Americans for Financial Reform Education Fund

This Week in Wall Street Reform | Mar 2 - 8

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CFPB's Kraninger Provides Opaque Statement To Committee | US PIRG Blog (Ed Mierzwinski)
Today, new CFPB director Kathy Kraninger testifies to Congress for the first time (since her confirmation hearing) to deliver the Semi-Annual Report To Congress of the Consumer Financial Protection Bureau. Chairwoman Maxine Waters and the House Financial Services Committee will need to drill down with tough questions. Why? Kraninger's written pre-filed statement reads like an answer to a warped question from old television's Sergeant Joe Friday: "Just the irrelevant, off-point facts, ma'am." The committee should also look to the cogent testimony of consumer, civil rights, military family and student advocates also appearing today.

AFR-CEPR Research: Small Donations Show Growing Power Of Grassroots Vs. Wall Street
New members of Congress demonstrated substantially less reliance on money from the financial services industry than incumbents who won re-election in 2018, according to new research by Americans for Financial Reform and the Center for Economic Policy Research.

First-term Democratic members of the House raised, on average, 17 percent of the money for their campaign committees from small donors, compared with 9.4 percent by Democratic incumbents who won re-election. Republicans raised 5.5 percent of their cash from small donors in 2018.

What's more, new Democratic members in tight races – defined here as a winning margin of less than 10 percent – were able to rely more on small donations than even new Democratic members overall. They got 18.6 percent of their cash from small donors.

Small-Dollar Donors Are Playing A Growing Role In Congressional Campaigns | The Intercept
Freshman House Democrats, many of whom made it to Congress on pledges of reforming campaign finance, are chipping away at Wall Street's influence in Congress.

First-term Democratic members relied less on corporate donors in the 2018 midterm elections and raised higher percentages of campaign cash through small-dollar donations than the Democratic incumbents who ran for re-election, according to a new report by **Americans for Financial Reform** and the Center for Economic and Policy Research, or CEPR.

"In competitive districts the key to fundraising was Wall Street, but that's not how the first-year Democrats in contested districts won their races," Jeff Hauser, executive director of the Revolving Door Project at CEPR, told The Intercept. "I don't think that's how they're going to win re-election. I think that they can raise more than enough money from small-dollar donors, and in so doing, they can actually run on populist themes that are very popular across the political spectrum.

Watch Trump's Financial Industry Watchdog Get Grilled By Congress' Newest Members | Mother Jones
When news broke in January that a slew of Democratic House freshmen who have largely forsworn corporate PAC donations had snagged seats on the powerful House Financial Services Committee, Wall Street was not pleased.

A Thursday hearing hosted by the committee highlighted why financial industry executives may have been so concerned, as several of those Democrats lobbed sharp questions at Kathy Kraninger, the Trump-appointed director of the Consumer Financial Protection Bureau. Lawmakers focused on what they said was her lack of qualifications to lead the financial watchdog, as well as the industry-friendly legacy of her predecessor at the bureau—Mick Mulvaney, a longtime foe of the CFPB who led the bureau from November 2017 until becoming acting White House chief of staff in December. The committee's members sought information on plans to uphold Mulvaney's actions, which included relaxing Obama-era regulations aimed at cracking down on predatory payday lenders, stripping enforcement powers from the office responsible for protecting minority borrowers from discrimination, and halting collections of certain data about student loan debt.

One of the most memorable—and toughest—questions came from first-year Rep. Katie Porter (D-Calif.), a longtime consumer law professor and attorney. Porter opened her line of questioning by asking Kraninger to define the difference between an interest rate and APR.

After Kraninger responded, and Porter found her answer lacking, the congresswoman lifted a textbook to read a definition aloud, noting that "I'll be happy to send you a copy of the textbook that I wrote." Then she gave Kraninger a math problem involving a hypothetical two-week emergency car repair loan taken by a single mom, even offering Kraninger a calculator. See the moment here.

Wells Fargo Says Its Culture Has Changed. Some Employees Disagree. | The New York Times

Wells Fargo has spent years publicly apologizing for deceiving customers with fake bank accounts, unwarranted fees and unwanted products. Its top executives say that because they have eliminated the aggressive sales targets that spurred bad behavior, the bank's culture has changed.

Many employees say that is news to them.

There is no evidence that employees are secretly opening accounts in customers' names or tricking them into buying unnecessary auto insurance, as some did in the past. The bank has altered how it pays workers and added safeguards to catch bad behavior.

But Wells Fargo workers say they remain under heavy pressure to squeeze extra money out of customers. Some have witnessed colleagues bending or breaking internal rules to meet ambitious performance goals, according to interviews with 17 current and former employees and internal documents reviewed by The New York Times.

CONSUMER FINANCE AND THE CFPB

AFR Senior Policy Counsel Linda Jun Testifies Before House Financial Services Committee

NAACP Washington Bureau Director Hilary Shelton Testifies Before House Financial Services Committee

Student Borrower Protection Center Executive Director Seth Frotman Testifies Before House Financial Services Committee

National Military Family Association Government Relations Deputy Director Jennifer Davis Testifies Before House Financial Services Committee

A Restriction On Payday Lenders Was Just Delayed. Democrats Want To Know Why | TIME

The Consumer Financial Protection Bureau was created in 2010 to help protect American consumers against bad corporate practices. But Democratic lawmakers believe the agency has taken a turn under President Donald Trump.

This week, House Democrats began looking into a recent decision by the agency to delay a rule on payday lending.

“This committee will not tolerate the Trump Administration’s anti-consumer actions,” Rep. Maxine Waters said at a hearing that looked into the issue, among others, on Thursday.

“It is well documented that payday and car title loans create a deliberate debt trap that locks the borrowers into long-term debt because they cannot afford to repay the high-cost loan,” **Linda Jun of the Americans for Financial Reform** advocacy group said in her written testimony. “The 2019 proposal rests on the false premise that the 2017 rule was not supported by the evidence, when in fact the CFPB has simply chosen to listen to the payday lenders defending their own predatory business model rather than the extensive evidence gathered through its own rulemaking, supervision, and enforcement.”

Consumer Watchdog Agency And Its Leadership Under Scrutiny | Associated Press
The government’s consumer watchdog agency came under new scrutiny from the House Financial Services Committee, now controlled by Democrats who say the appointees chosen by President Donald Trump to lead the organization have undermined its mission to protect Americans.

A fresh rebuke came Thursday from the committee’s chair, Rep. Maxine Waters, D-Calif., as the new head of the Consumer Financial Protection Bureau appeared before the panel.

In December, Kathy Kraninger succeeded Mick Mulvaney, now Trump’s acting chief of staff. Mulvaney hired Republican political operatives to oversee nearly all of the agency’s operations.

“The Trump administration has undertaken a sustained effort to destroy the agency,” Waters said. “I’m committed to reversing the damage that Mulvaney caused.”

Maxine Waters And Democrats Assail Consumer Finance Watchdog For Industry-Friendly Shift | Los Angeles Times
The nation’s new consumer financial watchdog came under fire from House Democrats Thursday for an industry-friendly shift under her predecessor that she has appeared to continue since taking office three months ago.

