders, Bloomberg points out that “Americans for Financial Reform and Better Markets, groups that advocate tighter regulation of Wall Street, issued statements calling on Massad to demonstrate a commitment to be tough on banks.”

New Swaps Regulator Must Prove Mettle in Wall Street Reform
(Douwe Medema, Reuters, 11/12/13)
“President Barack Obama on Tuesday named Timothy Massad, a lawyer who oversaw the U.S. government's $700 billion bank bailout program, as the next head of one of Wall Street's most powerful supervisors. If confirmed by the Senate as chairman of the Commodity Futures Trading Commission, Massad would lead an agency that was given vast new regulatory powers after the 2007-09 crisis, and is now tasked with reining in the relatively uncontrolled trading of complex derivatives - a $630 trillion global market.

“The nomination solves a looming leadership vacuum at the regulator, since current CFTC Chairman Gary Gensler's term expires on January 3, 2014.”

[Still Dangerous]

(Editorial, NY Times, 11/9/13)

"Five years ago, when the economy imploded, the world learned that the global financial system was, in part, a casino built on derivatives, complex instruments that are supposed to reduce risk but are instead widely used by banks and other big investors for speculation. Since then, new rules have been created to rein in derivatives through transparency, oversight and competition. Issued by the Commodity Futures Trading Commission, the agency empowered by the Dodd-Frank reform law to regulate most derivatives, the rules could indeed make the system safer, if they are aggressively enforced.

"That is a big 'if' for several reasons. For starters, the C.F.T.C. itself is facing a difficult transition. Its reformist chairman, Gary Gensler, will leave the agency when his term concludes at the end of 2013; another Democratic commissioner has announced he will resign in 2014. Whether President Obama will nominate and fight for similarly qualified regulators to succeed them is an open question. Meanwhile, Congress continues to deny the agency the resources it needs to enforce the new rules.

"The effectiveness of the C.F.T.C.'s efforts also depends on finishing related Dodd-Frank rules that have been delayed because they require various regulators with various agendas to agree on their final form. Such cooperation is especially difficult with financial reform, because banks, and the politicians and regulators who do their bidding, work tirelessly to derail new regulation."

Why It Matters Who Regulates Wall Street

(Heidi Moore, The Guardian, 11/12/13)

"Today, President Obama is going to nominate a new head of a major financial regulatory agency. His job, unfortunately, will largely be to avoid making ripples and enforce new regulations that Wall Street lobbyists have written.

"The president's nominee is Timothy Massad, a former Wall Street securities lawyer who joined the Treasury Department a few years back to help run the bank bailouts. He's an administration insider, and in his new position he's unlikely to be as controversial as the man he's replacing."

"UNFINISHED MISSION" - AFR/ROOSEVELT REPORT AND EVENT

A 'Roadmap' for Financial Reform

(Ned Resnikoff, MSNBC, 11/12/13)

"The sweeping financial reform law known as Dodd-Frank may have been an important step in the right direction, but it didn't go nearly far enough, according to a comprehensive report on financial reform being promoted by Massachusetts Senator Elizabeth Warren.

"'We still have a financial system that's very vulnerable to collapse, and the next collapse may very well be far worse than the last crisis,'" Center for American Progress senior fellow and former congressman Brad Miller, one of the report's contributors, told MSNBC…

"In her speech at the event, Warren argued that the problem of 'too big to fail' banks had only gotten worse. 'Today, the four biggest banks are 30% larger than they were five years ago. And the five largest banks now hold more than half of the total banking assets in the country,' she said.

“[W]e wanted to talk about a range of issues that are the unfinished or only partially completed business of financial reform.” said [AFR’s policy director] Marcus Stanley, one of the paper’s two editors. But I think the other deeper reason is this stuff is all connected. The financial fragility that was created, that led to the crisis, it led to bad lending on the consumer side … but it also involved a comprehensive failure at every step.”

