BETTER MARKETS

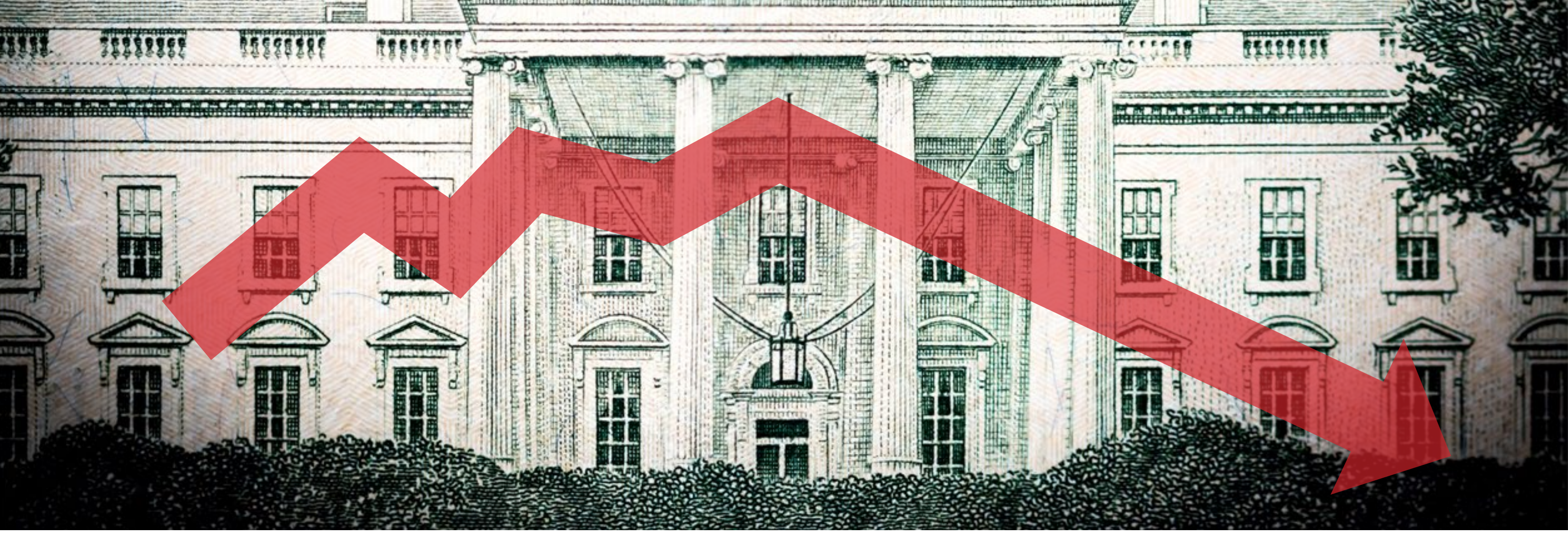
SPECIAL REPORT

APRIL 29, 2025

Trump's Wall Street Deregulation on Steroids Is Going to Cause a Horrific Economic Crash on Main Street

4 More Years of Deregulation on Top of 4 Decades Will Be Catastrophic

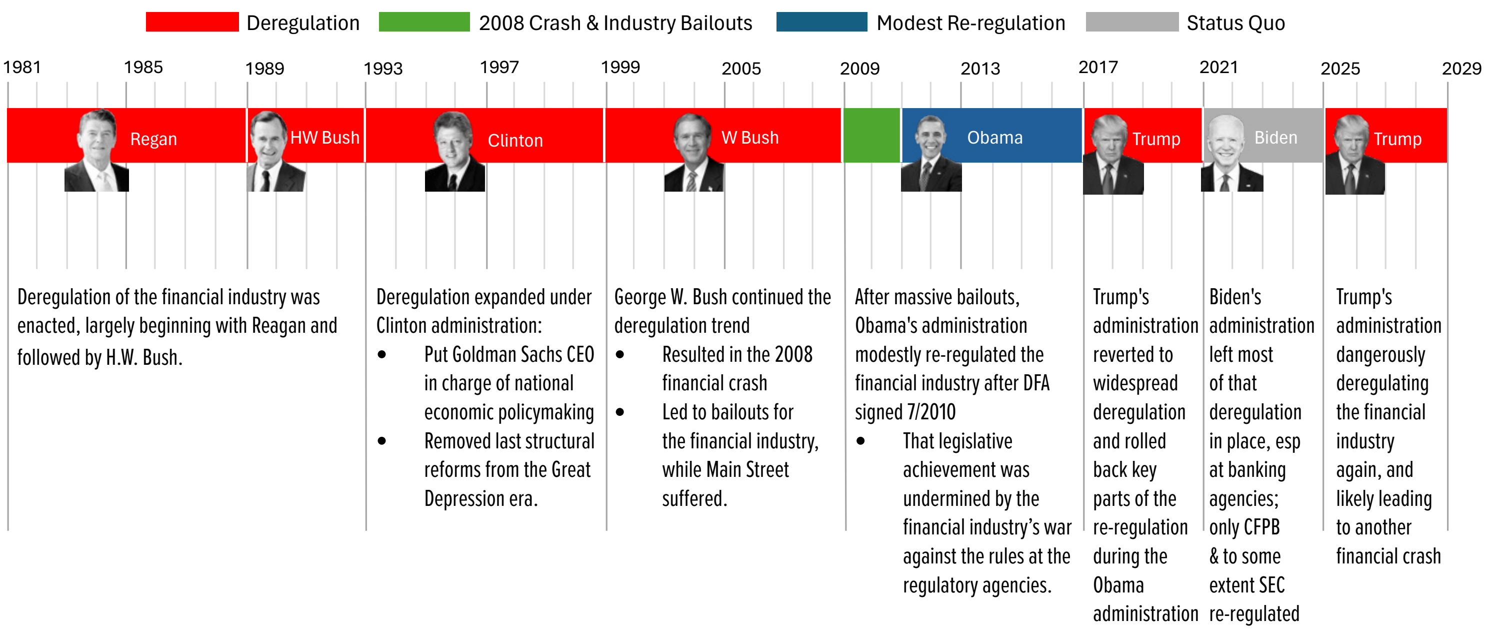
By DENNIS M. KELLEHER



Introduction

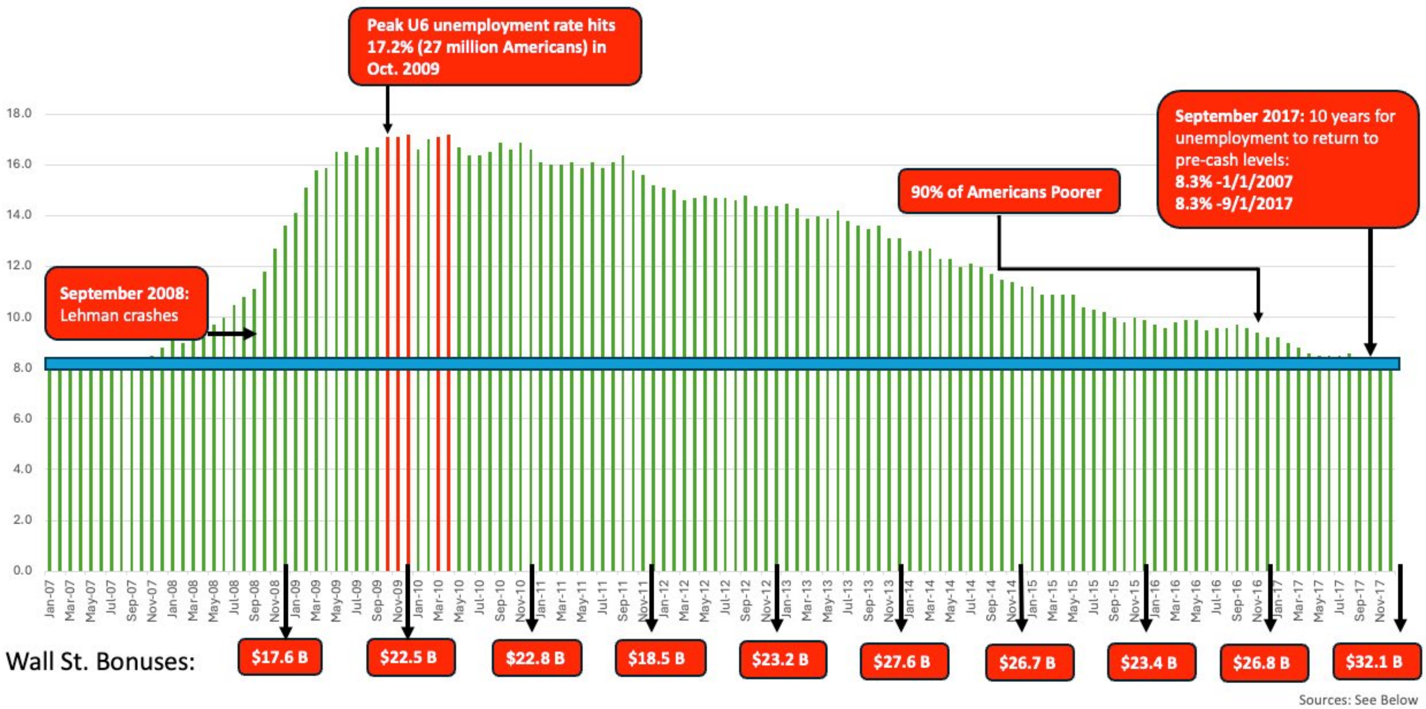
The actions of Trump's administration in the 100 days since inauguration have already opened cracks in the foundations of our economic and financial systems. While his actions on tariffs and starting a trade war have received most of the attention, the cumulative impact of his deregulation[1] of the financial industry thus far and over the next four years—which JPMorgan Chase's CEO Jamie Dimon said has bankers "dancing in the streets" with joy—will return the country to the non-regulatory regime and anything goes culture that prevailed from 2000-2007, which directly caused the horrific 2008 crash.[2] Trump's actions are deregulation on steroids—it's to a degree that the country has never seen before—and comes on top of four decades of deregulation and an already seriously under-regulated, overly fragile, and crisis-prone financial system (as proved by the recent costly and entirely unaddressed 2023 banking crisis). To understand this, it helps to visualize the decades of deregulation that preceded Trump. This is what the regulatory history—or, more accurately, the deregulatory history—of the U.S. from 1980 through the next four years of Trump looks like:

EXHIBIT 1 — 48 Years: Mostly Deregulation



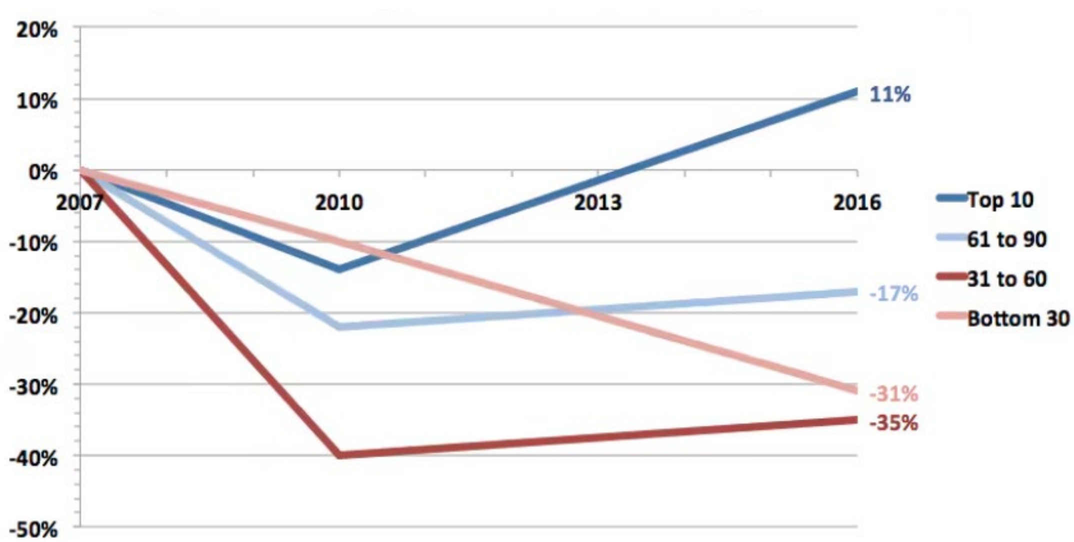
Trump adding four more years of deregulation and unleashing Wall Street and finance—appropriately referred to as a "'new high water mark' for deregulation"—are going to cause a catastrophic financial crash. It will almost certainly be worse than the 2008 financial crash, which was the worst crash since 1929 and caused the worst economy since the Great Depression of the 1930s: it threw 27 million Americans out of work, caused 16 million foreclosure filings, pushed 40+% of homes underwater, and took 10 years for unemployment to return to 2007 levels:

EXHIBIT 2 — 10 Years of Unemployment & Increasing Poverty



As a result, 90% of the American people were poorer in 2016 than they were in 2007 (by between 17% to 35%):[3]

EXHIBIT 3 — Change in Inflation-Adjusted Wealth Since 2007, By Income Group

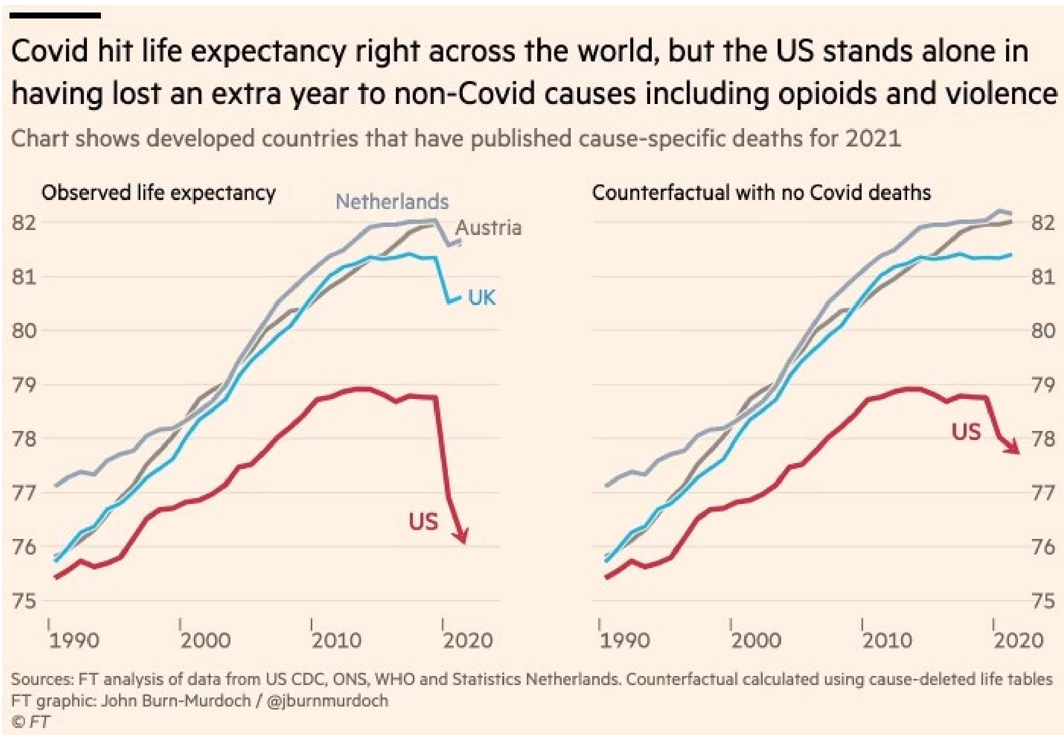


(Source: Federal Reserve)

Ultimately, the 2008 crash cost the country more than [$20 trillion in lost GDP] and resulted in [trillions of dollars of no-accountability bailouts] for the financial industry. Economically speaking, the 2008 crash resulted in a lost generation of Americans, with dire political and social consequences.[4]

Those are only the dollar costs. The human costs (as well chronicled in Deaths of Despair and elsewhere) are equally appalling, but often overlooked or unrecognized. For example, a recent excellent Financial Times story asked "Why are Americans dying so young?" and noted that "US life expectancy is in freefall as the young and the poor bear the brunt of struggles for shared prosperity." However, while focusing on the impact of various factors, it completely failed to mention the impact of the 2008 crash even though the data made it clear:

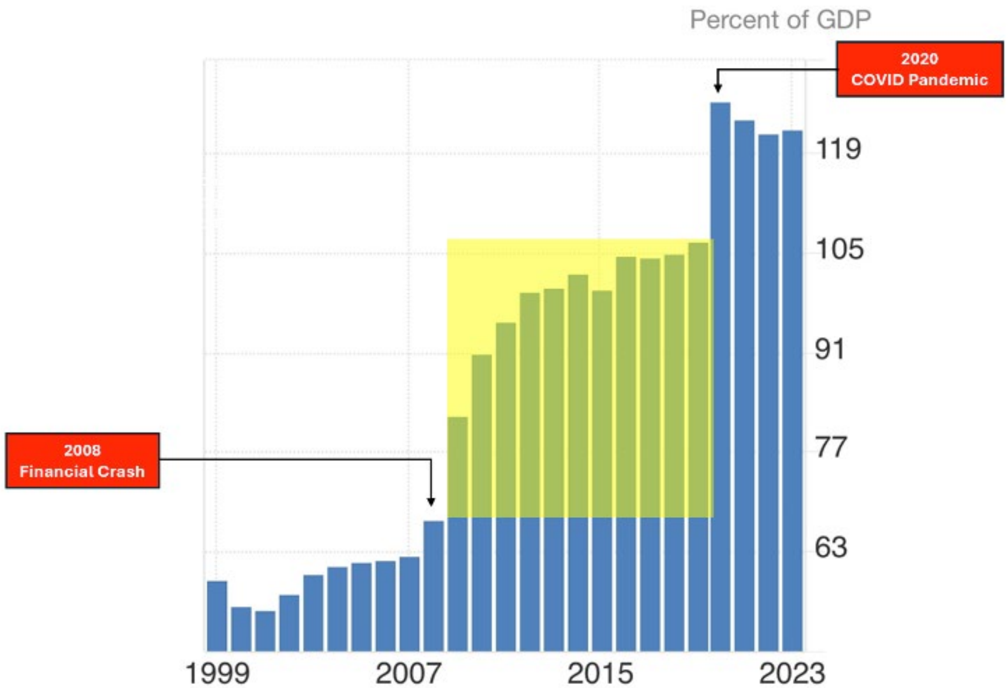
EXHIBIT 4



While the point being made is accurate, it is also clear that the upward trajectory of life expectancy stopped and flatlined following the unmentioned 2008 crash. Yes, COVID made it dramatically worse, but the impact of the crash on life expectancy in the US is unmistakable.

