AFR Americans for Financial Reform

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CONSUMER FINANCE & THE CFPB

CFPB to Propose Payday-Loan Rule on June 2 l Wall St. Journal
The Consumer Financial Protection Bureau set June 2 as the day it will propose a long-awaited rule to curb payday lending, moving a step closer to implementing the first federal regulation for an industry now overseen by states. The watchdog agency said Wednesday it would hold an event to discuss payday loans in Kansas City, Mo., attended by representatives from consumer groups and industry. The payday proposal is expected to be unveiled there. The rule would cover small-dollar loans that often carry interest rates exceeding 300%, including payday loans, auto-title loans and some installment loans. Consumer groups have long pressed the CFPB for a tough rule for payday and auto-title lenders, saying such loans hurt lower-income consumers.

See statements by AFR, CRL, and People's Action. Also see new CRL study, Payday and Car Title Lenders Drain $8 Billion in Fees Every Year

Google Bans Payday Ads, But Also Backs A Payday Lender l Wall St. Journal
San Francisco-based LendUp is among the most well-funded lenders in recent years, having raised $150 million in debt and equity earlier this year despite a broad pullback in new money for financial-technology startups. Its other backers include Andreessen Horowitz, Kleiner Perkins Caufield & Byers and QED Investors.

The Silicon-Valley backed firm specializes in mostly high-cost loans geared to borrowers who can't get financing from banks. The lender says it is an alternative to payday loans, because it doesn't charge early-payment penalties or roll over loans when borrowers don't pay it back, practices common in the payday industry.

But like a traditional payday lender, it specializes in short-term, small-dollar loans with annual percentage rates generally in the triple digits that can run higher than 600%. Borrowers' repayment periods can be seven to 45 days, depending in part on their state. So it will be affected by the ad ban, LendUp acknowledges.

Google takes important steps to curb payday lenders l Oakland Reporter

Banks Stepping into Payday Lenders' Shoes? I'm Not Buying It l American Banker

Payday Lenders Gave $339K in Wisconsin for Usury l Wisconsin Democracy Campaign
Figures compiled by the Wisconsin Democracy Campaign show that payday lenders contributed about $339,000 between January 2010 and December 2015 to partisan Wisconsin candidates for statewide office and the legislature.

The top recipients of payday lender contributions during this period were Gov. Scott Walker, GOP Senate Majority Leader Scott Fitzgerald, and fundraising committees used by Democratic and Republican legislative leaders in both houses to milk special interests for campaign cash (see table below). The flow of the industry's campaign contributions show how savvy it is at targeting key policymakers to ensure that Wisconsin remains one of the few states that allows payday lenders to charge sky-high interest rates.

See related stories in the **Capital Times**, **Racine Journal Times**, **La Crosse Tribune**, **WiscNews**, **and Chippewa Herald;** and on multiple **Wisconsin Public Radio stations.**

A loan shark by any other name I Inside Nova
Payday lending has been with us for 14 years, and our area continues to be ripe territory for their practices. Letting it in the first place was bad, reforming the system did a little good, but the best answer would be getting rid of it entirely. It's a blight on our community.

Empty threats from high-interest lender OneMain? I Denver Post

Missouri predatory lending bill stalled in committee I West Plains Daily Quill

Faith leaders, consumer advocates urge more attention to payday lending I Madison (Wis.) Cap Times

Arkansas AG Asks Feds to Meet with States on Payday Rules I NPT

NY regulators say $3M in payday loan restitution coming I San Francisco Chronicle

Fighting for an Alternative to Big Banks I Inequality.org
Surviving outside the financial mainstream is expensive. The banks outside this mainstream don't develop products for the underserved. Instead, their services are increasingly expensive. Overdraft fees have increased 32 percent since 2010 at the nation's 12 largest banks. These types of fees, and requirements such as a minimum balance to open an account, keep underserved consumers away from traditional banks.

