Americans for Financial Reform

This Week in Wall Street Reform | Aug 26–Sept 1, 2017

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TRUMP ADMINISTRATION AND WALL STREET

Fed's Yellen says Dodd-Frank regs help -- not hurt -- economy I Associated Press
Yellen said the Fed is prepared to adjust the regulations as needed to help financial institutions. But in a speech to an annual conference of central bankers in Jackson Hole, she implicitly rejected efforts by Republicans, including President Donald Trump, to scrap the 2010 Dodd-Frank law as a threat to the economy...

Yellen said the Dodd-Frank Act has produced a far safer banking system, especially with banks required to hold much higher levels of capital, the cushion against losses from bad loans.

"The United States, through coordinated regulatory action and legislation, moved very rapidly to begin to reform our financial system," Yellen said, "and the speed with which our banking system returned to health provides evidence of the effectiveness of that strategy."

Yellen's frank Fed talk I Bloomberg View (editorial)
She urged policymakers to remember the lessons and the dreadful costs of that crisis, and explained at length how stricter regulation had made banks and other financial institutions more resilient. She's right: Nostalgia for the regulatory neglect that prevailed before the crash is wholly misplaced…

if anything, Ms. Yellen understated the need to make these capital rules more effective. The U.S. financial system is stronger than it used to be, but not as strong as Ms. Yellen suggested. Although capital levels are higher than they were before the crisis, they still fall short of what would be needed to withstand another such setback — and short of what would best support economic growth over the course of the business cycle.

Yellen defends Dodd-Frank regs Trump has vowed to unwind I The Hill
Federal Reserve Board Chairwoman Janet Yellen has asked lawmakers and regulators to only make "modest" changes to the Dodd-Frank Act… In a Friday speech in Jackson Hole, Wyo., Yellen said that there is room to improve Dodd-Frank and reduce its burden, but that it's critical to preserve the bulk of the law to prevent future crisis, according to prepared remarks.

Dodd-Frank is still here but banks have reasons to cheer Trump I Financial Times
Americans for Financial Reform… noted that the [Treasury] report followed recommendations from The Clearing House, a powerful trade association, in 31 out of 40 specific cases. In some

instances, the language of the government and the language of the lobbyists was hard to tell apart…

"We've reached a point in this administration when big banks and private-equity funds have placed so many people in the top jobs, they hardly need to worry about lobbyists and trade associations any more," says Jim Lardner, a senior fellow at **Americans for Financial Reform**.

Financial regulators need to fix the plumbing first I The Hill (Allan D. Grody)

WELLS FARGO - THE LATEST

Wells Fargo Review Finds 1.4 Million More Suspect Accounts I NY Times
The findings brought the number of potentially unauthorized accounts to 3.5 million — a nearly 70 percent increase over the bank's initial estimate… Besides the additional accounts announced Thursday, the wider review uncovered a new issue: unauthorized enrollments of customers in the bank's online bill payment service. Wells Fargo said that it had found 528,000 cases in which customers may have been signed up without their knowledge or consent, and will refund $910,000 to customers who incurred fees or charges…

A coalition of 33 consumer groups sent a letter to congressional leaders urging them to bring Wells Fargo executives back to Capitol Hill — where Mr. Stumpf was roasted last year by unhappy lawmakers, shortly before he stepped down under pressure — to answer new questions about the bank's abuses. The bank "may have intentionally misled" lawmakers in its previous testimony, they said...

The problems may have begun years before the period that the bank reviewed. Wells Fargo customers and former employees have said that they tried as far back as 2005 to alert bank executives to actions by branch bankers and managers. An investigation commissioned by Wells Fargo's board found signs of abuses that surfaced in 2002.

Wells Fargo's Testimony Left Some Feeling Shortchanged I NY Times (Gretchen Morgenson)
We now know that last summer, before the hearings, Wells had become aware of its longtime practice of forcing auto insurance on some customers who did not need it. Yet there was no mention of that in the bank's response to Senate Democrats.

