AFR Americans for Financial Reform Education Fund

This Week in Wall Street Reform | Mar 23 - 29

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THE TRUMP ADMINISTRATION, CONGRESS & WALL STREET

Here's How Trump Decided To Nominate Stephen Moore To The Fed — And What It Means For Jerome Powell | CNBC

Earlier this week, Trump spoke to National Economic Council Director Larry Kudlow. The president had seen a column in The Wall Street Journal, co-written by Moore, with the headline: "The Fed Is a Threat to Growth." In it, Moore argued that the "last major obstacle to staying on this path [of economic growth] is the deflationary monetary policy of the Federal Reserve."

Trump asked his top economic advisor whether he had seen the column. Kudlow replied that he had and "liked it a lot."

"Why isn't [Moore] the Fed chairman?" Trump asked rhetorically.

After Kudlow answered that the Fed board had two openings, the president asked his advisor to talk to Moore about one of the posts. Kudlow asked whether Moore was interested, and he said he was. Trump offered Moore the Fed board job, which will not become official until he goes through a vetting process.

Stephen Moore Would Be A Loyalist, Not An Expert, At The Fed | New York Times (Binyamin Appelbaum)

Notwithstanding his public outbursts, Mr. Trump previously has nominated six people to the Fed's board, and all were well-qualified candidates who might have been chosen by any Republican president. With the choice of Mr. Moore, however, Mr. Trump crossed a line.

Mr. Moore has repeatedly staked out public positions on questions of monetary policy over the last decade. His record is best characterized as inconsistent with any particular set of economic principles, but reliably faithful to the short-term interest of the Republican Party.

During the Obama administration, he warned that the Fed was sowing the seeds of hyperinflation. "Zero interest rates haven't helped the economy," Mr. Moore told The Washington Post in 2015. Following Mr. Trump's election, Mr. Moore executed a quick U-turn. He began to insist that lower interest rates were just what the economy needed. Mr. Trump reportedly settled on Mr. Moore after he was shown an article Mr. Moore co-wrote earlier this month making that case.

Mr. Moore has not argued that he changed his mind because he realized he was wrong, or because the facts changed. Indeed, on another question of public policy, he has maintained a politically convenient position despite the accumulation of facts to the contrary. He is a stalwart evangelist for the unsupported belief that tax cuts cure slow growth.

Congress's New Progressives Take On The Banks | The American Prospect (David Dayen)

he day before Valentine's Day, the House Financial Services Committee convened its first hearing of the 116th Congress. For the prior eight years, when Republicans controlled the House, hearings were typically reserved for the majority's demands that Wall Street be relieved from the shackles of regulation. Proposed deregulatory changes were deliberately buried under technical jargon impenetrable to the average American so almost nobody outside the financial industry would comprehend the committee's giveaways.

But that was then. This year, Maxine Waters (D-CA), who assumed the chair after the Democratic midterm triumph, signaled a break with that past with her first hearing topic: homelessness in America. "In the richest country in the world, it is simply unacceptable that we have people living in the streets," Waters said in her opening statement, noting that over 550,000 Americans are homeless, 160,000 of them children. "This is the very first time the committee has convened a hearing focused entirely on homelessness … it is long overdue."

The importance of the progressive beachhead on Financial Services may not be felt this year or even this session, but after the next financial crisis. Having progressives willing to carry forward structural responses to financial misconduct could make a huge difference. "In 2008 the public was alerted and alarmed and angry to do something, but there wasn't the Washington leadership necessary," says Marcus Stanley of Americans for Financial Reform, a coalition formed to bridge that gap. “It’s unpredictable what would happen in another crash, but if there is one, we won’t miss the opportunity again.”

Democratic Lawmakers Introduce Bill To Ban Open Stock Buybacks | Yahoo Finance
Sen. Tammy Baldwin is the latest lawmaker to take aim at corporate buybacks.

The Democratic senator from Wisconsin — and frequent critic of share repurchases— is introducing a bill to ban open-market stock buybacks.

On Tuesday, Baldwin also released a report that examines the impact of stock buybacks on workers, companies and the economy. Baldwin and other Democratic senators will hold a hearing examining buybacks on Tuesday afternoon.

The report, put together by Baldwin’s staff, argues stock buybacks suppress wages and drive income inequality, while increasing systemic risk to the economy.

Share Buybacks Soar To Record $806 Million — Bigger Than A Facebook Or Exxon Mobil | CNBC
Share buybacks hit their highest level in history last year, according to new data.

The total value of share repurchases by companies surged to a record $806.4 billion in 2018, up 55 percent from a year earlier, according to new data from S&P Dow Jones Indices. The record was more than 36 percent higher than the previous high watermark hit in 2007.

The buyback total is bigger than the market capitalization of all but four companies in the S&P 500, eclipsing the size of top constituents like Facebook, Exxon Mobil and Berkshire Hathaway.

It's a common practice by publicly traded companies. Buying their own stock decreases the amount of outstanding shares in the market. Fewer shares out there means the remaining ones are worth more. It boosts earnings per share and is often used as an alternative to dividends. Critics say the move enriches stock-owning executives and increases income inequality.

Ocasio-Cortez, Other Democrats Squeeze Big Banks On Guns, Immigration, Climate | Politico
More than a decade after Wall Street's crash wrecked the global economy, House Democrats are threatening to stigmatize the nation's biggest banks again.

Progressive freshmen like Reps. Alexandria Ocasio-Cortez (D-N.Y.) and Ayanna Pressley (D-Mass.) are joining with veteran lawmakers to try to shame the lenders into taking a stand on some of the country’s most divisive issues: climate change, gun violence and immigration.

The lawmakers are leveraging seats on the powerful House Financial Services Committee and a huge following on social media to confront finance industry executives and discourage them from funding oil pipelines, firearms makers and private prison companies that operate immigration detention centers. Like-minded activist groups are helping amplify the message.

Wells Fargo CEO Tim Sloan To Retire Two Years After Start Of Major Scandals | Charlotte Observer
Wells Fargo announced on Thursday that embattled CEO and president Tim Sloan is stepping down immediately, a development that comes more than two years after a scandal over fake accounts rocked the bank.

Sloan, 58, plans to retire from the company June 30, the bank said in a statement.

The board has elected general counsel Allen Parker as interim CEO and president, effective immediately, the company said. The bank said it now will look outside the company for a new CEO and president.

Linda Jun, senior policy counsel for Americans for Financial Reform, called it a "whiff of accountability, but just a whiff." The consumer-advocacy group is based in Washington, D.C.

"When Wells Fargo starts treating its own customers right, and ponders whether this unmanageable mega-bank ought to even exist, then we will have reached a milestone," she said. "The Wells Fargo wagon has not yet arrived where it ought to go."

CONSUMER FINANCE AND THE CFPB

Payday Lenders Get Unexpected Reprieve From CFPB Rule | American Banker
A federal judge delivered another victory to payday lenders by leaving in place a stay on the compliance date for the Consumer Financial Protection Bureau's 2017 payday lending rule.

