This Week in Wall Street Reform | June 15 - 21

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THE TRUMP ADMINISTRATION, CONGRESS & WALL STREET

Porter Presses Dimon on JPMorgan Wages | Politico Pro
Rep. Katie Porter is calling on JPMorgan Chase CEO Jamie Dimon to raise wages at the nation's largest bank, the latest move by the freshman California Democrat to keep pressure on one of Wall Street's most influential leaders.

In a letter to Dimon, Porter revisited a line of questioning she posed to the banker at an April hearing, when she tried to illustrate with math why a single parent working full time at a JPMorgan branch in her Irvine, Calif., district for $16.50 an hour could struggle to make ends meet.

The letter is Porter's latest shot against Dimon in recent days. Last week, she wrote to Dimon and California's attorney general accusing JPMorgan of violating state law with arbitration clauses in credit card agreements.

Watch: Facebook's Libra 'Like Starting a Bank' Without Going Through the Steps: Rep. Waters | CNBC
Rep. Waters says the social media giant should pause its crypto project. She also weighs in on bank regulation and Trump's relationship with Fed Chairman Powell. Waters serves as Chair of the House Financial Services Committee.

Waters Calls for Halt to Facebook's Crypto Plans | American Banker
Top Democratic and Republican leaders of the House Financial Services Committee called Tuesday for Facebook to appear before Congress to testify on its cryptocurrency plans.

The social media giant said Tuesday it will offer its own cryptocurrency, called Project Libra, which it could use to build an alternative financial system that targets the unbanked.

But members of both political parties appeared skeptical of the effort, with Financial Services Committee Chairwoman Maxine Waters demanding that Facebook halt its plans while Congress looks into the matter.

"Given the company's troubled past, I am requesting that Facebook agree to a moratorium on any movement forward on developing a cryptocurrency until Congress and regulators have the opportunity to examine these issues and take action," the California Democrat said in a press release.

CONSUMER FINANCE AND THE CFPB

New Tone, Old Policies at CFPB Under Kraninger | Bloomberg Law
CFPB Director Kathleen Kraninger set a new tone in her rst six months on the job, almost immediately reverting to the agency's original name and launching a listening tour of agency sta and consumer advocates.

When it comes to policy, however, Kraninger is largely following in the footsteps of her predecessor, acting director Mick Mulvaney.

She's moved forward with a rewrite of a rule governing payday lending and backed away from enforcing an interest rate cap on loans to military servicemembers, moves favored by industry. Both were priorities of the agency's first director, Richard Cordray.

CFPB Chief's Equal-Opportunity Calendar | American Banker
In her first four and a half months on the job, Consumer Financial Protection Bureau Director Kathy Kraninger was no stranger to Capitol Hill, holding in-person meetings with lawmakers more than twice as often as her predecessor did during a similar time frame.

Kraninger, who has been at the helm of the agency since December, met in person with 16 members of the House or Senate from Dec. 11 through the end of April, most of them in the lawmaker's office. The meetings, posted as part of her public schedule that is available on the CFPB website, were held with 10 Republicans and six Democrats.

Yet her schedule, part of a planned "listening tour" to hear from various stakeholders, suggests a concerted effort to meet with members from both parties, as well as a diverse array of consumer advocates, bankers and trade group representatives.

‘Consumer Education’ Least Effective Way To Protect People | Newsmax (Lee Gruenfeld)
“Congress charged the [Consumer Financial Protection] Bureau with conducting financial education programs and ensuring consumers receive timely and understandable information to make responsible decisions about financial transactions.”

—Kathy Kraninger, Director

This statement helps explain the drastic plunge in CFPB enforcement actions since 2016. The stated goal of the Bureau now is to move away from punishing corporate wrongdoers and towards more “consumer education” so that people can protect themselves from predatory practices.

Sounds reasonable, doesn’t it?

It isn’t.

America’s Economy Must Better Serve Black and Latino Consumers | The Chicago Crusader (Charlene Crowell)
Anyone who works for a living knows that their money goes a lot quicker than the time it takes to earn it. And for low-to-moderate income workers, the costs of everyday living creep higher and quicker than pay raises or cost-of-living adjustments.

These and other kitchen table finance concerns are part of why so many consumers turned to the Consumer Financial Protection Bureau (CFPB) for help. Since 2011, CFPB returned $12 billion to more than 25 million consumers, remediating the harmful effects of unfair and deceptive practices, as well as discrimination in the financial services sector.

Fort Worth Firm To Pay Back $39.7 Million On Payday Loans That Charged 375% Interest | Dallas News
A Fort Worth financial firm will cancel its outstanding loans and pay nearly $40 million to consumers after engaging in an alleged payday lending operation that used Native American tribes as shields from state laws.

Think Finance Inc. serviced loans that charged interest rates over 375% and locked borrowers into plans in which paying off the loan was nearly impossible, according to a 2016 complaint filed in Vermont.

The loans were originated by Plain Green LLC, an online lending business purportedly owned by the Chippewa Cree Tribe of Montana.

Google And Paypal Explored OCC's Fintech Charter Then Walked Away | American Banker

Google, PayPal and dozens of other technology and fintech companies have visited with officials at the Office of the Comptroller of the Currency during the past year to explore whether to obtain the agency's new special-purpose national bank charter, according to sources familiar with the matter.

But both Google and PayPal, as well as several others, have since backed off over fears that they could harm existing relationships with state regulators and concerns about whether the OCC will prevail in a legal challenge to its authority to create the fintech charter.

Many technology and fintech companies "operate under a national network of state licenses, so they don't want to jeopardize that relationship as they shift to a national bank charter, especially if it's unclear where the litigation will end up," said Thomas Curry, a partner at Nutter McClennen & Fish LLP and the former comptroller who initially called for the creation of the limited-purpose charter.

Apple Expands Goldman Credit Card Test to Thousands of Retail Workers | Bloomberg

Apple Inc. is ramping up a test of a digital-first credit card with Goldman Sachs Group Inc. by expanding its use to tens of thousands of the iPhone maker's U.S. retail employees.

The Cupertino, California-based company this week launched an internal beta program for the Apple Card with its retail workers, according to people familiar with the initiative. The move marks the first major trial for the card, which has been used for several weeks by a far smaller set of Apple corporate and Goldman employees. Apple has about 70,000 retail employees globally and more than half of its locations are in the U.S.