This lapse calls for new congressional hearings on Wells Fargo, according to 33 consumer groups. Led by **Americans for Financial Reform** and Public Citizen, two left-leaning consumer organizations, the groups sent a letter late Thursday to leadership of the Senate Banking Committee and the House Financial Services Committee urging them to bring Wells Fargo executives back to Capitol Hill to answer questions about the bank's stream of abuses.

See joint statement by AFR, Public Citizen, and 31 other groups

Wells Fargo board should hire a real outside investigator I San Francisco Chronicle (Thomas Lee)
[F]ormer Federal Reserve official Elizabeth Duke, who will become Wells Fargo chairwoman in January, should order another review, this time led by a credible outside figure with experience in law enforcement, financial regulation or — better yet — both. The company should also hire an independent accounting firm to conduct a forensic audit...

Another investigation will no doubt cost a lot of money and time. But Wells Fargo could have avoided this had the company done it right the first time. The previous investigation, supervised by a four-member board committee, hired the Shearman & Sterling law firm to "assist" the inquiry. Stuart Baskin, a Shearman partner, is defending those four directors against a shareholder lawsuit filed by prominent Burlingame attorney Joe Cotchett against the Wells Fargo board, which immediately raises the question of how independent the firm can be.

The resulting 113-page report completely exonerated the board, which is highly convenient for the directors who paid for it.

Wells Fargo uncovers up to 1.4 million more fake accounts I CNN Money
Wells Fargo (WFC) now says it has found a total of up to 3.5 million potentially fake bank and credit card accounts, up from its earlier tally of approximately 2.1 million. In other words, there are two-thirds more fake accounts than previously realized.

The additional fake accounts were discovered by a previously announced analysis that went back to January 2009 and that further reviewed the original May 2011 to mid-2015 period. About 190,000 accounts were slapped with unnecessary fees for these accounts, Wells Fargo said. That's up from 130,000 previously.

Wells Fargo also discovered a new problem: thousands of customers were also enrolled in online bill pay without their authorization. The review found 528,000 potentially unauthorized online bill pay enrollments.

Why Wells Fargo Might Not Survive Its Fake Accounts Scandal I Fortune (Peter Conti-Brown)
These dark and accumulating clouds hanging over Wells Fargo lead us to ask the existential question: Can the bank survive? In the aftermath of the scandal, former CEO John Stumpf gave close to a textbook testimony on Capitol Hill—if the textbook needed an example of the worst possible way to handle a scandal in front of Congress. Stumpf hemmed and hawed, quarreling with members of Congress and giving misleading answers about the scope of this scandal. And it wasn't just Stumpf: The bank's entire public relations approach appeared to be to minimize the scandal and disclaim any problem at all.

In the most obviously misleading talking point, the bank kept insisting that the 5,300 fired employees represented something of a rounding error given that the bank employs almost 300,000 people. That would be a fair point—except that the real denominator we need is the number of employees engaged in cross-selling to Wells customers in the U.S.

Wells Fargo scandals: Why the SEC must act to end abuses I San Diego Union Tribune (editorial)
[I]t is troubling and disturbing that the Trump administration appears to be pulling back from oversight of the financial industry just as a huge new scandal emerges at Wells Fargo — a scandal that demands aggressive oversight.

The latest scandal almost certainly is behind last week's announcement that three veteran Wells Fargo board members are departing, including chairman Stephen Sanger. It strongly suggests a companywide cultural problem built on the idea that customers should be treated like profit centers…

The need for federal regulators to wade into this mess could not be more plain. Instead, a recent New York Times analysis of Wells Fargo's scandals said the "prospect of governmental action appears to be diminishing" under Jay Clayton, Trump's choice to chair the Securities and Exchange Commission…

Here's How Congress Is Reacting to Wells Fargo's Latest Setback I Bloomberg
Break up big banks, hold more congressional grillings and don't let up until executives are held accountable. Those were just some of the reactions from U.S. lawmakers after Wells Fargo & Co. raised its estimate Thursday by 67 percent for how many bogus accounts employees may have created.