That rule, drafted under former CFPB Director Richard Cordray, had two key components: new underwriting requirements for high-cost, small-dollar lenders, and limits on how often a lender can attempt debiting payments from a borrower's bank account.

The CFPB under Trump-appointed Director Kathleen Kraninger already proposed eliminating the underwriting portion. But in a surprising development, U.S. District Judge Lee Yeakel's ruling that a stay of the Aug. 19 deadline will remain in effect means the payment provision will continue to be delayed as well.

CFPB's Kraninger Reverses Mulvaney Changes To Advisory Board | Associated Press
The new head of the Consumer Financial Protection Bureau is reversing yet another policy set by her predecessor by giving more sway to a group of committees that advise the financial watchdog.

CFPB Director Kathy Kraninger said Thursday that she would lengthen the tenure of members of the Consumer Advisory Board and three other committees to two years, and would allow half of the committees' existing membership to continue serving. The agency would also increase the number of in-person board meetings per year from two to three.

Mick Mulvaney, who ran the CFPB for President Donald Trump on a temporary basis until last December, dissolved the Consumer Advisory Board and other groups, which act as a sounding board for the agency on important economic and financial issues as well as policy. Consumer groups had expressed outrage at the move, saying it stopped important dialogue between the CFPB and outside groups.

CFPB's Kraninger Breaks With Mulvaney By Restoring Advisory Panels | Politico Pro
Consumer Financial Protection Bureau Director Kathy Kraninger on Thursday reversed a key move by her predecessor, Mick Mulvaney, by taking steps to restore the influence of several advisory panels that he had sought to sideline.

The bureau announced that four external advisory committees will meet more frequently and that the terms of their members will increase from one to two years.

Kraninger, who replaced Mulvaney in December, decided to change the committee charters after talking with current and former advisory panel members, according to an agency statement.

Warren, Cummings Release GAO Report Recommending Stronger Consumer Protections To Prevent Another Equifax Breach | Elizabeth Warren Press Office
United States Senator Elizabeth Warren (D-Mass.) and Chairman of the House Oversight and Reform Committee Elijah Cummings (D-Md.) today released the findings of a Government Accountability Office (GAO) report, entitled "Actions Needed to Strengthen Oversight of Consumer Reporting Agencies."

The lawmakers requested this GAO report on September 15, 2017, eight days after Equifax publicly announced that the company had allowed a massive data breach that ultimately affected over 145 million Americans.

This is the second GAO report on the Equifax breach requested by Sen. Warren and Chairman Cummings; the first, released in August 2018, revealed significant failures by Equifax that were exploited by the hackers. This new report focuses on federal regulation of consumer credit reporting agencies (CRAs) like Equifax, and makes recommendations for actions to improve oversight and better protect consumers.

GAO recommended that the Federal Trade Commission (FTC) be given stronger civil penalty authority to enforce laws that protect consumer data, and that the Consumer Financial Protection Bureau (CFPB) improve its oversight and supervision of CRAs.

U.S. PIRG Consumer Campaign Director Testifies At Congressional Hearing On Data Security

What The New Apple Credit Card Means For Goldman Sachs | American Banker

It's not often that Goldman Sachs gets second billing. But amid all the glitz that accompanied the unveiling of Apple's new credit card on Monday, the Wall Street bank's role was somewhat overshadowed.

Goldman will be the issuer of the Apple Card, which is expected to launch this summer, marking the bank's first foray into the credit card business.

In an indication of the deal's importance to Goldman, CEO David Solomon was in attendance Monday at the Steve Jobs Theater in Cupertino, Calif. "This partnership is a major step in the growth of our consumer franchise," Solomon said in an email to the bank's employees.

Cash-Advance App EarnIn Gets Subpoenaed By NY Regulator: Source | New York Post
New York regulators have launched an investigation into Earnin, a Silicon Valley-backed cash-advance app, over concerns that it may be skirting state lending laws, The Post has learned.

The probe follows an exclusive report by The Post last week that questioned whether the increasingly popular app's requests for voluntary "tips" in exchange for advances on paychecks amounted to high-interest payday lending, which has been banned in 15 states including New York.

Linda Lacewell, acting superintendent of the New York Department of Financial Services, subpoenaed the company on Wednesday for 21 different categories of records, according to a source familiar with the investigation.

Lyft Wants To Give Free Bank Accounts And Debit Cards To Drivers | The Verge
In the battle to retain more drivers, Lyft has announced a new effort to help its freelance workers better manage their finances. The ride-hail (and soon-to-be publicly traded) company unveiled a broad set of new economic incentives for drivers, including no-fee bank accounts, debit cards, vehicle maintenance, and deals on rental cars. Lyft will also be opening a series of brick-and-mortar repair centers across the country where drivers can get discounts on maintenance and car washes.

It's a way for Lyft to help drivers save money without actually increasing fares (which could drive down demand) or decreasing the percentage of each payment Lyft takes for itself (which would reduce its revenue). And like most driver-focused announcements from ride-hail companies, it's intended to encourage drivers to quit app-switching and just pick a side.

"Our primary aim," said Jon McNeill, Lyft's chief operating officer, "is to increase [driver] pay and for us to become the platform of choice for drivers."

INVESTOR PROTECTION, SEC, CAPITAL MARKETS

[How Brokers' Big Bonuses Can Lead To Ruin](#) | Star Tribune
For most brokers, getting a six-figure check to bring their clients to a new firm is a moment to celebrate. But records obtained by the Star Tribune show that the strings attached to these rich packages have destroyed the careers of hundreds of brokers since 2012 and caused financial woes for some of their customers.

In the past five years, Minneapolis-based Ameriprise Financial, Wells Fargo and three more of the nation's biggest investment firms spent at least $40 million to settle complaints filed by investors against brokers who accepted a bonus to change firms, records show. Most of those complaints were settled in arbitration with no public disclosure.

"These bonuses are like the crack cocaine of the securities industry," said Chicago attorney Andrew Stoltmann, past president of the Public Investors Arbitration Bar Association, a trade group that promotes stronger consumer protections. "They lead to a whole lot of chicanery in the industry, because there is extraordinary pressure to pay those things off."

Chuck Schumer Neglected To Name A Democratic Commissioner For The SEC. Now It's Open Season For Wall Street, Bank Lawyers Crow | The Intercept
Last summer, Senate Minority Leader Chuck Schumer failed to name a candidate for a minority position on the Securities and Exchange Commission, and now Wall Street lawyers are celebrating a virtual amnesty that they think could last the rest of Donald Trump's term.

In a remarkably candid editorial, five partners with the D.C. law firm Debevoise & Plimpton have confidently predicted that the SEC will refrain from imposing financial penalties on corporations for securities violations "for the remainder of the current presidential term." This benefits the large trading and securities interests that employ Debevoise for legal defense work. The editorial amounts to Debevoise informing their clients that the coast is clear.
The reason for the expected decrease in enforcement has to do with a fatal delay by Schumer to name a minority commissioner and the Trump administration's unprecedented exploitation of this mistake.