Kathy Kraninger defended some of those changes, including weakening oversight of lending to minorities and military service members, as well as new standards for payday loans, in her first appearance before Congress as director of the Consumer Financial Protection Bureau.

That frustrated Rep. Maxine Waters (D-Los Angeles) and her colleagues who helped create the agency in the wake of the 2008 financial crisis and want strong consumer protections.

Waters, CFPB Chief Clash Over Fair Lending Enforcement In First Showdown | Politico Pro

Consumer Financial Protection Bureau Director Kathy Kraninger today defended her predecessor's decision to assert greater control over the agency's fair lending office, signaling she had no plans to reverse the controversial move.

Kraninger, making her first appearance before the House Financial Services Committee since taking over the helm of the agency in December from Mick Mulvaney, was sharply questioned by Chairwoman Maxine Waters about the move, which civil rights advocates have decried as an effort to sideline the office and curb enforcement.

“Do you believe [the office] needs to be restored because of what Mulvaney has done, and will you restore it?” Waters said, her voice rising.

Consumer-Finance Watchdog: Companies Have A Role In Policing Themselves | Wall Street Journal
The Trump administration’s new consumer-finance chief said she wants to work with businesses to prevent harm to consumers, pledging a collaborative approach to policing financial companies.

“I am starting to think around a philosophy of focusing on the prevention of harm,” Consumer Financial Protection Bureau Director Kathy Kraninger said Thursday at a House committee hearing. “We have tremendous tools and power to drive to that end. There are certainly institutions that are also motivated to support their customers and consumers to prevent harm.”

In her first appearance before Congress since her December confirmation, Ms. Kraninger was questioned by Democrats on the House Financial Services Committee about the direction the bureau was taking under Trump-appointed leaders. Her comments suggested she would build on policies of her immediate predecessor, Mick Mulvaney, who now serves as White House chief of staff.

Democrats Seek Commitment For Change In CFPB Hearing | HousingWire
In a hearing, Democrats from the House of Representatives sought to convince the new Consumer Financial Protection Bureau’s director to make changes to how the bureau operates under President Donald Trump’s administration.

However, after a long day of questions, Democrats came away empty handed.

CFPB Director Kathy Kraninger testified before Congress for the first time as head of the bureau in a hearing with the House Committee on Financial Services titled, Putting Consumers First? A Semi-Annual Review of the Consumer Financial Protection Bureau.

Committee Chairwoman Rep. Maxine Waters started with a series of questions to measure Kraninger’s commitment to fair lending. However, Waters was unable to get a clear answer out of Kraninger on if she has opened any new investigations and if she plans to restore the office of fair lending within the bureau.

Listen: Move To Pull Consumer Protection Rule Heightens Debate Over Payday Lending | NPR Morning Edition

Gutting Reasonable Rules On Payday Lenders Puts Low-Income Mainers At Risk | Bangor Daily News

Single-digit winter highs test Mainers' endurance and our above average resistance to the winter weather, but braving the temperatures is only half the battle. With lower temperatures come higher electric and home heating bills, and low-income families living paycheck to paycheck or on a fixed income can find it difficult to make ends meet. With some Maine residents turning to payday loans to avoid utility shutoffs, the Consumer Financial Protection Bureau's (CFPB) rule to curb predatory payday lending has never been more important.

But with the CFPB's recent proposal to gut the rule — stripping its most meaningful ability-to-repay requirements — the CFPB is not acting in the best interest of Mainers.

CFPB's Payday Rule Rollback Sows Confusion | American Banker

Small-dollar lenders won a huge victory last month when the Consumer Financial Protection Bureau proposed abandoning tough new underwriting requirements before they become effective. But the agency's reversal is stoking confusion in the industry.

The agency's Trump administration-appointed leadership has long sought to roll back the payday lending rule drafted by former CFPB Director Richard Cordray. To do that, the agency's strategy is to focus on repealing the central provision: mandated steps for verifying a borrower's ability to repay a loan.

Yet the bureau's Feb. 6 proposal left intact other components of the Cordray regulation that restrict how lenders debit a consumer's bank account to pay off debt. With so much attention on how the CFPB is unwinding the rule, it is catching some by surprise that those payment restrictions could still take effect as early as August.

Senate Democrats Press Kraninger To Ensure Compliance With The Military Lending Act | Politico Pro

Senate Democrats are calling on Consumer Financial Protection Bureau Director Kathy Kraninger to resume routine reviews of lenders to ensure compliance with the Military Lending Act.

Former acting Director Mick Mulvaney suspended the exams in August 2018, arguing that the bureau did not have the authority to conduct them. Kraninger in January asked Congress to give the agency the clear authority to supervise compliance with the MLA.

Senate Democrats today requested in a letter that Kraninger "provide a full justification of the current CFPB leadership's decision to put servicemembers at risk by failing to do its duty no later than Friday.

CFPB Moves One Step Closer To Regulating Clean Energy Loans | American Banker

The Consumer Financial Protection Bureau plans to issue a proposal on green energy loans that finance home upgrades such as solar panels or cooling and heating systems, the agency said Monday.

In an advance notice of proposed rulemaking, the CFPB solicited public feedback on Property Assessed Clean Energy — or PACE — loans, which have been deemed risky by the Federal Housing Administration and have created problems for some borrowers.

Last year, Congress directed the CFPB to enact regulations that deal with “the unique nature” of PACE financing.

Lynch Eyes Fintech Task Force Chairmanship | Politico Pro
Rep. Stephen Lynch (D-Mass.) expects to chair a new House task force on financial technology, he said in an interview, even as another Democrat pursues the post.

Lynch told POLITICO about his plans for potential fintech hearings, where he would like to invite representatives from banks, payments companies and the Treasury Department's Financial Crimes Enforcement Network.

"We've already contacted some potential witnesses," he said.

Wells Fargo: Customers Cheated On Car Insurance May Get Nothing In Confused Payout | The Capitol Forum
When Wells Fargo (WFC) admitted in 2016 that it created phony customer accounts to hit unrealistic sales goals, the bank tapped an outside firm to untangle and remedy its wrongdoing.

The consultant searched 165 million accounts to find the fakes, and refunds were on the way by the scandal’s first anniversary. The bank’s CEO, Tim Sloan, called the independent review “an important milestone” to help “rebuild trust and to build a better Wells Fargo.”

When the bank admitted to a fresh scandal in July 2017 involving unneeded car insurance for about 850,000 drivers who took car loans from Wells Fargo, the bank took a different tack—one that Sloan hasn’t touted. There has been no sweeping outreach. There has been no independent review. And Wells Fargo does not intend to repay all the victims; in fact, the bank is fighting in federal court to limit its payouts.

Equifax Failed To Address Known Cybersecurity Problems, Senate Report Finds | Politico Pro
The Senate Homeland Security Investigations Subcommittee released a bipartisan report Wednesday detailing recurring failures by Equifax due to poor cyber hygiene, which ultimately led to the massive 2017 data breach that affected 145 million Americans.