Wells Fargo hit with class-action lawsuit over mortgage lock-in fees I LA Times
Wells Fargo & Co. is facing another consumer lawsuit, this time alleging that it bilked home loan borrowers by charging them extra fees when their applications were delayed — even when it was the bank's fault…

[T]he bank is supposed to waive the fee if it is responsible for holdups. Borrowers pay the fee if they cause delays by, for instance, failing to submit documents on time. But in the new lawsuit, Las Vegas security guard Victor Muniz alleged that Wells Fargo charged him a rate-lock extension fee of $287.50, even though delays in his mortgage approval were caused by the bank and even though a banker initially told Muniz he would not have to pay the fee.

Muniz alleges the bank was responsible for delays in part because it hired an appraiser who was out of the country while Muniz's mortgage application was being processed.

Warren calls for Wells Fargo board members to step down after 1.4 million more fake accounts are discovered I MassLive

Wells Fargo ups bogus account count to 3.5 million I Consumer Affairs

CFPB AND CONSUMER FINANCE

Democrats Fight for Consumers, Republicans for Those Trying to Screw Consumers I Huffington Post (Ian Reinfowitz)
The Consumer Financial Protection Bureau protects everyone in this country who deals in some way with financial services companies. If you have a bank account, a mortgage, a retirement or

other brokerage account, then the CFPB is there to police the companies you deal with. It also protects people who are in a particularly vulnerable position, like those being pursued by a debt collection agency, or who are in foreclosure, or who rely on payday loans. The CFPB stands up for all those Americans — people who, as individuals, would stand little to no chance of getting redress for abuse committed by the companies with whom they interact.

Wells Fargo Arbitration Push Questioned in Class Action NY Law Journal (B. Colby Hamilton)

This Freshman GOP Senator Could Defy Wall Street I Bloomberg
Banks have a challenge when Congress returns from summer recess next week. His name is John Neely Kennedy…. [B]anks have spent millions to keep arbitration as the required venue for dispute resolution [and] Kennedy, a lawyer and former Democrat who pitches himself as a folksy Washington outsider, could be the one to cast the deciding vote. “Senator Kennedy’s vote is very significant,” said Bill Himpler, executive vice president of the American Financial Services Association, which lobbies for consumer-finance companies. “We’re doing everything we can to let Senator Kennedy know how important arbitration is for a lot of companies in the great state of Louisiana.” Kennedy, 65, is a mystery to many on Capitol Hill. His reluctance to get with the GOP program on the arbitration rule has left a lot of bank lobbyists scratching their heads.

On-line Arbitration Agreements: A Tale of Two “Click Wraps” I National Law Review

Maine Consumers May Lose Their Right to Challenge Big Banks’ Unfair Lending Practices I Bangor Daily News (Jody Harris)
If you’re like most people, chances are you’ve signed a bank or credit card agreement without reading the fine print. Not only is the print too small to read, but it is wordy and hard to understand. Even more egregious for consumers in Maine and throughout the country, the legal print you’re likely to ignore often includes language that takes away your rights. The Consumer Financial Protection Bureau wants that to change. That’s why last month, the bureau announced a new rule aimed at protecting the right of Mainers and consumers across the U.S. to hold banks accountable in court. Often buried in that fine print is language that prevents consumers from banding together in public, class-action lawsuits against big banks. Instead, the fine print requires them to use private arbitration — called “forced arbitration” — and negotiate with the very companies they are fighting. The bureau’s rule would prohibit forced arbitration clauses with class-action lawsuit bans in financial contracts and help people take court action against companies’ fraudulent practices.

Mandatory arbitration serves corporate interests, not ours I St. Louis Post-Dispatch (editorial)
The best security for Americans and their money is provided by the Consumer Financial Protection Bureau, which has returned over $12 billion to more than 29 million citizens cheated in bad financial deals since 2008. That success may be exactly why President Donald Trump is trying to dismantle the agency at the precise time the nation’s consumers are most in need of a tough financial watchdog. And rather than back down from congressional Republican pressure, the CFPB, under the direction of Democrat Richard Cordray, is ramping up. The agency’s most recent effort is directed at supporting the right of consumers to group together in court action to fight unfair treatment.