The 2008 crash also destroyed the country's finances: the crash-caused Great Recession resulted in tax receipts plummeting and social needs/costs skyrocketing, all on top of the costs the country incurred to pay for the bailouts of the financial system. The result was exploding annual deficits leading to a dramatic increase in the national debt:

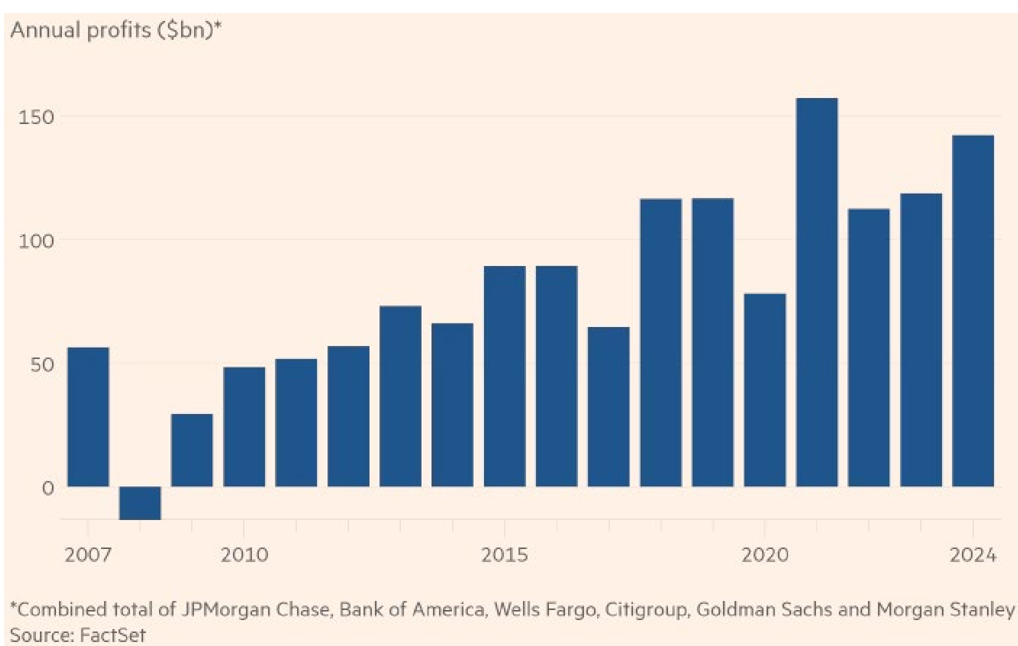
EXHIBIT 5 — U.S. Gross Federal Debt to GDP



Source: Office of Management & Budget, The White House

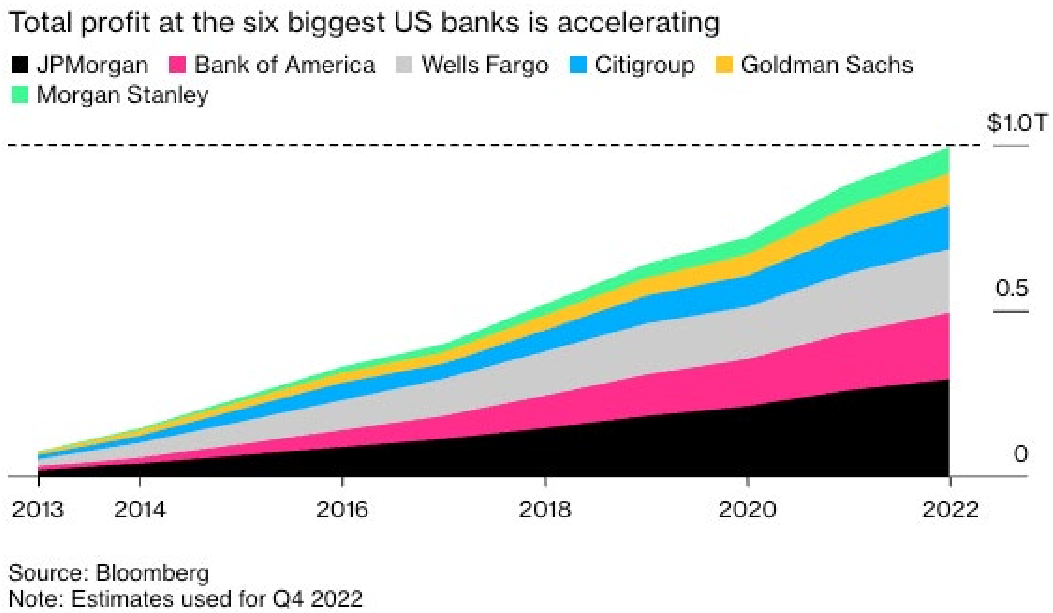
Throughout that time—as the American people grievously suffered from the financial crash - the financial and banking industries reaped the benefits of deregulation, bailouts, subsidies, and favorable Federal Reserve policies. One stark indicator of that is the bonuses Wall Street's financial firms paid themselves (the bottom line of Exhibit 2 above). Another indicator is the historic profits pocketed by the financial and banking industries. For example, just the 6 biggest U.S. banks had $142 billion in profits in just 2024, "the second best year on record stretching to 2007, the year before the" 2008 crash. As astonishing, as illustrated in this Financial Times chart, those 6 largest banks have made gigantic profits every year since the 2008 crash as the country suffered:

EXHIBIT 6 – Wall Street Posts Blockbuster Year



Put differently, as Bloomberg showed, those six gigantic U.S. banks generated more than $1 trillion in profits in just the ten years from 2013-2022:

EXHIBIT 7 – Banking Giants Are About to Hit $1 Trillion in a Decade



Nevertheless, the financial industry and Wall Street's biggest banks in particular complain nonstop that regulators are choking their businesses with regulations. JPMorgan Chase's CEO Jamie Dimon is the most high profile vocal Wall Street CEO frequently attacking regulators and regulations,[5] including as his bank recently reported historically high profits for 2024. Just days after Trump's election, Dimon said "a lot of bankers [are] dancing in the street because they've had successive years and years of regulations, a lot of which stymied credit," meaning lending. However, the actual facts demonstrate that those claims are baseless and false; the banks have not suffered under regulation, which have been minimal, weak, and largely ineffective.

The most recent data proves that beyond doubt: just the four biggest U.S. banks "account for 44 per cent of the U.S. banking industry profits—the highest share for the first nine months of [2024] since 2015 – despite the pool taking in more than 4,000 of the country's other banks." Profits at the biggest banks "rose 90% in 2024" and "bonuses jump[ed] 32% as the total surges to a record"—that was just for Wall Street bonuses paid in New York City, not the entire financial industry which was presumably multiples higher. Those record New York City bonuses totaled $47.5 billion. As is evident beyond reasonable dispute, regulation has not stopped record revenue, profits, and bonuses.

No less an authority than former hedge fund manager and current Secretary of the Treasury, Scott Bessent, recently said, "for the last four decades...Wall Street has grown wealthier than ever before."

Additionally, the industry's claims that regulations have caused reduced "credit," lending, economic growth, and job and business creation are also inconsistent with the facts. Ironically, the facts show that those outcomes are a direct result of under-regulation and the resulting crashes that inevitably follow. The 2008 crash was caused by decades of deregulation and that crash caused tens of millions of Americas to suffer economic hardship for more than a decade afterwards. While on a much smaller scale, that also happened as a result of the 2023 banking crisis: some estimated that it was going to reduce GDP by as much as 1% due to credit contraction.

Deregulation is what kills credit, lending, business, and growth. That's what four more years of deregulatory under Trump is going to cause, maybe not immediately, but sooner or later. We believe that it is going to lead to a historically damaging financial crash, which will reverberate economically, socially, and politically for decades to come.

One reason that is so highly likely to be the case is because moral hazard in finance—the belief that one can do anything, reap the short-term rewards, and never face accountability or consequences—has probably never been higher in the financial industry—and for good reason. Not only was there zero accountability for the 2008 crash, but those in finance were bailed out, reaped historically high profits, and pocketed hundreds of billions in bonuses. That happened again in and after the banking crisis of 2023. Rather than being held accountable, the bankers were rewarded. As detailed below, the deregulation and regulator (and prosecutor) capitulation since Trump was elected 100 days ago are sending the message that the financial industry can do no wrong and, when it does, it will definitely not be punished. Given finance is driven by a monetary incentive system, the only rational decision for financiers is to ramp up risk to the highest levels conceivable because they will reap the upside and not suffer the downside, which will be shifted to Main Street Americans as has happened over the past decades.

The Great War of 1914-1918 was a global conflict that was one of the deadliest in history. When it ended, it was believed to be the worst that could ever happen in the world. But then World War II happened, which required The Great War to be renamed World War I. The Great Depression of the 1930s is so far the single worst economic catastrophe to befall the modern world. The economy after the 2008 crash was the worst since the Great Depression, but didn't quite rise to that level, hence the appellation "the Great Recession." However, after Trump ushers in four years of historically broad and deep deregulation on top of decades of deregulation, the Great Depression may well become known as the First Great Depression after the next financial and economic crash.

Those are the stakes facing the United States and the world as Trump enacts deep, widespread deregulation, which will unleash Wall Street's megabanks and other large financial institutions on Main Street Americans, who will lose the vital protections those financial regulations provide. Also, as happened in the 1920s and in the early 2000s, deregulation in the U.S. will precipitate global deregulation and a global race to the regulatory bottom, ensuring that the coming crash will spread across the world, plunging all into catastrophe.[6]

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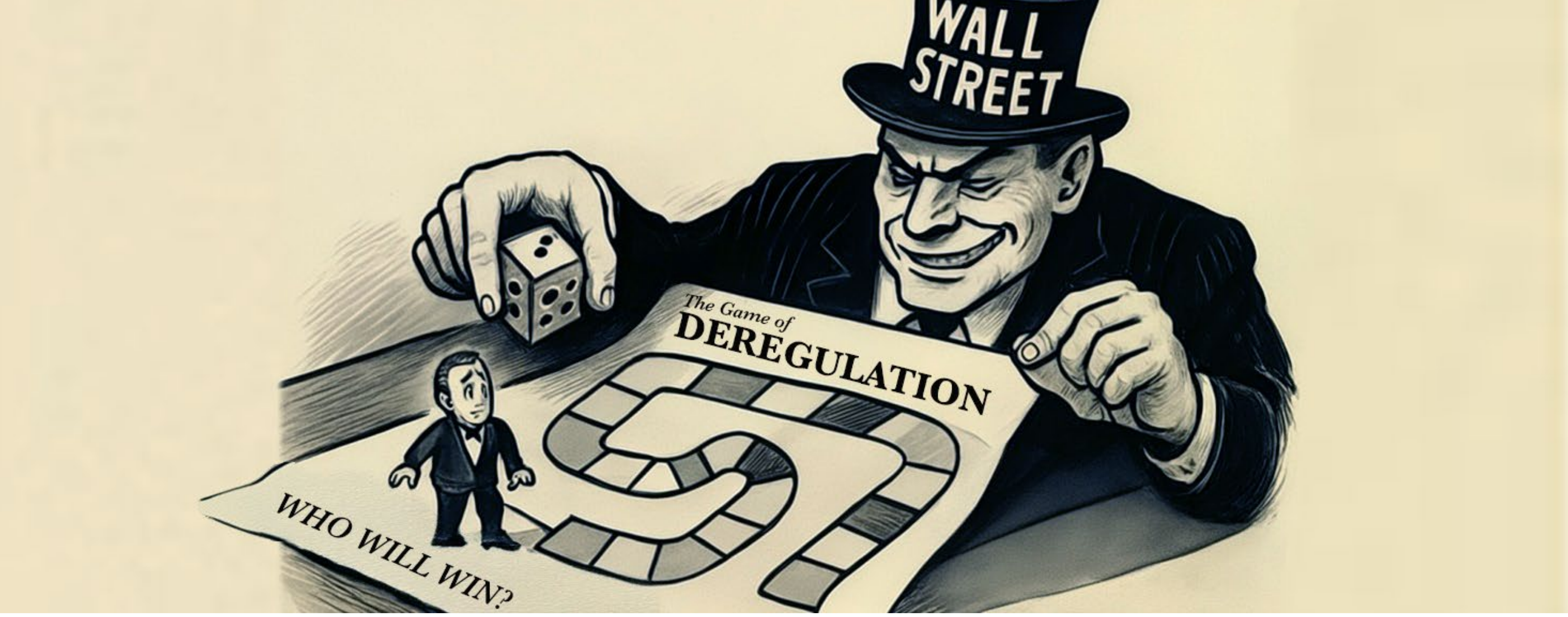


The Financial Industry Rigs the Rules

The economy hasn't worked for most of the American people for decades.[7] While there are many reasons for that, including tax, campaign finance, and labor laws, a key structural driver is that the financial system often no longer supports the real productive economy (as clearly evidenced by the widening gulf between how well Wall Street is doing compared to how poorly—literally and figuratively—Main Street is doing, as previously discussed and detailed below).

That's largely due to the financial industry using its economic power to buy political power to expand and increase its economic power. That purchased political power is used almost always to deregulate the industry and to cripple the regulators, preventing them from policing the industry. While that power is occasionally used to deregulate the industry legislatively by changing the laws (as the crypto billionaires' campaign contributions are about to prove), it is more often used in the regulatory process, getting the financial regulators to enact rules favorable to the industry.[8] Put differently, the industry uses its power to take the cops off the financial beat and to make sure that they can't actually do their jobs to protect Main Street Americans from the financial industry.

> *Put differently, the industry uses its power to take the cops off the financial beat and to make sure that they can't actually do their jobs to protect Main Street Americans from the financial industry.*

In addition to the industry's economic and political power in the legislative and regulatory arenas, it also has a near monopoly on expertise and granular information. That is facilitated by the complexity of its activities, much of which is created to obscure conduct it does not want understood or scrutinized. This lack of knowledge is used as a weapon to confuse and intimidate those seeking to effectively regulate them in the political and policy making processes. That, in turn, enables them to bend the laws, rules, regulations and policies to their benefit, often with no one watching, knowing or understanding.

There are numerous examples of such actions, but only one egregious example will be discussed here. It unquestionably shows that the biggest, most dangerous banks in the world were intentionally rigging key regulatory test results to mislead regulators so that they would be under-regulated for the risks they pose to society.

In March 2024, the Basel Committee on Banking Supervision proposed a revised process for the framework for identifying and therefore regulating globally systemically important banks (GSIBs), the largest, most dangerous banks in the world. The proposal would change the determination date from year end to an average over a prior period of time. That was necessitated because the Basel Committee had caught the GSIBs hiding and disguising their condition at year end to avoid being properly regulated. While this is politely referred to as "window dressing," it is in fact lying and cheating for the purpose of being underregulated on some of the most financial protection rules, including having the proper level of capital a bank needs to absorb its own losses without failing and getting taxpayer funded bailouts.

As detailed in this comment letter, the Basel Committee caught these gigantic banks systemically, knowingly, and intentionally cheating on critical regulatory tests for many years so that their highest risk activities would be under-regulated, that they can increase short term profits and bonuses, and shift the costs of losses and failure to society. The consequences of the cheating endangered the financial stability of the banks, risked contagion, and exposed financial systems and economies to heightened risk of collapse and crisis. While such cheating may not be illegal, it is unscrupulous, inappropriate, dangerous and wrong, and knowingly so.

> *Regulations are rules that the financial industry must follow so that customers, investors, consumers, markets, financial stability, and the entire economy, as well as the lives, livelihoods, paychecks, homes, savings, and standard of living of all Americans are protected.*

Moreover, such actions identified by the Basel Committee can only happen if many, many people at the global banks are involved, presumably with the involvement and approval of the most senior executives and the knowledge if not agreement of the Board. Indeed, the evidence suggests that this cheating is in fact part of the business model at the global banks.

Given the clear evidence of cheating uncovered by the Basel Committee in this incredibly important instance, it is only reasonable to suspect that the global banks are cheating like this elsewhere. For example, are they cheating on their internal models for determining risk weights and thereby understating the required capital to prevent failure and crashes? This evidence raises the questions of how broad and extensive the cheating at the global banks is and how great is the threat to society from the under-regulation that results from that cheating.

Actions and activities like this have resulted in the financial industry engaging in more high-risk, anti-social financial activities that generate the biggest short-term gains for it and the top 10%. Those activities come at the expense of everyone else because of the risks those activities create for the financial system and the economy. The result is the diversion and misallocation of capital away from productive uses that benefit Main Street and to activities that benefit Wall Street (and generate the biggest bonuses for bankers). This also leads to boom-bust cycles, crashes, bailouts and recessions, if not depressions. Unsurprisingly, all of that has significant political, social, and economic consequences.