Each year, the average underserved household spends $2,412 – nearly 10 percent of gross income – in fees and interest for non-bank financial services. These transactions might include a payday or car title loan, cashing a paycheck, or simply accessing Social Security benefits. As United for a Fair Economy puts it, "Each year, over $103 billion is stripped from these people and their communities and ends up in the hands of Wall Street. For the underserved, there is little opportunity to create a credit history, have access to affordable, safe and sustainable financial services, or build assets over time."

Study finds high rate of repossessions in auto title loans I Washington Post
People who put their cars up as collateral for what are supposed to be short-term emergency loans are being hit with interest rates of 300 percent, a high rate of repossession and long repayment periods. That's according to a study by the Consumer Financial Protection Bureau released Wednesday. The report is the first by federal regulators to look at the auto title lending industry, which has grown significantly since the recession but remains banned in half the country. The results could lead to additional regulations on the industry, like its financial cousin payday loans.

Auto Title Lending: Exploding Toasters I Credit Slips
The CFPB has a new report out on auto title lending, and the findings are jaw-dropping. If ever there was a consumer financial product that looks like an exploding toaster, it is an auto title loan. Default rates on auto title loans are one in three, with one in five resulting in a repossession. Is there any consumer product that is tolerated when one out of three products blows up?...

Defenders of the auto title lending industry, such as Todd Zywicki, have argued (and also here) that the default rates are low. As I have previously pointed out, Zywicki's calculations are based on treating each loan in a multi-rollover sequence as a separate loan, thereby massively inflating the denominator in the default rate, and others have unfortunately relied on Zywicki's calculations. The CFPB study is the first study I've seen that calculates the real default rate and ignores the artificiality of treating rollovers as separate loans.

See CFPB study of auto-title loan market.

Misplaced decimal point: Woman owed $400, not $40,000 I OregonLive
Two days after OregonLive.com published a story about Stephanie Banks' predicament, a Rapid Cash manager said the company's collection agency had misplaced a decimal point by two spots. The loan payment, she said, should have been $403.17 -- not $40,317.

Rapid Cash and its collection agency, Ad Astra, also made another mistake by trying to collect from Banks, said Melissa Soper, Rapid Cash senior vice president of public affairs. The companies indeed had received notice that Banks had filed for bankruptcy, Soper said.

Who is behind "Protect America's Consumers?" I PoliticoPro
The campaign is being run by Lincoln Strategy Group, a political consulting firm Tempe, Ariz. Its founder, Nathan Sproul, has been linked to several instances of suspected voter fraud and barred from Republican Party contracts. The company also worked with Steve Gates, the only person previously identified with Protect America's Consumers, on the American Coalition for Clean Coal Electricity's 2009 "astroturf" campaign, when it was busted for sending fake letters to Congress.

At a field hearing on the CFPB's arbitration rule earlier this month in Albuquerque, N.M., a man who identified himself as Chuck Bowman rose to challenge the agency's director, Richard Cordray, on whether the policy would enrich trial lawyers and if he'll renounce support from trial lawyers in a future run for governor or attorney general. The moderator cut him off because the comment forum was not a Q&A. The outburst echoed Protect America's Consumers' talking points, replete with a website posing as Cordray running for office in Ohio.

Outside the event, five women held a banner and handed out fliers, obtained by PI, criticizing Cordray and linking to the fake website. But when these protesters were asked for their affiliation, they said they were day laborers paid to be there, according toMikki Anaya, the New Mexico director of the Center for Economic Integrity, a community development organization…

Another consumer advocate in attendance saw Bowman texting with Dan Centinello, an executive vice president at Lincoln Strategy Group who says he's worked
for Mitt Romney, Chris Christie, Arnold Schwarzenegger, Sen. Roy Blunt (R-Mo.) and San Diego Mayor Kevin Faulconer.