“For years, Equifax neglected cybersecurity and repeatedly ignored potential vulnerabilities,” said Sen. Tom Carper of Delaware, the top Democrat on the panel. The report “shows that this breach could have been minimized, if not avoided.”

The company implemented its first written policy governing the patching of known vulnerabilities in 2015 and found a backlog of more than 8,500 vulnerabilities, which included more than 1,000 that auditors deemed critical, high or medium risks.

Equifax Expresses ‘Regret’ For Massive Data Breach Following Blistering Senate Report | Politico Pro
Equifax CEO Mark Begor expressed “personal regret” for the company's massive 2017 data breach, but denied reports that the credit reporting agency “failed to take cybersecurity seriously,” in a Senate panel hearing today.

The Senate Homeland Security Investigations Subcommittee hearing featured testimony from witnesses including Begor and Marriott CEO Arne Sorenson, both of whom apologized in their opening statements to the millions of Americans affected by the historic data breaches.

When senators referred to a scathing bipartisan report released Wednesday by the panel on the Equifax data breach critiquing the company’s failure to implement basic cyber hygiene, Begor quickly defended the company’s security program contending that it was “well-funded and staffed," before the cyberattack.

A Better Alternative To Credit Bureaus Already Exists | The Hill (Jason Gross)
While much attention was focused on a different congressional hearing this week, the CEOs of the three national credit bureaus were called before the House Committee of Financial Services to discuss reforming the American credit rating system. During those hearings, Rep. Patrick McHenry (R-N.C.) decried the “oligopoly” of bureaus stifling competition and innovation. Rep. Maxine Waters (D-Calif.), chairwoman of the committee, stated that the system “is broken” and that policymakers “need to start thinking about how we reimagine” it.

What was not covered in those hearings is that an alternative to the bureaus already exists. Financial data from outside of the bureaus can make credit assessment more accurate, more inclusive, and more fair for millions of Americans. However, that data is often inaccessible or unusable because of outdated bank practices and a lack of clear regulatory guidance. Lawmakers should examine the work being done in this area by technology firms worldwide and should make necessary changes to ensure that these new approaches can be adopted for the benefit of American consumers.

CFPB Posts Notice To Begin PACE Rulemaking | Politico Pro
The Consumer Financial Protection Bureau is seeking information for a proposed rule on a program intended to finance energy-saving home upgrades, known as Property Assessed Clean Energy, or PACE.

The banking deregulation law enacted last year requires the CFPB to impose regulations that would apply ability-to-repay rules currently in place for residential mortgage loans to PACE loans while “account[ing] for the unique nature” of PACE financing.

With a PACE loan, a property owner can finance the upfront cost of energy-efficient improvements, with the costs added to the owner's property taxes as an assessment.

Connecticut Bank Settles Race Bias In Lending Lawsuit | WTNH
A Connecticut bank that fair housing advocates alleged in a lawsuit discriminated against minority home loan borrowers has settled the case.

The Hartford Courant reports that under the agreement announced Monday, Liberty Bank will boost by $10 million a mortgage program for low- and moderate-income communities and set aside $300,000 to promote home ownership in neighborhoods where it's been difficult to get a mortgage.

The Connecticut Fair Housing Center and the National Consumer Law Center sued last fall, alleging the Middletown-based bank violated the Fair Housing Act.

Big Business And Null Sets In American Politics | The American Prospect (Harold Meyerson)
It's not often that polls of American public opinion turn up positions that command roughly zero percent support. They don't ask about collective farms any more, and have dropped the minuet from their surveys of popular dances.

They do, however, ask questions about the preferred positions of big business, and it may be a sign of the times that these surveys reveal that some of the favored practices and beliefs of corporate America and the Enlightened Rich command virtually no popular support.

One such practice is forced arbitration—in which businesses require new employees and consumers to sign away their right to sue that business for any grievance, as a condition of being hired or purchasing that business's services. Instead, those employees or consumers—if they wish to be employees or consumers—agree to submit all grievances to arbitration, a process that produces outcomes far friendlier and less costly to corporations and less remunerative and satisfying to the employees or consumers than having their day in court.

INVESTOR PROTECTION, SEC, CAPITAL MARKETS

SEC's Jackson Blasts Share Buybacks, Linking Practice To Lower Stock Prices | Politico Pro
Corporate executives who sell their firm's shares after a buyback is announced decrease the stock's price in the long run, hurting retirement savers, according to a report from a Democratic member of the SEC.

Amid a record amount of company share repurchases since the 2017 tax-cut law, H.R. 1 (115), executives have been cashing out their stock and benefiting from the short-term jump in price that typically follows news of a repurchase plan. In 2018, buybacks hit an all-time high of $1.04 trillion, according to TrimTabs Investment Research.

But SEC Commissioner Robert Jackson says companies that let their executives sell shares after buyback announcements perform worse over the long term. Jackson said his findings raise concerns “that buybacks are used as a way to maximize executive pay — not [to] do the right thing for companies.”

Key Senate Democrat Raises Concern About SEC Advice Reform Proposal | Investment News
A key Senate Democrat raised concerns about the Securities and Exchange Commission's investment advice reform proposal Thursday, signaling the party will resist the measure as the agency tries to settle on a final rule.

Sen. Sherrod Brown, D-Ohio and ranking member of the Senate Banking Committee, cited a recent comment letter on the centerpiece of the proposal — Regulation Best Interest — that questioned whether the agency had done an adequate job justifying the need for it.

"Earlier this month, 11 former senior SEC economists wrote the agency to say its proposed best interest rule had 'weak and incomplete' economic analysis — that can have a real impact on American families," Mr. Brown said at a committee hearing. "That warning should be a red flag for this committee, and we should call on the SEC to explain."

EXECUTIVE COMPENSATION

Limits On Wall Street Pay Are Back On Regulators’ Agenda | Wall Street Journal
Long-dormant efforts to restrict Wall Street pay are back on the agenda as regulators turn to unfinished business left over from the 2010 financial overhaul.

Banking regulators are discussing reviving a proposal that would require big banks to defer some compensation for executives and to take back more of their bonuses if losses pile up at a firm, according to people familiar with the matter.

The talks are in early stages and involve top officials from at least three bank regulators: the Federal Deposit Insurance Corp., Office of the Comptroller of the Currency and Federal Reserve, the people said. Some bank executives are open to having the agencies write a new version of the rules, betting the limits would be milder during the Trump administration than if a Democrat takes the White House in 2020.

Wall Street Regulators Could Take A Fresh Look At Bonuses | Bloomberg
Wall Street could face fresh restrictions on bonus payments as regulators appointed by President Donald Trump consider dusting off post-crisis rules that have long been on the back burner, according to two people familiar with the matter.

U.S. agencies including the Federal Reserve have discussed re-proposing the regulations after previous attempts to approve them in 2011 and 2016 failed, said the people, who asked not be named because the efforts are very preliminary. Required by the 2010 Dodd-Frank Act, the controversial rules were meant to curb incentive pay that could encourage traders to take the kinds of dangerous risks that contributed to the 2008 meltdown.