[Warren Urges Congress to Tackle 'Too-Big-To-Fail' by Curbing Bank Activities]
(Emmanuel Olaoye, Reuters, 11/13/13)
“Three years after Congress passed the Dodd-Frank Act, the country's biggest banks are bigger than ever, while the risk to the financial system has grown out of proportion, Senator Elizabeth Warren told an audience of reform advocates at a conference yesterday. Speaking at an event organized by the Roosevelt Institute and [Americans for Financial Reform], Warren, a Massachusetts Democrat, said the financial reform law had failed to resolve the problem of big banks posing a risk to the financial system and that Congress needed to pass legislation that would prevent the banks from harming the financial system…”

[Warren: End ‘Too Big to Fail’]
(Bryan Koenig, CNN, 11/12/13)
“Five years after the financial crisis, there remain banks that are “too big to fail,” Warren warned. She called for sharper regulation of banking institutions and, more specifically, a revised version of the Glass-Steagall Act, the Depression-era law which restricted the role of certain financial institutions.”

[Elizabeth Warren Says Growth of Wall Street Banks Poses Threat of Another Economic Meltdown]
(Mattias Gugel, Boston Globe, 11/12/13)
“In a speech to the Americans for Financial Reform and the Roosevelt Institute, Warren took large swings at both the Obama administration and Congress for not following up when regulators missed deadlines to impose new regulations under the 2010 Dodd-Frank legislation.

“’Who would have thought five years ago, after we witnessed firsthand the dangers of an overly concentrated financial system, that the ‘Too Big To Fail’ problem would only have gotten worse?’ Warren asked.” (Underline AFR)

[Warren: New Wall Street Overhaul Needed]
(Peter Schroeder, The Hill, 11/12/13)
“Sen. Elizabeth Warren (D-Mass.) on Tuesday said Congress should write new rules for Wall Street because the regulators implementing the Dodd-Frank law have come up short. Blasting the Dodd-Frank rules as years late and ‘watered-down’ by financial lobbyists, Warren said the time is ripe for Congress to return to the drawing board and come up with new rules of the road for Wall Street.”

MORE ON YELLEN NOMINATION AND FEDERAL RESERVE

Yellen Opposes Federal Reserve Audit
(Ned Resnikoff, MSNBC, 11/14/13)
President Obama's nominee to chair the Federal Reserve told the Senate Banking Committee today that she was opposed to an audit of the Fed because it would subject the central bank to "short-term pressures."

"We're one of the most transparent central banks in the world, but I would not support anything that diminishes the independence," she said.

Sen. Rand Paul has proposed legislation that would subject the Federal Reserve to a full audit by the Government Accountability Office (GAO), offering Congress a look at the internal operations of the famously opaque institution. Tea partiers like Paul aren't the only people who support an audit: the proposal has also garnered support among labor leaders such as AFL-CIO president Richard Trumka, progressive economists like Dean Baker, and Congressional liberals such as Rep. Alan Grayson, D-Fla.

In Yellen Hearing, Senators Push for Fed Changes
(Binyamin Applebaum, NY Times, 11/14/13)
"The questions that Janet L. Yellen faced on Thursday from senators considering her nomination to lead the Federal Reserve made two things fairly clear: The job is hers, and it's not going to be easy…

"[Elizabeth] Warren and other senators also pressed Ms. Yellen to explain why the Fed was taking so long to impose new restrictions on large banks, and whether she considered the restrictions authorized by current law sufficient. Ms. Yellen said she would withhold judgment until the regulatory work was complete."

Actually, the Fed Can Do Something (Lots, Even) About Inequality
(Josh Bivens, EPI Blog, 11/15/13)
"At today's confirmation hearing for prospective Federal Reserve Chair Janet Yellen, Senator Heidi Heitkamp (D-N.D.) asked Yellen about how Fed policy contributes to inequality, and specifically worried that recent Fed policies (ie, quantitative easing) have helped asset owners without doing much to help low- and moderate-income Americans.