The SEC is currently operating with four commissioners, three of whom were appointed by Republicans. Like many independent commissions, two of the SEC's five commissioners must not be members of the party in the White House. But Kara Stein, a Democratic commissioner, ended her tenure January 2, and that seat remains vacant. Allison Lee, the former Stein aide preferred by Senate Democrats as her replacement, has yet to be formally nominated, though her name was recommended several months ago. Bloomberg reported March 20 that Lee will be announced "in the coming weeks," though they also reported that last August.

SEC Delays Program To Rein In Rebates In Win For Stock Exchanges | Wall Street Journal
The Securities and Exchange Commission temporarily halted its own initiative to limit the rebates that stock exchanges can pay to attract investors' orders, marking at least a temporary victory for the New York Stock Exchange and Nasdaq Inc.

The SEC posted an order on its website late Thursday that effectively hit the pause button on the initiative, called the Transaction Fee Pilot.

The pilot had drawn opposition from major U.S. stock-exchange groups. NYSE, Nasdaq and Cboe Globals Markets Inc. sued to block the pilot in a federal appeals court in February.

Corporate America Loves Deregulation. Then Why Is It Pushing For These New Rules? | CNN
Corporate America, with companies that include Boeing,(BA) Chevron and Wynn Resort, argue that proxy advisers wield too much power, have conflicts of interest and are mistake-prone.

The Chamber of Commerce and NAM even launched a $1 million digital and print ad campaign last year aimed at highlighting the "dangers" of proxy advisory firms.

But others say business groups are going after proxy advisers to silence shareholders by cutting them off from the rigorous research needed to scrutinize gaudy pay packages and evaluate complicated proposals on topics such as climate change and minimum wage hikes. "The attempt to curb necessary independent research should be opposed," New York City Comptroller Scott Stringer told CNN Business in a statement.

The critics of proxy advisory firms, Stringer noted, are the board members and corporate executives who are the subjects of the research.

"Now they're spending big bucks to pull curtains and point at problems that do not exist," he said.

US Companies Agree To Lift Veil On Political Donations | Financial Times
Five large US companies have agreed to reveal more details about their political spending in response to rising investor pressure on directors to explain how they use shareholders' funds to influence campaigns and candidates.

The disclosure agreements from Ameriprise Financial, Chubb, Mondelez International, MSCI and Tractor Supply represent a significant step forward for corporate governance campaigners, who have used the threat of votes at annual shareholder meetings to wring extra disclosures from companies.

“I've been involved in many of this season's dialogues and I can attest that companies are concerned about the heightened reputational and business risks from political spending in today's hyper-polarised political environment,” said Bruce Freed, president of the Center for Political Accountability.

Merrill Lynch To Pay SEC For Improperly Borrowing Securities | Politico Pro
Bank of America subsidiary Merrill Lynch will pay the Securities and Exchange Commission $8 million to settle charges it improperly issued certain securities, the agency said today.

From 2012 to 2014, Merrill Lynch improperly borrowed "American Depositary Receipts," which are U.S. securities that represent shares of a foreign company, from brokers who did not own the underlying foreign shares, the SEC said. The company's procedures failed to catch alleged violations involving borrowing these ADRs from middlemen, the agency said.

"Our action conveys the message that an entity like Merrill may not avoid liability by using another broker to obtain fraudulently issued ADRs on its behalf," said Sanjay Wadhwa, senior associate director in the SEC's New York office.

Goldman Sachs Is Exploring Plans To Make A Netflix For Data, And It Marks A New Frontier For Wall Street | Business Insider

Much like Netflix offers movies and TV shows and Spotify offers music and podcasts, Wall Street bankers have started describing themselves as content creators of a sort, writing research, designing models, devising trade ideas, and coming up with novel ways to fill orders.

Those could theoretically be sold through subscriptions, and Goldman would offer the feeds from its Marquee trading platform, which serves up risk analytics, trading tools, and research, as well as data.

"We are focused on making Marquee a world-class digital storefront for all things related to financial markets and risk management for our clients," a Goldman spokesman said in a statement. "Monetization strategy is a secondary concern. This will evolve over time."

An Ex-Fox News Host Pitched 'Financial Freedom.' His Clients Want Their Money Back. | New York Times (Matthew Goldstein)

Clayton Morris walked away from his job as a Fox News host in 2017 to devote himself to the next phase of his professional life: helping regular people achieve financial independence.

Mr. Morris, a host on "Fox and Friends Weekend," already had a popular real estate investing podcast when he and his wife, Natali, decided to become full-time real estate advisers. Their plan was to connect mom-and-pop investors with turnkey investment homes in Detroit, Indianapolis, Jacksonville, Fla., and several other cities. Their company, Morris Invest, would handle the details: finding properties, overseeing renovations, hiring property managers to rent out the houses. All clients had to do was put up the cash and wait for the checks to arrive.

Morris Invest helped sell at least 1,000 properties over the past two years, reaping more than $5 million in referral fees and profits from the sales, according to resale prices and interviews with investors and a lawyer for a former business partner. But Mr. Morris's customers said many of the homes in Indianapolis had cost them dearly.

Nearly two dozen customers are now suing Mr. Morris and his company. They contend that the properties were in worse shape than advertised, and that rehab work paid for upfront was done poorly or not at all. Vacant lots sold on the expectation of new homes being built are strewn with trash. One house gutted by fire was sold a few days later to an unwitting investor, according to a lawsuit.

EXECUTIVE COMPENSATION

Deutsche Bank Chief Paid $8 Million As Top Bosses Gain First Bonuses For Four Years | Reuters
Deutsche Bank paid its management board members their first bonuses in four years in 2018, with Christian Sewing's 7 million euro ($8 million) total package making him one of the best paid chief executives in European banking.

Deutsche Bank's politically sensitive pay disclosures, which were revealed in its annual report on Friday, come as it contemplates a merger with Commerzbank, which unions fear could lead to up to 30,000 job cuts.

Sewing, who became CEO in April last year, led Deutsche Bank to its first profit in four years and is heading the talks with Commerzbank. He earned 2.9 million euros for 2017.

Deutsche Bank U.S. Staff Said To Get Major Share Of Bonuses | Bloomberg
Deutsche Bank AG employees in the U.S. received the lion's share of bonuses as the lender sought to retain top performers following cuts to the investment bank there.

The total amount set aside for 2018 fell to 1.9 billion euros ($2.2 billion) from 2.2 billion euros a year earlier, Deutsche Bank said Friday. The bulk went to the U.S., which suffered some of the deepest headcount reductions, according to a person familiar with the matter. Top management including Chief Executive Officer Christian Sewing received their first bonuses in four years after returning the bank to a small profit.

Sewing has accelerated cost reductions, particularly in U.S. investment banking, after multiple failed turnaround efforts. Shortly after taking over a year ago, he announced deep cuts to U.S. rates sales and trading, reductions to the corporate finance business in the U.S. and Asia, and a review of the global equities business. Last weekend, the bank said it was exploring a merger with rival Commerzbank AG, in an admission that the measures so far have failed to restore investor confidence.