Will Bank Overdraft Fees Spread Again? Consumer Agency Is Reviewing the Rule | New York Times

The Consumer Financial Protection Bureau has opened a review of the decade-old federal "overdraft rule," which regulates how banks charge fees when their customers spend more than what is in their checking accounts.

Under the rule, banks must get their customers' express permission before charging a penalty for overspending, whether through most debit card purchases or A.T.M. withdrawals.

If customers don't accept overdraft coverage, banks simply decline transactions that would drop an account balance below zero. If customers do "opt in" to overdraft coverage, the bank approves the purchase or cash withdrawal and charges a fee — typically about $35.

In fact, banks often charge an overdraft fee for each transaction that occurs while the account remains overdrawn. So the fees can add up quickly — although most banks cap the number of such fees they charge per day.

DERIVATIVES AND THE CFTC

CFTC Charges U.K. Investment Company In $147M Bitcoin Scheme | Politico Pro
The Commodity Futures Trading Commission today said it has charged a U.K.-based Bitcoin investment company and its founder with fraudulently obtaining at least $147 million of the cryptocurrency from more than 1,000 customers.

From May through October 31, 2017, Benjamin Reynolds of Manchester, England, and his firm used popular social media sites to fraudulently solicit customers to buy and transfer Bitcoin to them, the CFTC said. Reynolds said he employed expert virtual currency traders who earned guaranteed daily trading profits on all Bitcoin deposits, the CFTC alleged.

In reality, Reynolds and his firm, Control-Finance Limited, made no trades on customers' behalf, earned no trading profits for them and misappropriated their Bitcoin deposits, the agency said.

EXECUTIVE COMPENSATION

Worker Bonuses Slump 22 Percent After GOP Tax Cuts | Economic Policy Institute
Data from the Bureau of Labor Statistics' Employer Costs for Employee Compensation gives us a new chance to look at private sector workers' nonproduction bonuses in 2018 and March 2019 to gauge the impact of the GOP's Tax Cuts and Jobs Act of 2017. The bottom line is that bonuses in the most recent quarter, March 2019, remained very low at $0.72 per hour (in $2018), the same as in December 2018 and far below their $0.88 level in 2017 or the $0.90 level in 2018.

This is not what the tax cutters promised, or bragged about soon after the tax bill passed. They claimed that their bill would raise the wages of rank-and-file workers, with congressional Republicans and members of the Trump administration promising raises of many thousands of dollars within ten years. The Trump administration's chair of the Council of Economic Advisers argued last April that we were already seeing the positive wage impact of the tax cuts:

ENFORCEMENT

How States can Step in When Trump Doesn't Enforce Laws | Politico
It's no secret that the Trump administration wants to "deconstruct" the administrative state, in part by refusing to enforce federal laws designed to protect workers and the environment. This is happening at the same time that corporations are pushing more and more ordinary Americans into forced arbitration, limiting their ability to file lawsuits to vindicate their rights. But there's another option: states. State governments that have the political will have several tools they can use to enforce federal laws when the Trump administration doesn't.

Consider Mick Mulvaney's tenure as acting director of the Consumer Financial Protection Bureau. After Mulvaney promised to focus the agency on its core priorities, the CFPB essentially stopped policing predatory payday lenders. While states generally cannot force the federal government to enforce federal law, they can resist nonenforcement if they think creatively.

To start, states can file many of the lawsuits the Trump administration is not bringing. For example, the 2010 Dodd-Frank financial reform law authorizes states to enforce the law's prohibition on unfair, deceptive or abusive practices; its rules on mortgage lending; various regulations issued by the CFPB; and related statutes, such as the Truth in Lending Act. The Fair Housing Act authorizes states to bring actions against predatory lenders that target minority communities for dangerous loans. Antitrust, consumer protection, and environmental statutes authorize state attorneys general to serve as plaintiffs. States' authority to enforce federal law is not unlimited. For example, Dodd-Frank does not allow a state regulator to bring certain actions against national banks. But state lawsuits could pick up much of the slack from somnolent federal agencies.

INVESTOR PROTECTION, SEC, CAPITAL MARKETS

Reg BI: How Rollovers are Changing Under the New SEC Rules | Investment News
The Securities and Exchange Commission in early June made the most significant changes to investment-advice standards in more than two decades — and rollovers were no exception.

Regulation Best Interest imposes a new standard for brokers, broadly saying they must make investment recommendations that are in retail customers' best interest. That extends to advice to roll over assets from a workplace retirement plan like a 401(k) to an individual retirement account.

Rollovers constituted one of the major revisions from the proposed SEC rule to the final version issued June 5. Contrary to the initial draft, the final rule lays out explicit steps broker-dealers and brokers must take when making a rollover recommendation.

Confused About Financial Advisers? You're Not Alone | WSJ
The business of financial advice has, for investors, always been confusing and opaque. New rules are unlikely to help clear up the situation.

Financial representatives of different stripes in recent decades have adopted generic titles like "financial adviser" and "wealth manager," obfuscating the differences in their practices and obligations to clients. Brokerage firms eschew the title "broker" for their ranks, in part because regulatory efforts in recent years spotlighted the differences between the investment advisers who are supposed to act as fiduciaries and brokers and insurance agents who don't have to.

For those looking to hire a financial adviser, it can be hard to decipher who's who. Different types of advisers have varying fees and conflicts of interest, and for decades they have been held to different regulatory standards. But often those differences are buried in the fine print.

New Jersey Fiduciary Rule: Pressure Leads to Public Hearing, Comment Deadline Extension | Investment News

Under fire from critics, New Jersey has scheduled a public hearing and extended a deadline for public comment on a proposal that would impose a fiduciary duty on anyone giving investment advice, including brokers.

The all-day hearing on July 17 at the Division of Consumer Affairs in Newark was announced in Monday's New Jersey Register.

It was scheduled after the state received about 70 requests from industry groups opposing the New Jersey measure, according to Jason Berkowitz, chief legal and regulatory affairs officer at the Insured Retirement Institute.

PRIVATE FUNDS

Goldman Sachs Looks to Become the Next Private Equity Giant | PitchBook
Goldman Sachs has reportedly told employees it plans to combine its four alternative investing strategies into a private investment division that will have roughly $140 billion in AUM. That includes the New York firm's massive merchant banking arm, which already employs about $100 billion for PE and credit deals, along with its special situations group ($30 billion AUM), a strategic investing group that backs fintech startups and a real estate investing division, per reports.