"There are a couple of things to note about this. For one, Yellen's answer that faster growth and a better job-market recovery would do a lot to ease inequality was spot-on. The short version is that the Fed can do the most to address inequality by quickly getting unemployment down to very low levels. She specifically noted the episode of the late 1990s when very tight labor markets led to across-the-board wage growth. This is exactly right, and too often under-appreciated."

MORTGAGES AND FORECLOSURES

Senate Owes Every Nominee a Vote
(Editorial, Des Moines Register, 11/9/13)
"For 17 days in October Republicans in the U.S. House of Representatives tied Congress into knots over the federal budget. Within days of resolving that crisis with some talk of bipartisanship in Congress, Republicans in the Senate were back at it with a filibuster to block confirmation of two of the president's appointments.

"Fifty-six senators voted to confirm Melvin Watt to head the Federal Housing Finance Agency, and 55 voted to confirm Patricia Millett to the U.S. Court of Appeals for the District of Columbia Circuit. But the nominations needed 60 votes to end the Republican filibuster, so both were defeated.

"In Watt's case, the Senate filibuster stuck a thumb in the eye of not just the president but the House, where he is a representative from North Carolina."

Congressional Black Caucus, Others Slam GOP Over Watt Snub
(Stacy M. Brown, BlackVoiceNews.com, 11/12/13)
"Republican senators who blocked the confirmation of an African-American congressman to lead a key federal agency should brace themselves for a major fight with Democrats and numerous minority agencies that support President Barack Obama's nominee.

"The Congressional Black Caucus (CBC) has joined others in the Democratic Party as well as a number of black and minority leaders in denouncing the Senate in its vote against the appointment of Rep. Mel Watt (D-N.C.) to the post of director of the Federal Housing Finance Agency.

"'The conversation on rules changes can't come fast enough for me,' said Sen. Chris Murphy (D-Conn.). 'The failure to confirm Watt is a government shutdown by another tactic,' said Murphy, 40."

EXECUTIVE COMPENSATION

SEC Skeptical on Pay Ratio Disclosure **(Emily Chasan, Wall Street Journal, 11/12/13)**
"U.S. securities regulators are skeptical the new 'pay ratio' disclosure rule will help investors assess how much of a gulf exists between the compensation of companies' chief executives and their workers.

"Finding median worker pay 'is incredibly complicated and difficult to do,' Craig Lewis, the Securities and Exchange Commission's chief economist said at a Practising Law Institute Conference in New York last week. An estimate of median worker pay would be difficult to calculate for any company that has substantial part-time or seasonal workers, or a large international footprint, due to different payroll systems and unique pay regulations in each country. Even firms within the same industry may produce very different results, depending on whether they use more permanent or part-time workers or outsource large portions of work to other firms."

Excessive CEO Pay Subsidized by American Taxpayer

(Public Citizen, 11/12/13)
"Tax loopholes that enable corporations to deduct CEO pay in excess of $1 million could be costing American taxpayers hundreds of millions of dollars, according to a report released today by Public Citizen.

In 2012, the 20 highest paid CEOs were paid base salaries totaling $28 million but received performance-based compensation totaling $738 million, Public Citizen discovered. For executive pay above $1 million, publicly traded companies may deduct only that which is based on performance or other incentives. If these companies paid the statutory 35 percent corporate income tax rate, their use of the performance-based compensation loophole for just those 20 CEOs cost American taxpayers $235 million."

NEWS OF JPMORGAN CHASE

JPM's $10B Settlement Gets Huge Tax Break, Critics Say

(Bloomberg, 11/13)
"An aspect of U.S. tax law is being criticized by some lawmakers and consumer groups concerned that it may be worth billions of dollars for JPMorgan Chase in negotiations with the Department of Justice." The result, critics say, could be to turn "an announced settlement of $10 billion into one for $6.5 billion.