Wall Street Bonuses Fall Despite Sky-High Profits | New York Post
Wall Street slashed bonuses by a whopping 17 percent last year, even as profits across the securities industry reached an all-time high, according to a new report.

The average securities industry employee saw their bonus decline to $153,700, down more than $30,000 from last year's average, according to New York state Comptroller Thomas P. DiNapoli's annual report.

The cuts come as Wall Street boasted its most profitable year ever in 2018, harvesting more than $100 billion in net income after the Trump administration slashed corporate taxes to 21 percent, down from about 35 percent.

Minimum Wage Would Be $33 Today If It Grew Like Wall Street Bonuses Have | CBS News
Wall Street employees saw their typical annual bonus slip by 17 percent last year to $153,700, according to new data from the New York State Comptroller. But don't feel sorry for the banking set just yet -- even including down years like 2018, bankers' bonuses have jumped by 1,000 percent since 1985.

By comparison, the federal minimum wage has increased about 116 percent during the same period, according to an analysis from the Institute for Policy Studies, a left-leaning research center that used the comptroller's latest data. If the minimum wage had grown at the same pace as Wall Street bonuses, fast-food workers and other low-wage workers would earn a baseline wage of $33.51 an hour, the group said.

The total Wall Street bonus pool last year was $27.5 billion, or more than triple the combined earnings of the 640,000 U.S. employees who earn the federal minimum wage, which has stood at $7.25 an hour since 2009. More states are boosting their minimum wages in response to criticism that the federal baseline pay isn't enough to provide a living wage.

MORTGAGES AND HOUSING

Fannie And Freddie Returns To Senate Spotlight As Crapo Seeks Fix | Bloomberg
A Fannie Mae and Freddie Mac fix is on Washington's agenda —- again.

Congress this week kicks off its latest attempt to forge a path forward for the mortgage giants, something that's proved extremely elusive in the 11 years that the companies have been under U.S. control. Starting Tuesday, Senate Banking Committee Chairman Mike Crapo will hold two days of hearings on his plan for returning Fannie and Freddie to private ownership and giving the government an explicit role in backstopping the housing market.

The stars seemed to be aligned for progress, with Republicans, Democrats and President Donald Trump's administration all saying it's a priority. Plus, everyone agrees few issues are as important to the nation's economic health as housing finance, where Fannie and Freddie are dominant players backing about $5 trillion of loans.

Still, every effort since the 2008 financial crisis has been scuttled by political disagreements. And the $187.5 billion that the U.S. injected into Fannie and Freddie to get them through the financial crisis remains a sore subject in Washington, even though that tally has been exceeded by dividends paid to the Treasury since the companies returned to profitability.

Increasing Community Development Financing Data A Necessary Component For CRA Reform | National Community Reinvestment Coalition Blog

Banks have made more than [$1 trillion in community development lending from 1996 to 2017], benefiting low- and moderate-income communities, as a result of [Community Reinvestment Act] (CRA) requirements.

While this level of financing is impressive, we do not know enough about where it is going in order to determine whether it is targeted effectively to the most underserved and distressed communities. [In a recent speech at the 2019 Just Economy Conference], Federal Reserve Governor Lael Brainard suggested that data on community development financing is necessary to assess whether banks are responding to neighborhood needs with their CRA financing.

In 1977, Sen. William Proxmire (D-Wisconsin) spearheaded CRA through Congress in order to combat redlining and direct bank lending to increase investment in low- and moderate-income communities most in need. Now, more than 40 years later, we do a fairly decent job at recording these efforts with the Home Mortgage Disclosure Act (HMDA) and small business loan data, measuring which communities receive access to retail lending, but we do a poor job of identifying the destinations of community development lending and investing.

FHA Clamps Down On Risky Government-Backed Mortgages | Wall Street Journal
The federal agency that insures mortgages for first-time home buyers is tightening its standards, concerned it is allowing too many risky loans to be extended.

The Federal Housing Administration told lenders this month it would begin flagging more loans as high risk. Those mortgages, many of which are extended to borrowers with low credit scores and high loan payments relative to their incomes, will now go through a more rigorous manual underwriting process, the FHA said.

The FHA tries to boost homeownership by insuring loans to borrowers with less-than-stellar credit, lessening the risk for lenders. The agency is worried that lenders are making loans to borrowers who can’t repay, leading to a spike in defaults that strains the agency’s reserves.

Trump Calls For Overhaul Of Mortgage System | CNN
The Trump administration is calling on federal agencies to draft plans to overhaul the nation's housing finance system, years after the US government seized the mortgage giants Fannie Mae and Freddie Mac.

President Donald Trump on Wednesday signed a memo directing the Treasury Department and the Department of Housing and Urban Development to develop both legislative and regulatory plans to revamp the two companies still under the government's control since the 2008 financial crisis, the White House said in a statement.

Trump's directive calls for ending the conservatorship of Fannie and Freddie and improve the federal government's regulatory oversight over them.

White House Wades Into Mortgage Finance Debate | Consumer Federation of America (Barry Zigas)

President Trump issued a memorandum on March 27 directing the Treasury, HUD, VA and USDA to develop a comprehensive plan for reform of the mortgage finance system, including both administrative and legislative actions as necessary. The memorandum specifically tasks Treasury with developing a plan to end the conservatorship of Fannie Mae and Freddie Mac "upon completion of specified reforms."

While a White House directive focused on the mortgage finance system is a welcome and news making event, a close read of the memo suggests that there is much work to be done and little new ground broken so far. The memo is essentially a directive to "plan for a plan." The most notable feature of the memorandum is its apparent expectation that Fannie Mae and Freddie Mac, in some form, will remain the key entities in the government's support for mortgage finance and the apparent commitment to use administrative actions through the Federal Housing Finance Agency (FHFA) to get there. This is in marked contrast to other plans, including from Senate Banking Committee Chair Mike Crapo (R-ID) and House Financial Services Committee Chairwoman Maxine Waters (D-CA), in the past, which anticipated replacing Fannie and Freddie with some new form of federal guarantors.

Fannie Mae and Freddie Mac (the GSEs) were put into conservatorship in 2008 as a result of the broader financial crisis. The Treasury provided significant capital to support their ongoing operations in exchange for Senior Preferred Shares and warrants for nearly 80 percent of the outstanding common shares. The preferred shares carried a 10 percent dividend, compounding quarterly. The Treasury subsequently replaced the dividend with a sweep of all net earnings, which continues to this day and has contributed nearly $300 billion to the US Treasury.

Battle Erupts Over Allegations That Retail Lenders Are Overcharging Veterans For Mortgages | HousingWire

Earlier this week, Anthony Casa, the head of the mortgage broker trade group the Association of Independent Mortgage Experts, levied accusations against a number of retail lenders, claiming that the lenders are "taking advantage" of VA borrowers and overcharging them for their mortgages.

Casa, who's frequently made retail lenders his target as he advocates on behalf of mortgage brokers, suggests in a lengthy post on LinkedIn that some lenders are charging veterans as much as 20% higher for a mortgage than those veterans could get from other lenders, namely wholesale lenders.