Forced arbitration hurts you and protects corporations I Sacramento Bee (Nancy Peverini)

Speak out for your right to join a class-action lawsuit I Boston Globe (Sarah Shemkus)

Corporate America Is Arbitrating Your Rights Away I Ring of Fire
In a nutshell, Congress passed these rules that allow a company, such as your phone company, to say, 'Gee, whiz. You want to buy this phone, you've got to sign an arbitration clause.' Well, what they don't tell you is, that the company that's sold you this phone then appoints their own arbitrators. It's a stacked deck. The chances of actually winning in any real arbitration setting, something less than 20%. Here's the real problem. If they steal from you, let's say they steal, in some kind of phone deal, they steal $50 from you. Well, you can't spend the money to go get that $50 back and they've done that to millions of people, you understand. The arbitration prevents anybody going to court because realistically you're not going to go to court for $50, but you've got millions of people who've been stolen from too, and they can't go to court for millions of dollars.

The CFPB's Class-Action Lawyer Enrichment Rule I Inside Sources (Tyger Joyce)

Republicans Want to Sideline This Regulator. But It May Be Too Popular. I NY Times
[T]he Trump administration has taken an uncharacteristically low-key public stance toward the agency, a prominent blue holdout in a federal regulatory regime newly awash in red. The White House's restraint was based in part on a pragmatic assessment, according to people familiar with the strategy. At one point, contemplating a high-profile run on the agency, the White House examined polling data from political bellwether states, two people briefed on the matter said. The agency, they concluded, was too popular to pick a public fight with.

Republicans in Congress, who have vehemently opposed the agency since its creation, have also been unable to muster enough support to derail its work… "The public does not share the G.O.P.'s ire toward the agency or its mission," said Dean Clancy, a Tea Party activist who worked in the White House under President George W. Bush and is now a policy analyst who tracks actions of the consumer bureau. "It is an agency about protecting the little guy, and that is tough to oppose."

The Consumer Financial Protection Bureau: A Government Agency for Promoting Growth I Truth Out (Dean Baker)
The CFPB is intended to make sure that these people don't get ripped off by those who are experts in finance. This sounds like a basic issue of fairness, but it also helps to promote economic growth. The effect of the CFPB on boosting growth is too little appreciated even by those who strongly support the Bureau. Take the recent decision by the CFPB to ban clauses in financial industry contracts that mandated arbitration and prohibited lawsuits. Richard Cordray, the head of the CFPB, defended his decision by saying that the ruling may cost the industry $1 billion a year, while their profits last year were $171 billion. While the $1 billion may be small compared with the industry's profits, it is important to understand where this $1 billion is coming from. If we accept that this rule will effectively be limiting the industry's ability to "rip-off" their customers, then the $1 billion in reduced profits is about putting $1 billion in consumers' pockets that never should have been taken away in the first place.

Consumer Watchdog to Scale Back Payday Rules I Wall St. Journal
Some companies selling high-interest personal loans could get a break from new oversight by the federal government when it completes a long-anticipated rule on payday lending in September. The Consumer Financial Protection Bureau, still under the leadership of an Obama-appointed director, is expected to scale back its new rule on small-dollar lending as it rushes to complete the regulation before a Trump appointee takes over its leadership, industry lobbyists and consumer groups say.

Quick Cordray Action Could Open Payday Rule to Challenge, says Hensarling I Morning Consult
The payday rule is seen as one of the last major Cordray-era regulatory proposals that haven't been finalized, and consumer advocacy groups and liberal Democrats who support the CFPB have also been supportive of the rule proposal as a key measure to prevent consumers from getting mired in debt.