Deregulation Kills Rules Necessary to Protect Main Street Americans

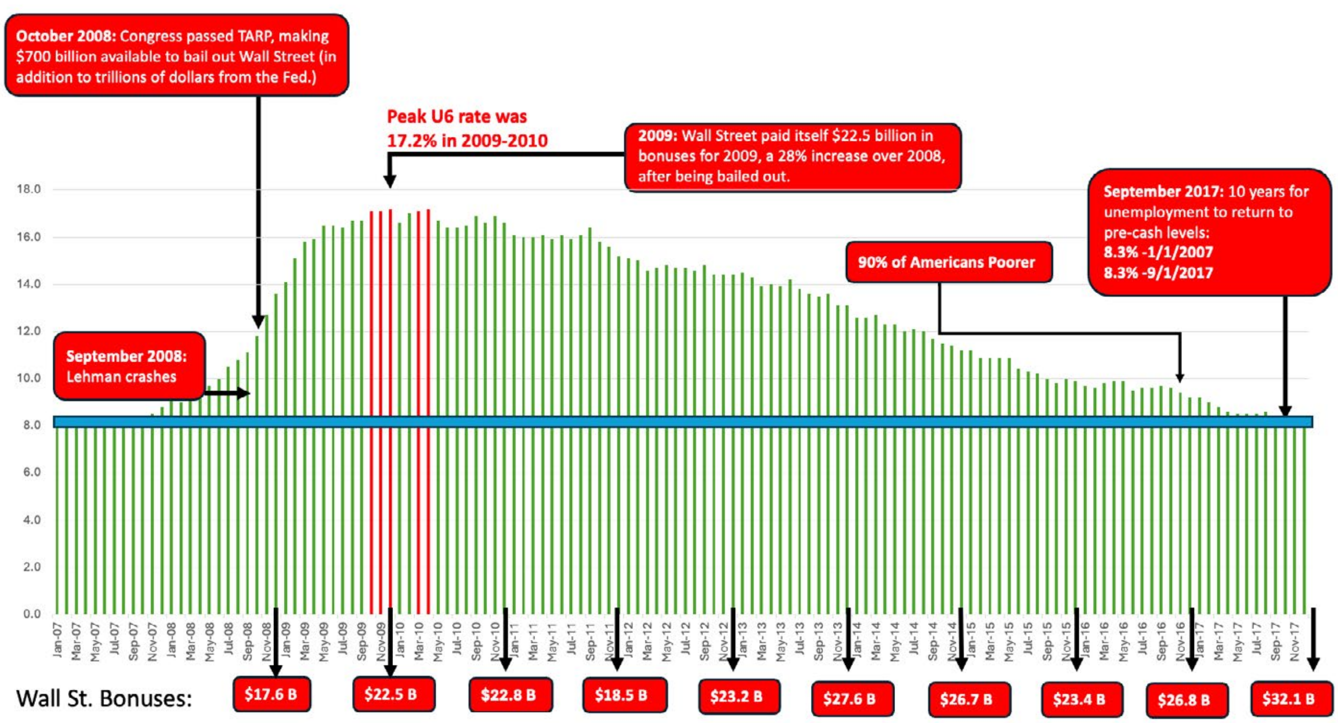
The industry and its allies unendingly attack regulations as expensive and burdensome "red tape." These are baseless claims that seek to obscure the fact that regulations provide fundamental protections for everyday Americans.[9] Regulations are rules that the financial industry must follow so that customers, investors, consumers, markets, financial stability, and the entire economy, as well as the lives, livelihoods, paychecks, homes, savings, and standard of living of all Americans are protected.

Those protections are also the foundation of our financial and banking systems because they give people faith, trust, and confidence in those systems. That's why people put their money—the capital that fuels everything—into our financial and banking systems: it's because they believe those systems are well-regulated and well-policed.

It's true that those protections cost money but the costs of not having them are much, much greater. That is proved at the macro level by the catastrophic 2008 crash and at the micro level by the Consumer Financial Protection Bureau (CFPB) (which provided more than $20 billion in refunds and relief to more than 200 million ripped off Americans from 2011 to 2024). The 2008 crash also showed that the costs of not having those protections fall on Main Street Americans, not those who benefit from not having them. Put differently, while Main Street suffered in the years after the Wall Street-caused crash in 2008, the Wall Street bankers and financiers still got their tens of billions of dollars in bonuses year- after- year- after year.

As the chart below shows, Wall Street paid itself almost $200 billion in bonuses at the same time Americans were suffering though a decade of unemployment and economic calamity.[10] Adding insult to injury, those Wall Street bonuses were pocketed at the same time the financial industry was bailed out with trillions of dollars, including hundreds of billions from the pockets of the very Main Street Americans who were thrown out of work. As a result, by the end of 2016, 90% of Americans were poorer than they were in 2007 by 17-35%, while Wall Street, financiers, bankers, and the entire top 10% were getting richer and richer.

EXHIBIT 8 — 10 Years of Unemployment & Increasing Poverty



None of that is to say that all regulatory protections are perfect, necessary, well-thought out, or properly implemented. That is definitely not true, but the mindless attacks on regulation and the blanket condemnation of them from Jamie Dimon and the rest of the financial industry and their allies are wildly exaggerated, baseless, and dangerous.

The Financial Industry is Woefully Underregulated

The facts prove that the financial industry is woefully underregulated. As a result, it is again engaging in far too many high-risk, dangerous and anti-social activities. At the level of financial consumers,[11] that is inevitably going to result in Main Street Americans being charged more for financial services and products, subjected to hidden and junk fees, and ripped off by financial predators and criminals. The extent and pervasiveness of these actions by the financial industry are illustrated and proved by its two-decade history of lawbreaking that has resulted in more than $200 billion in fines and settlements by just the six largest Wall Street banks. It is also proved by the fact that the CFPB has forced innumerable financial firms (including the largest in the country) to provide more than $20 billion in relief to almost 200 million ripped off and harmed Americans in the last 14 years.

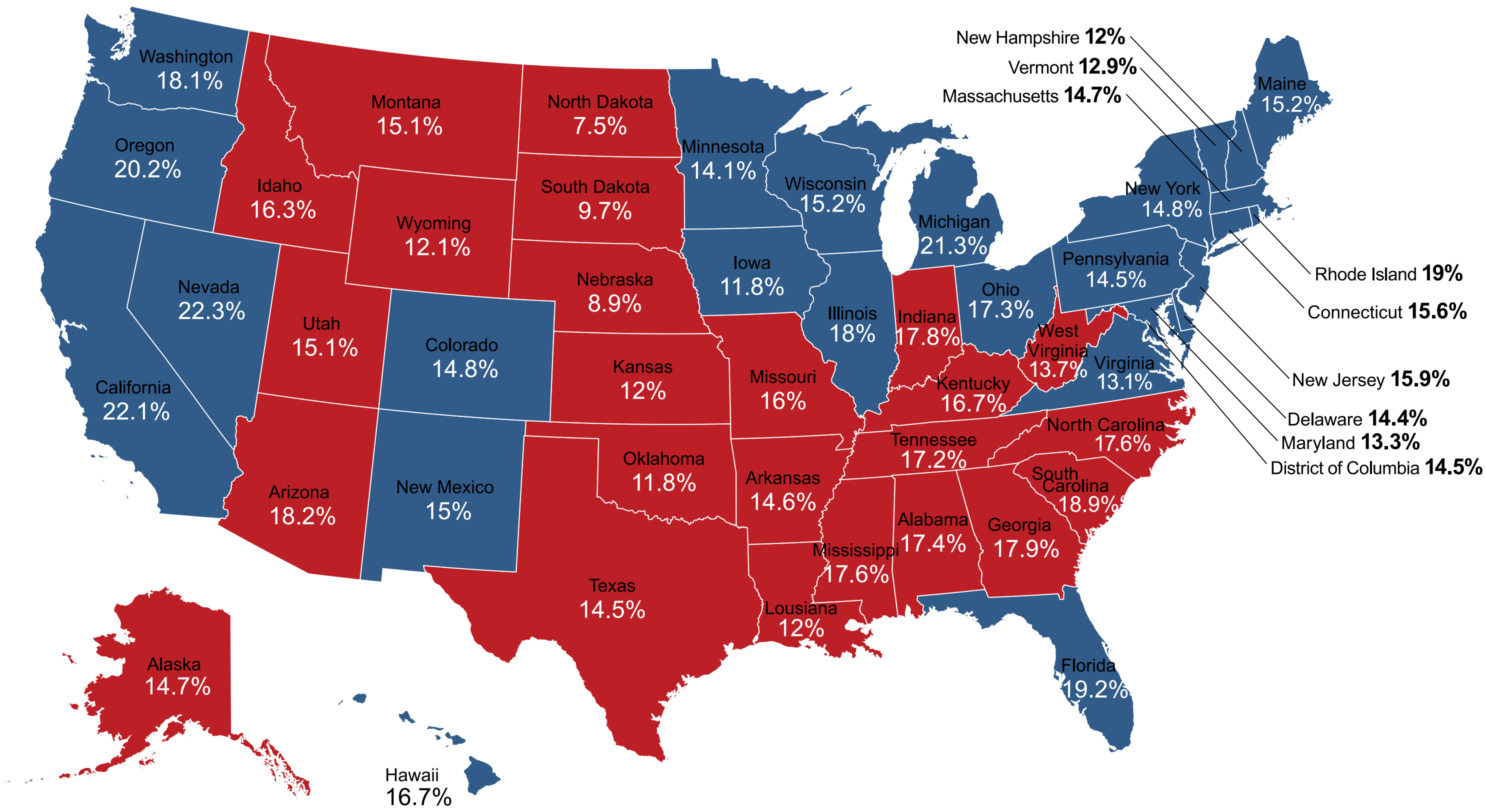
Every American benefits from the CFPB being an effective cop on the financial consumer beat as demonstrated by its civil penalty fund's $3.3 billion in payments to Americans in every state. While only a small fraction of the more than $20 billion in relief secured by the CFPB for Americans, the civil penalty fund illustrates how everyone everywhere benefits from the CFPB:

EXHIBIT 9 — Civil Penalty Fund by the Numbers

Date Published: 10/24/24

At the macro level, every American is harmed by predatory, reckless, illegal, and criminal conduct by the financial industry, as proved by the nationwide subprime mortgage and derivatives schemes that caused the 2008 financial crash. That, for example, caused unemployment to jump in all 50 states:

EXHIBIT 10 — Total Un- and Under-employed by State
(Fourth Quarter of 2009 through Third Quarter of 2010 Averages)



Making matters worse, under-regulated and deregulated finance also leads to bank failures, financial crashes, and industry bailouts. That's because—as history has proved—the financial industry cannot self-regulate and cannot prevent itself from engaging in excessively dangerous but profit and bonus-maximizing activities. Finance always tends to excess because the profit maximizing imperative and the prospect of unimaginable riches—as reflected in the tens of billions of dollars in bonus payments each year—overwhelms all self-control and understanding of the need for restraint.

There is also enormous pressure from competitors who engage in such behavior and reap the benefits of higher revenues, profits and stock prices. Any firm not going along with pushing the boundaries if not crossing the line would be punished with a lower stock price, among other things. This, in part, is what happened in the early 2000s when Morgan Stanley sacked its CEO Phil Purcell and replaced him with John Mack.[12]

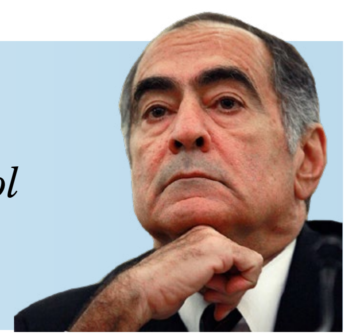
This is what Citigroup CEO Chuck Prince was really referring to on July 10, 2007 when he said,

"When the music stops, in terms of liquidity, things will be complicated. But as long as the music is playing, you've got to get up and dance. We're still dancing."

At the very time he said this, losses in the subprime market were already bankrupting funds and crippling financial firms. For example, Bear Stearns' hedge funds had already been unsuccessfully trying to sell their significantly underwater subprime positions for months, notified investors of major losses just one week later, and filed for bankruptcy three weeks later, sending shock waves around the world.[13] Yet, rather than sensibly reducing risk, most of Wall Street's biggest banks kept piling on the risk and acting as if everything was fine.[14] In other words, they kept "dancing" until the crash.[15] They could not control themselves, which is why Wall Street and the broader financial industry must be controlled by rules and regulators.

This is not simply our opinion. No less an authority than the former Morgan Stanley CEO John Mack said exactly that. He led the investment bank in the years before the 2008 crash when it engaged in widespread, highly dangerous financial activities and products that led to its near-death experience in 2008 in the days after Lehman went bankrupt.[16] Reflecting on those pre-crash days and the then-ongoing discussions about enacting legislation to re-regulate and reform the financial industry, Mack said:

"We cannot control ourselves.
You [lawmakers and regulators] have to step in and control the Street. Regulators? We just love them."



He said that in November of 2009, just 14 months after the collapse of Lehman Brothers, after banks like Morgan Stanley had already received trillions of dollars in bailouts, and as the consequences of that dangerous conduct was economically devastating Main Street Americans. By the time Mack spoke, 27 million Americans had been thrown out of work, foreclosure filings would soon reach 16 million, and 40+% of homes were or would soon be under water, i.e., worth less than the value of the mortgage.

Unfortunately, John Mack's moment of candor and insight in those months in the aftermath of the 2008 crash lasted only a moment. Rather than being a statesman and being remembered by history as a financial industry leader with integrity and courage, Mack quickly clammed up and disappeared for all intents and purposes. If he is remembered at all, he is known as the CEO who mindlessly, incompetently, and ignorantly led Morgan Stanley to the brink of extinction and contributed to causing the biggest financial crash since 1929 and causing the worst economy since the Great Depression of the 1930s.[17]

Meanwhile, his fellow Wall Street CEOs, financiers, trade groups and allies went on the attack and engaged in one of the biggest lobby campaigns in U.S. history to try to kill financial reform after the 2008 crash.[18] That failed, at least to some extent when the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was signed in July 2010. But the industry attacks during the legislative process had weakened the reforms substantially and those attacks actually increased afterwards in the rulemaking process. The industry's attack plan was to win in the regulatory process what it had lost in the legislative process.[19]

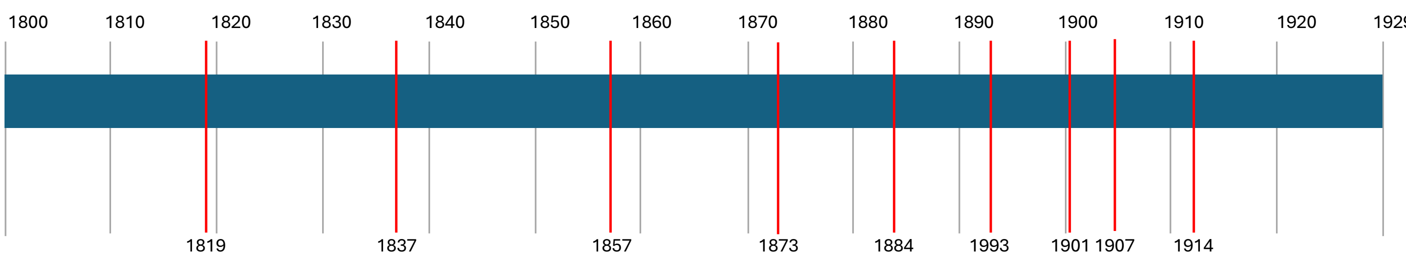
Decades of Dangerous Financial Deregulation

The leading CEO attack dog of the financial industry and Wall Street's biggest booster, the irrepressible, ever-voluble CEO of JPMorgan Chase, Jamie Dimon (aptly referred as "the Martin Luther King Jr. of the overdog"[20]),[21] (in)famously said in January 2010:

> *"Not to be funny about it, but my daughter asked me when she came home from school 'what's the financial crisis,' and I said, 'Well it's something that happens every 5 to 7 years'"*

Ironically, he was right, but off by about 100 years.[22] He was dead wrong for the 20th and 21st Centuries, at least so far. He was actually describing the century before the Great Crash of 1929. During that period, there were frequent crashes, called "panics," and they caused frequent economic calamities, sometimes regional, sometimes across the entire country, as indicated here:

EXHIBIT 11 — 1800-1929: Frequent Financial Panics



Red lines indicate years in which financial "panics" happened – some regional, some national

That all changed after the Great Crash of 1929 and the fundamental reforms of FDR during the 1930s.[23] Those reforms were multifaceted and embedded regulatory, supervisory, and structural protections for customers, investors, consumers, markets, and financial stability across the banking and financial systems. The purpose was to put layers of protection between the dangerous activities of Wall Street and the jobs, homes, pocketbooks, wallets, and financial security of Main Street Americans. Regulators—like the Securities and Exchange Commission (SEC) and the Federal Deposit Insurance Corporation (FDIC)—were created to enforce those laws through rules designed to regulate and police Wall Street so it could not again inflict widespread damage and misery on Main Street Americans.

As important, those protections also channeled capital formation and allocation to socially useful purposes, resulting in funding for the real productive economy. That's because those protections rebalanced the relationship between finance and investors and customers, who were empowered through disclosure requirements, elimination of conflicts of interest, and strong remedies for inappropriately high-risk, dangerous and predatory financial activities. Those changes also collapsed the differential between the low- margin activities which finance was supposed to engage in to support the real productive economy and the largely anti-social, but high-margin, high-risk activities that generate the greatest short-term gains and biggest bonuses.

Economically speaking, FDR's reforms finally forced finance to internalize the costs of its high-risk profit-maximizing activities, rather than externalizing them and passing them on to Main Street Americans and the government who both had to suffer the consequences and pay for cleaning up the mess that finance caused. It was a classic case of stopping finance from privatizing profits while socializing losses and it worked brilliantly for decades.

EXHIBIT 12 — 1900s: Key FDR Reforms Succeed (Until Deregulation and Disaster)

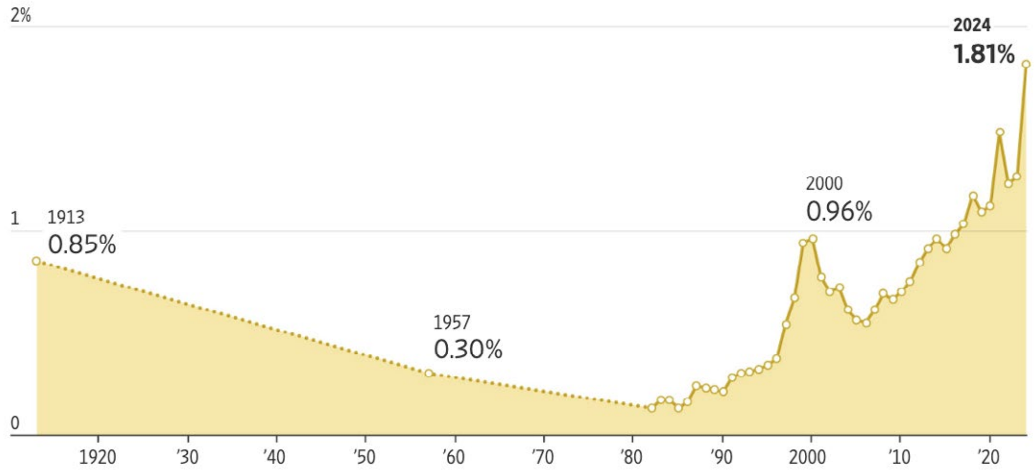
During this time (after FDR's reforms into the 1970s), the banking and financial systems were regulated more heavily than at any time in history. Yet, at the same time, the U.S. enjoyed the strongest economy, built the largest middle class, and the broadest wealth creation in history.[24] FDR's reforms also ended the pattern of frequent crashes that plagued the country for the 100 or so years before the great Crash of 1929.[25]

Until 1980, when President Reagan was elected and began a 4-decade bipartisan deregulatory effort that President George H.W. Bush continued.