While the rules would seem at odds with Trump's de-regulatory agenda, banks might be better off if agency heads he's appointed pass them. That's because any limits on bonuses implemented during his administration could be less onerous than what might be approved should a Democrat win the White House in 2020.

Read: Letter From SEC Commission Jackson To Senator Van Hollen On Dangers Of Stock Buybacks To Healthy Business Growth

CEO Pay Watch: U.S. Bank's Andrew Cecere Made $14.1 Million Last Year | Minneapolis Star Tribune
Note: The biggest change to Cecere's 2018 compensation package was the elimination of stock options as a long-term equity-incentive award. In prior years, Cecere and executives had been granted a mix of stock options and performance-based restricted stock units (PRSUs). The board's compensation/human resources committee did not grant stock options to Cecere or other executives last year.

But the grant-date value of Cecere's long-term equity awards increased in 2018 in part to recognize his first full year as CEO. To compensate for eliminating options, the committee granted restricted stock units in addition to PRSUs. So the grant-date value of Cecere's 2018 long-term equity awards were valued at $7.26 million. In 2017, Cecere was awarded long-term equity awards with a grant-date value of $6 million, which included 102,251 stock options worth $1.5 million and $4.5 million of PRSUs.

MORTGAGES AND HOUSING

Three Differences Between Black And White Homeownership That Add To The Housing Wealth Gap | Urban Institute
The racial homeownership gap has persisted in America for decades. The gap has grown since the Great Recession and has contributed to the racial wealth gap.
Studies have highlighted how a substantial disparity in the value of homes owned by black and white homeowners exacerbates the racial wealth gap. We recently confirmed and quantified this housing wealth gap using Panel Study of Income Dynamics (PSID) data. We identified three patterns of obtaining and sustaining homeownership that contribute to the housing wealth gap.

- Black homebuyers buy less expensive first homes with more debt than white homebuyers
- Black households buy homes later in life than white households and
- Black homeowners are less likely to sustain their homeownership than white homeowners

Ben Carson Plans To Leave HUD After 2020 Election | American Banker

Housing and Urban Development Secretary Ben Carson is planning on leaving his post at the end of President Trump's first term, he said Monday.

"I will certainly finish out this term," Carson said during an interview with Newsmax TV. "I would be interested in returning to the private sector because I think you have just as much influence, maybe more, there."

Meet The Landlord With An Unquenchable Thirst For Single Family Rental Homes | The Real Deal
One of the nation's largest homeowners is planning to add an additional 10,000 single-family rental properties to its collection this year.

Austin, Texas-based Amherst Residential will buy both individual properties as well as groups of houses from large landlords who want to shrink their portfolios, Amherst president Drew Flahive told Bloomberg. The company will run most of the acquisitions as rentals through its property management subsidiary Main Street Renewal, which already manages some 20,000 rental homes across the U.S. It will also renovate some to sell.

Real Estate Launched Trump. It Could Also Hurt Him In 2020. | Politico Pro
The luxury real estate market in Manhattan is sagging. The GOP tax law is hitting real estate markets across the nation.

And signs of stress across the broader housing market suggest the industry — which made Donald Trump rich, helped thrust him into the White House and remains a constant obsession for him — could also be one that slows his economy and dents his chances at a second term.

The housing market may not cause the next recession like it did in 2008. But weakness in the construction of new homes, sales of existing homes and affordability for millennials looking to buy for the first time could contribute to a recession arriving as soon as next year or prolong any downturn. In addition to 2008, declines in the housing market were tied to recessions in 1974, 1980 and 1990-91, raising concerns that history is about to repeat.

PRIVATE FUNDS

Charlotte Russe Will Liquidate And Close All Of Its Stores | CNN
Charlotte Russe will close all of its stores over the next two months. The women's clothing company joins a growing group of retailers that couldn't survive bankruptcy.
The company didn't want to shut down. It filed for bankruptcy protection a month ago and announced plans to close only 94 of its 512 stores nationwide. The goal was to use the bankruptcy process to shed debts and sell to a buyer who would keep it in business.

But those hopes fell apart this week when liquidator SB360 Capital Partners won the auction in bankruptcy court for Charlotte Russe's $160 million worth of inventory, and other assets. The plan to shut down was approved Wednesday by the bankruptcy court in Delaware.

Children's Place And Gap Are Buying Most Of What's Left Of Bankrupt Of Bankrupt Gymboree | CNN
Bankrupt Gymboree has found a buyer for its brands. The Children's Place and Gap have agreed to purchase most of what's left of the company.

It's the latest shakeup in the sector as brick-and-mortar stores try to find their footing in a challenging environment.

Children's Place will spend $76 million to acquire the rights to the Gymboree and Crazy 8 brands, and will take over the contract for Gymboree Play & Music, which was spun off in 2016, according to court documents filed Saturday.

STUDENT LOANS AND FOR-PROFIT SCHOOLS

31 Organizations Submitted A Letter Urging New York Lawmakers To Pass The For-Profit Accountability Act

DeVos Appoints New Chief Of Federal Student Aid Office | Politico Pro
Education Secretary Betsy DeVos has appointed a longtime Air Force general to be the new permanent head of the Education Department's financial aid office.

Mark Brown will be the chief operating officer of Federal Student Aid, DeVos announced.

Brown will replace James Manning, who had been serving as the acting head of the unit since last year. Manning previously served as the acting undersecretary of Education at the beginning of the Trump administration. He said in an email to staff that he was returning to retirement.

DeLauro Slams $577M Education Department Deal For Student Loan Management | Politico Pro
The Democrat who chairs the House panel that oversees education funding on Wednesday criticized a company the Education Department recently hired to carry out the Trump administration's sweeping plan to overhaul how the federal government collects and manages student loans.

The department last month signed a five-year contract with Accenture Federal Services to build a single digital platform on which borrowers can manage their loan payments and obtain other information from the Education Department. The deal has an overall value of approximately $577 million.

But Rep. Rosa DeLauro (D-Conn.) said she has "had experience with Accenture in the past" and said "it is known for its use of tax shelters, for its outsourcing practices and a long list of failures with federal contracts."

Democratic Senators Slam SEC Settlement With Leaders Of For-Profit College | Politico Pro

The SECs settlement with former executives from a collapsed for-profit college chain was "shocking" in its "failure to appropriately" hold the former Corinthian College's leaders accountable, four Democrats charge in a letter released today.

Sens. Elizabeth Warren (D-Mass.), Sherrod Brown (D-Ohio), Dick Durbin (D-Ill.) and Richard Blumenthal (D-Conn.) wrote to Jay Clayton, the chairman of the SEC, asking for an explanation of the rationale for the settlement and a briefing "as rapidly as possible."

"This weak settlement by the SEC is an insult to the victims of Corinthian's fraud. It neither holds executives truly accountable for their misdeeds nor deters future bad behavior," the senators wrote in the letter dated Monday. "It represents a loss for taxpayers, investors, and the thousands of students that Corinthian defrauded."