In conjunction with the move, Goldman is expected to undergo a "fundraising blitz" with possible plans to raise a real estate and buyout fund this year as well, per The Wall Street Journal. That could potentially put Goldman in the same league as other diversified public buyout shops such as KKR, which had around $200 billion in AUM at the time of its 1Q earnings report. But it also introduces a potential conflict since Goldman often provides IPO underwriting services and loans to private equity firms it could now be competing against more openly.

Goldman Sachs Wants To Look More Like Blackstone | Wall Street Journal
Goldman Sachs Group Inc. is building a mini- Blackstone Group LP in a bid to boost a flagging stock price.

The Wall Street firm is pulling together four separate units that invest in private companies, real estate and other hard-to-access deals, creating a new unit and planning a fundraising blitz, according to people familiar with the matter. Goldman is trying to grow the kind of steady, income-generating business that investors like.

The division's exact makeup will take shape over the next few months, but it is likely to have around $140 billion in assets, making it nearly as big as KKR & Co. and about one-third the size of Blackstone.

The move is the clearest sign yet that David Solomon, who took over as chief executive last fall, intends to put his mark on the firm. Goldman was a private partnership for most of its history, but it is starting to look more like a modern corporation under Mr. Solomon and the crew of investment bankers he has promoted to senior posts.

Eddie Lampert Strikes Back At AOC, Elizabeth Warren Over Sears Criticism | PitchBook
Eddie Lampert, the owner of the hedge fund ESL Investments as well as the ex-CEO and chairman of Sears, sent a letter this Thursday to Representative Alexandria Ocasio-Cortez and Senator Elizabeth Warren denying accusations that he has failed to pay $43 million in severance to Sears employees, according to CNBC, who obtained a copy of the letter. Singling Sears out and publicly criticizing the company was "unfortunate and unfair," said Lampert, citing a slew of other retailers that have faced similar struggles to Sears.

Earlier reports claimed that Sears was refusing to pay over $50 million worth of assets that included severance pay for employees; Lampert rebuffed these reports in his letter, saying they didn't clarify the severance was to be paid by "New Sears" to "Old Sears." New Sears is the entity that emerged after the once-iconic retailer went bankrupt, while Old Sears refers to the company that sold those assets. Last month, Old Sears filed a lawsuit against New Sears alleging that the company had not fully paid for the $50 million-plus in assets sold in the bankruptcy—assets which, according to Lampert's letter, New Sears never received and therefore did not pay for.

Further notable is a video released by Ocasio-Cortez and Warren which blames both Lampert and Treasury Secretary Steven Mnuchin of piling Sears with debt, closing thousands of stores and sucking value from the company. Mnuchin was the college roommate of Lampert and was hired to serve on Sears' board before becoming the US Secretary of the Treasury.

Private Equity's Less-Than-Stellar Track Record In The Legacy Media Industry | Axios
Private equity has a less-than-stellar track record in the industry. In 2011, KKR exited a previous media acquisition vehicle, Primedia; the New York Times called it "the firm's longest investment ever — and one of its least successful." After iHeartMedia was taken private by Bain Capital and Thomas H. Lee in a $17.9 billion deal in 2008, it ended up filing for bankruptcy protection in 2018. And Univision's private-equity owners are still struggling with their albatross after buying the broadcaster for $12.3 billion in 2006.

KKR is returning to the industry with an agreed bid to take German publisher Axel Springer private at a valuation of $7.7 billion. The news came after hedge fund Elliott Associates agreed to buy Barnes & Noble for $683 million.

Ban Private Equity | Jacobin (Nicole Aschoff)
Blackstone — the world's largest "alternative investment" company — recently closed on the biggest private real estate deal in history. It paid $18.7 billion for the US warehouse division of GLP, a global logistics firm based in Singapore.

Private equity firms like Blackstone, Apollo, and Carlyle have grown ever more powerful in the easy credit decade following the 2008–2010 financial crisis. This isn't good news. The relationship between private equity firms and ordinary folks is zero sum: when PE firms thrive, working families and communities suffer.

[Family-Owned Whataburger Isn't Family-Owned Anymore](#) | Eater Austin
[Texas's favorite family-owned burger chain](#) Whataburger has new owners — since [announcing last month](#) that it was looking to "explore our options," it has sold a majority stake to BDT Capital Partners, a private equity firm, while the chain's founding family, the Dobsons, retains a minority share.

The goal behind the new ownership is to expand the burger chain to "new audiences," according to the press release. Further details on that expansion weren't available yet, according to a rep, but it could mean that there could be locations coming soon to the East and West coasts, the Midwest, and other northern states, regions which are currently without any Whataburgers.

The actual transaction between the two companies is expected to be finalized later in the summer, but those numbers weren't revealed either.

[Ready for Consolidation: Buyouts Eye Fragmented Fertility Clinics](#) | Private Equity News
Between 2017 and 2018, private equity firms acquired 34 fertility treatment companies globally spending $627m, more than five times the $121m spent in the previous two years in 20 similar acquisitions, according to data provider Pitchbook.

Even though there is room for consolidation, the traditional buy-and-build model of private equity will be difficult to employ in this sector, said Praful Nargund, chief executive of Create Fertility, a UK-based group previously partnered with Livingbridge.

Private equity firms have used the buy-and-build model to grow other healthcare businesses in the past. In February 2018, Nordic Capital acquired two dentistry companies from Hesira, a portfolio company of Oaktree Capital, for €480m. Nordic said it planned to combine the two businesses with two German dental clinic operators bought in a separate transaction.

"It [buy-and-build] doesn't add any value. If you bring together different clinics, you are bringing together different teams and different ways of operating," Nargund said.

[Cerberus Hunts for Yield in Mongolia](#) | Wall Street Journal
New York-based Cerberus Capital Management LP is in talks to make its first investment in Mongolia as part of a broader push into the world's riskiest markets.

The private-equity firm, which manages $39 billion of assets including shares in [Deutsche Bank](#) AG and [Avon Products](#) Inc., is in talks to buy a stake in the telecommunications and consumer goods units of MCS Group, one of Mongolia's largest companies, according to people familiar with the situation. Cerberus may offer $110 million for a 25% stake in the units, one of the people said.

[Private-Equity Firms Are Raising Bigger and Bigger Funds. They Often Don't Deliver.](#) | Wall Street Journal

The rise of megafunds reflects the growing demand for private equity from large investors such as sovereign-wealth funds with hundreds of millions of dollars to put to work. With interest rates still persistently low, the industry's historical reputation for 20%-plus returns, is appealing—even if it means paying higher fees and having money locked up for long periods.