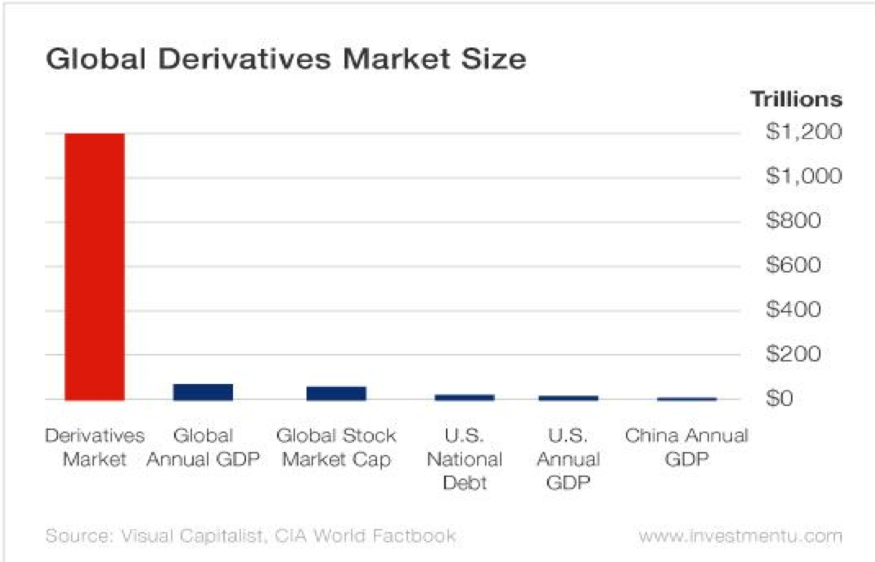
Jose Alcoff, campaign organizer at **Americans for Financial Reform**, defended the bureau's approach to the payday loans issue. "The consumer bureau has taken a deliberative, inclusive approach to the payday lending rule since a first study four years ago," Alcoff said by email. "It's been 29 months since the proposal was first outlined, and 15 since it was formally put to the public. Input has come from consumers, companies and communities. Since the agency started this effort, the sad truth is that working families have lost tens of billions of dollars to predatory payday and car title lenders. We do need a rule soon to curb these abuses."

Hensarling: CFPB's actions raise questions about director's political future I The Hill

Debt trap: Too many Oklahomans tied up with payday loans I Joplin Globe (editorial)
The Oklahoma Legislature needs to revise its regulation of payday lenders. About 1 in 8 adult Oklahomans has taken out a payday loan — the highest usage rate in the nation, according to Nick Bourke, director of consumer finance at Pew Charitable Trusts. Payday loans are small, short-term, high-interest loans that are due for repayment from the borrower's next paycheck, usually within two weeks or a month. The typical borrower takes out 10 payday loans per year, often relying on new loans to pay off old cash advances, Bourke said. Too many Oklahomans are caught in that debt trap.

CFPB pays near-record $115 million to victims of debt-settlement scheme I PoliticoPro

DERIVATIVES, COMMODITIES AND THE CFTC



Could Repealing Dodd-Frank Make the Derivatives Market Even Bigger? I Investment U
[T]oo many people are asking the wrong question. The question should be "What will happen if Dodd-Frank is eliminated?"

If [Gary] Cohn does get the job as Fed chair, it may become a whole lot more likely that the Dodd-Frank Act will be repealed. That would do away with the contentious regulations imposed on banks. And it could allow our massively overgrown derivatives market… to get even bigger.

EXECUTIVE COMPENSATION

Barry Ritholtz interviews Steven Clifford on When a CEO is Overpaid I Bloomberg
Steven Clifford, former head of King Broadcasting Co. and National Mobile Television [and] author of the recently published "The CEO Pay Machine: How it Trashes America and How to Stop it," says three things stand out based on his experience not only as a CEO, but as a corporate director serving on board compensation committees.

First, of course, is that CEOs in the U.S. are wildly overpaid; second, compensation consultants provide flimsy justifications for excessive pay by dressing up their arguments in fancy formulas; and third, the ramifications of overpaying CEOs not only include rising inequality but damage to the economy and social fabric.

CEO-to-Worker Pay Gap Narrowest on Wall Street I Bloomberg BNA
The pay gap between top executives and typical workers is narrowest on Wall Street, according to a new survey from consulting firm Mercer. Mercer polled companies on their readiness to report a ratio comparing how much their chief executive officer gets paid to how much their median employee gets paid. Banking and financial firms that have estimated theirs responded with the lowest ratios in the survey, at mostly 200:1 or less. The highest estimated ratios in the

survey, at mostly 400:1 or more, came from retailers and wholesalers of consumer goods, who tend to employ more part-time workers with low wages.