And as Casa is wont to do, he names names. According to Casa, Quicken Loans, Movement Mortgage, loanDepot, and Fairway Independent Mortgage all charge much higher interest rates to veterans than they could get from a wholesale lender.

UN Accuses Blackstone Group Of Contributing To Global Housing Crisis | The Guardian

The UN's housing advisor has accused private equity firms and one of the world's largest corporate residential landlords, Blackstone Group, of exploiting tenants, "wreaking havoc" in communities and helping to fuel a global housing crisis.

In a stinging critique of the role of private equity in the housing market UN rapporteur Leilani Farha and co-author Surya Deva, chairperson of the UN Working Group, singled out Blackstone's business practices – which they claim include massively inflating rents and imposing an array of heavy fees and charges for ordinary repairs – as having "devastating consequences" for many tenants in countries around the world.

In a series of letters to Blackstone and government officials in Czech Republic, Denmark, Ireland, Spain, Sweden and the US, Farha and Deva accused private equity and asset management firms like Blackstone and its subsidiaries of undertaking "aggressive evictions" to protect its rental income streams, shrinking the pool of affordable housing in some areas, and effectively pushing low and middle-income tenants from their homes.

Fannie Bond-Rigging Suit Lists 27 Traders Without Accusing Them | Bloomberg
More than two dozen traders at banks including Deutsche Bank AG, UBS Group AG and FTN Financial Securities Corp. were identified in a civil lawsuit that alleges their employers colluded to rig the prices of bonds issued by Fannie Mae and Freddie Mac.

An amended complaint listing the names was filed Monday in a proposed class action against about a dozen financial institutions. The 27 traders, referred to as "key personnel" on those bond desks, aren't named as defendants in the suit, brought by the Alaska Electrical Pension Fund in Manhattan federal court.

Bloomberg reported last June that the Justice Department had opened a criminal investigation into whether some traders manipulated prices in the market for unsecured bonds, known as agencies, issued by the government-backed companies. The size of the market runs into the hundreds of billions of dollars. No individuals or banks have been charged.

Why Housing Policy Is Climate Policy | New York Times (California Senator Scott Weiner and Daniel Kammen)
The relationship between housing and transportation emissions is not complicated. The housing crisis in our cities and job centers — California is short 3.5 million homes, according to a report by the McKinsey Global Institute — is forcing more workers to "drive till they qualify," the term used by real estate agents for what a growing number of Californians have to do to find housing they can afford. As cities that are job centers make it hard or impossible to build housing — for example, through de facto bans on apartment buildings in areas zoned for single-family homes — people who are priced out move further away, resulting in sprawl that covers up farmland and open space, clogs freeways and increases greenhouse gas emissions.

The results are anything but equitable. By making housing shockingly expensive near jobs and transit, cities force low-income and working-class people to live far away from where they work. Our communities lose their economic diversity, while the abundant opportunities, services and neighborhood amenities of cities are walled off to all but the very wealthy.

Low-density, single-family-home zoning is effectively a ban on economically diverse communities.

PRIVATE FUNDS

Leverage Levels Peaking Again On US Mega-Buyouts | Reuters
Leverage levels on US private equity buyouts are returning to record levels and private equity firms' equity checks are shrinking as banks underwrite more aggressive loans, safe in the knowledge that they will not be penalized by regulators.

Average leverage levels of 6.8 times in 2019 so far are rebounding towards a recent record of 6.97 times in the third quarter of 2018, before year-end volatility cooled the market and the number fell to 6.09 times, according to LPC data.

As leverage and the amount of debt that sponsors are piling on businesses is rising, the amount of equity they are contributing is falling. Equity checks of 35.7% in the first quarter of 2019 so far are lower than 38.7% in 2018 and 43.3% in 2017, the data shows.

"She Lied To My Face:" Inside The Hectic Last Days Of Gymboree's Retail Bankruptcy | The Intercept
Gymboree, founded in 1976, is on its way to history. Children's Place, a rival retailer, paid $76 million for the rights to the Gymboree and Crazy 8 brands, and the Gap is purchasing Gymboree's 139-store luxury chain, Janie and Jack. But the disguised severance maneuver Chung has alleged reveals how in corporate America, the winners at the top can win even in failure. And nobody else is safe — certainly not the line-level workers, but not even vice presidents like Mera Chung.

The Intercept has reviewed documents confirming the termination of the severance plan on the day of the bankruptcy. Chung made her allegations about the disguised severance to friends, attorneys, and bankruptcy officials in the weeks after Gymboree's filing, according to interviews and documents. And Julie Thompson, a vice president of product integrity and compliance for Gymboree, also said in a separate interview that bonus payouts were made to the executive leadership team.

Moreover, Chung alleged to the trustee that Gymboree underreported the extent of the retention bonus payments in a filing with the bankruptcy court. In that filing, Gymboree acknowledges "discretionary bonus payments of $270,000 to two employees," but Chung asserts that eight executives received bonuses totaling an estimated $2.1 million.

The Global Wealth Illusion Is Paper-Thin | Bloomberg (Satyajit Das)

The world is wealthier now than it's ever been — but only on paper. Much of this prosperity may prove illusory as a global shift toward less liquid investments undermines the basis of valuation.

Private equity, infrastructure and private credit have become a bigger share of investment portfolios, making mark-to-market values increasingly uncertain. The standard method of valuing assets assumes prices are available and that there is adequate trading liquidity to be able to sell at those levels. This may hold for traditional investments such as stocks and bonds. But assets such as private equity are rarely traded or not tradable at all, necessitating the use of models or proxies instead.

Even for publicly traded assets, mark-to-market values may be less reliable than in the past. Over recent years, trading volumes have declined for most asset classes due to a reduction in dealer numbers, regulations that make it more expensive to hold trading inventory, and central bank intervention. Meanwhile, prices for smaller-cap shares, as well as many corporate and structured bonds, emerging- and frontier-market securities, and distressed debt may not be consistently available. These factors combined with the growth of large funds and the size of holdings mean that the ability to sell at quoted prices is questionable.

New Performance Standards Crafted To Win Over Private-Equity Firms | Wall Street Journal
The CFA Institute, an association of investment professionals, is preparing to release a new version of its 10-year-old global investment performance standards that it hopes will be more appealing to a reluctant class of adopters: alternative-asset managers.

"We wanted to increase adoption, but we realized that to do that we needed to make them more relevant to managers of alternative investments, such as private equity," said Karyn Vincent, CFA's head of global industry standards and GIPS executive director, of the new revised standards or GIPS 2020. The standards are designed to make calculation and presentation of investment returns uniform among asset managers.

The new standards are intended to reduce the compliance gap between alternative-asset managers and their peers in more traditional asset classes, such as stocks and bonds, said Justin Guthrie, head of performance services at ACA Compliance Group, a governance, risk and compliance advisory firm. Nearly 80% of traditional equity and fixed-income asset managers in the U.S. claim to have adopted the standards, compared with less than 5% of alternative-asset managers, according to Mr. Guthrie.