"'It shouldn't have hidden subsidies or sweeteners in the settlement," said Francisco Enriquez, a tax and budget associate at the U.S. Public Interest Research Group, which says it operates as a counter to big banks. 'If the DOJ is in the end going to look for a $6.5 billion price tag, then that's what they should say.'"

Morning Agenda: A Member of China's Elite Tied to JPMorgan

(William Alden, New York Times, 11/14/13)
"To promote its standing in China, JPMorgan Chase turned to a seemingly obscure consulting firm run by a 32-year-old executive named Lily Chang. Ms. Chang's firm, which received a $75,000-a-month contract from JPMorgan, appeared to have only two employees. And on the surface, Ms. Chang lacked the influence and public name recognition needed to unlock business for the bank.

"But what was known to JPMorgan executives in Hong Kong, and some executives at other major companies, was that 'Lily Chang' was not her real name. It was an alias for Wen Ruchun, the only daughter of Wen Jiabao, who at the time was China's prime minister, with oversight of the economy and its financial institutions…"

JPMorgan Cancels Q&A On Twitter After Firestorm Of Hate Tweets

(Reuters, 11/14/13)
"JPMorgan Chase & Co canceled a question and answer session on Twitter with veteran investment banker Jimmy Lee after being flooded with insulting questions less than 24 hours before the session was to begin. 'Bad idea! Back to the drawing board,' spokesman Brian Marchiony said by email ..."

JPMorgan's #AskJPM Twitter Experiment Goes Horribly Awry
(Maria Aspan, American Banker, 11/13/13)
“What were they thinking? That was the first of many, many questions left hanging Wednesday afternoon, after beleaguered bank JPMorgan Chase (JPM) shot itself in the foot with its own Twitter hashtag. The bank's efforts to use social media quickly and publicly imploded, demonstrating the many potential pitfalls for banks and other big corporations that try to harness Twitter for their own purposes.

“JPMorgan's public relations team had apparently intended to drum up audience participation, and business-minded questions, for a planned Thursday online discussion with vice chairman Jimmy Lee. So on Wednesday, the J.P. Morgan Twitter account invited the world to weigh in — by suggesting that everyone using the social media network submit questions for Lee's ‘Twitter takeover,’ and mark their suggestions with the hashtag "#AskJPM."

ENFORCEMENT

U.S. Judge Criticizes Lack of Prosecution Against Wall Street Executives for Fraud
(Nate Raymond, Reuters, 11/13/13)
The federal judge who oversaw the recent civil fraud trial against Bank of America Corp criticized the U.S. Department of Justice on Tuesday for failing to prosecute high-level executives over the financial crisis. U.S. District Judge Jed Rakoff of Manhattan said while companies have been prosecuted for causing the 2007-2009 financial meltdown, Wall Street executives have escaped justice.

"’The failure of the government to bring to justice those responsible for such a massive fraud speaks greatly to weaknesses in our prosecutorial system that need to be addressed,’ Rakoff said. Rakoff, who was appointed by President Bill Clinton in 1996, blamed the lack of criminal cases on a shortage of investigatory resources coupled with an over-emphasis on bringing cases against companies rather than individuals. Rakoff's critique drew a quick reaction from the Justice Department, where a spokeswoman said top prosecutors are ‘aggressively working’ on several ongoing investigations.”

M&T's Wilmington Trust Probed Over Financial Reporting
(Andrew R. Johnson, Wall Street Journal, 11/12/13)
“The Securities and Exchange Commission and U.S. Justice Department are investigating M&T Bank Corp.'s (MTB) Wilmington Trust business over its financial reporting and regulatory filings, the Buffalo lender said Tuesday.

“Both agencies started their investigations prior to M&T's acquisition of Wilmington Trust, M&T said in a regulatory filing. M&T acquired Wilmington Trust, which was hit hard by losses on construction loans amid the economic downturn, in 2011.The investigations could lead to civil or criminal legal actions, fines and other costs, the bank said.”