A requirement for public companies in the U.S. to disclose their CEO-to-worker pay ratios was folded into the 2010 Dodd-Frank Act amid claims that executive pay incentives fueled excessive risk-taking in the run-up to the financial crisis. Republicans and business groups have sought relief from reporting the ratios, which they say are meant to embarrass CEOs and won't be useful to investors. But, with disclosures due to the Securities and Exchange Commission next year, time is running out for corporations to ready themselves for such reporting—and the reactions that come with it.

FEDERAL RESERVE

How the Fed Is Flexing Its Muscles as a Banking Regulator I NY Times
These days, the Fed appears to have come around to the idea that bankers must adhere to all their regulatory requirements, even the ones that come from other regulators. It has concluded that full regulatory compliance contributes to safety and soundness. And so it justifies enforcing against banks engaged in profitable, but deceptive conduct. That in turn has meant that when it imposes sanctions, other regulators often join in.

INVESTOR PROTECTION & THE SEC

White House Set to Tap Columbia Law Professor for SEC on Friday I Wall St. Journal
The White House is expected on Friday to nominate Columbia University law professor Robert Jackson to a vacant slot on the Securities and Exchange Commission, according to people familiar with the matter… The law requires partisan balance on the five-member commission and the White House has already tapped Hester Peirce, a researcher at the conservative Mercatus Center, to fill a separate, Republican slot.

New cases show need to prevent 'expert network' insider-trading risks I Complinet
Recent federal insider trading cases show that the improper use of expert networks continues to trip up firms seeking a proverbial "edge" in the super-competitive businesses of stock picking, research, trading, and portfolio management. Temptation, greed, and ill-designed incentives can push market professionals to engage in illicit trading on material non-public information...

MORTGAGES AND HOUSING

HUD tightens rules for loans seniors can take against homes I Washington Post
Concerned about financial losses in a federally insured mortgage program for seniors, the Department of Housing and Urban Development on Tuesday announced plans to adjust premiums and limit financial draws for elderly homeowners taking [reverse mortgages]. HUD officials said the economic value of the federal reverse-mortgage program, estimated at negative-$7.7 billion last year, is putting at risk the Federal Housing Administration's entire insurance fund that supports all single-family loan programs, including traditional mortgages. The federal reverse-mortgage program, officially called a home equity conversion mortgage (HECM), has been marked by problems, including a rise in foreclosures, as reported Sunday in The Washington Post. On Tuesday, HUD officials said that if quick fixes aren't made, the

program will require an appropriation from Congress to ensure that the entire insurance fund maintains required reserves.

See CFPB report on reverse mortgages as an “an Expensive Way to Maximize Social Security Benefits.”

Our consumer financial watchdog misses the mark on Social Security I The Hill (Jamie Hopkins)

REGULATION IN GENERAL

The Regulatory Accountability Act’s Threat to Civil Rights I American Prospect (Megan Haberle)

The Not-So-Secret War on Consumer Protection I Huffington Post (Sally Greenberg)

RETIREMENT INVESTMENT AND DOL FIDUCIARY RULE

Just Before Labor Day, Trump Rolls Back Labor, Consumer Protections I Public News Service
On Wednesday, the Labor Department announced it is delaying by 18 months enforcement of key parts of the Obama-era Fiduciary Rule, which requires financial advisers to put clients' interests above their own when recommending investments.

Ed Mierzwinski, consumer program director with Arizona PIRG, said the president is simply carrying water for Wall Street. "They've been taking an estimated $17 billion a year out of retirement savers' pockets by giving advice that rewards them with higher fees and commissions instead of rewarding you with the best plan,” Mierzwinski said.

