House and Senate Curtail Congressional Insider Trading

While the Dow suffered its worst week of 2012, the House voted 417-2 to pass the Stop Trading on Congressional Knowledge (STOCK) Act. The Senate had approved its more stringent bill by a 96-3 vote last week. Among other things, the Act confirms that the insider trading provisions in Section 10(b) of the ’34 Act and Rule 10b-5 apply to congressional members and staff. Be sure to check out full details of both the House and Senate bills.

Bank M&A Financial Stability Analysis

The Fed’s recent approval of PNC’s acquisition of RBC sheds light on how proposed transactions will be analyzed using the “financial stability” factor from Dodd-Frank. This analysis includes whether the proposed deal would result in an increase in risks to financial stability due to the combined firm’s increased size, reduction of substitute providers, extent of interconnectedness with the rest of the financial system, and extent of cross-border activities. See the full post here.

PE Firms Feel Impact of Romney Scrutiny

Given the media’s focus on Mitt Romney’s career at Bain Capital, it is not too surprising to discover that the SEC has begun probing the $1.2 trillion PE industry. In a letter sent by its enforcement division to PE funds, the SEC has asked for a broad range of documents to evaluate how performance data is presented and if funds use inflated valuations to attract investors. This week also saw KKR and Apollo announce that their fourth quarter profits dropped by over 60%.

MARK YOUR CALENDARS

Events this week:

- “Assessing Antitrust in the Obama Administration,” CLC Alumni Breakfast, 2/14, 7:30am, The Century Association, NYC.
- “Careers in Consulting,” CLC Panel, 2/17, 12:10 pm, 121.

Five Banks Settle Charges of Foreclosure Abuses and Former Homeowners Will Benefit

After intense negotiations, a $25 billion settlement was announced this week between five U.S. banks (Bank of America, JP Morgan Chase, Wells Fargo, Citigroup, and Ally Financial) and federal and state officials over alleged foreclosure abuses. The settlement, the largest industry-government settlement since big tobacco, could provide financial relief to an estimated two million current and former homeowners harmed by the housing crisis. Approximately one million people with underwater mortgages are expected to have their debt reduced or to be able to refinance at lower rates, while 750,000 people who had their homes foreclosed between September 2008 and December 2011 will receive checks for about $2,000. See some of the details here. For the banks and their investors, the settlement removes a lot of the uncertainty over potential mortgage-related litigation. Check out President Obama’s remarks on the settlement here.

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With contributions from the YLBS Board and members