Watch: Student Loans | Patriot Act with Hasan Minhaj

DeVos Fiddles, Schools Burn | Republic Report (David Halperin)

Clearly alarmed by what he's learned, U.S. Magistrate Judge Thomas M. Parker has ordered the various parties in the DCEH bankruptcy dispute to court for a hearing next Monday before him and U.S. District Judge Dan Aaron Polster. At the hearing, Parker ordered, the court will require DCEH, receiver Mark Dottore, and Digital Media Solutions, the lead generation company/DCEH creditor that filed the trumped-up lawsuit, to show cause why the court shouldn't cancel the receivership order entirely. Parker also ordered that representatives be present from the Department of Education, Studio Enterprise, and from U.S. Bank and Flagler Master Fund, who represent DCEH's major creditors. Parker expresses particular concern that Dottore never provided the court with a copy of the Department's February 27 letter cutting off federal aid to Argosy and accusing Dottore of breach of fiduciary duty; Parker notes that Dottore referenced the letter in a court filing but "downplayed its significance" and says "the text of the letter came to the court's attention in connection with a motion to vacate the receivership filed by student intervenors." Parker also noted that he was advised today with an hour's notice that Dottore "was intending to put in motion a series of meetings that would announce the closing or sale of various Argosy campuses" and that only after the judge inquired did Dottore file a motion seeking approval for such action. Parker concluded by expressing concern that "the current receivership is doing more harm than good."

SEC Gives Former Execs Of Corinthian Colleges, A Massive Scam, Slaps On The Wrist | Los Angeles Times

Corinthian Colleges was a higher-education scam that defrauded tens of thousands of low-income students out of as much as $100 million in federally backed loans. Many are still struggling with the consequences because the Trump administration is refusing to grant them full relief from their student debt.

The Securities and Exchange Commission just settled its case against Jack D. Massimino and Robert C. Owen, the leading perpetrators of this deception, for a pittance.

The penalties imposed for their alleged violations of securities laws: $80,000 against Massimino and $20,000 against Owen. Neither had to admit wrongdoing and neither is barred from serving again as an officer or director of another publicly traded company.

Elizabeth Warren: SEC Settlement With For-Profit College Executives Is An 'Insult' To Students | Marketwatch
When Corinthian Colleges collapsed in 2015 under the weight of allegations the for-profit college misled students about job placement and graduation rates, it left thousands of students with debt and few palatable options.

Nearly four years later, some of its executives are facing the consequences of their alleged role in the school's collapse, but a group of Democratic Senators led by Elizabeth Warren say they're barely being held accountable.

Warren and her colleagues sent a letter to Jay Clayton, the chairman of the Securities and Exchange Commission, asking for "an explanation of the rationale" behind what they described as a "weak settlement" between the SEC and Jack Massimino, Corinthian's former chief executive and Robert Owen, it's former chief financial officer.

Students Of Shuttered Virginia College Shouldn't Have To Pay Debt: Doug Jones | AL.com
The former students saddled with debt from a shuttered Birmingham-based, for-profit private college system should not have to pay their balances, U.S. Sen. Doug Jones, D-Ala., said Wednesday in a letter sent to the school's attorney.

Education Corporation of America, which operated several Virginia College campuses in Alabama and other branded colleges in other parts of the country, suddenly closed in December after its accreditation was pulled and it had trouble courting investors. The schools offered associate degrees and vocational training.

"It is fundamentally unfair to collect debts from students who attended a collapsed school, and it is shocking that some students would now be receiving surprise bills after their accounts had been dormant for some time," Jones said in a letter to Education Corporation of America's attorney dated Wednesday. "Given the extreme circumstances surrounding ECA's collapse, I am writing to urge you to forego the collection of payments on any debts collected from former ECA students and to write off all amounts owed."

Art Institute Of Seattle Preps For Closure As Dream Center Collapses | Education Dive
With its parent organization on the brink of collapse, the Art Institute of Seattle is preparing to close on Friday unless it can immediately find a buyer or teach-out partner.

AI Seattle Campus Leader Lindsey Morgan told staff on Wednesday that the only way the campus could continue operating past this week would be if an acquirer came in and met state, federal and accreditor requirements, according to an email obtained by Education Dive. The college's operator, Dream Center Education Holdings, did not respond to a request for comment.

Art Institute Of Seattle Will Close Friday | The Stranger
After 73 years in operation, the Art Institute of Seattle will close its doors on Friday, March 8.

“We strongly disagree with the decision to close before this quarter is over,” says Washington Student Achievement Council (WSAC) deputy director Don Bennett in a press release. “It’s incredibly frustrating and distressing to students and it completely disrupts their education," he added.

In late February, the WSAC notified students of the school's imminent closure, saying in an e-mail that AI of Seattle could shutter at the end of the term (March 22)—or sometime before that—if they couldn't find a buyer.

Argosy University Could Close Campuses Across The Country As Soon As Today | Arizona Republic
Argosy University students were told in emails Wednesday that campuses across the country could close as soon as this week.

An email to Phoenix students from Phoenix Campus President Anthony Spano says the site is "at risk of closure this Friday, March 8" because of the school's loss of federal aid access.

The emails from campus administrators say that unless a qualified buyer steps in, or another university comes on board to teach out the students, the campuses will close.

It's unclear how likely it would be for either a buyer to step in or another university to teach out the students, and what happens next may vary depending on which campus a student attends.

Students At Minnesota’s Argosy University Campus Brace For Possible Closure | Minneapolis Star Tribune
Sara Elyamany and her classmates in the dental hygiene program on Argosy University’s Eagan campus have started taking home their cleaning instrument kits instead of leaving them at the school overnight. They fear that any day they could come to school and find the doors locked.

Local students of the for-profit university system specializing in career training are grappling with uncertainty as it teeters on the verge of closure. John Slama, the president of the Eagan campus, wrote students Wednesday evening to let them know the campus will close Friday if it does not find a buyer by then.

Last month, Argosy's parent company went into receivership, a kind of bankruptcy. In short order, the federal government and the state of Minnesota cut the school off from receiving loans and grants for its students — dealing what promised to be a fatal blow.

Broader Executive Action | Inside Higher Ed
The White House is gearing up to introduce a promised executive order on free speech, perhaps timed to coincide with its proposed budget release next week. And the administration may tackle other higher education issues with its planned executive actions.

Several well-placed observers said the White House has for months been working to jointly release executive orders on risk sharing (requiring a financial stake for colleges based on students' ability to repay loans) as well as on its plan for releasing program-level student outcomes data on a publicly available web tool like the College Scorecard.

It's unclear if the Trump administration will be able to pull this off in a single budget-related public announcement. And sources couldn't say what exactly might be included in the executive orders or if they would all be released together.

With Their Law School Nearing Collapse, These Students Are Using The Courts To Fight Back | MarketWatch
It took several weeks of not receiving the financial-aid money she's owed, rumors her law school was teetering on the edge of closure and few answers about how these challenges would affect her classmates before Marina Awed took action.

She decided to use her legal education to take matters into her own hands. "I just got tired of feeling helpless and I was like, you know what I can do this on my own," she said.