The problem is that the largest funds haven't always lived up to the hype. Taken together, private-equity funds of $10 billion or more posted 14.4% five-year annualized returns net of fees as of the end of last September, barely edging past the 14.1% return for the S&P 500, according to data from investment firm Cambridge Associates.

Blackstone Boss Stephen Schwarzman Donates $190M to Oxford | PitchBook
Stephen Schwarzman, co-founder and CEO of Blackstone, has donated a handsome £150 million (around $190 million) to Oxford University.

The contribution—the largest single donation to Oxford since the Renaissance, according to the University—will be used to open The Stephen A. Schwarzman Centre for the Humanities. The center will encourage cross-collaboration among students in a variety of programs including English, history, medieval & modern languages, music, philosophy and theology & religion.

NYC Pensions to Expand Prison Investment Ban With Platinum Equity | Bloomberg
New York City pension funds and Platinum Equity LLC are hammering out the details of a provision to let the funds opt out of future investments in the prison services industry, according to people familiar with the matter.

The New York City Comptroller's office is working to expand existing restrictions barring investment in private prison operators to now include companies providing services to correctional facilities, said the people, who asked not to be named because the discussions are private.

Philadelphia Refinery Rocked by Large Explosion, Fire | Wall Street Journal
A large explosion and fire erupted at an oil refinery in south Philadelphia on Friday, officials said, adding there were no significant injuries and the fire was contained but still burning.

Philadelphia Energy Solutions is an independent merchant refiner and its 335,000-barrel-a-day complex in Philadelphia is the largest refinery on the East Coast. PES was formed in 2012 as a result of a partnership between Carlyle Group and Sunoco Inc., which is a subsidiary of Energy Transfer LP family of companies, according to the PES website.

Hedge Papers No. 67: Vulture Hedge Funds Attack California | Hedge Clippers
Dozens of hedge funds are now speculating in shares of PG&E, the huge California utility, with several high-profile vulture funds demanding seats on the board and fighting for control of the company.

PG&E was plunged into bankruptcy after decades of irresponsible corporate practices led to massive wildfires and billions in new liabilities.

Now hedge funds are circling the company, seeking to plunder and profit regardless of the impact on workers and communities — the same way they've attacked schools and students in Puerto Rico, and the same way they've attacked autoworkers from GM and their families in Lordstown, Ohio and Hamtramck, Michigan.

Meet The New York Couple Donating Millions To The Anti-Vax Movement | Washington Post
A wealthy Manhattan couple has emerged as significant financiers of the anti-vaccine movement, contributing more than $3 million in recent years to groups that stoke fears about immunizations online and at live events — including two forums this year at the epicenter of measles outbreaks in New York's ultra-Orthodox Jewish community.

Hedge fund manager and philanthropist Bernard Selz and his wife, Lisa, have long donated to organizations focused on the arts, culture, education and the environment. But seven years ago, their private foundation embraced a very different cause: groups that question the safety and effectiveness of vaccines.

How the Selzes came to support anti-vaccine ideas is unknown, but their financial impact has been enormous. Their money has gone to a handful of determined individuals who have played an outsize role in spreading doubt and misinformation about vaccines and the diseases they prevent. The groups' false claims linking vaccines to autism and other ailments, while downplaying the risks of measles, have led growing numbers of parents to shun the shots. As a result, health officials have said, the potentially deadly disease has surged to at least 1,044 cases this year, the highest number in nearly three decades.

SMALL-BUSINESS LENDING

New York State Weighs Law To Curtail Predatory Lending Abuses | Bloomberg
Last year, an array of New York officials, from county clerks to Governor Andrew Cuomo, promised to stop a group of predatory lenders that have been using the state court system to bludgeon small businesses nationwide.

So far, little has changed. Lenders offering so-called merchant cash advances obtained more than 5,500 New York court judgments against borrowers in the first five months of this year, about the same monthly pace as in 2018, according to data compiled by Bloomberg News.

This week, the state legislature will decide whether to finally crack down. It's considering a bill that would curtail the lenders' use of confessions of judgment, legal instruments that short-circuit the normal litigation process and are prone to abuse. The bill, which would prohibit their use against out-of-state debtors, has cleared two committees in the Assembly and could come up for a vote before the legislative session ends on June 19.

Elizabeth Warren Wants To Level The Playing Field For Entrepreneurs Of Color | Vox
Democratic presidential candidate Sen. Elizabeth Warren released a new plan on Friday to "level the playing field for entrepreneurs of color" by providing business grants to minorities in

order to close the startup capital gap — the difference in capital available to white entrepreneurs versus entrepreneurs of color.

Warren argues that “every American should have a fair shot at starting a small business,” but says the playing field is currently drastically uneven, with entrepreneurs of color starting businesses with far less money than their white counterparts. Warren writes that disparity severely affects minority-owned businesses’ ability to attract investors, apply for credit, and their bottom lines.

“Disparity in startup capital is the single biggest reason that promising Black-owned businesses on average are less profitable and bring on fewer employees than white-owned businesses,” Warren said.

MORTGAGES AND HOUSING

Comment Letter: Coalition Letter to HUD on Opportunity Zones

HUD Hires Former Official at Center of Racial Scandal | Politico
The Department of Housing and Urban Development has hired Eric Blankenstein, the former Consumer Financial Protection Bureau official whose racially charged blog posts sparked an uproar last year.

Blankenstein has been hired by HUD’s Office of General Counsel as a senior counsel working on Ginnie Mae matters, making $166,500 a year, according to people familiar with the matter.

Democrats and civil rights activists demanded that the CFPB fire Blankenstein after the Washington Post reported in September that he had questioned the veracity of hate crimes and whether the N-word is racist, in blog posts he wrote 14 years earlier.

Sherrod Brown Blasts HUD for Hiring Ex-CFPB Official at Center of Racial Scandal | Politico
Sen. Sherrod Brown (D-Ohio) slammed the Department of Housing and Urban Development today for hiring Eric Blankenstein, the former Consumer Financial Protection Bureau official whose racially charged blog posts sparked an uproar last year.

“The Department of Housing should be working to address housing discrimination across the country, not serving as a dumping ground for a disgraced, racist Trump appointee,” Brown, the top Democrat on the Senate Banking Committee, told POLITICO in an emailed statement.