[SEC's Mary Jo White Seeks 'Zero Tolerance' For Wall Street Glitches]
(Andrew Tangel, LA Times, 11/12/13)
"The nation's top securities regulator called for 'zero tolerance' of trading glitches on Wall Street, saying technology snafus can undercut faith in financial markets.

"We all know that technology is never going to be perfect," Mary Jo White, chair of the U.S. Securities and Exchange Commission, said Tuesday at a financial industry conference in New York. "We have the safest, most reliable markets in the world, but … any incident can't undermine investor confidence."

CFPB AND CONSUMER FINANCE

Credit-Card Rewards Programs Examined by U.S. Consumer Bureau
(Carter Dougherty, Bloomberg, 11/15/13)
"The U.S. Consumer Financial Protection Bureau is examining whether customers are being misled when they sign up for complex credit-card reward programs and will mull new rules in this area.

"Consumers can face 'detailed and confusing rules' about using rewards, CFPB Director Richard Cordray said in an e-mail yesterday. 'We will be reviewing whether rewards disclosures are being made in a clear and transparent manner, and we will consider whether additional protections are needed.'"

Consumer Financial Protection Bureau is doing Its Job
(Emily Scarr, Baltimore Sun, 11/9/13)
"Contrary to the claims in a Nov. 6 guest column, 'Consumer protection bureau fails to protect,' by Jeffrey H. Joseph, the CFPB is getting results for consumers and doing so in a transparent way. It's the first federal financial agency with just one job: protecting consumers, especially students, military families and senior citizens."

Consumer Bureau: Prepaid Card Restrictions Coming
(Julian Hatten, The Hill, 11/12/13)
"[CFPB Director Richard Cordray] says that the prepaid card industry ought to get ready for new restrictions, because they are on the way. 'It's going to come one way or the other,' Richard Cordray said on Tuesday. 'Prepaid cards are an odd new product and fall in the cracks. That's very problematic because these products have exploded in recent years,' he added."

Banks Question Fairness Of New 'Fair Lending' Probes
(Paul Sperry, Investors.com, 11/11/13)
"Already looking at $100 billion in federal legal penalties over the mortgage crisis, major lenders fear they face a large and undefined liability under the government's aggressive anti-discrimination enforcement and are pushing for officials to define where they're drawing the line.
"The Obama administration has kept the statistical methodology it uses to prove lending bias in both home and car finance so secret that a bipartisan group of 22 senators — including 11 Democrats — fired off a letter to regulators Oct. 30 demanding details… In a Nov. 4 letter of reply, the Consumer Financial Protection Bureau (CFPB) refused to say. Alan Kaplinsky of Ballard Spahr LLP, a national law firm specializing in bank regulation compliance, called the response 'less than satisfactory.'"

Consumer Watchdog Takes Up Debt Collection
(Ann Carrins, New York Times, 11/9/13)
“If you have had a bad experience with a debt collector, the Consumer Financial Protection Bureau wants to hear from you. The bureau said this week it was getting ready to update rules governing how debt collectors may communicate with borrowers…

"’We want to hear how we can better protect consumers and bring greater accountability to this multibillion-dollar industry without hamstringing legitimate debt collection activities,’ the bureau's director, Richard Cordray, said in a call with reporters.”

CFPB Chief Questioned on Data Collection
(Julian Hatten, The Hill, 11/12/13)
“Republican lawmakers put the country’s top consumer finance watchdog back on the hot seat over his agency’s collection of data about as many as 900 million credit card accounts. Multiple Republicans on the Senate Banking, Housing and Urban Affairs Committee questioned [CFPB] Director Richard Cordray on Tuesday about the credit card data that his agency collects and monitors to regulate the consumer finance marketplace.