See Allied Progress report, Anti-CFPB Front Group 'Protect America's Consumers' Tied To Notorious Voter Fraud Org

The next step in the fight to protect consumers I Lisa Gilbert, The Hill
The chamber claims that "arbitration is cheaper, faster, and more effective" for consumers. And while it is somewhat laughable that an entity with a mission of protecting business would claim to represent the consumer viewpoint at all, there is also a major gap in the chamber's argument.
The flaw can be found in the word "forced." If arbitration was truly better for consumers, they would choose it. There would be no reason and no need to force consumers to arbitrate instead of allowing them to hold companies accountable in court if it were truly the better option for them.

Data Grab in CFPB's Arbitration Plan Spooks Industry | American Banker

Banks likely to sue to deny consumers their right to sue | The LA Times
Labor, Consumer Groups Push CFPB to Toughen Arbitration Proposal I National Law Journal

Fine print finagle: Away with 'mandatory arbitration' in contracts | Pittsburgh Post-Gazette

Washington's Arbitration Deception I Wall St. Journal

House panel questions legitimacy of CFPB arbitration rule I The Hill

Lending Club shares plunge after subpoena disclosure I USA Today

LendingClub Said to Be Subpoenaed by New York Over Loans I Bloomberg

Online Lender Carey Brown pleads guilty I Chattanooga Times-Free Press

Consumer Financial Protection Bureau Law Enforcement: An Empirical Review l Tulane Lew Review

- Finding 1: During the study period, the CFPB's Office of Enforcement Did Not Lose a Case.
- Finding 2: Over 90% of All Consumer Relief Was Awarded in Cases Where the CFPB Uncovered Evidence that Defendants Illegally Deceived Consumers.
- Finding 3: Over 90% of All Consumer Relief Was Awarded in Cases Where the CFPB Collaborated with Other State or Federal Law Enforcement Partners.
- Finding 4: No Bank Has Contested a Public CFPB Enforcement Action
- Finding 7. In 2015 Public Enforcement Cases, CFPB Law Enforcement Staff Generated Approximately $9.3 Million per Employee in Refunds, Redress, and Forgiven Debts for American Consumers

DERIVATIVES, COMMODITIES & THE CFTC

Goldman Sachs emerges as leading natural gas player l Financial Times
Goldman Sachs has quietly overtaken Chevron and ExxonMobil to become one of the biggest natural gas merchants in North America, expanding in physical commodities trading even as other banks pull back. The Wall Street institution last year bought and sold 1.2tn cubic feet of physical gas in the US - equal to a quarter of the country's residential consumption and more than twice its volumes in 2013, a recent regulatory filing revealed. Goldman is now the seventh-largest gas marketer in North America, according to Natural Gas Intelligence.

"The gas utility serving households in Buffalo, New York last year purchased 11 per cent of its supply from Goldman, a securities filing showed. Power plants that produce electricity for copper mines in northern Mexico also buy gas from the bank, according to government reports and industry executives. Goldman's commodities division, known as J Aron, is listed as a shipper on huge pipelines including the Texas Eastern, which last month ruptured into a fireball that critically injured a man."

DODD-FRANK (AND CONTINUED ATTACKS)

Big Banks Back Off From Attacks on Financial Reform NY Times
Wall Street is putting its old Washington ways on ice. Big banks are infamous for lobbying against financial reform. Lately, though, they have cut back. Now they are pushing Representative Jeb Hensarling, a prominent congressional Republican, to drop a bill to repeal the Dodd-Frank Act.

The latest efforts to upend the 2010 law ought to appeal to the likes of JPMorgan Chase, Bank of America and Goldman Sachs. They have, after all, complained about things as diverse as capital charges, mortgage reform and how watchdogs handle annual stress tests.

Mr. Hensarling, the chairman of the House Financial Services Committee, plans to introduce a bill that would undermine many of those measures. Wall Street lobbyists, though, are not offering support.