Trump’s HUD Happily Hires Guy Who Thinks Using the N-word is Fine | Vanity Fair (Bess Levin)
Last September, the Washington Post reported that, in keeping with the grand tradition of the Trump administration wherein political hires must be diametrically opposed to the missions of the agencies they work for, the man tasked with stopping discrimination by financial lenders at the CFPB was…seemingly pro-racism. In blog posts from 2004, Eric Blankenstein, whose job was literally to enforce laws against financial discrimination, questioned under a pen name if the

use of the N-word was, in fact, inherently racist, saying that there was no way for authorities to know what motivated someone to use such a slur. “Fine…let’s say they called him n—,” Blankenstein wrote, naturally spelling out the entire word. “…would that make them racists, or just a—?” For good measure, he also asserted that “hate-crime hoaxes are about three times as prevalent as actual hate crimes” and insisted that a proposal by the University of Virginia to impose penalties for acts of intolerance was “racial idiocy.”

Despite the outcry and calls for him to be canned, Blankenstein, unsurprisingly kept his job, resigning on his own terms nearly a year later. And now? He’s reportedly landed at another Trump agency that is, in theory, supposed to prevent discrimination.

How Communities Are Rethinking Zoning to Improve Housing Affordability and Access to Opportunity | Urban Institute
Amid a national housing affordability crisis and declining federal resources for affordable housing, local governments across the country are taking matters into their own hands. Some are finding new ways to raise revenue to directly support affordable housing development, while others are adopting laws and policies to protect residents from rent increases or evictions.

Local governments are also increasingly recognizing that restrictive zoning and outdated land-use regulations can suppress housing supply, drive up housing costs, and widen racial and economic disparities. Leveraging smart zoning reforms and easing building restrictions can unleash housing supply to help meet the needs of current and future residents.

Opinion: Make the Cost of Home Something We Can All Afford | Shelterforce (Henry Cisneros and Mel Martinez)
Candidates for offices at all levels—whether for city council, state representative, or the White House—must put forward credible plans for advancing housing affordability in our communities. But they’re not going to do it unless we, the voting public, raise our voices and compel them to. That’s why we are proud to support a new campaign focusing on home affordability that Habitat for Humanity is launching this week: Cost of Home. Through its decades of on-the-ground experience, public policy expertise, and history of engaging diverse coalitions and stakeholders, Habitat for Humanity is uniquely positioned to take on this issue from a seasoned perspective, and in the spirit of bipartisanship.

Low-Income Americans Squeezed Out Of Rental Housing Market, Report Says | Politico Pro
A worker making the federal minimum wage of $7.25 an hour would have to work 103 hours a week to afford a one-bedroom rental home at the national average fair market rent and 127 hours to afford a two-bedroom rental, according to a new report.

"The country is in the grips of a pervasive affordable housing crisis, impacting rural, suburban and urban communities alike," said Diane Yentel, president and CEO of the National Low Income Housing Coalition, on a conference call with reporters this morning.

"Only four million rental homes are affordable and available to the nation's 11 million extremely low-income renter households whose incomes are less than the poverty rate or 30% of their area median income," said the coalition in its annual "Out of Reach" report. That leaves a shortage of 7 million rental homes, the group said.

Wells Fargo Mistakes Cost People Their Homes. It Was Just The Start Of Their Problems | Charlotte Observer
About nine years ago, a Burlington woman begged Wells Fargo to keep working with her to lower her mortgage payments. She had just lost her job, and the single mom was struggling to pay for the house she shared with her three kids.

Ultimately, the bank said no.

Her problems continued to mount. Choking back tears, Zsa Zsa Monique Conyers remembers she briefly thought about suicide, that her children would be better off without her. But she recalled thinking at the time, "I look at them in their face and be like, 'I can't do that. I can't leave them like that.'"

Listen: The Scarlet E | On The Media
We have an eviction epidemic in this country. We've had one for a long time. And in this new four-part series from On the Media, host Brooke Gladstone will seek out the why and the wherefore — in search, ultimately, of a cure.

Mortgage Rates Hold at Two-Year Lows, Giving Borrowers Another Shot at the Action | MarketWatch
Rates for home loans mostly held steady, and even declined slightly, as investor jitters about a slowing economy and geopolitics continued to keep bonds attractive.

The 30-year fixed-rate mortgage averaged 3.82% in the June 13 week, unchanged during the week, Freddie Mac said Thursday. Nearly halfway through the year, the popular product has managed a weekly increase only six times. It now stands at about a two-year low.

First Merchant's Bank Announces DOJ Settlement Of Redlining Allegations | Indianapolis Star
More mortgage services will be available in primarily black neighborhoods in Marion County as a result of a settlement announced June 13 between the Department of Justice and First Merchants Bank.

In a complaint filed and settled on the same day, the Justice Department accused the bank of redlining, or denying primarily black neighborhoods in Marion County equal access to mortgage credit services between 2011 and 2017. The bank denies any liability or wrongdoing.

In the settlement, the bank promised to increase borrowing opportunities and investments in 50 majority-black census tracts in Marion County.

Quicken Loans Settles Financial Crisis-Era Suit With Justice Department | Wall Street Journal
Quicken Loans Inc. agreed to pay $32.5 million to resolve a yearslong lawsuit with the U.S. government, a court-appointed mediator said Friday.

The suit stems from the period after the housing-market collapse a decade ago, when the U.S. Justice Department pursued mortgage lenders for misusing the Federal Housing

Administration-insured loan program. Many lenders were accused of defrauding the government under the False Claims Act.

Quicken—unlike many of the big banks which settled years ago and left the FHA loan program—vowed to fight back. It pre-emptively sued the government in 2015, weeks before prosecutors filed their charges. The Detroit-based lender said the government tried to pressure it into a settlement based on just 55 FHA loans that were cherry-picked for problems from among the hundreds of thousands it had handled. Its suit was eventually dismissed, but the government's eventual lawsuit continued.

Want a House Like This? Prepare for a Bidding War with Investors | New York Times
The same story is playing out across the country. A confluence of factors — rising construction costs, restrictive zoning rules and shifting consumer preferences, among others — has already led to a scarcity of affordably priced housing in many big cities. Investors, fueled by Wall Street capital, are snapping up much of what remains.

"If it weren't bad enough out there for first-time home buyers, the additional competition from investors is increasingly pushing starter homes out of the reach of many households," said Ralph McLaughlin, deputy chief economist at CoreLogic, a provider of real estate data.