“’The fact is that you are collecting data on individual credit card accounts,’ Sen. Mike Crapo (Idaho), the panel’s top Republican, told Cordray.
“Cordray has repeatedly defended the agency from the charges. The CFPB collects mostly anonymous data to track broad trends in the financial market, he said, not to monitor individuals’ private information.”

Consumers Union Renews Call For Student Loan Reforms As Congress Takes Up Reauthorization of Higher Education Act
(Consumers Union, 11/13/13)
“Consumers Union, the policy division of Consumer Reports, called on Congress today to adopt a number of reforms urgently needed to restore fairness to the student loan system. The consumer group spelled out its reform agenda in a policy brief highlighting recent research on the mounting student loan debt crisis and stories from consumers struggling to finance college and pay off record-high debt. Congress is preparing to debate the reauthorization of the Higher Education Act in 2014.”

OTHER ITEMS

Dog Days of Summers Cost Harvard $345 Million
(Nick Summers, Bloomberg Businessweek, 11/11/13)
“The Larry Summers administration is still costing Harvard University. The school lost $345 million this fiscal year getting out of interest rate swaps it agreed to before the financial crisis, when Summers, then the university president, made bets on exotic debt derivatives.

“The swaps losses were an increase from $134.6 million in 2012, and now add up to more than $1.25 billion since 2008, Bloomberg News reported. Harvard detailed the figures in its annual financial report (PDF), which showed its endowment, the nation’s largest, returning 11.3 percent to reach $32.7 billion. That’s a big improvement from 2012, when Harvard posted the worst financial performance in the Ivy League, losing 0.5 percent.”

[Bill Clinton's Solution for 'Too Big to Jail' Banks]

(Antoine Gara, The Street, 11/12/13)

"President Bill Clinton believes there is an economically productive way to make use of the billions of dollars in Wall Street fines and settlements that flood into the U.S. Treasury annually since the financial crisis.

"Instead of putting the billions that the Department of Justice and Securities and Exchange Commission squeeze out of Wall Street banks for their misdeeds during the housing bubble into a general account with the U.S. Treasury, President Clinton said at the annual Securities Industry and Financial Markets Association (SIFMA) on Monday that the money should be put into a national infrastructure bank…"

[Stock And Options Exchanges Offer Plans To Halt Glitches]

(Washington Post, 11/12/13)

"U.S. stock and option exchanges said Tuesday that they reached a general agreement on how to strengthen securities markets after federal regulators ordered them to come up with new rules in the wake of Nasdaq's three-hour trading halt in August.

"Exchanges, including New York Stock Exchange operator NYSE Euronext and Nasdaq OMX, said they agreed on the timing and nature of certain regulatory proposals, including rules designed to protect the securities information processor (SIP) at the center of the Aug. 22 trading halt."

[SEC Shows Leniency To Hedge-Fund Administrator In A First For Agency]

(Dina ElBoghdady, Washington Post, 11/12/13)

"A former hedge-fund administrator will get a break for helping the Securities and Exchange Commission uncover fraud at the fund, an agreement that marks a first for the agency and makes use of a concept pioneered by its current chairman decades ago.

The SEC announced Tuesday that it will forego significant enforcement action against Scott Herckis because he flagged the agency to misconduct that fleeced investors of $1.5 million."

[My Regrets, by Goldman Sachs Boss Lloyd Blankfein]

(Nick Goodway, London Evening Standard, 11/13/13)

"In an amazing mea culpa, Goldman Sachs chief executive Lloyd Blankfein has said he regrets the bank's involvement in some complex financial products ahead of the financial crash in 2008.

"Goldman paid $550 million (£345 million) to the Securities and Exchange Commission over its collateralised debt obligation vehicle Abacus, which the regulator said defrauded clients.Blankfein said: 'I wish the organisation hadn't done complex CDOs. And, post-crisis, I wish I had gotten a little quicker off the mark in describing who we were and what we did as a firm and how we looked to the world before everybody defined us for us.'"