Wall Street Gears Up ItsStealth Attack l American Prospect
Another difference in this year's appropriations process is that voter anger at Wall Street continues to mount, and has emerged as a major campaign theme in the presidential contest. Voters see a clear link between Wall Street financial contributions—which continue to be the largest source of funds to the high-dollar outside groups that now drive campaign spending—and the types of legislative favors that financial services lobbyists have set out to win through backdoor riders.

Some argue that the relationship between wealthy donors' campaign spending and the special favors they win on Capitol Hill is tenuous at best. When it comes to Wall Street rules, however, the lobbyists now flocking to Capitol Hill are worlds apart from average voters, the vast majority of whom believe the financial industry needs more regulation, not less. That may make riders a riskier political bet.

"Our belief is that we're going to succeed in beating this stuff back, because our side has become sharper at blowing the whistle on these efforts ahead of time," says James Lardner, **Americans for Financial Reform's** communications director. "And mostly because Wall Street is tremendously unpopular, and people who are perceived as doing its bidding don't come off well with their constituents—Republican or Democratic."

Warren: GOP 'ringing the dinner bell' for lobbyists I The Hill

Ten Reasons Why Poison Pill Riders Don't Belong in the Budget I Public Citizen

Outside groups rally early against Wall Street measures in must-pass bills I Washington Examiner

Trump Preparing Plan to Dismantle Obama's Wall Street Reform Law I NY Times

See **joint letter to Congress** opposing budget riders that would undermine financial reform.

THE ELECTION AND WALL STREET

Donald Trump in 2006: I 'sort of hope' real estate market tanks I CNN
Two years before the housing market collapsed in 2008 and millions of Americans lost their homes, Donald Trump said he was hoping for a crash…. "If there is a bubble burst, as they call it, you know you can make a lot of money," Trump said in the 2006 audio book, "How to Build a Fortune." "If you're in a good cash position -- which I'm in a good cash position today -- then people like me would go in and buy like crazy."

Trump Invested in Outsourcing Companies He Denounced in Campaign I Bloomberg

How to avoid paying taxes: Top 10 list of Trump University-approved strategies I CNN

Hedge funds back Trump in expectation of pragmatic shift I Financial Times

EXECUTIVE PAY

This Is How Much More Money CEOs Make Than the Typical American I Huffington Post
Last year, executives at S&P 500 companies earned a whopping 335 times the pay of the average U.S. worker, according to a new analysis by the AFL-CIO. In their annual "Executive Paywatch" report, the labor federation said the typical CEO raked in $12.4 million in 2015. The average rank-and-file worker, meanwhile, took home just $36,875, based off data from the Labor Department.

"Corporate CEOs have rewritten the rules of our economy to allow themselves to continue to amass wealth and power, while the rest of us are left to the scraps," Heather Slavkin Corzo, who directs the AFL-CIO's office of investment, said on a call with reporters Tuesday.

See new AFL-CIO report, Corporate CEOs make 335 times what average workers earn.

Goldman's Compensation Plan Draws Record Shareholder Opposition I Bloomberg
About a third of the votes cast went against the proposal, up from roughly 2 percent a year ago, according to preliminary figures provided by Goldman Sachs Friday at its annual meeting in Jersey City, New Jersey.

The last time more than a quarter of votes went against a pay package, Goldman Sachs took heed. Almost 30 percent registered their opposition to the 2010 package, and the following year the firm lowered annual variable compensation by about 44 percent, citing a decline in the company's performance. Michael DuVally, a spokesman, declined to comment on Friday's vote or whether Goldman Sachs intends to adjust compensation. Two of the largest proxy advisory firms, Institutional Shareholder Services and Glass Lewis & Co., lobbied against this year's plan, with ISS saying CEO pay at New York-based Goldman Sachs "remained relatively high despite lagging company performance."