Private Equity Keeps On Growing. Has It Gotten Too Big For The Economy? | Quartz
CalPERS, the $360 billion California's state pension fund, just announced plans to increase its investments in private equity. It's not hard to see why. Despite the high fees charged by private equity funds, CALPERs claims there are huge payoffs. Its private equity portfolio returned 16.1% in 2017, compared to just 11.5% for its stock portfolio, and it delivered a 10.5% annual return over the last two decades.

In the last 20 years, private equity has grown as an asset class, and a once small part of the market is now a major part of the economy. But there is no free lunch in finance, and the rise of private equity may pose risks to the economy, and to the tax payers who will have to make up the shortfalls in public pension funds if their investments don't pay off.

TPG's CEO Says The Private Equity Giant Has Started Probe Amid College Scam | SFGate
Jon Winkelried, co-chief executive officer of TPG, said the firm was shocked over the charge against Bill McGlashan and has undertaken an internal investigation to see if his activities bled into parts of the business.

"A couple of weeks ago when this news first broke it was, as you might imagine, pretty shocking," Winkelried said Wednesday at the Bloomberg Equality Summit 2019. "This is something that we had no knowledge of or had no idea this was all happening, and so anytime something like this happens, it takes your breath away for a minute."

Private equity giant TPG said it fired McGlashan earlier this month after he was charged as part of the wide-ranging college admissions scandal. McGlashan led TPG's business focused on social good and founded its growth investing platform. The firm has given investors a chance to withdraw their commitments from the second social impact pool following the indictments, Bloomberg has reported.

STUDENT LOANS AND FOR-PROFIT SCHOOLS

Kamala Harris Gets It Mostly Right On America's Rapid Growth Of Student Loan Debt | Politifact
The senator then made this eye-popping claim about how fast student loan debt has grown in a news release on March 6 announcing her support for the bill:

"College debt has increased 170 percent since 2006 and now exceeds $1.5 trillion dollars, which is second only to mortgage debt and surpasses even credit card debt."

She tweeted a similar claim a few days later.

But is student loan debt really growing that fast? And is it really second only to mortgage debt? We decided to crunch Harris' numbers in this fact check.

"Don't You Have A Heart?" Senate Democrats Press DeVos On Backlog Of 140,000 Student Debt-Relief Claims | Washington Post
More than 140,000 applications for student debt relief are pending at the U.S. Education Department, and Education Secretary Betsy DeVos could not tell lawmakers Thursday whether any of them have been approved.

The issue emerged at a Senate Appropriations subcommittee hearing, where Sens. Patty Murray (D-Wash.) and Richard J. Durbin (D-Ill.) questioned DeVos about the backlog of claims from defrauded student-loan borrowers.

“Don’t you have a heart when it comes to 140,000 of these victim students who are trying through the borrower defense rule to get relief from the fraud that was perpetrated on them by these schools?” Durbin asked. “Why is it taking so long for your department to give these students a break?”

SYSTEMIC RISK

News Release: CFTC Derivatives Rule Opens A New Gap In Regulation

AFR Report: Finance For A Fair Economy — Managing The Financial Cycle

AFR Event: Wall Street And The Next Recession — Protecting Main Street In The Next Economic Downturn

First Look: AFR Report On Leverage | Politico Morning Money Newsletter
Americans for Financial Reform has a new report out this morning on macroprudential regulation through the lens of corporate debt, which analyzes how to better manage the leverage cycle and improve the regulatory response to future recessions. “Regulators today are repeating the mistakes of the past by failing to stop financial excesses — like the current growth in unproductive corporate debt — that benefit Wall Street titans like private equity and big banks at the expense of the public,” said Marcus Stanley, AFR’s policy director. Read the report.

Black Farmers Group Asks Regulators To Block BB&T Merger With SunTrust Banks | Barrons
The biggest bank merger since the financial crisis now has official opposition.

The proposed deal between BB&T (ticker: BBT) and SunTrust Banks (STI), which would create the sixth-largest bank in the U.S., with $442 billion in assets, “will increase concentration in specific markets in the Southeastern United States—especially in communities in Virginia, Georgia, and Florida,” the National Black Farmers Association (NBFA) wrote in a letter to regulators on Wednesday.

The NBFA said it worries that “in rural and economically disadvantaged areas the merger will have disproportionate effects, such as shuttered branch offices and reduction in staff that oversee compliance with the Community Reinvestment Act.”

The NBFA is a nonprofit group based in Baskerville, Va., that represents African-American farmers. The letter was addressed to Federal Reserve Chairman Jerome Powell, Federal Trade Commission Chairman Joseph Simons, and the Justice Department’s antitrust division.

Regional Banks Ready To Join Forces To Battle JP Morgan In Anticipated Merger Wave | CNBC
BB&T's $28 billion deal last month to buy SunTrust is the largest U.S. bank tie-up since the financial crisis and one that many expect will trigger even more consolidation in the industry.

While Democrats continue to criticize big banks as an unchecked risk to the economy, regulatory pressure has eased up amid Trump-era rollbacks. That's left four giant banks — J.P. Morgan Chase, Bank of America, Citigroup and Wells Fargo — with a huge slice of the market and forced regional banks to team up with each other to compete.

They are all scrambling for consumer deposits and lending customers, but the largest have a seemingly insurmountable advantage of size. J.P. Morgan has a $11 billion annual technology budget and a plan to expand that will put it in reach of more than 90 percent of Americans by the end of 2022. That has left smaller banks nervous to spend ever-increasing amounts of money on technology, the blueprint for modern banking success.

But the widely expected new round of bank mergers may differ from the blockbuster deals of the 1990s in one key way: Buyers aren't going to pay over-the-top sums for their targets. The latest deals have already distinguished themselves with more modest terms. And Wall Street likes what it sees.

Stock Indexes Drop As Bond Market Flashes Recession Warning | NPR
The stock market tumbled Friday as investors digested an ominous warning sign: Interest rates on long-term government debt fell below the rate on short-term bills. That's often a signal that a recession is on the horizon.

The Dow Jones Industrial Average fell more than 460 points Friday, or about 1.8 percent. The broader S&P 500 index fell 1.9 percent.

Ordinarily, the yield on long-term debt is higher, just as 10-year certificates of deposit tend to pay higher interest rates than three-month CDs.

Bond watchers get nervous when that typical pattern is turned on its head.

"We don't see that occur that often, but when it does, it's almost always bad news," said Campbell Harvey, a professor of finance at Duke University.

U.S. Federal Reserve Provides More Information On Bank Stress Tests | Reuters
The U.S. Federal Reserve provided additional information on its 2019 bank stress testing models on Thursday, following through on its pledge to increase transparency around the test.

The 80-page document includes enhanced descriptions of the models the Fed relies on for the annual exam, as well as how hypothetical loan portfolios would perform under those models. The Fed announced in February it would release more information around the tests, following bank complaints they were too opaque.

TAXES

Democrats Love A Wealth Tax, But Europeans Are Ditching The Idea | Bloomberg
Some 15 countries in the Organization for Economic Cooperation and Development, a group of economically advanced nations, had wealth taxes in 1995. Now, only four do: Switzerland, Belgium, Norway and Spain.