STUDENT LOANS AND FOR-PROFIT SCHOOLS

Civil Rights Groups Question CFPB Oversight of Student Loan Market | National Law Review
Several civil rights groups have sent a letter to Director Kraninger questioning whether the CFPB is engaging in the oversight of the student loan market that they believe is necessary to "root out potentially discriminatory practices." In particular, the groups suggest that access to income-driven repayment programs is being provided "in an unequal way, with a disproportionate impact by race or sex."

The groups point to statements made by Director Kraninger at her March 2018 appearance before the House Financial Services Committee and in her May 2019 letter to Senator Elizabeth Warren regarding the CFPB's supervision of student loan servicers as the source of their concern that the CFPB is ignoring its "independent oversight responsibilities and the immediate need for investigative action given the well-documented racial disparities in student loan outcomes."

To Begin Solving Student Debt, the Education Department Must Factor In Race and Ethnicity | Center for American Progress (Victoria Yuen)
In fall 2017, the U.S. Department of Education released shocking findings about the long-term outcomes of student borrowers of color, particularly those who are black or African American. The data showed that the average black or African American borrower who entered college in the 2003-04 academic year had made no progress paying down their debt by 2015; in fact, they owed more than they originally borrowed. Even worse, nearly half of black or African American

student borrowers had defaulted on their loans within the 12-year time period. These findings revealed a repayment crisis for black borrowers and raised serious questions about how the American higher education system serves all communities of color.

But the data have not yet led to any major plans in Congress to improve the outcomes of student borrowers of color. Just last month, for example, front-page headlines trumpeted a wealthy financier's pledge to pay the student loan debt of an entire graduating class at historically black Morehouse College, demonstrating anew how much student debt is still weighing down African American borrowers—and why these students need systemic solutions.

Lawsuit Alleges the Government is Illegally Garnishing Tax Refunds of Student-Loan Borrowers | MarketWatch
The suit, filed on behalf of Blanchette and similarly situated borrowers, alleges that Betsy DeVos and the Department of Education are collecting on debt that isn't legally enforceable.

That's because the Department knows that Blanchette and other students who enrolled in the criminal-justice program at the Minnesota School of Business, a now defunct for-profit college chain, were defrauded by the school when they signed up for the program, according to court documents.

Former For-Profit College Students Will Have $168 Million in Student Debt Cancelled | MarketWatch
More than 18,000 students who attended a now-defunct for-profit college will have $168 million in private loan debt discharged.

The loan cancellation is part of a proposed deal between the Consumer Financial Protection Bureau, attorneys general of 43 states and the District of Columbia and Student CU Connect (or the CUSO), a company that held and managed private loans taken out by students at ITT Tech. The agreement comes as the court overseeing ITT's bankruptcy approved a settlement between CUSO and ITT's bankruptcy trustee.

California Senate Must Act To Regulate For-Profit Colleges | San Francisco Chronicle (Editorial Board)
With its Hollywood names and six-figure bribes, the college admissions scandal touching major California universities draws gasps and outrage. But the state Legislature is focusing on a far bigger educational scandal: the high costs and poor performance of for-profit colleges that attract millions of students looking for job skills and training.

A package of seven bills would restore controls on an industry that's flourished via empty employment promises and federal subsidies. The results are students who are worse off than before, burdened by debt and bleak job prospects.

The Trump administration's retreat from federal oversight has created a huge void that the state needs to fill.

SYSTEMIC RISK

Report: The Trump Administration, Wall Street, and the Next Recession

Comment Letter: Americans for Financial Reform Education Fund Letter Opposing the FDIC Relaxing the Process of Resolution Planning for Insured Depository Institutions

Comment Letter: Americans for Financial Reform Education Fund Letter Opposing Banking Regulators Weakening Big Banks' Resolution Planning Requirements

Comment Letter: Bank Regulators Should Not Weaken Prudential Rules for U.S. Operations of Foreign Banks

We're Less Prepared For The Next Recession Than We Were For The Last | Talking Points Memo
The U.S. economy is more fragile than it has been at this point in any previous economic expansion. Though this expansion only needs one more month to be the longest in U.S. economic history, a record number of households are more than 90 days late on their car loan payments. The sale of existing homes continues to fall to new lows, reflecting the difficulty for younger workers to form new households and transition from renters to homeowners. Their low earnings, low savings and high student debt compared to earlier generations all factor in here.

Non-Banks Are The Largest Holders Of Collateralized Loan Obligations Globally | Forbes
The majority of collateralized loan obligations (CLOs) are held by a wide array of non-banks such as insurance companies, pension funds, open-ended funds (i.e. mutual funds and exchange traded funds), structured credit funds, and separately managed accounts. According to the Bank of England, there are about $750 billion in CLOs outstanding globally; one-third are held by banks in the U.S., Europe, and Japan; the remainder are held by non-banks.

TAXES

Republican Tax Bill Leads To Record-Breaking Drops In Corporate Revenues | New York Times
The Republican plan to lower corporate tax rates from 35 to 21 percent is having a harder impact on revenue than expected, according to the U.S. Treasury. The agency reported a 31 percent drop in corporate tax revenue last year, nearly two times steeper than was originally forecasted by economists.

This year alone, revenue has fallen another 9 percent, or nearly $11 billion. Corporate taxes are now at their lowest level in 50 years.

When Republican lawmakers passed President Donald Trump's $1.5 trillion tax cut in 2017, they claimed the cuts, which mainly aided corporations and high-income filers, would eventually pay for themselves. Many, including Treasury Secretary Steve Mnuchin, claimed that the benefits would trickle down from corporations and top earners and boost the economy as a whole. But now some are changing their tune, or at least walking back their assurances.

Bank Of America, Citi Tell House They Shed Jobs After Tax Cut | Politico Pro
Work forces at Bank of America and Citigroup shrank after the 2017 tax cut, which was promoted as a major economic stimulus, according to data that the nation's largest lenders shared with the House Financial Services Committee.

The figures are included in more than 250 pages of answers that JPMorgan Chase, Bank of America, Citi, Goldman Sachs, Morgan Stanley and State Street sent to the committee in response to follow-up questions after their CEOs testified in April.