Many have tracked the financial deregulation starting with the Regan administration, but one of the best recent catalogues was done by Professor Gerald Epstein in his terrific new book *Busting the Bankers Club*, with an appendix on the "assault on the New Deal regulatory structure." Unsurprisingly, as finance was deregulated and capital was misallocated to making money rather than make products and things people need and want, the wealth of the richest Americans increased dramatically.

There are a number of ways to look at this, but the skyrocketing wealth of the richest Americans in the years before the 2008 financial crash—and then again afterwards—is a good window into how deregulation has enriched the few at the expense of the many:

EXHIBIT 13 — Wealth of the top 0.00001% in the U.S. as a share of total U.S. household wealth

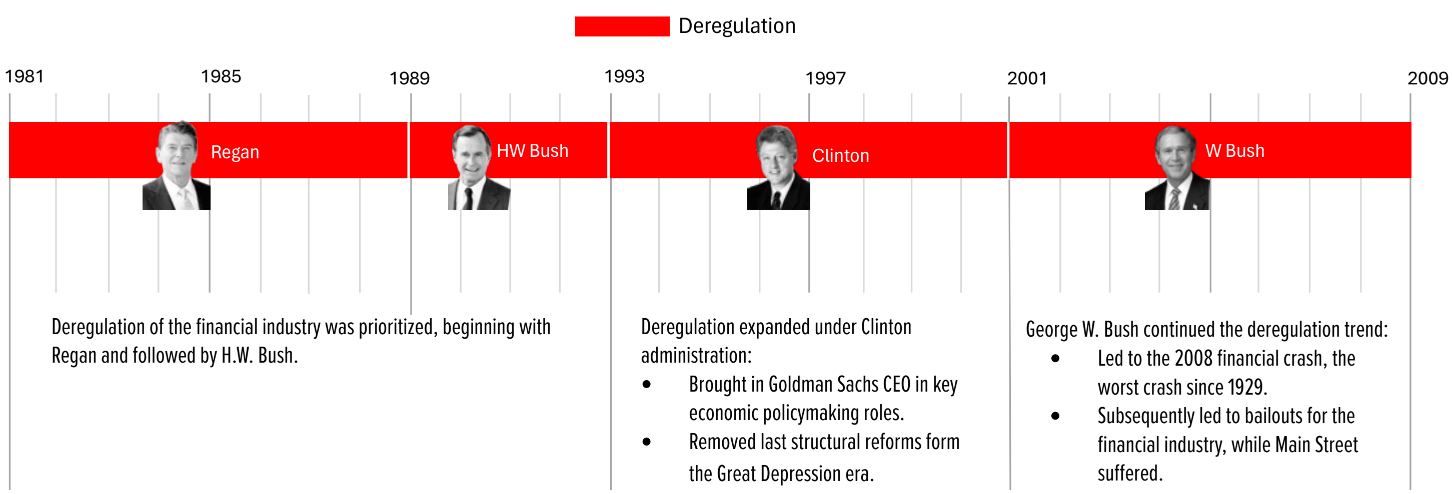


Source: Gabriel Zucman, analysis of Forbes, Fortune and Federal Reserve data

This chart was in an April 23, 2025 Wall Street Journal article entitled "[$1 Trillion of Wealth Was Created for the 19 Richest U.S. Households Last Year](#)," but it also illustrates what has happened since Regan was elected in 1980 and thereafter as the financial industry was deregulated on a bipartisan basis. That obviously wasn't the only reason for this wealth accumulation, but it is unquestionably one of the driving structural factors.

President Clinton embraced Wall Street and took deregulation to another level when he put the CEO of Goldman Sachs, Bob Rubin, in charge of national economic policy.

EXHIBIT 14 — 1980-2008: 38 Years of Bipartisan Deregulation

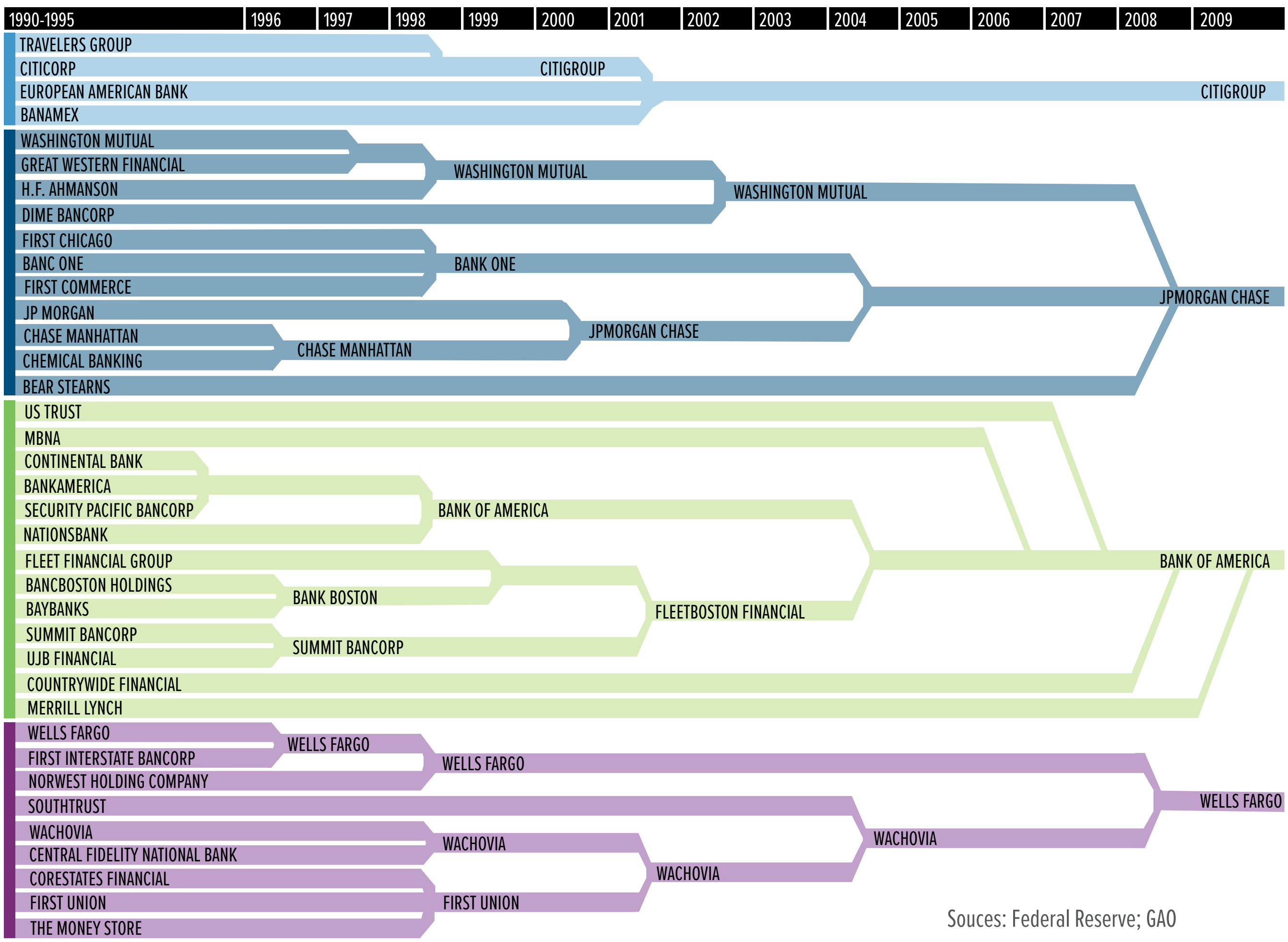


For eight years, the Clinton administration, along with Congressional Democrats and Republicans and the Chairman of the Federal Reserve (Fed), Alan Greenspan, deregulated the financial industry, tearing down the last key structural reforms of FDR. The deregulatory effort reached a crescendo when the Gramm-Leach-Bliley Act was passed in 1999, which effectively repealed the Glass-Steagall Act of 1933. Commercial banking, investment banking, insurance and other financial services could once again all be conducted by one financial firm as had been the case in the decades before the Great Crash of 1929. That law was followed, in 2000, with the passage of the Commodities Futures Modernization Act (CFMA), which basically prohibited the regulation of derivatives.

By the time President George W. Bush was elected in 2000, most of the important layers of protection between Wall Street's high-risk activities and Main Street Americans' jobs, homes, savings and so much more were gone. Reflecting the prevailing view that the "market knew best" and that the financial industry could be trusted to regulate itself, Bush installed deregulators who basically let the financial industry do what it wanted.[26]

This deregulation enabled about 40 financial institutions to consolidate into just four colossal, too-big-to-fail[27] financial behemoths by the time of the 2008 crash:

EXHIBIT 15 — 1990-2009 History of Consolidation for Citigroup, JP Morgan Chase, Bank of America, and Wells Fargo

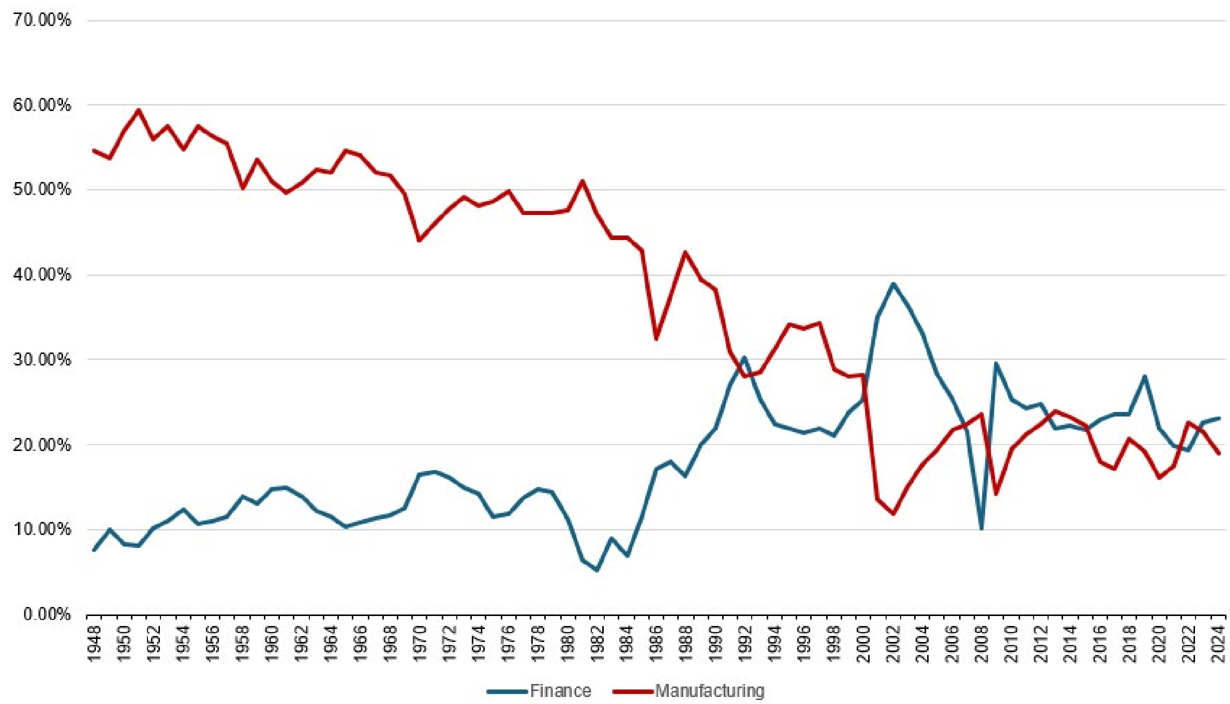


These giants were too-big-to-fail because, if they did fail, they would crash both the financial system and the economy. That was why they were all bailed out by the government (directly via $700 billion TARP and trillions from the Federal Reserve, the FDIC and others) in connection with the 2008 crash.

Revealing how this deregulation reordered the economy, an increasingly larger share of corporate profits flowed to the financial industry as it began to be deregulated in 1980. Prior to that, the financial industry post-war profits were typically around 10%. That makes sense because the financial industry is supposed to support the real productive economy, providing credit and other financial services and products that allows companies to be created, grow, employ people, and generally create wealth. Under those circumstances, finance's profits should be a fraction of the profits of the real economy. However, as finance was deregulated, it began to gobble up more and more of the total profits generated by all corporations in the country until finance's profits exceeded 40% of all domestic corporate profits in the early 2000s:

EXHIBIT 16 — Finance and Manufacturing
Share of All Domestic Corporate Profits

BEA, NIPA Table 6.16, Annual Data. "Finance" totals are based on "other financial," which excludes Federal Reserve banks.



This is an example of a parasite eating the host: what was supposed to be an industry that supports the real productive economy was gradually consuming it. It was no coincidence that finance's profits skyrocketed in the very years it was most deregulated, during the George W. Bush years before the 2008 crash. The parasite proved remarkably resilient. As discussed above, as the country suffered the consequences of the 2008 crash, the financial industry quickly regained profit and bonus momentum.

The 2008 Crash and Attempted Re-regulation

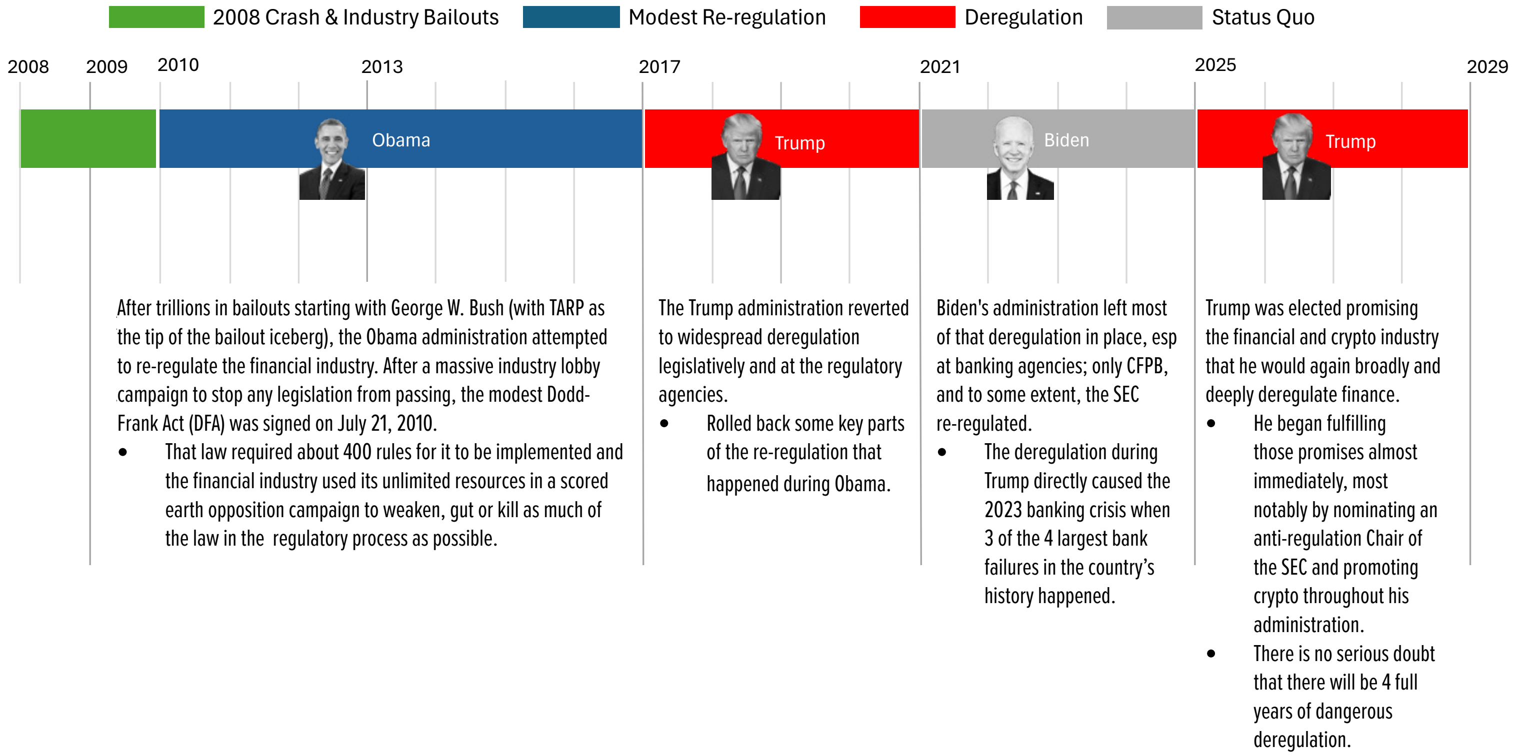
The result of Bush's deregulation (on top of the decades of bipartisan deregulation that preceded it) was the 2008 crash, followed by the enactment of Dodd-Frank in 2010. It is important to recognize that this was not regulation of the financial industry; it was a partial re-regulation of the financial industry. Viewed in light of the enormous deregulation since 1980, Dodd-Frank was modest indeed. Nevertheless, it is hard to overstate the opposition of the financial industry. As President Obama said, his administration was "met every step of the way by entrenched and well-funded opposition who tried to block any reform at all."[28] While hitting rhetorical highs, Obama nonetheless too often stood on the side of the "entrenched and well-funded opposition" in preventing real, FDR-like structural reform and against what he called the "pitchforks," denigrating the very legitimate frustration and anger off the America people.[29] That was followed by six years of modest re-regulation of the financial industry during Obama's administration.

Surrounded by Sen. Chris Dodd (D-CT) and Rep. Barney Frank (D-MA), and other members of the Senate and Congress, President Barack Obama signs the Dodd-Frank Act at the Ronald Reagan Building on July 21, 2010 in Washington, DC. The bill was the strongest financial reform legislation since the Great Depression and also created the CFPB.

(Photo by Win McNamee/Getty Images)

That all came to a screeching halt when Trump was elected in 2016. Trump didn't just stop the modest re-regulation that Obama had started; his administration actively enacted significant deregulation of the financial industry. Remarkably, although the Biden administration was provided with a detailed roadmap to address the most dangerous deregulation undertaken by Trump, the Biden administration did very little to rein in the industry and was largely status quo for four years. The country now faces four more years of deregulation of the financial industry under the second Trump administration:

EXHIBIT 17 — Crash, Re-regulation, Deregulation, Status Quo & More Deregulation



As noted above, the 2008 crash was the worst financial crash since the Great Crash of 1929 and it caused the worst economy since the Great Depression of the 1930s. At least that was true for Main Street Americans. Wall Street and the financial industry were bailed out, pocketing more than $22 billion in bonuses for 2009 alone. That was an increase of 28% over their 2008 bonuses and came after they were bailed out with trillions of dollars, including hundreds of billions in taxpayer money (See Exhibit 8 above).