The BlackRock Dilemma: To End Short-Termism, Reform CEO Pay I Roosevelt Institute
Larry Fink, BlackRock's chief executive, is rumored to be positioning himself as a candidate for Treasury Secretary if Hillary Clinton is elected. As such, he is likely to intensify his public fight over short-termism. But BlackRock investors (who can still vote until May 25, the date of the annual shareholders meeting) and the American public in general need to remember that CEOs must play a central role in making the transition away

from corporate short-termism toward long-term value, and that can only happen if we also reform the ways in which CEOs are paid.

A Millionaire Is Telling BlackRock to Say No to Big CEO Pay I Bloomberg
There's momentum here," said Silberstein, 73, who likens his campaign to the abolitionist movement and has given more than $1 million to Hillary Clinton since she first ran for office in 2000 in a bid for a U.S. Senate seat from New York…

The retired entrepreneur's trust holds stakes in companies through funds managed by BlackRock, which votes his shares. The $4.7 trillion asset manager doesn't vote the way Silberstein would, he says, so he's seizing this populist moment to change that. His proposal, up for vote at BlackRock's May 25 annual meeting, asks the fund manager to reconsider how it evaluates and votes on executive-pay plans. SumOfUs, a New York-based nonprofit that advocates on behalf of consumers, has collected 74,500 signatures in support of Silberstein's resolution.

U.S. companies go big on buybacks I Financial Times
US companies stepped up to support their shares during the market tumult at the start of the year, making the first quarter potentially one of the best ever for share buybacks. Based on preliminary data, share repurchases are 20 per cent higher in the first three months of the year versus the fourth quarter and 31 per cent above the year-ago period ... Among the biggest buyers of their own shares were Apple, General Electric, McDonald's and Boeing, while ExxonMobil has significantly cut back on its share repurchases after falling oil prices have hit the energy industry...

Companies have been big buyers of their own stock for the past few years, helping to boost earnings per share as revenue growth proved fleeting in the tepid post-crisis economic recovery, and appeasing activist investors who have pushed for better returns. Coming into 2016, rising rates were expected to curtail share repurchases as it would become more expensive to borrow to fund them, and better uses would be found for cash. However, the downturn in the market and expectations for fewer rate rises have attracted companies.

HEDGE FUNDS AND PRIVATE EQUITY FUNDS

Is your local public library run by Wall Street? I In the Public Interest
Fifteen of those libraries are in Jackson County, Oregon, where public officials are starting to raise concerns over the firm's ownership of the private contractor that manages them. Facing budget issues in 2007, the county contracted with Library Systems and Services (LS&S), the country's largest library outsourcing company, to try to save money—but LS&S is owned by Argosy Private Equity, whose mission is to "generate outstanding returns" and "substantially grow revenues and profits" for the businesses it owns.

Now Jackson County is learning the hard way. LS&S's claim to do more with less while still making a profit really meant that corners would be cut. Some of the library's part-time workers get minimum wage. "I'm not only embarrassed that we pay $10 an hour, I am ashamed," said one library board member. This shouldn't be surprising—LS&S's cofounder once admitted that the company saves money by replacing unionized employees. "We get this message that our employees can't be trusted," said another board member after LS&S brought in more upper management.

Nearly a third of the $5 million dollar per year contract goes to profit for LS&S and its owner, the private equity firm. The library's board is now looking for ways to get out of the bad deal.

Lawmakers Try New Tactic to Ease Rules for Private-Equity Funds I Wall St. Journal
[A]fter years of failed attempts to exempt most managers of private-equity funds from having to register with the Securities and Exchange Commission, the House is considering a new approach: easing a series of technical regulatory requirements on such funds.

Legislation drafted by Reps. Robert Hurt (R., Va.) and Juan Vargas (D., Calif.) aims to exempt fund managers from certain rules that private-equity funds and their industry groups say are unduly burdensome, crimping the funds' investments in companies that create jobs.