SEC should follow the Labor Department’s fiduciary standard I Marketwatch (Joe Valenti and Andy Green)
Last month at the Economic Club of New York, Securities and Exchange Commission Chairman Jay Clayton articulated a set of eight principles for the agency moving forward. He poignantly placed one question front and center under principle #2: “How does what we propose to do affect the long-term interests of Mr. and Ms. 401(k)?” It’s a question the SEC should take seriously as, at Clayton’s direction, it reviews public comments on the fiduciary duty of financial professionals to their clients. More than half of all working-age families risk an insecure retirement, and 401(k)s and related investments are the dominant form of retirement savings in this country — with more than $5 trillion in 401(k) assets alone. But for Clayton to truly fight for savers and uphold the principles from his speech, he should build upon last year’s Department of Labor fiduciary rule, rather than undermine it and start from scratch.

This Fiduciary Loophole Can Jack Up Your IRA Fees I Motley Fool

Opponents of DOL fiduciary rule raise same concerns about CFP Board proposal I Investment News
Similar to what it said in opposing the DOL regulation, the Financial Services Institute, which represents independent brokers and financial advisers, said the CFP fiduciary rule would not be "workable."

IRA Rollovers Are No 'Slam Dunk' Under DOL Rule I Financial Advisor

Fiduciary rule may be neutered by new DoL proposal, critics say I Financial Planning

Trump administration targets class-action right in DOL fiduciary rule, but other legal avenues could remain for investors I InvestmentNews

STUDENT LOANS AND FOR-PROFIT SCHOOLS

DeVos continues carrying out ALEC's agenda by dismantling for-profit college accountability I Media Matters
In a little-noticed action, on August 18, the Department of Education announced a rule change that will further loosen accountability of for-profit colleges. The move signals a continuation of Education Secretary Betsy DeVos' American Legislative Exchange Council-inspired agenda: favoring the interests of fraudulent for-profit colleges over victimized students, and dismantling higher education accountability structures.

In 2010, the administration of then-President Barack Obama announced new rules designed to ensure that for-profit career preparatory colleges yielded appropriate levels of "gainful employment" for their graduates. According to The Washington Post, the rule "effectively would shut down for-profit programs that repeatedly fail to show, through certain measures, that graduates are earning enough to pay down the loans taken out to attend those programs." After a series of court challenges, and a process of negotiated rulemaking, the final guidelines were set to be instituted on July 1, 2017. Even before the rules were implemented, evidence indicated that the pending gainful employment regulations were already having an impact, with many colleges proactively shutting down programs that might have been noncompliant.

Ex-DeVry Dean to Probe For-Profit Colleges; Critics Pounce I NY Times
Education Secretary Betsy DeVos on Thursday picked a former official at an embattled for-profit university to head the agency's unit investigating fraud at for-profit colleges, prompting criticism that the Trump administration was promoting industry interests. Since taking office six months ago, DeVos has moved to rescind two key Obama-era regulations that sought to deter for-profit colleges from misrepresenting its programs to students and failing to provide the education they need to get jobs after graduation. The department also has halted student-loan forgiveness in cases of possible fraud, causing a backlog of some 65,000 pending claims. Announcing the appointment of Julian Schmoke Jr., a former associate dean at DeVry University, as head of agency's enforcement unit, the department cited his experience in higher education and said "he ensured the delivery of a quality education to students" at DeVry. Democrats said the decision underscores the administration's close ties to the for-profit sector, pointing to Trump University, President Donald Trump's for-profit school which was sued for fraud.

DeVos and Team Put Own Stamp on Oversight I Inside Higher Ed

Trump and DeVos fuel a for-profit college comeback I Politico

DeVos's Hiring Of Former For-Profit Dean To Head Fraud Unit Spurs Anger I Buzzfeed

Why students need better protection from loan fraud I The conversation (Richard Fossey)

It's time for an Illinois Student Loan Bill of Rights I Illinois Journal Register (Lisa Madigan)
cross Illinois and the country, millions of Americans young and old contend with student loan debt. Their struggle is exacerbated by fraudulent practices in the student loan industry that create more difficult and more expensive paths to repayment. I initiated the Illinois Student Loan Bill of Rights to rein in the student lending industry and put borrowers' needs first so they can repay at rates they can afford. But while I fight to ensure fairness in this industry, companies who profit off deception and abuse are fighting against me.