Like the aftermath that followed the 1929 crash, the 2008 crash resulted in demands for reform, particularly as the pain and suffering on Main Street contrasted so sharply with the bankers stuffing their pockets with bonuses and being bailed out. This caused a titanic fight between the financial

industry, which opposed virtually all meaningful reforms, and President Obama and congressional Democrats. Unfortunately, while many rhetorically posed as reformers, almost all Republicans opposed meaningfully reforming the financial industry and, no surprise, the financial industry rewarded them by shifting most of their campaign contributions to them during this time.[30]

The Republicans were helped by the Wall Street Democrats, including those in important positions in the Obama White House and administration, who frequently were also opposing meaningful reforms. The result was a watered-down law that purportedly sought to re-regulate the financial industry in various ways. Unfortunately, rather than putting structural reforms directly into the law as FDR had done in the 1930s,[31] which would have reduced if not eliminated the industry's ability to game and evade them, almost all of the important provisions of the law were delegated to be interpreted and implemented by the nine or so financial regulatory agencies. In fact, the law required some 400 rules to be drafted, proposed, considered, and finalized, often followed by litigation as well as collateral attacks by the industry's political and other allies. The fact that there were many at the regulatory agencies—including some of the leaders of those agencies—who were not fully supportive of the law made this enormous undertaking even more difficult.

Also as noted above,[32] the financial industry saw this regulatory process as an opportunity to win back what it has lost in the legislative process. As a result, from the passage of Dodd-Frank in 2010 until Obama left office in 2016, the financial industry went to war in the regulatory process against the Obama administration and regulators. It bought and deployed an army of lawyers and lobbyists (backed up by numerous industry-aligned political allies) to engage in trench warfare, which resulted in many rules being weakened and gutted if not effectively killed. While some were finalized, much of that was ongoing when Trump won in 2016.

Trump 1 Deregulation Followed by Biden Status Quo

Trump's first administration's assault on financial regulation.

Trump's first administration stopped what little re-regulation of the financial industry there was and reignited widespread deregulation, both at the regulatory agencies and, with the help of so-called moderate Democrats, in Congress.[33] At the White House, mimicking Clinton and George W. Bush, Trump put the President of Goldman Sachs in charge of national economic policy, who unsurprisingly pushed or presided over the deregulatory agenda of Wall Street. At the agencies, Trump installed deregulators, from consumer protection at the CFPB, the banking regulators (Fed, FDIC, and Office of the Comptroller of the Currency (OCC)), the market regulators (SEC and Commodity Futures Trading Commission (CFTC)), and the Treasury and Financial Stability Oversight Council (FSOC).

These decisions caused an array of damange. The FSOC was effectively killed, ending regulation of systemically significant nonbanks. Leaders were installed at the CFPB who didn't believe in the mission of the bureau as mandated by the statute, and neutered consumer protection. The Fed enacted 20 or so rules that broadly deregulated the biggest banks in the country, especially those with less than $250 billion in assets. The market regulators at the SEC and CFTC largely adopted policies favored by the industries they were supposed to regulate and police. The widespread deregulation during the first Trump administration was detailed in a comprehensive report in September 2020 entitled "The Road to Recovery: Protecting Main Street from President Trump's Dangerous Deregulation of Wall Street."

Biden disappoints, with mixed results at best on financial regulation.

Many thought that the Biden administration would take a decidedly different approach and finish reregulating the financial industry, at least to the extent possible under the Dodd-Frank Act. That's why Better Markets released "The Road to Recovery" Report, which literally provided the Biden administration with an agency-by-agency roadmap to deal with Trump's deregulation, finish the unfinished Dodd-Frank agenda, and undertake a tailored analysis of new and emerging risks and threats. However, that did not happen; Biden's financial regulators did very little to roll back Trump's deregulation or finish the unfinished Dodd-Frank agenda. As a result, it largely failed to properly regulate the financial industry.

> *The crypto industry's goal was to eliminate the SEC's jurisdiction over crypto and get the much smaller, less effective, chronically underfunded, more friendly, and easier to capture CFTC put in charge.*

The primary exception was at the CFPB under the leadership of Rohit Chopra, who took the mission and mandate of the Dodd-Frank Act seriously and became a courageous and effective cop on the consumer protection beat. There are few regulators in history who have been under such intense and unrelenting attacks from the regulated industry, but Chopra refused to be intimidated and didn't back down. He took the law seriously and did his job heroically without fear or favor.[34]

To some extent, the SEC was also an exception under Chair Gary Gensler, but his legacy will be mixed at best. With an overly aggressive regulatory agenda of more than 60 rules, a lawless crypto industry ready to spend whatever was necessary to fight the SEC, a court system increasingly biased against the government and regulations, and a grievous misjudgment in approving crypto exchange-traded products (ETPs),[35] the SEC's record under Biden is likely going to be a net loss.[36]

CFTC's Chair's Reckless Crypto Cheerleading Undermined SEC and Investor Protection

Admittedly, the SEC's lack of success was somewhat caused by the CFTC and its Chair Russ Behnam who was a shameless cheerleader for the crypto industry, seemingly believing nothing mattered more than expanding his agency's jurisdiction if not its budget and profile. SEC enforcement was a relentless and effective cop on the crypto enforcement beat (albeit focused on the tokens rather than the intermediaries) and the industry hated the SEC and the Chair. The crypto industry's goal was to eliminate the SEC's jurisdiction over crypto and get the much smaller, less effective, chronically underfunded, more friendly, and easier to capture CFTC put in charge. While looking insecure and small if not foolish (including when bragging about being tough on crypto at a DOJ press conference and being a huckster trying to boost the price of Bitcoin), Behnam appeared only too happy to side with the crypto industry against the SEC and otherwise push crypto's preferred policies, as detailed here and chronicled in a story entitled "Inside Sam Bankman-Fried's courtship of a Washington regulator."

Although mandated by law to be an independent regulator that prioritized the public interest, the CFTC Chair became "a key ally" of FTX's now imprisoned former CEO Sam Bankman-Fried, whom he met with at least 10 times in just 14 months[37] as he publicly and privately promoted the crypto kingpin's agenda.38 He even advocated for policies and legislation that risked impairing the core authority and jurisdiction of the SEC and its mission to protect investors and the securities markets, including, importantly those having nothing to do with crypto. He went so far as to recklessly assert that FTX's favored legislation should be passed "no questions asked"![39]

The degree to which Behnam gave aid and comfort to the crypto industry (including in innumerable media and conference appearances, Hill meetings, and even a staged and biased roundtable), is a textbook example of an agency that utterly lost its way and was captured by an industry. Remarkably, Behnam continued to push SBF's favored legislation even after FTX went bankrupt, proving it was more of a lapdog than a watchdog. The CFTC's failure to side with the SEC against the crypto industry (rather than siding with the crypto industry against the SEC) will go down as one of the major failings of the Biden administration.[40] Adding insult to injury, the CFTC's record under Behnam's "leadership" otherwise was paltry at best.

> *The CFTC's failure to side with the SEC against the crypto industry (rather than siding with the crypto industry against the SEC) will go down as one of the major failings of the Biden administration.*

Treasury's FSOC Failures Inexcusable

A major, inexplicable failure of Biden's regulators, however, happened at the Treasury Department and at FSOC in particular, which is chaired and run by the Treasury Secretary. Systemically significant nonbanks were a key driver of the 2008 crash and properly regulating them like systemically significant banks was a core objective of the Dodd-Frank Act. That was critical for financial stability as well as for ending decades of regulatory arbitrage where financial firms' riskiest activities migrated from the regulated banking system to the unregulated nonbank system.

Trump, in his first administration, quickly killed FSOC's authority to regulate nonbanks, de-designated the few designated nonbanks, and then gutted the Council and its support structure at the Office of Financial Research. Biden's Treasury Secretary and FSOC took more than three years just to change the guidance Trump's Treasury Department enacted and did nothing to rein in nonbanks. The result is that, according to Biden's FSOC, there was not one systemically significant nonbank in the U.S. even though the size of the nonbank sector in the United States had doubled from about $40 trillion in 2008 to nearly $80 trillion in 2020 and far exceeded the asset size of the banking sector. Even more alarming was the rapid growth of bank credit commitments to nonbanks, which had grown nearly five-fold from about $200 billion in 2008 to nearly $1 trillion in 2022. This was a dereliction of duty that the American people will undoubtedly pay a high price for and history will judge harshly.

Fed Chair Powell Dangerously Undermined Necessary Bank Regulation

However, the award for indefensible failure during the Biden administration goes to the banking regulators, with Chair Powell at the Fed being the worst by far. Biden's reappointment of Powell was a disastrous mistake[41] that has already inflicted and is going to continue to inflict incalculable damage to the country.[42]

Chair Powell was a leader of and cheerleader for deregulation at the Fed during the first Trump administration and appears to have prevented any of that deregulation from being addressed during the

Biden administration. He also appears to have blocked additional regulation no matter how sensible or even those required by law, including the Basel III capital standards and limitations on executive compensation due to excessive risks, and much more. In addition, his conduct would appear to be directly contrary to the many assurances he provided during his renomination process, when he led people to believe that he would not interfere with the mission and mandate of the Vice Chair for Supervision.[43]

The unbelievable result is that, at the end of the Biden administration, not one of the 20 or so deregulatory rules enacted during Trump's first administration was repealed, revoked, weakened, or replaced during the four years of the Biden administration. Not one. While some rules were finalized by the banking regulators during the Biden administration such as those related to the Community Reinvestment Act, better FDIC signage, and Fair Hiring in Banking, many more consequential rules that would protect Main Street Americans against the Wall Street banks' excessive and unreasonable risk-taking were left unfinished or ignored completely. Thus, at the end of the Biden administration, the systemic risk regulation of the biggest banks in the U.S.—or more accurately, the deregulation of those banks—was the same as it was at the end of the first Trump administration.

> *At the end of the Biden administration, the systemic risk regulation of the biggest banks in the U.S.—or more accurately, the deregulation of those banks—was the same as it was at the end of the first Trump administration.*

Equally astonishing, that was true even though there was a serious banking crisis in 2023, when 3 of the 4 largest bank failures in history happened. The direct costs of the bailouts for those failures exceed $40 billion dollars, with the total, all-in costs exceeding $300 billion (due to credit contraction, etc.). That crisis and those crashes were a direct result of the deregulation during the first Trump administration, largely driven by the Fed (as enabled by Congressional Republicans and some Democrats who foolishly passed a deregulation law in 2018–against specific warnings[44]). Worse, the response of Biden's banking regulators to the 2023 banking crisis was highly questionable (invoking the systemic risk exception, failing to use any resolution authorities, etc.). The post-crisis responses were less than inadequate Band-Aids[45] rather than meaningful responses, rules or actions to address the prior deregulation and other causes of that crisis.[46] As a result, Main Street Americans are still in danger two years after that crisis from the same causes.

At the same time, the banking regulators failed to strengthen the Fed's stress testing program for the largest banks—which had been severely weakened during the Trump administration—and they also failed to implement enforceable rules to hold the boards of directors at the largest banks accountable.

However, while Powell undermined effective and necessary regulation by acting as the de facto chief lobbyist for Wall Street's biggest banks at the Fed, others failed as well, including in particular Vice Chair for Supervision (VCS) Michael Barr. His nomination was confirmed on July 13, 2022, for a term of four years as VCS, concluding on July 13, 2026 (with his term as Governor until January 2032). After four years of deregulation under Trump, there was a full agenda waiting for the VCS which included the priority of finalizing the Basel III capital rules, the so-called "Endgame" (which was an interagency rule requiring all three banking regulators to propose and finalize). That proposal, however, didn't happen until a year later, in July 2023 (arguably delayed to some extent due to the banking crisis that started in March 2023, although there had been eight months before then).

As foreshadowed by Powell's anti-rule comments when he nonetheless voted to release the proposal (to allow the process to start), Wall Street's biggest banks predictably engaged in a scorched earth war against

the proposed Basel rule. Led by the CEOs of JPMorgan Chase and Goldman Sachs and funded seemingly by hundreds of millions of dollars, they used every tool in the influence industry's toolbox, including an unprecedented media campaign that included a TV ad during the Superbowl.

That massive, unrelenting, multifront attack on the proposal was no surprise. The complete and utter lack of defense or promotion of the rule by the VCS was a surprise. It was as if he hung a piñata on a very low branch, handed everyone on Wall Street bats, failed to give them blindfolds, and told them that he would not be defending the piñata. He then let the industry bash his proposed rule virtually without a word of defense, even when the criticism was fact free if not outright lies. In light of the ample ammo to rebut the industry's baseless attacks, it was shocking unilateral disarmament.

After more than a year of nonstop, one-sided, virtually entirely unrebutted bashing, the VCS gave a speech on September 10, 2024 announcing that he was caving to the industry's and Powell's criticism and that the rule would be dramatically revised to be more acceptable to the industry. Remarkably, the speech did not provide a data or evidence-driven basis for the changes—it was clearly due to the industry's lobbying campaign. Of course, that capitulation didn't satisfy the industry because the suggestion was that they might not get 100% of what they wanted. Having forced a public retreat, the industry was clearing positioning itself for the kill. Trump's victory in November obviated the need for that because everyone immediately recognized that the rule would be toothless when finalized during the second Trump administration.

Trump's Second Administration Has Already Unleashed Unprecedented Deregulation Which Is Going to Cause Another Horrific Crash

Notwithstanding decades of deregulation, a fragile financial system, and an economy on the knife's edge, Trump's next four years are certain to set a new record for widespread, dangerous deregulation, including in particular for the financial industry. In fact, deregulation on steroids has already begun and is accelerating within and across every financial regulatory agency.[47]

Killing Independent Agencies & Politicizing Regulation

The deregulation juggernaut is so extensive that some of it is actually beyond the imagination of most people. For example, it is clear that the Trump administration intends to eliminate independent financial regulatory agencies and turn them into one-party echo chambers taking direction from the White House. This politicization of financial regulation was inconceivable before Trump's election and will undermine the quality and consistency of agency decisions and actions while guaranteeing destabilizing policy swings with each Presidential election.

Trump has issued an executive order to this effect and has already fired the two Democratic commissioners at the FTC[48] and the two Democratic commissioners at the NCUA.[49] He has also nominated a new Republican Chair of the CFTC, but for the term that is currently occupied by a Democratic commissioner. Once Trump's Chair nominee is confirmed and sworn in, the Democratic commissioner will be de facto removed from the CFTC. Trump has so far refused to nominate any Democrats for the SEC, the CFTC or any other independent agency that has historically had bipartisan boards.

Trump's plan to control the financial regulatory agencies goes far beyond having only his Republican appointees running the agencies. For example, the Treasury Secretary has repeatedly asserted a role in "coordinating" the independent agencies. The Treasury Department has been convening private meetings with the banking regulators to take "a bigger role in streamlining and coordinating plans to ease regulation." It plans on taking "the lead in crafting recommendations on the policy agenda," "play a greater role in banking regulation, including the process for determining large banks' stress capital buffers," and "review a landmark bank-capital proposal and the Supplementary Leverage Ratio."

Moreover, on April 9, 2025, Trump issued a memo directing agencies to "quickly repeal" rules deemed "unlawful, unnecessary, and onerous" without adhering to the process provided for in the Administrative Procedures Act (APA), which governs all rulemakings. While the memo claimed such actions were legal under the "good cause" exception in the APA, such a claim has never been legally tested and is likely illegal, although it is far from certain that increasingly biased and Trump-favorable courts will rule that is the case.

> *Trump's plan to control the financial regulatory agencies goes far beyond having only his Republican appointees running the agencies.*

Finally, as detailed in a April 18, 2024, 25-page draft guidance memo from the Acting Administrator of the Office of Information and Regulatory Affairs (OIRA), Trump is instructing all agencies "to involve the White House regulatory office at all stages of rulemakings" and "to appoint a regulatory policy officer" to ensure that happens. It also prohibits the agencies from discussing "proposed regulations until they are approved by the White House."[50] This is an unprecedented political intrusion into the activities, actions, and deliberations of independent agencies, which, if followed, would make them little more than offices of the White House and thoroughly politicized.[51]

Trump Running the Federal Reserve from the White House

Some continue to think Trump will take control everywhere but the Federal Reserve, or that he will at least leave monetary policy independent. That's unlikely. He's already made clear that he intends to bring the Fed's banking regulation under the control of the White House, which was reiterated in the April 18th memo referred to above and alone should worry every American. The safety and soundness of the banking system should not be determined by politicians, but it is going to be under Trump. As to the monetary policy (technically exempted under Trump's EO and April 18th memo), Trump has repeatedly berated the Fed Chair for not lowering interest rates and asserted his right to fire the Chair at will (notwithstanding the Fed Chair's repeated insistence that the President cannot and that he would not leave if the President deigned to fire him).

This is, to some extent, academic. The Fed Chair's term expires in just over a year, on May 15, 2026, when Trump will get to name a new Chair at the latest. In a clear attempt to placate Trump, the Treasury Secretary recently said that he is going to start interviewing candidates for the next Fed Chair this fall.

That timeline is unquestionably unacceptable to Trump, who has repeatedly made it clear that he wants the Fed Chair gone and gone soon and Trump's Chair of Economic Advisors has said they are "studying the matter" of firing the Chair. Or, as CNBC on April 21, 2025 reported, "Trump ramps up attacks on Powell, demands 'loser' Fed chair lower rates 'NOW.'" (This has ironically caused some of the Chair's most persistent and pointed critics like Sen. Warren to all but demand he not be fired.)

Nevertheless, some believe Trump will restrain himself and that reason will prevail: "the first order market effects and second-order economic effects of ending Fed independence [would] be severe enough to drain the administration of the political capital it will need to get much done legislatively before the midterms, and to cost Trump's party the House or the Senate in that election." If self-restraint and reason don't work, some believe the Chair will not leave before his term expires because others—investors, politicians, Fed Board members, and the Treasury Secretary—who "back central bank independence" will support his "defiance." For now—as of April 25th at least—Trump said that he has "no intention" to fire Powell, but, as the New York Times notes, "the clash between Trump and the Fed is likely to linger."