Hedge funds form new lobbying arm **I Reuters**
A group of hedge funds have formed a new lobbying arm to promote the benefits of shareholder activism across the U.S. economy, as U.S. politicians turn up the heat on activist investors. The Council for Investor Rights and Corporate Accountability (CIRCA) announced its formation on Wednesday, saying it is committed to promoting the actions of shareholder activists…

The Washington D.C.-based trade association said it is backed by a consortium of activist firms, but does not name them in the press release. According to a person with direct knowledge of the matter, the group's backers are: William Ackman of Pershing Square, Carl Icahn, Daniel Loeb of Third Point, Paul Singer of Elliott Associates and Barry Rosenstein of Jana Partners."

9 politicians who went from public servant to private equity **I PitchBook**

Hedge Fund Comeuppance **I Naked Capitalism**

Tough Private Equity Transparency Bill in Illinois **I Naked Capitalism**

Ryan strikes Puerto Rico debt deal with Obama administration **I Politico**

The Mystery of the Brokaw Act **I Activist Investor**

SEC enforcement director reviews focus on private equity **I Willkie Farr & Gallagher (Client Memo)**

INVESTOR PROTECTION AND THE SEC

SEC plans to propose fiduciary rule next April **I Investment News**
The SEC is projecting that it will propose in April a rule that requires both investment advisers and brokers to meet a fiduciary standard for advice to retail customers. Advisers already must act in their clients' best interests, or engage in a fiduciary relationship, while brokers adhere to a less stringent suitability standard.

Before the SEC can move forward with any items on its agenda for next spring, it will have to address another challenge – a presidential change. Ms. White is likely to be replaced early next year by the new president, regardless of who is elected.

Senate Banking advances 5 nominees, including 2 for SEC **I PoliticoPro**
Opposition to the batch of nominees appears to have grown. Democratic Sens. Elizabeth Warren, Heidi Heitkamp and Robert Menendez , and Republicans David Vitter, Tim Scott and Ben Sasse asked to be recorded as "no" votes.

The SEC picks face more hurdles on the way to confirmation by the full Senate. Senate Majority Leader Mitch McConnellis unlikely to devote floor time to them, so they might require unanimous consent, which a single lawmaker has the power to block.

Sens. Chuck Schumer, Jeff Merkley and Menendez said in April they opposed the SEC nominees because they declined to take a position on political spending disclosure. Warren opposes Peirce, who has been critical of the 2010 Dodd-Frank law. Scott has said he opposes Fairfax, a professor, because he is concerned about her views on regulation.

SEC awards whistleblower with third-largest award **I The Hill**

SEC Says Cyber Security Biggest Risk to Financial System **I NY Times**

Going Public Has Lost Its Cachet **I Inside Sources**

MORTGAGES & HOUSING

Housing Agency Plans Mortgage Sale Reforms After Criticism I NY Times
Life may soon get tougher for private buyers of distressed mortgages from the federal government. The Department of Housing and Urban Development or HUD, said on Tuesday that it would announce, possibly as soon as this week, a new set of rules governing the sale of mortgages formerly guaranteed by the government.

The new rules would come after months of criticism from housing advocates that the loan sale program, which began in 2010, has benefited private equity firms and hedge funds at the expense of strapped borrowers. Cameron French, an agency spokesman, said housing officials had been working on the changes to the loan sale program for months in consultation with "a broad group of stakeholders on the potential reforms that would make the most impact for distressed homeowners." He said the new rules should be announced this week.

HUD Finally Forces Private Equity Buyers of Distressed Mortgages to Give Real Modifications I Naked Capitalism
[T]he intended message could be "Private equity looting is being inconvenienced out of the Democratic Party's need for better optics…"

And the political motivation to finally address this long-standing problem?

This year, housing advocates have stepped up their calls for reforms in the loan sale program and singled out Julian Castro, the HUD secretary, for what they said was his slow response to heeding the criticisms. The advocates made no secret that they were stepping up their campaign as Mr. Castro's name has been floated as a potential vice presidential running mate for Hillary Clinton, who is seeking the Democratic presidential nomination.