Late last week, Awed filed a motion asking a judge to give her a say in the receivership — essentially a form of bankruptcy — of Argosy, the company that owns Awed's law school, Western State College of Law. The judge granted Awed's motion earlier this week, giving her a voice in the process.

SYSTEMIC RISK

AFR Statement: Fed Deregulation Of Bank Capital Distributions Increases Risk To The Public

Federal Reserve Scraps 'Qualitative' Test For US Banks In 2019 Stress Tests | Reuters
The U.S. Federal Reserve said on Wednesday it would no longer flunk banks based on operational or risk management lapses during its annual health check of the country's domestic banks.

The "qualitative" portion of the 2019 test, however, will still apply to the U.S. subsidiaries of five foreign banks subject to the annual exam.

The move, which is a big win for major banks, such as Goldman Sachs Group Inc, Morgan Stanley and JP Morgan, Bank of America and Citigroup, forms part of a broader effort by the Fed to overhaul its annual "stress-testing" process, which the industry has long criticized as too onerous and opaque.

Regulators Move To Ease Post-Crisis Regulatory Rules On Wall Street | New York Times

Federal regulators moved on Wednesday to ease oversight of the country's largest banks and other financial firms, continuing a push by the Trump administration to reverse rules that were put in place following the 2008 financial crisis.

The Federal Reserve said it would adjust the structure of its annual "stress tests," which measure the ability of leading banks to withstand a potential economic or financial storm. The changes are likely to make it easier for banks to get regulatory approval to pay higher dividends or buy back their own shares.

Separately, a federal oversight panel announced that it planned to no longer designate big, non-bank financial institutions — insurers, asset managers and the like — as "systemically important." The classification subjected such firms to more intrusive government regulation.

Regulators Move To Ease Crisis-Era Levers Over Financial Firms | Wall Street Journal

Regulators dialed back a practice of publicly shaming the nation's biggest banks through "stress test" exams, taking one of the biggest steps yet to ease scrutiny put in place after the 2008 crisis.

The Federal Reserve said it would end a system of giving pass-or-fail grades to the largest domestic banks, such as Goldman Sachs Group Inc. and JPMorgan Chase & Co., on a portion of their annual stress tests, which measure whether the firms could keep lending during a severe downturn.

Watch: The Federal Reserve Is Easing This Post-Crisis Regulation | Yahoo Finance

Federal Reserve Keeps Countercylical Capital Buffer At 0% | Reuters

The U.S. Federal Reserve Board voted Wednesday to keep its Countercyclical Capital Buffer at zero percent, saying it would not order banks to hold additional capital to protect against a future economic downturn.

The Fed said it made the decision after consulting with other bank regulators. The tool is intended to direct banks to hold more capital during times when the economy is strong to bolster resilience in future recessions.

Governor Lael Brainard, who had previously advocated for raising the buffer, dissented from Wednesday's decision.

Financial Agencies Likely To Toss Volcker 2.0 Proposal | Politico Pro

Financial regulators are close to deciding to redo their rewrite of the Volcker rule, according to people familiar with the matter.

The rewrite faced criticism from banks, which said it would scrutinize too broad a universe of investments. It also did little to ease restrictions on bank ownership of certain funds — a priority of Senate Banking Chairman Mike Crapo (R-Idaho).

The Volcker rule restricts banks' ability to make speculative trades.

The Bomb That Blew Up In 2008? We're Planting Another One | Bloomberg (Satyajit Das)

Financial markets have short memories. Of late, they've convinced themselves that collateralized loan obligations (CLOs) are much safer instruments than the collateralized debt obligations, or CDOs, on which they're based and which helped precipitate the 2008 crisis. They're wrong -- and dangerously so.

Current CLOs outstanding globally total around $700 billion, with annual new issues of over $100 billion. That's broadly comparable to subprime CDO volumes in 2008. Both Bank of England Governor Mark Carney and former Fed Chair Janet Yellen have warned about potential risks; regulators in Japan, where banks have been big CLO buyers, are particularly concerned.

The structure of CLOs is economically similar to CDOs. Each pools multiple loans to create synthetic, bond-like investments. Investors buy a slice (or tranche) of the underlying interest and principal cash flows of the portfolio. A defined order of which investors get repaid first and which bear the most losses allocates risk differentially.

TAXES

Letter From 61 Groups In Support Of Wall Street Tax Act Of 2019

Senator Schatz, Representative DeFazio Introduce New Legislation To Tax Wall Street, Address Economic Inequality | Senator Schatz Press Office

Today, U.S. Senator Brian Schatz (D-Hawai'i), U.S. Representative Peter DeFazio (D-Ore.), and U.S. Senator Chris Van Hollen (D-Md.) introduced legislation to create a new progressive tax on financial transactions that would generate billions in revenue, while addressing economic inequality and reducing high risk and volatility in the market.

"Over the last decade, Wall Street has made record profits from high-risk trades that have made the market dangerously volatile, while doing nothing to add real value to our economy or raise wages for workers," said Senator Schatz. "My bill will help discourage this kind of risky, volume-based trading and bring in billions in new revenue."

"Risky financial behaviors like near-instantaneous high-volume trades have destabilized our financial markets while contributing nothing to the economy," said Representative DeFazio.

"Congress needs to rein in excessive speculative activity and protect working families from these dangerous practices while maintaining appropriate market liquidity. This legislation will curb unnecessary speculation and generate much-needed revenue to help the federal government fund national priorities and invest in the real economy to benefit all Americans."

FTT Clap-Back | Politico Morning Money Newsletter
Via **Porter McConnell, director of the Take On Wall Street project**: "If you price out high-frequency trading, you price out a behavior that destabilizes the economy and gave us the 2010 flash crash. You don't price out long-term investments that create good jobs.

"You also raise revenue for Social Security, Medicare, education, rebuilding crumbling infrastructure. Only someone making millions skimming off the rest of us would consider the right to work hard, raise a family and retire in peace a 'free lunch'."

Dems Offer Legislation To Tax Financial Transactions | The Hill
Democrats on Tuesday introduced legislation in the House and Senate to tax financial transactions, as lawmakers in the party examine various ways to raise more revenue.

Legislation was introduced in the House by Rep. Peter DeFazio (D-Ore.), who has offered similar bills in the past, and in the upper chamber by Sen. Brian Schatz (D-Hawaii).

The House bill has the backing of a number of members of the Congressional Progressive Caucus, including the group's co-chairs, Reps. Mark Pocan (D-Wis.) and Pramila Jayapal (D-Wash.), and prominent freshman Rep. Alexandria Ocasio-Cortez (D-N.Y.).

Rep. Peter DeFazio And House Democrats Are Introducing Financial Services Tax With Alexandria Ocasio-Cortez As A Co-Sponsor | CNBC
House Democrats are reintroducing their proposal of a financial transaction tax on stock, bond and derivative deals and this time they've signed on a key new supporter: left-wing firebrand Rep. Alexandria Ocasio-Cortez.