Trump has other options. Rather than firing the Chair outright, he can announce his chair nominee at any time (and can even demand that the Senate take up and confirm his nominee), thereby making Powell a lame duck. He will get to stay in office for another year and vote, but all eyes and ears will be on the incoming chair. It would be unprecedented like so many other things done by Trump in the last 100 days, but could neuter the Chair. (One observer sardonically dismissed this possibility: "if Trump were to declare his pick for the next Fed chair, and were chair-to-be Lackey McLickspittle to begin making policy pronouncements before taking office, that would be equivalent to firing Powell, and possibly more scary for markets.")

More importantly, regardless of what Trump does in the short term, there is no doubt that Trump is going to directly or indirectly control or heavily influence interest rates soon (or at a minimum will likely be believed to be doing so). Given Trump's clear and repeated statements, there can be little doubt that he will only nominate someone to be chair who will be to some significant degree subservient to him and who will enact policies he demands. For example, a leading contender to replace Powell, Kevin Warsh, recently said the Fed should have "operational independence," whatever that means. Interestingly, when he was previously a Fed governor under Democratic President Obama, Warsh made the categorical statement "any attempt to influence inappropriately the conduct of Fed policy would yield a strong and forceful rebuke by Fed officials and market participants alike."

Whatever Warsh now means and regardless of who Trump picks to replace Powell, it means that the Fed's monetary policy will be to some extent de facto run by the White House. Sure, interest rates are set by the Federal Open Market Committee (FOMC) which has 12 voting members: the seven Governors of the Federal Reserve, a rotating set of four of the Presidents of the regional Feds, and the New York Fed President. But as Fed Governor Waller's recent Trump-aligned statements about tariff inflation being "transitory" and that multiple rate cuts soon make sense under multiple scenarios suggest (and those of the Cleveland Fed's President of being open to cutting rates), it's not unthinkable to conclude that sooner or later (and likely sooner) that enough will bend to do whatever Trump wants.

Ironically, it may not matter, as pointed out by the *Wall Street Journal* in a recent story entitled "Trump Says Powell is a Loser. The Real Loser Might Be Trump's Pick for the Next Fed Chair." The point is, true or not, Trump's Fed Chair pick will be under a cloud of suspicion and viewed as being willing to bend to his wishes. That will undermine his or her credibility and will likely impact Fed policy—and the markets' reaction—regardless.

The entire Republican party in Congress has subordinated itself entirely to Trump's wishes and whims, as has the Supreme Court for the most part (so far). It is unlikely that a majority of the FMOC will stand alone against Trump, particularly once a strong pro-Trump chair controls the Fed and is pushing his policies.[52]

Unleashing Crypto Harming Consumers and Financial Stability

Regarding other deregulation so far, the crypto industry has been the biggest and most visible beneficiary of Trump's deregulation juggernaut.[53] In the short time since inauguration, Trump has ordered the complete unleashing of the crypto industry and installed crypto boosters across the entire government from the White House to the regulatory agencies and at the executive departments, including Treasury, Commerce, and Defense.[54] These actions are reminiscent of—and will likely have a similar impact to—the complete deregulation of derivatives in 2000, which was both a primary cause of the 2008 crash and a conveyor belt spreading risk worldwide.[55]

Trump's actions are so extreme that he announced the creation of a so-called strategic crypto reserve even though there is utterly no need or basis for it. Remarkably, he's not limiting this to Bitcoin but including five crypto tokens, each of which unsurprisingly jumped in value as a result of the announcement.[56] This will transfer wealth from taxpayers to crypto billionaires who used the corrupt campaign system to fund his campaign and many in Congress to buy just this type of policy that will enrich them at the expense of the country. Creating a so-called reserve will create artificial demand, inflate crypto prices, cause FOMO (fear of missing out), and result in massive losses over time for many. Even more unbelievable, 18 states now also talking about doing the same but considering funding the so-called reserves with money from pension funds. Remarkably, dozens of private corporations are now also of buying Bitcoin, following the trail blazed by MicroStrategy. None of this will change the fact that crypto has no legitimate use; its least bad use is speculation and gambling, and illegal and outrageous criminal activities that victimize millions of Americans predominate, including ransomware and pig-butchering.

> *...Crashes in crypto will result in contagion and crashes in the banking system, threatening financial stability and almost certainly leading to bailouts.*

The crypto deregulation, discussed further below, is across all the agencies (including the SEC, CFTC, OCC, FDIC, Federal Reserve and the DOJ) and the rest of the executive branch (with the White House pushing for more). It's important to remember that the crypto carnage of 2022, when dozens of crypto firms went bust and the value of crypto dropped by 2/3rds or about $2 trillion in about nine months, had almost no impact on the traditional banking and financial systems. That's because there were few if any interconnections between them and the crypto industry. They basically ran as two parallel systems with almost no overlap.

That was because the regulators at the agencies, including in particular at the banking agencies, didn't allow banks to engage in crypto activities or affiliate with crypto companies. The result was that there was no contagion from the 2022 crypto disaster to the banking system, and therefore there was no threat to the financial system and no bailouts. That is unlikely to be true in the future as crypto is allowed to not only interconnect with the core of the traditional banking and financial systems but is likely to become deeply embedded in it. That means crashes in crypto will result in contagion and crashes in the banking system, threatening financial stability and almost certainly leading to bailouts.

Eliminating Staff At The Agencies Endangers All Americans

Trump's actions at the financial regulatory agencies responsible for capital, derivatives and commodities markets as well as banking are similar. In addition to the specific deregulatory actions taken or planned, Trump is also engaged in the dramatic downsizing of the financial agencies. For example, the FDIC intends to cut 1,200 more jobs in addition to the 500 who accepted buyouts, which will result in about a 25% reduction in staff.[57] Reductions of various degrees are happening at all of the financial regulatory agencies. As a result, there will be many fewer people to examine, supervise, regulate and police the financial markets, which will inevitably result in more predatory and illegal behavior. As Georgetown Law Professor Levitin put it, "This is deregulation by firings."

It will also mean that there will be fewer experienced and capable senior professionals on duty during the next financial crash. There will be future financial crises like 2023 and crashes like 2008, which is when the most experienced senior regulators and policymakers are needed to make some of the most important decisions for the country, often with little time and under ambiguous circumstances—precisely when experience will matter the most. They are the people who will determine whether a crisis becomes a crash and whether the next crisis-caused downturn becomes another Great Depression. Unfortunately, those decisions are going to be made by fewer and less experienced people next time than in the past, dramatically increasing the risk to Main Street Americans, the banking and financial systems, and the economy as a whole.

> *..There will be many fewer people to examine, supervise, regulate and police the financial markets, which will inevitably result in more predatory and illegal behavior.*

SEC Deregulation Hurts Investors, Markets and Financial Stability

The SEC, an historically independent agency, was created in the wake of the Great Crash of 1929 to protect investors, maintain fair, orderly and efficient markets, and facilitate capital formation. Since then, the U.S. financial markets have been, for the most part, well-regulated and well-policed, and that has engendered the faith and trust of investors worldwide. As a result, the U.S. has benefited from the deepest, most liquid, most efficient markets in the world, which have provided the fuel for the U.S. economy and standard of living.

However, the SEC's actions since Trump was elected signal a decided shift from those historic and critically important roles, especially of protecting investors which is being deprioritized to protect industry interests. The **indications are that it is moving from investor protection to management protection**. In fact, Acting Chairman Uyeda explicitly—and incorrectly—said as much when recently noting that since the inauguration

> "the Commission has begun the process of returning to its narrow mission to facilitate capital formation."

There is no such "narrow" mission, and that benighted statement is directly inconsistent with the plain language of the statute creating the SEC.

Trump's acting SEC Chair did not wait for the new chair to be nominated or confirmed before undertaking widespread deregulation of the securities industry and weakened enforcement. Those actions included delaying reporting and disclosure requirements, proposing rules to open up unregulated private markets to retail investors, issuing new restrictive guidance for shareholder proposals, preventing large shareholders from engaging with companies on environmental or social issues, reducing information to catch lawbreakers via the Consolidated Audit Trail (CAT),[58] permitting around-the-clock trading, dismantling the crypto enforcement unit, repealing accounting guidance designed to protect the financial system from crypto's risks, pausing and likely abandoning defense of the climate risk disclosure rule, declares memecoins unregulated, issuing guidance that stablecoins may not be securities, and taking actions to drop key lawsuits against lawbreakers like Binance[59] as well as lawsuits filed by industry against rules they oppose.

Evidence of the lengths to which the SEC is unilaterally disarming and caving to the financial industry, and the crypto industry in particular, is the SEC's unprecedented dismissals or planned dismissals of innumerable lawsuits and enforcement actions, virtually all with prejudice, meaning that no future SEC may bring such a case once dismissed. This is in addition to eliminating a 15 year old bipartisan policy of delegating authority to the Director of the Division of Enforcement to formally open investigations and issue subpoenas. The division is now required to seek authority from the Commission before it can open a formal investigation or issue a subpoena.

> *Requiring political appointees to review and approve enforcement investigations will likely politicize SEC enforcement...*

Requiring political appointees to review and approve enforcement investigations will likely politicize SEC enforcement, particularly given the White House's insistence that the SEC is not an independent agency and is subject to the control of the White House. An indication that the SEC was already being politicized occurred just before Trump was inaugurated. Before he became the Acting Chair, Commissioner Uyeda requested that the SEC enforcement lawyers seeking to file a case against Elon Musk declare that they were "not motivated by politics." The case was an all but open and shut case that would have been brought long ago against anyone else, but because of his lawfare against the SEC the case was dragged out and the staff had been overly thorough. The Commissioner's reported request injected politics into an otherwise routine enforcement case and is a troubling indication of what is likely to happen in the future.

The SEC dropping its lawsuits against Ripple and Coinbase stand out as particularly dangerous and indefensible. The Coinbase suit appears to be the only time that the SEC has decisively won a motion for judgement on the pleadings or similar motion (in a highly favorable 84-page decision backed by ample law that clearly indicated it was highly likely to win on the merits[60]) and then nonetheless unilaterally dismissed the case. Here the court found that the SEC had sufficiently pleaded that Coinbase

1. Operated as an unregistered exchange, broker, and clearing agency;
2. Engaged in the unregistered offer and sale of securities through its staking program; and
3. Was a control person of Coinbase Global.[61]

Such an action is a gross miscarriage of justice, certain to demoralize the professional staff at the SEC, and even more likely to embolden not just the crypto lawbreakers, but all lawbreakers who will see that the SEC is now a politicized agency not making decisions on the merits and law but on the political whims of its leadership and those in the White House. That poses a direct threat to the preeminence of U.S. capital markets, where investor trust is based on the exact opposite.

It's remarkable that this happened before Trump's nominee for SEC Chair was confirmed by the Senate and sworn in on April 21st. Unfortunately, he is expected to initiate even deeper deregulation and cripple enforcement. He is a deregulation zealot whose prior service as a commissioner of the SEC from 2002-2008 contributed to the 2008 crash after which he spent the last 16 years opposing the reforms enacted to prevent that from happening again on behalf of financial industry clients of his consulting firm. As reported, he was "Wall Street's expert for hire." Frankly, he has an anti-SEC, anti-investor, and anti-financial stability record. Additionally, he appears willing to materially cut the staff of the SEC, which will dramatically reduce its ability to examine, supervise, and police the $100+ trillion U.S. securities markets.

When staff reductions are added into the mix, the bottom line, as a number of academics specializing in securities law noted, "the end result might be [that the SEC becomes] a shell of its former self, as [it] becomes an agency with little power, capacity, or independent judgement."

> *The end result might be [that the SEC becomes] a shell of its former self, as [it] becomes an agency with little power, capacity, or independent judgement.*

CFTC Deregulation Endangering Main Street Families and Financial Stability

Trump's nominee to be Chair of the CFTC, the regulator of the multi-trillion-dollar derivatives and commodities markets, is a crypto executive at a libertarian Silicon Valley venture capital firm run by one of Trump's most vocal and biggest financial backers. Virtually the entire crypto industry is working desperately to get the CFTC put in charge of crypto and this would be putting a crypto executive in charge of supposedly regulating and policing the industry.

The nominee is also on the board of a financial firm that is trying to unleash gambling on elections through the backdoor of CFTC-regulated event contracts. That firm is currently suing the CFTC and the nominee reportedly will not recuse himself from such matters. To say the least, these positions "spur ethics questions." In fact, these conflicts of interest should be disqualifying. After so many years of seeking to maximize private company profits on these very issues, it is difficult to believe that he will put that mindset aside and prioritize the public interest, especially when it is inconsistent with private sector profit maximization of his past and presumably future employers.

Similar to the Acting SEC Chair (although to a decidedly lesser extent), Trump's Acting CFTC Chair has already started deregulating the derivatives and commodities markets while weakening enforcement, in addition to basically waving the white flag of surrender to the crypto industry. For example, the CFTC did not stop Super Bowl event contracts from being used as a backdoor to bring gambling into regulated financial markets, while simultaneously weakening enforcement by dismantling key task forces focused on market manipulation and misconduct. Think about this: the agency charged with policing the commodity markets and making sure that all Americans have the products they need, when they need them, in the right amounts, and properly priced is now going to have to redirect its very limited resources to police the gambling markets, including those focused on elections across all 50 states. Any unbiased person would readily see how inappropriate this is and stop it. Instead, the CFTC appears ready to embrace it and unleash unregulated gambling on the American people.

Federal Reserve' Dangerous Deregulation Is Increasing

At the banking agencies, Trump has de facto controlled Fed supervision and regulation from day one because he appointed the Chair during his first term (after which the Chair was an unqualified deregulation cheerleader and whose actions contributed to the 2023 banking crisis). As Trump returned to office, Powell wasted no time in showing his true political ideology: pre-inauguration, Powell put the climate-blinders back on and withdrew the Fed from the Network for Greening the Financial System; the Fed is now the only major central bank in the world not to be a member. Once Trump was sworn in, Powell jumped to comply with his executive orders within days while never complying with Biden's executive orders on mergers and other topics in four years. And, he quickly signaled his willingness to deliver on Wall Street's deregulation wish list, starting with reducing if not eliminating the supplemental leverage ratio and, of course, meaningfully reducing capital requirements via Basel III or otherwise.

More brazenly—and cravenly—Powell suggested in Congressional testimony on February 12, 2025, that it might be better to eliminate the position of Vice Chair for Supervision which was created in direct response to the Fed's failure to properly regulate Wall Street from 2000-2008. That dereliction of duty was a leading cause of the 2008 crash. In an utterly inaccurate statement, Powell testified:

> "For many years,…we [the Fed] did our business without a vice chair for supervision. What that means is, everything goes through the full board, and it [Fed regulation] was very effective."

That is objectively false. In the decades before the 2008 crash, the Fed simply did not do its "business"; it was not "effective"; it failed miserably and completely; and its failures directly led to, caused, and enabled the crash and its severity and scope.

> *The Fed's deep, broad, and highly consequential failures spanned financial stability and consumer protection, necessitating the creation of the Vice Chair for Supervision position and the CFPB.*

The Fed's deep, broad, and highly consequential failures spanned financial stability and consumer protection, necessitating the creation of the Vice Chair for Supervision position and the CFPB. In any world where there was any meaningful accountability, the Fed's responsibility for supervising and regulating systemically significant banks would have been taken away from it for those indefensible failures in the Dodd-Frank Act, as was the case regarding consumer protection responsibilities, which were removed and transferred to the CFPB. Only in the upside-down world of Washington DC did the Fed not only keep those duties but was rewarded for its failures with additional responsibilities and powers, including astonishingly over nonbanks via its chokehold on the FSOC.[62] Chair Powell's attempt to erase and rewrite the Fed's pre-2008 crash history will not likely succeed, but his testimony was an ominous indication of the degree to which he is willing to make the Fed once again as subservient to Wall Street as it was before the 2008 crash.

Unfortunately, Powell's efforts to undermine if not destroy the position of VCS came to fruition when the Fed made the shocking announcement that Barr would voluntarily relinquish his Senate confirmed position as VCS effective February 28, 2025. This was reportedly a preemptive move to avoid Trump firing the VCS and the resulting protracted litigation over his right to do so.[63] However, it had the effect of subordinating the VCS role to the political whims of whomever happened to be President, the opposite of the intent of creating an independent VCS. The safety, soundness, and financial stability of the banking system in the U.S. would now be a political position.

Moreover, it immediately stopped virtually all banking regulation because the Fed also announced that it did "not intend to take up any major rulemakings until a VCS successor is confirmed."[64] Given there were no open seats on the Fed Board, Trump would have to pick a current member to be VCS and it had been clear from numerous speeches and statements that Gov. Bowman had been campaigning for the position. Remarkably, Bowman was the community bank representative on the Fed Board and Better Markets applauded her confirmation in 2018. But something strange happened to her—she became little more than a shill for Wall Street's biggest banks. It was as if she was on the payroll of Goldman Sachs (where maybe not coincidentally a former senior member of her staff left the Fed for a lucrative position).

Bowman—referred to as "Trump's light-touch nominee"—has supported tailoring (a euphemism for weakening regulations under the guise of size or business models), further weakening the bank stress testing framework, and for lowering the guardrails that protect consumers and the financial system against risks that accompany new risks such as bank-fintech partnerships and artificial intelligence.[65] By vocally ignoring her community bank roots and all but ignoring the needs of community banks, Bowman was nominated by Trump to be VCS on March 17, 2025.[66] There are many reasons why Bowman is the wrong choice to lead bank regulation and supervision. The net result of the actions she advocates, including during her nomination testimony, will be an "out of business" sign at the Fed regarding the proper regulation and supervision of the nation's biggest, most dangerous banks.

As one observer aptly put it,

> "the Fed is a crucial conduit for deregulation. And while Powell has maintained a robust line on the sanctity of an independent monetary policy, he seems far more accommodating on bank rules. In addition to his enthusiasm for [Supplementary Leverage Ratio] reform, Powell said last week that a (further) watering down of the so-called Basel III Endgame—the US implementation of the latest global rule book on capital—would be ready 'soon.'"

Powell and Bowman are going to be a one-two punch, broadly undermining the proper regulation of the biggest, most dangerous banks.

Making matters worse, Powell either has or is planning to cave to the crypto industry and its bogus claims of "debanking," which are debunked here. Nevertheless, Powell strongly suggested he's going to open up the Fed's banking and payments systems to the crypto industry, which, as discussed above, is a high-risk, volatile financial product that has no legitimate use case and is an industry riddled with lawlessness, fraud, manipulation, illegal and criminal conduct. For example, on April 24, 2025, the Fed and the FDIC withdrew two key joint guidance statements from early 2023 that limited banks' involvement with crypto activities. As the Wall Street Journal put it, referring to the many actions the banking regulators have taken over the last 100 days, "crypto knocks on the door of a banking world that shut it out."