HUD: Changes are Coming to Delinquent Loan Sales I DS News
In December 2014, HUD Secretary Julián Castro met personally with a coalition led by **Americans for Financial Reform** specifically to discuss DASP. The coalition was comprised of fair housing, civil rights, and consumer advocates. The meeting helped inform the changes HUD made to DASP in April 2015, according to HUD. Those changes included the aforementioned pools of loans set aside exclusively for non-profits and expanding the foreclosure delay time from six months to a year.

A HUD spokesperson said last month in response to the criticism from the coalition, "Providing an option for homeowners to remain in their homes is one of the reasons the DASP program was created. We've received feedback from stakeholders which has led us to make a number of important changes to the program including the creation of non-profit only pools and delaying foreclosure for a year. Additionally, we're still evaluating further enhancements to the program to meet our core mission."

FHA Proposes New Consumer Protections on Reverse Mortgages I National Mortgage News

Michigan Bank Discovers Need for Islamic Finance Products I NPR

Lawsuit claims insurance companies contribute to segregation in cities I Washington Post

POLITICAL INFLUENCE OF WALL STREET & THE REVOLVING DOOR

Revolving Door Swings as Feds Take Posh Jobs at Big Banks I Daily Caller
Three of the top four officials at the Consumer Financial Protection Bureau have jumped from CFPB to lucrative posts representing financial services industry firms their former agency regulates, according to a Daily Caller News Foundation investigation. The latest of the departures is Quyen Truong, formerly deputy general counsel, who accepted a position this month with the law firm Stroock & Stroock & Lavan.

Truong's new law firm represents banks such as Citigroup, Bank of America Merill Lynch, Barclays Capital, Credit Suisse and Deutsch Bank. The company also assists high-flying hedge funds including Carlyle Group, JP Morgan Asset Management and Goldman Sachs, according to its website.

Truong was preceded out the door by her former boss at CFPB, General Counsel Meredith Fuchs, who left in February to join Capital One.

At the time of her departure, Fuchs was also the bureau's acting deputy director, having replaced Steven Antonakes who left to join Eastern Bank last summer as a senior vice president and chief compliance officer. Eastern Bank is the largest and oldest mutual bank in the country.

REGULATION IN GENERAL

The Cost of Federal Regulations? Not Backyard Barbeque Banter I Bloomberg BNA
The latest charge, from the Regulatory Studies Center at the George Washington University, is a study finding that regulatory spending has increased more than 20-fold in the last 58 years. "The study would greatly benefit from some balance and context," Narang said in an e-mail to Bloomberg BNA. For starters, it would be more useful if the study also included what the public is getting in return for these budgetary costs, namely the regulatory benefits that improve the lives of Americans every day, Narang said. The study also misses some important context, such as how much the economy has increased in size and complexity over the same period. "No one should expect that Eisenhower-era staffing levels would be fit to oversee and regulate a 21st century economy," he said.

New Study Brings 'Trickle Down' Illogic to Regulatory 'Costs' Estimates I Center for Progressive Reform
The most interesting aspect of the Mercatus study's flawed methodology… is the model it uses. And what makes it so noteworthy is how it flagrantly imports conservatives' unwavering faith in "trickle down" economics into the realm of regulatory policy.

Note the internal logic at play. It's based on a counterfactual scenario that imagines a world in which business leaders didn't have to spend money on regulatory compliance, and it posits they would have instead used that money to invest in technological innovations that would increase productivity and profitability, leading to overall economic growth.