The documents, which were obtained by POLITICO, also contain data from the banks on their employee demographics and diversity policies, as well as answers to a wide range of questions on private prisons, firearms and post-crisis regulations

One Trump Tax Cut Was Meant To Help The Poor. A Billionaire Ended Up Winning Big. | ProPublica
Here's how the program works. Say you're a hedge fund manager, you purchased Google stock years ago, and are sitting on $1 billion in gains. If you sell, you'd send the IRS about $240 million, a lot less than ordinary income tax but still annoying. To avoid paying that much, you can sell the shares and put the $1 billion into an opportunity zone. That comes with three generous breaks. The first is that you defer that $240 million in capital gains tax, allowing you to invest more money up front. But if that's not enough for you, you can hold the investment for several years and you'll get a significant reduction in those taxes. What's more, any additional gains from the new investment are tax-free after 10 years.

It's impossible to predict how much the tax break will be worth to individual investors because it depends on several variables, not least whether the underlying project gains in value. But one investment pitch projected 10-year returns would jump to 91% from 29% on a hypothetical $1 million investment. That includes $284,000 in tax breaks — money the federal government would have collected from taxpayers with capital gains but for the program.

Watch: Billionaire Investor Leon Cooperman: Movement to the Left 'Is a Risk' for the Market | CNBC
Billionaire Leon Cooperman rejects the idea of a "wealth tax" or higher marginal tax rates for the wealthy.

ELECTIONS, MONEY, AND POLITICS

Biden Tells Elite Donors He Doesn't Want To 'Demonize' The Rich | Bloomberg
Former Vice President Joe Biden told affluent donors Tuesday that he wanted their support and

— perhaps unlike some other Democratic presidential candidates — wouldn't be making them political targets because of their wealth.

"Remember, I got in trouble with some of the people on my team, on the Democratic side, because I said, you know, what I've found is rich people are just as patriotic as poor people. Not a joke. I mean, we may not want to demonize anybody who's made money," Biden told about 100 well-dressed donors at the Carlyle Hotel on New York's Upper East Side, where the hors d'oeuvres included lobster, chicken satay and crudites.

"Truth of the matter is, you all know, you all know in your gut what has to be done," Biden said. "We can disagree in the margins. But the truth of the matter is, it's all within our wheelhouse and nobody has to be punished. No one's standard of living would change. Nothing would fundamentally change," he said.

Wall Street Donors Are Swooning for Mayor Pete. (They Like Biden and Harris, Too.) | New York Times
The behind-the-scenes competition for Wall Street money in the 2020 presidential race is reaching a fevered peak this week as no less than nine Democrats are holding New York fund-raisers in a span of nine days, racing ahead of a June 30 filing deadline when they must disclose their latest financial hauls.

With millions of dollars on the line, top New York donors are already beginning to pick favorites, and three candidates are generating most of the buzz: former Vice President Joseph R. Biden Jr., Senator Kamala Harris of California and Mayor Pete Buttigieg of South Bend, Ind.

It is, at first blush, an unusual grouping, considering that the mayor of New York City (Bill de Blasio), the state's junior senator (Kirsten Gillibrand) and a neighboring senator with deep ties to New York's elite (Cory Booker of New Jersey) are all in the race and vying for their money.

Can Elizabeth Warren Win It All? | New Yorker
On September 20, 2016, John Stumpf, the C.E.O. of Wells Fargo, appeared before the Senate Banking Committee to defend his company's role in one of the biggest financial scandals in recent memory. Wells Fargo employees, who were under pressure from senior management to meet overly aggressive sales targets, had opened more than two million bank and credit-card accounts for customers who had never asked for them.

The tone of the questioning was initially courteous. Then Elizabeth Warren spoke. Peering over her glasses, she launched into a series of questions so scathing that the Senate chamber fell silent. "Since this massive, years-long scam came to light, you have said repeatedly, 'I am accountable,'" Warren said to Stumpf. "But what have you actually done to hold yourself accountable? Have you resigned as C.E.O. or chairman of Wells Fargo? . . . Have you returned one nickel of the millions of dollars that you were paid while this scam was going on?"

Warren pressed Stumpf on whether he had fired any senior executives over the revelations (he hadn't); paraphrased his comments, on an earnings call, about how lucrative the sales-quota strategy had been; and asked him to tell the audience how much money he had made personally as the company's share price shot up during the years of the fraud. When Stumpf declined to answer, Warren supplied the number: two hundred million dollars.

Elizabeth Warren Is Completely Serious: About Income Inequality. About Corporate Power. About Corrupt Politics. and About Being America's Next President. | New York Times Magazine
In the kitchen, Warren opened a cupboard to reveal an array of boxes and canisters of tea. Pouring us each a mug, she said, "This is a fantasy." She was talking about the enormous platform she has, now that she's running for president, to propagate policy proposals that she has been thinking about for decades. "It's this moment of being able to talk about these ideas, and everybody says, 'Oh, wait, I better pay attention to this.'" She went on: "It's not about me; it's about those ideas. We've moved the Overton window" — the range of ideas deemed to merit serious consideration — "on how we think about taxes. And I think, I think we're about to move it on child care."

Her plan, announced in January, would raise $2.75 trillion in revenue over 10 years through a 2 percent tax on assets over $50 million and a higher rate for billionaires. Warren wants to use some of that money to pay for universal child care on a sliding scale. As she talked, she shifted around in her chair — her hands, her arms, her whole body leaning forward and moving back. Onstage, including at TV town halls, she prefers to stand and pace rather than sit (she tries to record six miles a day on her Fitbit), and sometimes she comes across as a little frenetic, like a darting bird. One on one, though, she seemed relaxed, intent.

Throw the Crooks Out | New York Times (David Leonhardt)
When Americans are asked what the country's biggest problem is, the answers vary a lot by political party. Democratic voters say they are more concerned about income inequality, climate change and Donald Trump. Republicans mention illegal immigration, terrorism and the deficit.

But there is at least one subject that members of both parties — and independents, too — consistently cite as a serious problem: corruption.

OTHER TOPICS

Black People's Land Was Stolen | New York Times
A House Judiciary subcommittee on Wednesday held the first hearing in over a decade on the issue of reparations for black Americans. The hearing took place, fittingly, on the Juneteenth holiday, commemorating the announcement of the end of slavery in the United States, and five years after the writer Ta-Nehisi Coates, who testified, reignited the debate with his 2014 essay "The Case for Reparations." Once a fringe topic, reparations has emerged as an issue in the 2020 presidential campaign, with several leading candidates for the Democratic nomination expressing support for various measures to atone for America's racist past.

But in addition to invoking the 40 acres black people never got, the reparations movement today should be talking about the approximately 11 million acres black people had but lost, in many cases through fraud, deception and outright theft, much of it taken in the past 50 years.