The result will be deep interconnections that will prove to be transmission mechanisms for risk and contagion. The Fed appears intent on allowing the proven wrong laissez-faire attitude of self-regulation and the "banks know best" mentality that prevailed from 2000 until the crash of 2008 to reign supreme again.

FDIC Putting Americans' Savings Accounts At Risk

While the Fed is the most extreme example of an irresponsible de-regulator, Trump's other banking regulators are signaling dangerous if not outright mindless deregulation as well. The FDIC was created during the Great Depression to restore trust and confidence in the banking system after thousands of banks collapsed into bankruptcy, costing Americans from coast to coast their life's savings. It has a 91-year record of protecting Americans' savings accounts and is the gold standard of effective bank insurance and run prevention. Nevertheless, the Trump administration is talking about eliminating it or merging it into other regulators, as detailed on February 19, 2025 here. This would be dangerous and damage every single American family.

Whether eliminated or merged, Trump's Acting Chair of the FDIC announced his agenda, which threatens to undermine its most important mission. The Acting Chair mentions the FDIC's Deposit Insurance Fund just once and only as item 14 of 15 items; and even then, it is referenced only in terms of pursuing "efficiencies," the typical euphemism for deregulation. The Acting Chair is clearly focused on the priorities of the financial industry to promote "innovation" and fintech. That should worry anyone with any money in U.S. banks or who is interested in preventing bank failures and financial crashes, as has been painfully proved by the $100 million missing in the collapse of the Silicon Valley fintech firm Synapse.

The FDIC is taking other actions that are going to endanger American's savings accounts.[67] For example, the FDIC is making it easier for banks to facilitate and engage in crypto related activities. It is also weakening banks' living will mandates, which will make bank bailouts more likely. Finally, it ended the disclosure of total assets of banks on the "problem bank list" which provided the public with key information.

> *...States simply do not have the capacity, resources, and jurisdiction that the CFPB has and, therefore, while the states may help in places and at times, they cannot be an effective substitute for the CFPB.*

Deleting Consumer Protection Harms All Americans

As has been widely reported, the CFPB has been a top target of Trump and his funders, supporters, and political allies, including those saying "delete" the CFPB and "CFPB RIP." Trump's Acting CFPB Directors have effectively shut down the entire agency with the clear intent of killing it permanently or crippling it to be ineffective. It's most recent action was a memo dated April 16, 2025 setting forth the "2025 Supervision and Enforcement Authorities," which "dramatically scales back its operations by shifting enforcement and supervisory work to the states and halting oversight of all nonbanks and Big Tech firms." This is an evisceration of the CFPB to a skeletal organization that may technically comply with the absolute minimum required by law but will violate the spirit and intent of the law, leaving financial consumers to fend for themselves when they are abused and ripped off by the biggest financial firms in the world. It's not a fair fight, which is exactly what Trump's ideologues, and the industry want. Moreover, the states simply do not have the capacity, resources, and jurisdiction that the CFPB has and, therefore, while the states may help in places and at times, they cannot be an effective substitute for the CFPB.

These actions will have grave and likely devastating consequences that will result in little if any protection for financial consumers. The Fed Chair admitted as much in recent testimony. He correctly stated that the CFPB has exclusive federal jurisdiction for consumer protection at banks with more than

$10 billion, which will go unregulated if the CFPB is not functioning properly. Ironically, the result will be that only banks with less than $10 billion—community banks—will potentially be regulated for consumer protection because they are still under the jurisdiction of the Fed. However, given the Fed's unbroken record of refusing to protect financial consumers, it is unlikely they will start taking this duty seriously. The net result with be a return to the years before the 2008 crash when the banking regulators ignored their duties to protect bank customers.

This is important not just because the CFPB has provided more than $20 billion in relief to more than 200 million Americans who were ripped off, scammed, cheated or discriminated against by the financial industry over the last 14 years, although that is obviously important.[68] It's also because the CFPB has a vital financial stability mission: identify and stop predatory conduct before it becomes systematic and causes a financial crash. This is exactly what the Fed and other banking regulators did not do in the years before the 2008 crash when Main Street Americans were ripped off by predatory financial firms peddling subprime mortgages.[69] That Main Street predatory crime wave fueled a Wall Street derivatives crime wave that crashed the global economy. That's why Main Street consumer protection isn't just important for protecting Main Street consumers; it's also critical for preventing a collapse of the financial system and horrific economic crashes. Given that the CFPB will no longer address those threats and given that the crypto and fintech crime waves are just starting, killing the CFPB will leave Americans, the financial system, and the entire economy exposed and vulnerable.[70]

CONCLUSION: A Crash is Coming

These broad, deep, and widespread actions deregulating the financial industry would be reason enough to conclude that Trump was going to cause another financial crash. But that's not all. These actions come on top of decades of deregulation that have left the financial system woefully underregulated, fragile, and vulnerable. So, Trump's further wave of deregulation already well underway will pour fuel on a smoldering fire.

This is not some biased, left-wing assessment. No less a mainstream, pro-finance and financial industry media outlet like Bloomberg recently editorialized "The Financial Crisis of 2025? Better Be Ready." It warns about excessive leverage, undercapitalized financial companies and banks, and the dangers from cutting regulatory personnel. Those concerns and many more identified there are valid and require immediate corrective action (to avoid Bloomberg's misguided suggested response of bailing out the financial industry, again).

The facts prove that the financial industry is not overregulated. In fact, it is dangerously under-regulated and that means excessive risk taking is increasing, which Trump's deregulation is going to make much, much worse. As Morgan Stanley's John Mack said, the industry won't be able to control itself and this time the damage to Main Street will likely be much worse than the 2008 crash, which resulted in a lost generation of Americans economically and historic political upheaval. That's because not only has Wall Street been deregulated and unpoliced, but it has not been held accountable for all the damage it did in causing the 2008 crash. In fact, Wall Street banks were rewarded with bailouts and the executives were rewarded with bonuses.[71]

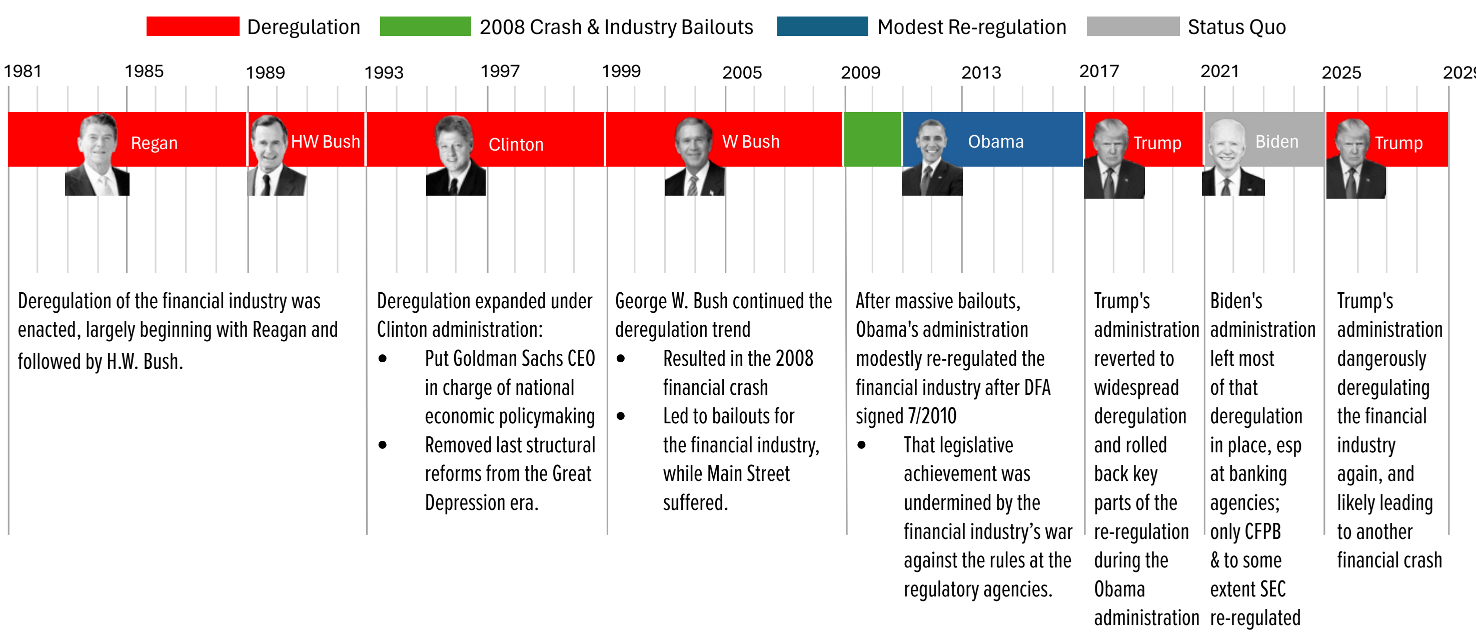
As a result, moral hazard in finance—the view that they can do anything, reap the short-term rewards, and never face accountability or consequences—has probably never been higher. Not only was there zero accountability for the 2008 crash, but those in finance were bailed out, reaped historically high profits, and pocketed hundreds of billions in bonuses. That happened again (to a lesser degree) in the banking crisis of 2023.[72] Rather than being held accountable, they were rewarded. Given finance is driven by a financial incentive system, the only rational decision for them is to ramp up risk to the highest levels conceivable because they will reap the upside and never suffer the downsides, which will be shifted to Main Street Americans like has happened over the past decades.

That's why another catastrophic financial crash is virtually inevitable. While the severity of that crash cannot be known with certainty, it is likely to be worse than the 2008 crash given the circumstances. That crash resulted in a lost generation of Americans economically speaking and was a key reason Trump was elected to his first term.[73] It was so severe that 90% of Americans were poorer at the end of 2016 than they were in 2007 by between 17% and 35%. The economic, social and political consequences of that crash continue to reverberate today. One can only imagine the dire consequences of something like that happening again, as is all but inevitable given the deregulation Trump is going to implement.

While the industry will no doubt continue to claim it is overregulated, the facts show without a doubt that the industry—after decades of deregulation—is underregulated and the country is going to pay a heavy price for yet another four years.

EXHIBIT 18 – 48 Years: Mostly Deregulation

36 Years of widespread deregulation | **6 Years** of modest re-regulation | **4 Years** of status quo | **2 Years** of historic industry bailouts



ENDNOTES

1 As used herein, "deregulation" is not limited to undoing existing rules and failing to enact necessary new rules. It also includes the failure and refusal to enforce existing laws and rules (via dropped lawsuits, announcements of nonenforcement, and the refusal to file lawsuits) as well as the failure to properly conduct supervision and examination of financial institutions. As noted during the first Trump administration, "banks get kinder, gentler treatment under Trump" across the full range of regulatory responsibilities, which cumulatively result in the financial industry being allowed to mostly do whatever it wants. *See also*, "Bank bosses call for softer rules, Trump-nominated regulators listen."

2 There is always a lag between deregulation and the financial crashes it causes: it took 8 years after deregulation reached a peak in 2000 before the 2008 crash happened and it took 5 years between the modest deregulation during Trump's first administration in 2018 to cause the 2023 banking crisis (when 3 of the 4 largest bank failures in the country's history happened and which had direct bailout costs of more than $40 billion and all-in costs exceeding $300 billion).

3 Matt O'Brien, "The Bottom 90% are still poorer than they were in 2007" The Washington Post (Oct. 1, 2018)

4 *See*, Martin Wolf, The Crisis of Democratic Capitalism (February 2023)

5 *See*, *e.g.*, Graydon Carter's classic piece on Dimon entitled Dimon in the Rough," Vanity Fair (March 4, 2011)

6 *See*, *e.g.*, "Trump's deregulation agenda threatens global financial stability," Politico (April 8, 2025).

7 *See*, *e.g.*, David Leonhardt, "Ours Was the Shining Future, The Story of the American Dream," Penguin Random House (2023).

8 *See*, *e.g.*, Better Markets, "Federal Reserve Deregulation Caused the Failure of Silicon Valley Bank and the 2023 Banking Crisis," (March 27, 2023).

9 For a brief, but thoughtful discussion of these issues, albeit focused on Europe, see "Myths of Europe's overregulation," Financial Times (February 20, 2025).

10 These bonus figures significantly understate the bonuses paid in the financial industry because they only reflect those paid to securities industry employees who work in New York Cite as tracked by the New York State Comptroller.

11 It's important to remember that financial consumers include virtually all Americans because 95% of Americans have a savings or checking account, a debit or credit card, or a loan or investment of some type.

12 Better Markets, The State of Financial Reform: A View from the United States (October 31, 2018).

13 *See*, William D. Cohan, House of Cards: A Tale of Hubris and Wretched Excess on Wall Street (March 10, 2009).

14 The outlier appears to have been Goldman Sachs, which, apparently seeing the early cracks in the subprime market, began to quietly hedge its exposure to subprime risk with what became a very big gross (not net) short position. Its later protestations that it basically had a flat book, not a short position, belies its actions over the prior year-plus to shift its risks to others who failed to derisk. That, however, didn't prevent Goldman Sachs from being de facto bankrupt within days after Lehman's failure in September 2008 when it admitted it was "toast" unless it was bailed out by the government. *See* Better Markets, Goldman Sachs Failed 10 Years Ago Today (September 20, 2018).

15 In an ominous echo, JPMorgan Chase CEO Jamie Dimon said in November 2024 that bankers were "dancing in the streets" at Trump's victory and promises of deregulation. See Adrian Volenik, Jamie Dimon Says Trump's Plans To Loosen Regulations Have Bankers 'Dancing In The Street', Yahoo! Finance (November 27, 2024).

16 Better Markets, Goldman Sachs Failed 10 Years Ago Today (September 20, 2018). (On Friday, September 19, 2008 – just four days after Lehman Brothers filed for bankruptcy—Morgan Stanley called Treasury Secretary Geithner "and indicated they cannot open Monday. Morgan advised Goldman Sachs of that and Goldman is now panicked b/c feel that if Morgan does not open, then Goldman is toast.")

17 *See* Andrew Ross Sorkin, "Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System—and Themselves," (September 10, 2010).

18 Interestingly, the financial industry did the same thing after the Great Crash of 1929: it engaged in a lobbying and PR war to

stop FDR from regulating them at all, as detailed in Diane Henriques' recent book "Taming the Street: The Old Guard, the New Deal, and FDR's Fight to Regulate American Capitalism"; *See also*, Ron Chernow, "The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance".

19 *See*, Sen. Sherrod Brown, Speech at Levy Economics Institute (April 9-10, 2014), ("One of the major financial service lobbyists said [when Dodd Frank was passed], 'Now it's half-time. The bill's done. Now it's our turn to start helping to write the regulations.'").

20 Do not miss reading Graydon Carter's classic piece on Dimon entitled "Dimon in the Rough," VANITY FAIR (March 4, 2011).

21 Although endlessly lauded by both parties and touted as a statesman of some sort, Dimon has presided over JPMorgan Chase while it has compiled an egregious and very lengthy recidivist record of breaking the law, with almost 100 legal actions and more than $40 billion in fines and settlements, including pleading guilty to five separate criminal felony indictments. Those years-long crimes and lawbreaking are shocking and include being the banker to Ponzi-scheme kingpin Bernie Madoff, and manipulating numerous financial markets (including manipulating the treasury markets for seven years).

22 No one knows this better than Jamie Dimon himself: the walls of JPMorgan Chase are lined with the portraits of the founders of the bank who survived, tamed, and thrived in those very 19th Century crashes/panics. He also well knows how dramatically that all changed in the 20th Century after JPMorgan's predecessors were forced to break up and comply with the laws of the New Deal that finally ended the unregulated and unpoliced practices of pre-1929 Crash Wall Street. There are lots of histories of all that, but a good popular one is Ron Chernow's "The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance."

23 *See*, *e.g.*, Diana B. Henriques, "Taming the Street: The Old Guard, the New Deal, and FDR's Fight to Regulate American Capitalism," RANDOM HOUSE PUBLISHING GROUP (September 12, 2023).

24 *See* Leonhardt, *supra* n. 7.

25 This isn't to say that there were no problems in the financial system from time to time in the 20th Century. There were, but nothing like the 1929 Crash until 2008.

26 Notably, one of those deregulators was an SEC Commissioner, Paul Atkins, who Trump has now installed as Chair of the SEC. *See*, Better Markets, "Newly Confirmed SEC Chair Paul Atkins Will Endanger Investors, Markets, and the Economy, As He Did Before the 2008 Crash," (April 9, 2025).

27 "Too-big-to-fail" is shorthand for not only being too big, but also too leveraged, too important, too complex, too interconnected as well as too big to manage or regulate properly. But that's not all. These gigantic, dangerous institutions are also too politically powerful, making them also too-big-to-jail, meaning that they use shareholders money to pay big fines when they break the law, which is really little more than buying get-out-of-jail free cards for their directors, executives and officers who, after all, are the people who broke those laws but are rarely if ever punished. This, of course, creates an enormous dangerous moral hazard that threatens the safety, soundness, and stability of the financial system. *See*, *e.g.*, DOJ sweetheart settlement with Goldman Sachs for 1MDB-related global crime spree, lawsuit over JPMorgan's sweetheart settlement for 2008 crash misconduct, and JPMorgan's 20 years long RAP sheet including numerous criminal settlements, and

28 Not only did the financial industry actively and aggressively oppose any and all reforms, but it also claimed its activities did not cause the crash, that no reforms were needed, and that, as Jaime Dimon claimed, the industry or at least his bank selflessly sacrificed to save the system and benefit the country. The facts overwhelming show those claims to be baseless and false. *See*, *e.g.*, Better Markets, Fact Sheet on Jamie Dimon/JPMorgan Chase Settlement with the Department of Justice detailing, among other things, how the bank benefited from acquiring Bear Stearns and Washington Mutual; See, Better Markets, "Cost of the Crisis: $20 Trillion and Counting," (July 2015).

29 *See*, *e.g.*, Noam Scheiber, "The Escape Artists: How Obama's Team Fumbled the Recovery," SIMON & SCHUSTER (February 28, 2012).

30 The Dodd-Frank Act was ultimately passed with the support of Republican Senators Olympia Snowe (ME), Susan Collins (ME), and Scott Brown (MA), but at least one reportedly required that key provisions of the law be significantly weakened in exchange for a favorable vote.