Rep. Peter DeFazio is leading the effort to bring back a bill, titled the "Wall Street Tax Act of 2019," which slaps a tax on security transactions and could have a particular negative effect on high-frequency traders. Ocasio-Cortez is the lead co-sponsor and the Oregon representative is expected to file the bill on Tuesday.

"What we were looking at is if there's a sweet spot when you do a financial transaction tax," DeFazio told CNBC in an interview. "This would pretty much be a sweet spot. You would be discouraging high frequency trading and this would definitely impede on their business model."

Bringing It Back | Politico Morning Tax Newsletter
Rep. Peter DeFazio (D-Ore.), chairman of the House Transportation Committee, will bring back his financial transactions tax on Tuesday — with Rep. Alexandria Ocasio-Cortez (D-N.Y.) as one of the co-sponsors.

DeFazio's proposal would charge a 0.1 percent tax on stock, bond and derivative transactions and raise about $777 billion over a decade, meaning it could finance a decent chunk — though not all — of one of those big progressive priorities, like Medicare for All or a Green New Deal. It's not just a House thing, either: Sen. Brian Schatz (D-Hawaii) will roll out his own financial transactions tax soon that looks to be similar to DeFazio's proposal, Vox reported last week.

Worth noting: Hard to think that a financial transactions tax would become law anytime soon, but how to place a tax on trades was a divide between Hillary Clinton and Sen. Bernie Sanders (I-Vt.) in 2016 — the Democratic nominee would have sought only to tax high-speed trades, while Sanders was interested in the broader taxes about to be introduced in Congress.

Financial Transactions Make For The Perfect Tax | Bloomberg (Douglas Cligott)
The financial services industry generally does not like the idea of taxing financial market transactions, like that proposed this week by Democrat Senator Brian Schatz of Hawaii in the aptly named Wall Street Tax Act of 2019. Perhaps the concern is that it would reduce "market liquidity" and harm the economy. These concerns are misplaced.

In a bull market there is plenty of liquidity. It is easy to buy and sell a lot of stocks and bonds when folks are optimistic and prices are rising. In a crisis, however, it becomes very difficult to trade. The observed changes in "liquidity conditions" in these two types of market environments have nothing to do with transactions costs and everything to do with the fear of losing money when prices are falling.

The sad reality is markets misprice assets all the time. Look at the stock market during the past couple of months. What was the "equilibrium level" of the S&P 500 Index? Was it the low put in on Dec. 24 of 2,351? Or was it the high on Feb. 25 of 2,813? Or was it somewhere in between? The truth is we don't know. Stock prices are simply far more volatile than the earnings and cash flows of the companies that they represent. And this mispricing often persists for long periods of time and results in suboptimal resource allocation for our economy.

AFR Statement: Take On Wall Street Coalition Applauds Wall Street Tax Act

You Can Save Millions On Your Property Taxes — If You're Rich | Crosscut
For property owners in King County who are upset with their tax bills, there are two options: grit their teeth and pay it or appeal the value of their real-estate to the assessor's office.

A scant 2 percent of property owners choose the latter, according to King County Assessor John Wilson. And those who do are often able to bring in professional help to guide them through the bureaucratic murk and make the case that their property is worth less than King County says it is — and that they should pay less in property taxes.

Take Christopher Larson. In 2013, the one-time Microsoft executive and part-time owner of the Mariners appealed the value of his 26,490-square-foot, 7-bedroom, 13.5-bathroom home in Shoreline, which was assessed at $29 million. He succeeded, reducing the value to $23.5 million, saving him about $60,000 on his annual property tax bill.

Amazon's Hard Bargain Extends Far Beyond New York | New York Times
When Texas officials pushed Amazon to pay nearly $270 million in back sales taxes in 2010, Amazon responded by closing its only warehouse in the state and scrapping expansion plans there. Two years later, the officials agreed to waive the past taxes in exchange for Amazon opening new warehouses.

A similar scene played out in South Carolina, where officials decided in 2011 to deny Amazon a sales tax break. After threatening to stop hiring in the state, the company got the tax exemption by promising to hire more people.

And last year in Seattle, the company's hometown, Amazon halted plans to build one tower and threatened to lease out one under construction when local officials pushed a tax on large employers. The City Council passed a smaller version of the tax, but the company helped finance a successful opposition to repeal it. Now, Amazon plans to lease out its space in the tower under construction anyway.

In New York, Mayor Bill de Blasio called it a "shock to the system" when Amazon, facing criticism for the deal it reached to build a headquarters in the city, abruptly dropped the plans. Gov. Andrew M. Cuomo is still trying to woo them back. But the reversal mirrored the company's interactions with officials in other states.

Virtually all of America's largest businesses drive a hard bargain with governments, angling for benefits and financial incentives. Amazon, though, often plays politics with a distinctive message: Give us what we want, or we'll leave and take our jobs elsewhere.

AOC, Sanders, Warren Should Think Bigger (And Wider) On Taxing The Wealthy | Fox Business (Alan Davis)
Howard Schultz, the billionaire founder of Starbucks, might run for president as an independent. His potential candidacy illustrates the deep-seated economic divide we face: while the majority of Americans call for higher taxesOpens a New Window. on the wealthy, many billionaires still remain oblivious to how they have benefited from a system rigged to their advantage.

As a fellow high-net-worth American, I've witnessed how the excessive concentration of wealth and power in a small group of elites can corrupt a governmentOpens a New Window. meant to respond to the majority of its citizens. But unlike Schultz, I'm not fighting the wave of resistance coming out of the left. I say bring it on. Tax the rich.

However, I would like to offer another proposal to compete with Sen. Elizabeth Warren's wealth tax, Sen. Bernie Sanders's estate tax expansion, and Rep. Alexandria Ocasio-Cortez's 70 percent marginal tax. One that is informed by my experience with how the wealthy actually earn, invest and live their lives: a 10 percent surtax on the earnings (including both income and capital gains) of the top 0.1 percent of taxpayers – those reporting $2 million or more in taxable earnings.

OTHER TOPICS

JP Morgan Leads Banks' Flight From Poor Neighborhoods | Bloomberg
Aberdeen, Washington, is a far Northwest outpost of JPMorgan Chase & Co., with one lonely branch perched near the Pacific, 2,900 miles from Wall Street.

Now the bank is planning to depart the rainy timber town that gave the world Kurt Cobain. The next-closest Chase branch is 40 miles away.

At the same time, JPMorgan plans to open 70 branches in the vicinity of the other Washington -- the wealthy national capital. Among the new locations is suburban McLean, Virginia, the 25th richest town in the U.S.

These two different communities are in fact part of the same story. For years the nation's largest banks have been shrinking their vast branch networks. They've been cutting back faster in relatively poor neighborhoods than in more affluent ones.

JP Morgan Backs Away From Private Prison Finance | US News
JPMorgan Chase & Co has decided to stop financing private operators of prisons and detention centers, which have become targets of protests over Trump administration immigration policies.
"We will no longer bank the private prison industry," a company spokesman told Reuters. The decision is a result of bank's ongoing evaluations of the costs and benefits of serving different industries, he said.
JPMorgan is one of several banks that have underwritten bonds or syndicated loans for CoreCivic Inc and Geo Group Inc, the two major private prison operators in the United States. In 2018, banks, including Bank of America Corp and Wells Fargo & Co raised roughly $1.8 billion in debt over three deals for CoreCivic and GEO Group, according to Refinitiv data.