Watch: Writer Ta-Nehisi Coates testifies in hearing on reparations

Congress Has Never Let The Federal Minimum Wage Erode For This Long | Economic Policy Institute
June 16th marks the longest period in history without an increase in the federal minimum wage. The last time Congress passed an increase was in May 2007, when it legislated that the minimum wage be raised to $7.25 per hour on July 24, 2009. Since the minimum wage was first established in 1938, Congress has never let it go unchanged for so long.

When the minimum wage remains unchanged for any length of time, inflation erodes its buying power. As shown in the graphic, when the minimum wage was last raised to $7.25 in July 2009, it had a purchasing power equivalent to $8.70 in today's dollars. Over the last 10 years, as the minimum wage has remained at $7.25, its purchasing power has declined by 17 percent. For a full-time, year-round minimum wage worker, this represents a loss of over $3,000 in annual earnings. Moreover, since its historical peak in February 1968, the federal minimum wage has lost 31 percent in purchasing power—meaning that full-time, year-round minimum wage workers today have annual earnings worth $6,800 less than what their counterparts earned five decades ago.

Facebook Plans Global Financial System Based On Cryptocurrency | New York Times
Facebook unveiled an ambitious plan on Tuesday to create an alternative financial system that relies on a cryptocurrency that the company has been secretly working on for more than a year.

The effort, announced with 27 partners as diverse as Mastercard and Uber, could face immediate skepticism from people who question the usefulness of cryptocurrencies and others who are wary of the power already accumulated by the social media company.

The cryptocurrency, called Libra, will also have to overcome concern that Facebook does not effectively protect the private information of its users — a fundamental task for a bank or anyone handling financial transactions.

Facebook Unveils Libra Cryptocurrency, Sets Launch For 2020 | NPR
Facebook is branching into cryptocurrency, unveiling a new blockchain-based currency called Libra that could challenge bitcoin. Libra will be controlled by a nonprofit group in which Facebook will share responsibilities with companies ranging from Mastercard and PayPal to Uber and eBay.

The currency, which is still in the testing phase, is expected to launch in 2020. Facebook says Libra will have very low fees and that people using its apps will make a number of payments simply by sending a text message.

Launching a Global Currency Is a Bold, Bad Move for Facebook | New York Times (Mark Stoller)
There are four core problems with Facebook's new currency. The first, and perhaps the simplest, is that organizing a payments system is a complicated and difficult task, one that requires enormous investment in compliance systems. Banks pay attention to details, complying with regulations to prevent money-laundering, terrorist financing, tax avoidance and counterfeiting. Recreating such a complex system is not a project that an institution with the level of privacy and technical problems like Facebook should be leading. (Or worse, failing to recreate such safeguards could facilitate money-laundering, terrorist financing, tax avoidance and counterfeiting.)

The second problem is that, since the Civil War, the United States has had a general prohibition on the intersection between banking and commerce. Such a barrier has been reinforced many times, such as in 1956 with the Bank Holding Company Act and in 1970 with an amendment to that law during the conglomerate craze. Both times, Congress blocked banks from going into nonbanking businesses through holding companies, because Americans historically didn't want banks competing with their own customers. Banking and payments is a special business, where a bank gets access to intimate business secrets of its customers. As one travel agent told Congress in 1970 when opposing the right of banks to enter his business, "Any time I deposited checks from my customers," he said, "I was providing the banks with the names of my best clients."

Imagine Facebook's subsidiary Calibra knowing your account balance and your spending, and offering to sell a retailer an algorithm that will maximize the price for what you can afford to pay for a product. Imagine this cartel having this kind of financial visibility into not only many consumers, but into businesses across the economy. Such conflicts of interest are why payments and banking are separated from the rest of the economy in the United States.

The Supreme Court's Conservatives Are Ready to Take a Wrecking Ball to the Entire Federal Bureaucracy | Slate
The Supreme Court declined to upend the administrative state on Thursday in a split decision that augurs coming earthquakes in constitutional law. Think executive agencies have too much power to interpret and enforce the law? Want courts to dismantle landmark statutes protecting the environment, consumers, and employees? You may be in luck: The conservative justices are eager to take a hatchet to the federal bureaucracy that governs much of modern America.

Herman Gundy challenged that provision as a violation of the "nondelegation doctrine," the principle that Congress can't shift too much legislative power to another branch of government. SCOTUS has deployed this principle only twice in history to knock down federal statutes, both times in 1935 to rein in the New Deal. Today, it's more or less moribund, because it only requires Congress to lay out an "intelligible principle" to guide an agency's exercise of authority. Gundy claimed that SORNA's retroactivity provision flunks that test.

In a plurality decision, Justice Elena Kagan, joined by the other liberals, rejected his argument.

'Most of Government Is Unconstitutional' | New York Times (Nicholas Bagley)

On Thursday, the conservative wing of the Supreme Court called into question the whole project of modern American governance.
In Gundy v. United States, which concerned the constitutionality of a law requiring the registration of sex offenders, four of the more conservative justices endorsed a controversial legal theory according to which Congress lacks the power to delegate broad powers to agencies like the Food and Drug Administration and the Department of Heath and Human Services.

For now, the four more-liberal justices have brushed back the challenge, ruling 5 to 3, with Justice Samuel Alito, that Congress can give to the executive branch the authority to implement that specific law. But a close reading of the decisions in the case — and the fact that Justice Brett Kavanaugh was recused — suggests that the liberals may not have the votes to turn back the conservative assault on Congress's powers.

What Hong Kong's Protestors Can Teach Us About the Future of Privacy | Gizmodo
Something odd happened in Hong Kong last week. Protestors against a controversial proposed extradition bill were afraid to use their metro cards. Instead of swiping their cards through the turnstiles of the city's subway system, they lined up to buy single-journey tickets with cash, apparently worried about "leaving a paper trail" that could prove their presence at the demonstration.

Anyone who has been to Hong Kong knows how ubiquitous the Octopus payment card is. When I first visited to attend a privacy conference in 2017, a souvenir card was part of the conference swag bag, and I used it for everything from taking the ferry to shopping at 7-Eleven. Using a physical ticket instead of a rechargeable Octopus card isn't just less convenient, it's also more expensive. What made the protestors so worried? Around the world, police and intelligence agencies are conducting secret, real-time surveillance of civic spaces—and not just during times of protest.