Of the wealth taxes that remain, Switzerland's is the most prominent. Its tax is levied by the canton, or state government, and at the city level. Each local government sets is own rates and includes most assets -- property, securities, vehicles, and valuables, such as jewelry. Others are less vigorous.

Spain briefly halted the tax during the financial crisis in 2008, then reinstated it in 2011, and increased the thresholds at which it applies. Similarly, Norway increased taxes elsewhere to generate more revenue and its wealth tax now only comprises 0.8 percent of its tax base. Germany, Sweden, the Netherlands, and Austria have all abandoned the policy, citing the high cost of implementation and the small revenue it generated.

The Taxman Is (Not) Coming After You | New York Times (Editorial Board)
The I.R.S. is trying to do its job, and some people still get caught. Last year the agency filed a $75,328.80 tax lien against the economics commentator Stephen Moore, whom President Trump is considering for a seat on the Federal Reserve Board.

But Congress is setting up the I.R.S. to fail, and the wealthiest Americans are the biggest beneficiaries. The government says Mr. Avenatti "lived lavishly" during the years he allegedly was choosing not to contribute to the public coffers: luxury homes, cars, vacations. The dereliction of tax enforcement amounts to yet another tax cut for the people who need it least.

The I.R.S. has estimated that each additional dollar spent on tax enforcement would yield $4 in federal revenue. That is a very good investment — the kind of investment that should be a no-brainer for a party that insists the government should be run like a business.

OTHER TOPICS

Wells Fargo's Corporate Bank Struggles To Regain Footing | Reuters
Wells Fargo & Co's corporate bank has a revenue problem.

As its consumer bank begins to see signs of recovery from a sales practices scandal that erupted more than two years ago, the San Francisco-based lender has struggled to expand its customer base in the unit catering to businesses and institutional clients. Revenue in the corporate bank dropped 4 percent last year.

Before the scandal, it was rising 6 percent a year on average. Because it offers better margins, the health of the corporate bank is critical to Wells Fargo; it represents about a third of revenue but roughly half of $22 billion in annual profit.

Former Goldman Exec Harvey Schwartz Is Not Interested In Wells Fargo Job | CNBC
Since leaving Goldman Sachs last year, Harvey Schwartz has entertained a number of career options. Wells Fargo CEO isn't one of them.

Contrary to reports that circulated a week ago, the former president and co-chief operating officer at Goldman has not interviewed for the Wells position, according to two people close to Schwartz who spoke on condition of anonymity.

"He has been approached by numberous companies both public and private," one of the people said. Schwartz is eager to dismiss reports that he is interested in the Wells position as the reports come almost a year to the day since he announced he was leaving Goldman.

Morgan Stanley's No. 2 Executive To Retire | Wall Street Journal
Morgan Stanley 's MS +0.64% second-in-command, Colm Kelleher, is retiring, opening a seat whose filling will signal the Wall Street firm's likely heir apparent.

Mr. Kelleher, who joined Morgan Stanley in 1989, is older than Chief Executive James Gorman and wasn't considered a candidate to succeed him. As the firm's president, he has overseen its restructuring from an undisciplined and error-prone investment bank to a stabler financial-services giant.

Mr. Gorman praised his lieutenant's "fierce competitive streak" and candor. "I just trust the guy," he said in an interview Thursday.

Mr. Kelleher, 61 years old, was Morgan Stanley's chief financial officer during the crisis, when he helped pull it back from the brink—by shrinking its balance sheet, negotiating a $9 billion lifeline from Japan's Mitsubishi UFJ Financial Group Inc. and working with regulators to convert the firm to a bank holding company.

Divided CFTC Adopts De Minimis Relief On Swaps For Banks | Politico Pro
The Commodity Futures Trading Commission adopted a rule that will spare small and midsize banks from certain derivatives requirements.

In a 3-2 vote, the CFTC approved a rule that will give banks permission to omit swaps made in conjunction with a loan from counting toward a regulatory registration requirement. The rule, proposed in June 2018, would allow banks to write a swap with a customer for up to 181 days after entering into a loan without counting it toward a "de minimis" registration threshold.

In 2012, the CFTC set the de minimis threshold at $8 billion in notional amount of swap dealing activity over the course of a year, meaning that any company exceeding that amount would have to register as a swaps dealer.

Fed's Balance Sheet Shrank To $4.06T Last Year | Politico Pro
The Federal Reserve reported today that its asset holdings shrank to $4.06 trillion at the end of 2018, down from $4.45 trillion in 2017, as the central bank continued to allow some of its securities to mature each month without being replaced.

By the time the Fed stops shrinking its bond holdings in September of this year, Chairman Jerome Powell said he expects the balance sheet will stand "a bit above $3.5 trillion." The central bank will begin to slow the pace of its asset runoff in May.

At the end of 2018, the Fed held $2.3 trillion in Treasuries and $1.7 trillion in mortgage-backed securities, according to the Fed's annual combined financial statements. The central bank is hoping to ultimately return to a balance sheet consisting of primarily Treasury bonds.

Fed Researcher Warns Climate Change Could Spur Financial Crisis | Bloomberg
Climate change is becoming increasingly relevant to central bankers because losses from natural disasters that are magnified by higher temperatures and elevated sea levels could spark a financial crisis, a Federal Reserve Bank of San Francisco researcher found.

"Climate-related financial risks could affect the economy through elevated credit spreads, greater precautionary saving, and, in the extreme, a financial crisis,'' Glenn Rudebusch, the San Francisco Fed's executive vice president for research, wrote in a paper published Monday.

"There could also be direct effects in the form of larger and more frequent macroeconomic shocks associated with the infrastructure damage, agricultural losses, and commodity price spikes caused by the droughts, floods, and hurricanes amplified by climate change,'' according to Rudebusch, who is also a senior policy adviser at the reserve bank.

Wall Street South Lands BB&T, SunTrust. No Amazon Contest Needed. | American Banker
It was early on a February morning when Charlotte, North Carolina, Mayor Vi Lyles got the call: BB&T would combine with SunTrust in the largest bank deal in a decade and wanted to place its headquarters in her city.

Charlotte didn't even have to offer any incentives to lure the lending giant to the so-called Wall Street of the South, where a typical home is selling for less than $300,000, according to Zillow. "They did not ask us for anything," Lyles said in an interview. The city is finding strong interest from other companies, too, she says: "They're probably targeting us because we talk a lot about our affordability."

That's unusual at a time when states and local governments clamor to land big companies by offering generous tax breaks and incentives. But that practice has come under renewed scrutiny after Amazon.com abruptly reneged on a deal to build a new hub in New York after public outcry over the generous subsidies the city offered to a company with a market capitalization nearing $1 trillion.

There's good reason for the merged banks to make Charlotte its home. Bank of America, the second largest U.S. bank, is based there. Bank of America and Wells Fargo together account for about 9 percent of jobs in the Charlotte area, according to a 2018 report by Moody's Investors Service.