Flood of admin. regulations will slow to trickle as deadline nears I The Hill

Obama unveils final regulatory agenda I The Hill

RETIREMENT SECURITY & FIDUCIARY DUTY RULE

401(k) Fees, Already Low, Are Heading Lower I Wall St. Journal
Companies are stepping up efforts to offer lower-cost 401(k) retirement plans, a trend that has already sharply driven down average fees and is likely to continue. An explosion of information about plan fees has helped increase bargaining power for companies in negotiations with fund providers. And a wave of successful lawsuits against companies alleging their plans had high charges has also led many to seek out lower-priced options for employees.

Meanwhile, a new Labor Department rule that would hold financial advisers to higher standards of behavior for retirement accounts will likely lead smaller plans—where fees remain highest—to cut costs, experts say.

ACLI expected to sue Labor over fiduciary rule this spring I Morning Consult (paywalled)
The life insurance industry's chief trade association is gearing up to file suit against the Department of Labor on its Conflict of Interest Final Rule, commonly known as the fiduciary rule… [But] New York Life Insurance Co., which has engaged in discussions with ACLI and its other member firms about the new rule, does not support exploring litigation…

Retirement money: Who's been feeding on your nest egg? I Minneapolis Star-Tribune

Thomas Perez, a Labor Watchdog Who's Not All Bite I NY Times

STUDENT LOANS & FOR-PROFIT EDUCATION

Student Borrowers Will Continue to Struggle Despite the CFPB's Efforts | Credit.com
"The fact that 90% of all student loans — involving some 40 million borrowers — are somehow off-limits for the regulator that was created to protect consumers is bad enough. But to prevent these student debtors — whether individually or in groups — from the legal recourse that is due them is indefensibly unjust."

On the CFPB's collecting data on individual arbitrations: "The second serves as a sanity check of sorts...In other words, the CFPB wants to know that what it ultimately implements is having the intended effect. If that's not the case, presumably the bureau will consider revising the rules it set forth."

2 For-Profit Universities Will End Arbitration Clauses I Chronicle of Higher Education

University of Phoenix Won't Force Students to Arbitrate Claims I Huffington Post

Le Cordon Bleu, and what it says about culinary education in America I Boston Globe

The Other Legacy of the For-Profit College Boom I Inside Higher Ed

Time to Stop Taking the Earned Income Tax Credit to Pay for Defaulted Student Loans I NCLC Blog

SYSTEMIC RISK

Risky Packaging of Loans Resurfacing, Warns Columbia's Coffee I Financial Advisor
The risky packaging of loans that led to the financial crisis is resurfacing, Columbia University Center on Corporate Governance Director John Coffee warned Monday. But instead of asset-backed securities of mortgages made by the big banks, these securities are comprised of consumer loans to the tune of $10,000 and $20,000 a piece by less regulated shadow lenders…

If bank investors are angry they're not showing it I CNBC
JPMorgan Chase's annual meeting went so smoothly that nary a shareholder even approached the microphone during the gathering Tuesday in New Orleans to press CEO Jamie Dimon for details on his plans for the bank. Shareholders may have been busy counting their blessings (or returns) after the bank increased its dividend to 48 cents a share.

Proposals that put pressure on JPMorgan executives were roundly rejected, including splitting the CEO and chairman role, and a pay clawback amendment. An attempt by an AFL-CIO representative to exclude golden parachutes for directors who quit before their terms expire and pursue government service failed; and a measure to break up the bank fell short by an enormous margin, earning 3 percent of shareholders' support. But pay packages were OK'd.

Fed's Tarullo Outlines Rules for Big U.S. Insurers I Wall St. Journal

OTHER TOPICS

Bank of America Run as "Brothers Club," Says Female Exec I Wall St. Journal
The lawsuit described alleged instances of misconduct in recent months, including colleagues allegedly front-running trades by clients including Citigroup Inc., and allegedly withholding information from client Blackstone Group LP.

J.P. Morgan Taps New Top Lawyer I Wall St. Journal

Financial Firms Turn to Artificial Intelligence to Handle Compliance Overload I Wall St. Journal

Deutsche Bank Probes Trades That Made Employees Millions I Wall St. Journal