The Problem For Small-Town Banks: People Want High-Tech Services | Wall Street Journal
After the National Bank of Delaware County, a small community bank, bought Bank of America Corp.'s BAC 0.79% only branch in an upstate New York town, it didn't take long for things to go south.

People waited in four-hour-long lines at the Monticello, N.Y., branch and withdrew nearly half of their deposits, moving them to banks with more reliable technology. Technical glitches got customers so worked up that managers posted two security guards to protect employees. The community bank, which had been in business for more than a century, eventually sold itself in a fire sale.

"The analogy I use is if you bought a Cadillac Escalade and ripped out all of the expensive parts," said Leon Dixon, a former Bank of America manager who worked at the smaller bank following the sale.

Big banks have boosted profits in recent years by focusing on the largest U.S. cities, which are densely populated and more affluent. The community banks trying to fill the gaps they leave behind, meanwhile, are struggling.

Fed Reporters Treat Central Bankers Like They're Bill Belichick. That's The Problem. | Forbes (John Tamny)
Something about "economist," "Ph.D." and "central banker" causes reporters to shrink in unquestioning fashion. To read Neil Irwin at the New York Times, or Greg Ip at the Wall Street Journal, is to read aggressive acceptance of all that central bankers believe. Even though what we call an "economy" is just a collection of individuals, and even though individuals are capable of stupendous growth well beyond 3 percent annual, Irwin and Ip fall over themselves to promote the accepted view within the economics profession that there are limits or "speed limits" to growth. Since they do, their readers are exposed to reporting and commentary from each that accepts the Phillips Curve and its presumed limits to non-inflationary growth as "settled science." As for viewpoints that question the notion that the human capacity to grow hits a wall at 3 percent, they're never even discussed.

US Supreme Court Rules World Bank Can Be Sued | NPR
The World Bank can be sued when its overseas investments go awry. And so can some other international organizations.

That is the clear message from the U.S. Supreme Court, which last week issued a 7-1 decision in Jam v. International Finance Corporation, ruling for the first time that international financial institutions, including various branches of the bank and other U.S.-based organizations like the Inter-American Development Bank, can be subject to lawsuits in cases where their investments in foreign development projects are alleged to have caused harm to local communities.

The decision overturns a decades-old presumption dating to the founding of the World Bank in 1945 — that the IFC, a Washington, D.C.-based branch of the World Bank Group that finances private-sector projects in developing countries, and other bank-affiliated organizations are fully immune from such suits.

Prosecuting Bankers Proves Exercise In Frustration | Wall Street Journal
Big global institutions including JPMorgan Chase & Co., Citigroup Inc., and UBS Group AG pleaded guilty in related 2015 cases to crimes including foreign-currency manipulation and rigging benchmark interest rates. Multiple probes resulted in nine banks paying penalties in the U.S. totaling more than $6 billion, based on chat-room records and other evidence in which traders colluded to move rates and even referred to themselves as the "mafia" or a "cartel."

Yet, prosecutors have been far less successful at convicting the people who engaged in this behavior. The three traders who made up the alleged currency-manipulating cartel were acquitted. In a separate case, two others convicted of manipulating benchmark interest rates had their convictions overturned on appeal. A federal judge has postponed sentencing two more traders convicted of manipulating benchmark lending rates pending a review of the prosecution's tactics.

The cases have stumbled for multiple reasons. Some defendants have successfully argued their actions were encouraged by their employers, leading juries to decide their conduct was unseemly rather than illegal and vote for acquittal. Appeals courts have also overturned cases after finding problems with the evidence used at trial.

US Households See Biggest Decline In Net Worth Since Financial Crisis | CNBC
Americans' net worth fell at the highest level since the financial crisis in the fourth quarter of 2018 as sliding stock market prices ate into the household balance sheet.

Net worth dropped to $104.3 trillion as the year came to an end, a decrease of $3.73 trillion from the third quarter, according to figures released Thursday by the Federal Reserve. The fall amounted to a drop of 3.4 percent.

Much of the slide came due to Wall Street's woes, as the stock market suffered a precipitous decline that started in October and briefly reached bear market status. Equities skidded as investors began to fear that the Fed would keep raising interest rates even as economic conditions began to deteriorate.

China Economist Predicts Beijing Will Now Encourage 'Shadow' Lending To Boost Growth | CNBC
After tamping down on shadow banking in the last few years, Chinawill now likely encourage such lending to boost economic growth, a Chinese economist told CNBC on Monday ahead of the country's annual parliamentary session.

"The top agenda of (the) NPC this year is to design policies to prevent further decline (of growth rate)," said Xiang Songzuo, professor at Renmin University in Beijing, referring to the National People's Congress, which kicks off on Tuesday.

"I think this year, regulators will encourage more shadow banking financing, particularly to the private sector," said Xiang, who was previously a deputy director at the People's Bank of China and chief economist at the Agricultural Bank of China.

Watch: How JP Morgan Chase Became The Largest Bank In The US | CNBC

10 Years Ago This Week, The Market Hit The Climactic Bottom Of The Great Recession | CNBC
As the 10th anniversary of the climactic March 2009 market bottom arrives this week, many observers are focusing on all the ways this period since the global financial crisis has been extraordinary.

The worst economic shock in 75 years felled huge financial institutions, roiled international alliances and ushered in the most aggressive central bank stimulus efforts ever seen, with zero or negative interest rates and purchases of trillions in securities the norm worldwide.

Yet perhaps more striking is how very typical this decade has been for stock market investors.

Since the S&P 500 sank briefly to 666 on March 6, 2009, and reached its closing low of 676 three days later, the index has delivered a 10-year annualized total return of 17.8 percent.

A Clinton-Era Centrist Democrat Explains Why It's Time To Give Democratic Socialists A Chance | Vox

The rise of the Democratic left, personified by Sen. Bernie Sanders (I-VT) and Rep. Alexandria Ocasio-Cortez (D-NY), has raised a serious question: Should Democrats lean away from market-friendly stances and get comfortable with big government again? Should they embrace an ambitious 2020 candidate like Sanders and policies like the Green New Deal, or stick with incrementalists like former Vice President Joe Biden and more market-oriented ideas like Obamacare?

One of the most interesting takes I've seen on this debate came from Brad DeLong, an economist at the University of California-Berkeley. DeLong, who served as deputy assistant secretary of the Treasury for economic policy in the Clinton administration, who is one of the market-friendly, "neoliberal" Democrats who have dominated the party for the last 20 years. The term he uses for himself is "Rubin Democrat" — referring to followers of finance industry-friendly Clinton Treasury Secretary Robert Rubin.

Yet DeLong believes that the time of people like him running the Democratic Party has passed. "The baton rightly passes to our colleagues on our left," DeLong wrote. "We are still here, but it is not our time to lead."