[Another Nordic Bank CEO Falls Over Money Laundering Scandal](#) | Washington Post
The chief executive of one of Sweden's largest banks was fired Thursday in the wake of allegations that the bank was connected to a massive money laundering scandal in the Baltic countries. It is the second major Nordic bank CEO to fall over the scandal in four months.

Swedbank Chairman Lars Idermark said that the CEO, Birgitte Bonnesen, was fired by the board after "developments during the past days (that) have created an enormous pressure for the bank." CFO Anders Karlsson was named as acting chief executive.

The decision came a day after Sweden's Economic Crime Authority raided the banks' headquarters near Stockholm. Prosecutors are investigating whether 15 of Swedbank's largest shareholders illegally received information about the bank's connection to the money laundering scandal before the issue was made public by a Swedish television report last month.

A Groundbreaking New Enterprise: Buybax! | The American Prospect (Harold Meyerson)
BUYBAX represents a radical break with the temporizing practices of most present-day American corporations, which still pay lip service to such hoary purposes as making, selling, or improving a product or a service—practices that require them to divert resources to such revenue sinkholes as research and development, production, marketing, employment, and the occasional cultivation of goodwill.

NOT SO BUYBAX!

The business plan of BUYBAX is elegantly simple:

WE WILL ISSUE STOCK—AND BUY IT BACK.

THAT'S IT. THAT'S ALL. SHARES OUT, SHARES IN, SHARES UP.

AND YOU SHARE IN THE WEALTH!

Finance People Will Eat You For Lunch, Rajat Gupta's Wife Warned | Bloomberg

“These aren’t our people,” the former McKinsey & Co. managing director and former Goldman Sachs Group Inc. director says his wife would tell him. “You’re too trusting and you think everyone will be nice to you. Financial people are different than consultants. They’ll eat you for lunch!”

The incident is part of Gupta’s memoir, "Mind Without Fear," titled after a poem by revered Indian Nobel laureate Rabindranath Tagore, whose work also lends a name to Gupta’s firstborn, Geetanjali.

In it, Gupta returns time and again to the theme of misplaced trust. He rues his unpreparedness for the winner-takes-all realm of finance that he says was so different from the sheltered life he led at McKinsey. Through this lens, Gupta explains how one of the most influential men in corporate America found himself convicted for insider trading in the throes of the financial crisis.

The memoir comes just months after a federal appeals court declined to throw out Gupta’s 2012 conviction. Gupta had argued that U.S. prosecutors failed to prove he got a personal benefit for passing tips to his friend, billionaire hedge fund manager Raj Rajaratnam. A federal jury had found Gupta guilty of passing tips about Berkshire Hathaway Inc.’s $5 billion investment in Goldman Sachs and the bank’s financial results. While Gupta has already served his prison term, a ruling in his favor would have cleared his record.

Jamie Dimon, Spare Us Your Crocodile Tears | The Guardian (Robert Reich)
If I may be so bold as to try to lure your attention away from Trump and Mueller for a moment, consider Jamie Dimon’s lament, delivered a few days before Mueller delivered his report.

Dimon is the chief executive of JP Morgan Chase, and wrongdoing by him and the CEOs of other big corporations is more responsible for Trump’s election than anything Russia dreamed of, as I’ll explain.

“A big chunk of [Americans] have been left behind,” Dimon said, unveiling a new $350m program to train workers for the jobs of the future. “Forty percent of Americans make less than $15 an hour, 40% … can’t afford a $400 bill, whether it’s medical or fixing their car; 15% of Americans make minimum wages, 70,000 die from opioids.”

All true, but $350m over five years isn’t even a drop in the ocean of Americans who have been left behind. Nor is it a large sum for JP Morgan, America’s biggest bank, whose profits last year alone amounted to $35bn. The annual budget of the US Department of Education is $70bn.

AOC, Live At The Financial Services Committee | The American Prospect (Daniel Boguslaw Kaufman)
The CSPAN close ups and YouTube highlights fail to convey what happens when AOC takes over. The cursory glances and knowing chuckles; the boredom and lethargy; the snacking and napping; and the bipartisan snack and coffee breaks end in a New York

minute. The cameras also don't show is the fear on her colleagues' faces. They have reason to be afraid: After years of ineptitude they are finally being forced to do their jobs.

What the new generation of progressive Democrats including AOC, Ayanna Pressley of Massachusetts, Rashida Tlaib of Michigan, and Katie Porter of California represent is not an unchecked populism as centrists and conservatives would have Americans believe. It is not the rise of a socialist dictator from the Bronx, nor is it the end of bipartisanship. In fact, it is just the opposite—because what is bipartisanship really when both sides are working for financial sector deregulation against the interests of their own constituents?

Put simply, the freshman bench of the Financial Services Committee shows the way democratic politics should be. Representatives should fight for their constituents, instead of corporations and banks, stay alert and awake during debates over policies that will affect millions, and hold others accountable to do the same. Perhaps members of Congress will soon heed the advice provided by Sean Casten, an Illinois Democrat, mid-hearing, "Those who live in glass houses shouldn't throw stones, especially not at people who don't have houses to begin with."

President Trump's Regulatory Rollbacks Are An Attack On Americans' Wallets | Center For American Progress Blog

Conservatives often describe regulations as "red tape" or as "job-killing" impediments on the economy. But that rhetoric is intended to obscure the truth that regulations set the economic rules of the road. Regulations ensure that workers get paid for the hours they work; that their retirement is secure; and that the costs of the goods they rely upon are affordable. Under the Trump administration, however, those rules are being rewritten in ways that are making it harder for many Americans to get ahead.

The Trump administration has abandoned common-sense regulations that ensure workers get paid for the overtime hours they work, costing them nearly $1.7 billion to date. In the place of those regulations, the administration has proposed a watered-down rule that provides fewer protections and would still cost workers $840 million a year in lost wages.* President Donald Trump has taken a similar approach to a rule that protects retirees from being cheated by financial advisers—a problem that costs people $17 billion in retirement savings per year. The president first abandoned the rule and then has sought to replace it with a cheap facsimile that would do little to protect people. Finally, the Trump administration is looking to weaken standards governing fuel-efficiency and climate pollution, which means that American families would spend a net $23.8 billion more every year largely due to higher spending on gas.**

The Federal Reserve Chairman Is In Demand Amid Economic Warning Signs | Roll Call

It must be nice to get your own personal report on the economy from the head of the world's largest central bank.

Federal Reserve Chairman Jerome Powell met with roughly 70 House Republicans at the whip team meeting prior to Monday night votes, where, among other things, he talked about the Fed recently lowering its economic growth projections for 2019 and 2020.

While Powell frequently meets or calls individual members, such larger meetings appear to be rare, according to a review of his calendar.

But the Fed chairman is stepping up the number of group meetings on his dance card, including with House Democrats.

House Financial Services Committee Chairwoman Maxine Waters of California told CQ that she and the panel's subcommittee chairmen had been invited to meet with Powell Tuesday evening, and that the Fed chairman is expected to meet with the House Democratic caucus at a later date.