Big corporations that receive hundreds of millions of our federal tax dollars every year are trying to kill the Illinois Student Loan Bill of Rights in order to protect their profits. One of the largest loan companies, Navient, consistently fails to inform struggling borrowers of their options or put borrowers into the best repayment plan for them. My investigation into Navient showed it repeatedly stuck borrowers in more expensive repayment plans that racked up millions of dollars in additional debt for borrowers when more affordable plans were available.

SYSTEMIC RISK

An Interview With Dallas Fed President Robert Kaplan I Wall St. Journal
And this is why, as a central banker, I've been very vocal in saying I think we've been very well-served by strong macroprudential regulation, particularly for the big banks. I've been an advocate for relief, regulatory relief, for small and mid-sized banks, but I think the country has been very well-served by strong regulation on systemically important financial institutions, particularly regular stress tests. And those regular stress tests I think have been one of the reasons why we haven't yet seen excess debt buildup in the economy,..

TAXES

Two Bankers Are Selling Trump's Tax Plan. Is Congress Buying? I NY Times
In mid-May, a few weeks after the one-page principles were issued, Treasury officials presented a more refined version to the president; his son-in-law and senior adviser, Jared Kushner; Stephen K. Bannon, the former chief strategist; and others: a 20 percent corporate tax rate and a 35 percent ceiling on the personal tax rate, said one person briefed on it, insisting on anonymity to describe private deliberations. Mr. Cohn, who attended the meeting but let Mr. Mnuchin and his deputies take the lead, had approved the plan beforehand with little argument....

But in the weeks since then, the process has not always been smooth. Ms. Knight has advocated the elimination of the corporate interest deduction as a way of offsetting the cost of tax cuts without adding to the deficit, while Mr. Mnuchin has resisted the move, which would be costly to Wall Street firms and the real estate industry, according to two people briefed on the discussions who spoke on the condition of anonymity because the talks were private.

Mr. Cohn's staff felt frustrated to discover that Craig Phillips, the Treasury counselor most involved with planning structural reforms to the government-backed mortgage buyers Fannie Mae and Freddie Mac, had been meeting with key players in the private sector to discuss potential policy without alerting the National Economic Council.

Trump's Wall Street-friendly tax plan faces roadblocks on Main Street I CNBC (John Harwood)
The tax reform plan candidate Trump proposed indeed would increase take-home pay for workers in the center of the income scale. Depending on assumptions about economic growth and final legislative language, the conservative Tax Foundation estimated that the middle 20% of earners would see after-tax income rise by anywhere from 1.3% to 9%.

But that plan, which would have cut the top personal rate and eliminated both the alternative minimum and estate taxes, gave the wealthy much greater benefits. The Tax Foundation said the top 1% of earners – such as Trump - would gain anywhere from 10.2% to 19.9%.

It's a Myth That Corporate Tax Cuts Mean More Jobs I NY Times (Sarah Anderson)
If claims about the job-creation benefits of lower tax rates had any validity, these 92 consistently profitable firms would be among the nation's strongest job creators. Instead, we found just the opposite.

The companies we reviewed had a median job-growth rate over the past nine years of nearly negative 1 percent, compared with 6 percent for the private sector as a whole. Of those 92 companies, 48 got rid of a combined total of 483,000 jobs. At the companies that cut jobs, chief executives' pay last year averaged nearly $15 million, compared with the $13 million average for S&P 500 companies.

Instead of tax-rate cuts for these big corporations, the coming tax debate in Congress should focus on making wealthy individuals and big corporations pay their fair share.

See AFR statement, "**Tax Cut Effort a Giveaway to Wall Street**"

The Trump-Cohn Romance Is Officially Dead I Vanity Fair
Trump has apparently been making calls "on his personal phone" to former White House strategist and Cohn-nemesis Steve Bannon, when Chief of Staff John Kelly isn't around…

That's not great news for Wall Street, which has put its faith in Cohn and Kelly to keep the president calm, collected, and contained as Congress attempts to reform the tax code for the first time in 30 years.