31 Some might argue that the Volcker Rule or the so-called swaps pushout were structural, but there was nothing in Dodd Frank like the Glass-Steagall of 1933 that, among other things, prohibited commercial banks from engaging in investment banking and other financial activities, which had resulted in the breakup of the JP Morgan banking empire. All such structural proposals were rejected by the Obama administration and Congressional Democrats.

32 Sen. Sherrod Brown, *supra* note 19.

33 It is sometimes difficult to understand the financial industry's nonstop very aggressive claims about over-regulation under Obama given how modest if not minimal the re-regulation really was (particularly if you compared it to the damage done to the country by the 2008 crash). That difficulty quickly evaporates when you look at the history and see that Obama' attempted re-regulation followed decades of deregulation where Washington basically did whatever the financial industry wanted. This was particularly true during the George W. Bush administration (when, yes, another Goldman Sachs President, Hank Paulson, was put in charge of national economic policy as Secretary of the Treasury). For decades, across Republican and Democratic administrations, the titans of Wall Street were used to being welcomed with open arms and treated like gods in Washington, to be obeyed, their wisdom and self-righteousness never to be questioned. Of course, the 2008 crash changed that, at least among Democrats and Obama (to some extent). Those titans and their allies, including virtually the entire Republican party, denied responsibility for the crash and undermined those seeking to tell the truth, which would have provided ample basis not just for tepid re-regulation, but wholesale reform. In this context, their outsized vehement reaction to the modest attempts at re-regulation should be no surprise: it wasn't the degree of reform as much as the audacity of any reform at all, which undermined not only their claims to unquestioned authority but also their trumpeted self-image as selfless financiers working for the good of the country.

34 Proving how well Chopra did his job, Jamie Dimon went out of his way in his recent profanity laced—and wildly inaccurate—tirade to personally attack Chopra. Ironically, what he said about Chopra actually applies to Dimon himself: "an arrogant, out-of-touch [guy] who just made things a lot worse for a lot of Americans." Proving who is in fact "arrogant [and] out of touch," Dimon then said, "if they get rid of [CFPB] or not makes no difference to me." Of course, a billionaire like Dimon doesn't need a consumer protection agency to stand up for him when he is ripped off; he has the resources and an army of lawyers to protect his billions, but Main Street Americans who are ripped off by big banks like Dimon's don't have a chance of winning without a powerful, independent consumer protection agency to stand by them. The shockingly long RAP sheet of predatory and illegal conduct by JPMorgan while Dimon has been CEO, including pleading guilty to five separate criminal charges (including being the banker to Bernie Madoff's Ponzi scheme), reveal who has "made things a lot worse for a lot of Americans" and just how much Americans need a consumer protection agency like the CFPB. Presumably, one reason Dimon is so upset about the CFPB is because it has sued JPMorgan Chase and forced it to repay millions of injured consumers, including suing it and other Wall Street banks as recently as December 20, 2024 to recover hundreds of millions of dollars for allegedly defrauding Americans. In the past, the CFPB ordered it in 2017 to pay a $4.6 million penalty, ordered it in 2015 to pay $217 million, and ordered it in 2013 to refund an estimated $309 million to more than 2.1 million customers for illegal credit card practices.

35 While reviled and literally hated by the crypto industry, no one did more to legitimize and advance crypto during the Biden administration than Chair Gary Gensler. The SEC approved the Bitcoin ETP by a vote of 3-2. In a near-unprecedented move on a matter of such importance, Chair Gensler was the deciding vote along with the two Republican Commissioners over the objection of the two Democratic Commissioners (and a compelling dissent by Commissioner Caroline Crenshaw). Once the SEC approved the crypto ETP, the industry could – and did – claim the patina of government regulation and approval if not endorsement. This caused mainstream financial companies like Blackrock and Fidelity to begin marketing crypto products.

36 But, in fairness, it's still early. *See*, *e.g.*, Nicholas Megaw, "Why traders – and Trump – should thank the SEC," The Financial Times (April 14, 2025).

37 It cannot be overstated how unprecedented this is: one company's CEO and team meeting with the Chair of an independent agency "at least" 10 times in 14 months is unheard of.

38 Behnam testified that he met with SBF "at least" 10 times in 14 months after an "initial look" at his calendar. He also testified that he and "his team" at the CFTC were going to "take a fresh look" at his calendars and would get the complete information "to the Committee as soon as possible." That never happened and the public will likely never know the degree to which FTX, SBF, and the crypto industry penetrated the CFTC because Behnam never disclosed the full extent of the contacts and has never publicly answered numerous key questions that he should have been required to answer. We only know that FTX's, SBF's, and crypto's contacts at the CFTC were shockingly extensive and, notwithstanding Behnam's false statement that he was going to be "as transparent as possible," no one but he and "his team" at CFTC know the details and the truth. Unfortunately, given what those details would likely reflect very poorly on him and them, they had every reason to keep that information secret and concealed from the public.

39 While previously reported, in the interests of full disclosure, FTX and SBF met—at their request—with the head of Better Markets and its team on May 3, 2022, in an attempt to get Better Markets to drop its opposition to FTX's clearing application at the CFTC and otherwise endorse FTX's efforts to get crypto deeply embedded into the financial system. This meeting followed FTX's and SBF's attempt to bribe Better Markets with "$1 million or more" (conveyed by former Acting CFTC Chair and CFTC Commission, then FTX's Head of Policy and Regulatory Strategy, Mark Wetjen) if it would join it and Behnam in pushing FTX's agenda. Better Markets refused the bribe (the only entity in Washington known to have rejected FTX's money), didn't change its positions after meeting with SBF, and continued to relentlessly oppose FTX and SBF until and after FTX went bankrupt and SBF was arrested.

40 Behnam wasn't the only official to meet with FTX and SBF, who reportedly met with White House officials at least twice and Fed Chair Powell and FDIC Chair Gruenberg at least once each, but he was the most extreme by far.

41 This was predictable and largely predicted. *See*, *e.g.*, Better Markets, "Should Federal Reserve Chairman Jay Powell Be Reappointed," (August 23, 2021).

42 Because it is not directly on topic here, we will only mention here how Powell has blindly repeated the disastrous mistakes of former Fed Chair Greenspan, who was also appointed by a Republican president and reappointed by a Democratic president. Greenspan focused on monetary policy and believed that the financial industry could and would regulate itself. He thought there was nothing worse than government regulation, so he failed utterly to even minimally regulate the financial industry. Greenspan was lauded for "the Great Moderation" on the monetary policy side and for a wildly profitable financial industry on the regulatory side (that industry consumed more than 40% of all U.S. corporate profits by the mid- 2000s). Of course, those Fed policies (along with actions by the other regulators and policymakers) enabled the reckless, irresponsible, predatory and illegal conduct that was pervasive throughout the financial industry and was a key cause of the 2008 crash. Powell has been intermittently lauded for engineering a "soft landing" (before the chaos caused by Trump's trade war) while being a Greenspan- lite deregulator, serving effectively as Wall Street's lobbyist inside the Fed. As a result, Powell's fate will likely not be dissimilar to Greenspan's, whose reputation will surely sink even lower as time goes on and his acolytes get replaced by historians.

43 See, e.g., FOMC Transcript, Sept 22, 2021 at p. I4 ("Dodd-Frank created this position, Vice Chair for Supervision . . . Vice Chair for Supervision is charged with setting the regulatory agenda. . . . And in the 10 years, almost, that I've been at the Fed, that person has really done that. Dan Tarullo certainly did it, and Vice Chair Quarles did it as well. . . . I respect that authority. I respect that that's the person who will set the regulatory agenda going forward, and I would accept that."); see also*, FOMC* Press Conference, May 3, 2023 at p. 23 ("So, on, on the Vice Chair for Supervision, you know, the place to start is, is the statutory role, which is quite unusual. The Vice Chair, it says, shall deploy policy recommendations— "develop policy recommendations for the Board regarding supervision and regulation of depository institution . . . companies . . . , and shall oversee the supervision and regulation of such firms.").

44 *See*, *e.g.*, Sept. 24, 2018 Letter from Better Markets to Fed VCS Quarles; Oct. 1, 2018 Letter from Better Markets to Senate Banking Committee; Better Markets Fact Sheet; Oct. 2, 2018 Better Markets *Fact Sheet*.

45 Until regulators and policy makers act with the same speed, decisiveness and thoroughness to prevent a crisis as they do when responding to a crisis (when they so quickly ladle out bailouts), then the cycle of crises and crashes followed by bailouts will continue unabated.

46 If the Trump administration follows through, one FDIC action taken in the last days of the Biden administration might prove to be important: on January 16, 2025, it sued 17 former Silicon Valley Bank directors and executives over the collapse. If those actions result in meaningful personal penalties against those individuals, then the previously nonexistent threat of accountability might become slightly more real and maybe even a deterrent. However, that is unlikely given that this is only one action, and it will likely take several similar actions that result in real punishment before directors and executives change their behavior. Moreover, no surprise, the executives are arguing in the case that they are blameless and that mismanagement had nothing to do with the failures and bailouts.

47 While not usually thought of as a financial regulatory agency, the FTC could – and should – be given the concentration in the financial industry and the oligopoly power exercised in the banking industry in particular. Interestingly, the FTC and antitrust enforcement is the one area so far that the Trump administration appears to be somewhat aligned with the Biden administration, but no one should hazard a guess for how long that will last. *See* "Trump Antitrust Duo Keeps Rules From Biden-Era Deals Crackdown." But see "Trump fires Democratic FTC Commissioners."

48 He also fired the Democrats at the EEOC, NLRB, and Merit Systems Protection Board, which are in litigation and have a history if not statutory requirement of bipartisan representation.

49 The firings at the NCUA leave only one member on the Board and he claims he has full authority to single handedly properly discharge all legal duties of the NCUA. It is of course absurd to think that this is an appropriate way to protect the safety and soundness of credit unions and of their customers' money.

50 It's not just the White House that is acting to undermine the independence of the financial regulatory agencies. The Republican Chair of the House Financial Services Committee sent letters to the heads of the Fed, FDIC, OCC, and CFPB outlining "actions to be rescinded, modified, or reproposed from the Biden-Harris administration."

51 None of this is to suggest that the current rule making process at these agencies is perfect. Frankly, it is in need of serious reform (mostly because it is dominated by corporate interests and far too often acts against the public interest), but Trump isn't reforming the independent agencies or the rule making process: he is merely trying to control them and make them serve his political ends. Sen. Warren has proposed changes that would reduce the inappropriate influence of corporations and democratize the process to increase citizen participation. *See*, "Warren's Bill Presents Progressive Vision for Rulemaking Reform," The Regulatory Review (November 5, 2018).

52 Because Trump asserts the unfettered unilateral right to terminate anyone at any time, he also has that threat hanging over all seven members of the Fed Board (who are a majority on the FOMC). So even if he claimed to leave monetary policy "independent," he could always just terminate any of those Board members ostensibly for other reasons even if it was to obtain monetary policy-complaint FOMC members. As one law professor put it, "Members of the Fed cannot be half-fired, half-empowered." Or, as Professor Tarullo (a former Fed Governor who was in charge of regulatory matters during the Obama administration) was quoted in the New York Times as saying, "if the president can take action against the Fed's board of governors because of disagreements over regulation, 'then the supposed monetary policy independence of those very same seven people becomes, at the very least, extremely murky.'"

53 Ultimately the biggest beneficiaries might be global criminals and terrorist like Hamas and Islamic Jihad, or rogue states like Russia, Iran and North Korea. For example, on February 21, 2025, almost $1.5 billion in crypto was stolen apparently by North Korea, which had previously stolen more than $600 million, reportedly to be used for its outlawed nuclear program. Given that crypto still has no legitimate use and is used for money laundering, ransomware, narco-terrorist financing, and other various criminal activities worldwide, it's likely that North Korea's nuclear program and other global outlaws and criminals will be the greatest beneficiaries of Trump's utterly irresponsible deregulation of the crypto industry.

54 Because Americans are overwhelmingly opposed to crypto and because virtually no one in America owns or uses crypto, these actions are really going to mostly benefit the handful of crypto billionaires who spent hundreds of millions of dollars supporting Trump and other candidates in 2024. Tellingly, because crypto is so toxic, that money was spent on ads that never even mentioned crypto. Now, the crypto industry is engaging in a bait-and-switch campaign to mislead Washington policymakers into thinking there are Main Street voters who supported crypto candidates when they did not because crypto was never on the ballot. That's because Main Street Americans have seen the nonstop crypto crime wave, have been victimized by crypto predators, and, as a result, are opposed to and deeply skeptical of crypto: 69% of likely voters in six 2024 swing states had a negative view of crypto (Harris Poll); just 4.8% of US households owned crypto (FDIC household survey); and just 1% of Americans used crypto in 2023 to buy something (Fed).

55 Many have already warned about this from Paul Singer at Elliott Management, who warned of the "inevitable collapse" of the crypto bubble that "could wreak havoc in ways we cannot yet anticipate," to David Kelly, JPMorgan Asset Management's Chief Global Strategist, who warned that "The crypto industry has got many friends in Congress and the administration. And that may help it for a bit, but in the end, it's not worth anything. It is priced purely on the greater fool theory and admittedly, there's no shortage of great fools in the world."

56 While Bitcoin gets most of the attention, there are already more than 10,000 tokens being hawked before Trump's crypto boosterism. The burgeoning crypto coin anarchy is increasingly reminiscent of the money script anarchy before the Civil War in the U.S. There are many sources for that, but an easy popular account is Zachary Karabell's Inside Money: Brown Brothers Harriman and the American Way of Power.

57 Importantly, these staff reductions do not save any money because the FDIC, like the other financial regulatory agencies other than the CFTC, are funded by industry fees. In fact, it will cost the government money because, for example, recoveries by the SEC exceed its budget and are remitted to the treasury.

58 The SEC's technology is outdated and slow, forever handicapping it in trying to keep up with an industry that moves across markets in nanoseconds. The CAT is a gamechanger that would provide the SEC with the ability to comprehensively monitor the markets in near real time, enabling it to identify, stop, and prosecute fraud, manipulation, and other lawbreaking. That's why the industry and its allies have tried nonstop to delay, weaken, or kill the CAT. Unfortunately, Trump's SEC is almost certain to do that as indicated by the move to limit information available to the CAT and by the current Acting Chair's attempt to re-write history and dramatically circumscribe the CAT's purpose. *See* Remarks, Feb. 24, 2025 ("This change brings the CAT closer to the Commission's original vision of having a system that can explain trading activity during market anomalies, rather than being an omnipresent surveillance systems tracking everyone's individual movements."). It is no surprise the industry controlled "self-regulatory organization" FINRA is also taking actions to limit the usefulness of the CAT. *See* FINRA Blog Post "Eliminating All PII from CAT" (March 19 2025). These actions will effectively disarm the SEC and make it impossible for the SEC to effectively police the securities markets, resulting in undetected and increasing fraud, manipulation and criminality.

59 Whether this is part of a broader administration strategy to go easy on Binance is not known at this time. *See*, *e.g.*, "Binance Seeks to Curb U.S. Oversight While in Deal Talks with Trump's Crypto Company" and "Justice Department Scales Back Crypto Enforcement" (DOJ memo here). *See also*, "Binance acting as adviser to governments on crypto regulations."

60 *Securities and Exch. Comm'n v. Coinbase, Inc.*, 726 F. Supp. 3d 260, 268 (S.D.N.Y. 2024) at 1 ("[T]he 'crypto' nomenclature may be of recent vintage, but the challenged transactions fall comfortably within the framework that courts have used to identify securities for nearly eighty years.").

61 *Id*.

62 It should be noted that, consistent with his actions during his first term, Trumps' FSOC priorities risk financial crashes, needless pain on Main Street, and taxpayer bailouts.

63 Although lacking a sound basis, some also argued that this was done to prevent the risk of indirectly litigating the President's authority to fire the Fed Chair. That didn't make a lot of sense to many who thought that the argument against the President's power to fire the VCS was actually much stronger than the argument for firing the Fed Chair. Put differently, litigating an attempted firing of the VCS could have actually made it harder for the President to fire the Chair.

64 As discussed above, the Fed alone enacted 20 deregulatory rules during Trump's first administration and not one of them was changed during the Biden administration, which also did not enact a single financial regulation/systemic stability rule during its entire four years. Thus, the regulation of the nation's biggest, most dangerous banks today is as it was under the deregulation regime of Trump's first administration – it's as if Biden wasn't even President for four years as far as Federal Reserve regulation is concerned, other than the historic mistake of reappointing Powell as Chair.

65 *See*, *e.g*., Bowman Feb. 17, 2025 Speech "Brief Remarks on the Economy and Accountability in Supervision, Applications, and Regulation"; Feb. 5, 2025 Speech "Bank Regulation in 2025 and Beyond"; Bowman Feb. 17, 2024 Speech "Brief Remarks on the Economy and Accountability in Supervision, Applications, and Regulation."

66 In another telling example of Powell's political, ideological and regulatory preferences, he testified in February "we need to have a confirmed vice chair. There's no such thing as acting for us." However, on March 24, 2025, just days after Trump nominated her, the Fed updated its committee assignments page, which showed that Bowman was the Chair of the Fed's Committee on Supervision and Regulation, a position for a confirmed VCS.

67 Not to be left behind in what appears to be an ingratiating deregulation bidding war, the Acting Comptroller of the Currency at the OCC is "vowing to ease regulation on banks and work more collaboratively with the industry."

68 In his February 15, 2025 tirade, JPMorgan Chase CEO Jamie Dimon made some of the most ignorant and factually incorrect comments about the CFPB uttered by anyone to date. He said the CFPB was "duplicative" because the OCC, Federal Reserve, and FHA already do consumer protection – that is factual incorrect, as the Fed Chair testified. Dimon also said "you may want a CFPB for nonbanks. Think of payday lenders and all these other things that are not regulated," apparently blissfully unaware that the CFPB already enforces consumer protections against nonbanks. Many have surmised that's why Musk and DOGE are going so hard against the CFPB: to prevent Musk and his fellow Silicon Valley billionaires from being properly regulated as they move into the payment and traditional banking space (which the CFPB just delivered in its April 16th memo discussed in the text above). It is puzzling that Dimon doesn't know about the CFPB authorities here (and embrace them) because if the nonbanks and tech platforms were regulated by the CFPB, then their unfair competitive advantage against banks like Dimon's might end. Alas, that is not to be as on March 5, 2025, Congress used the Congressional Review Act (CRA) to overturn and kill the CFPB's "larger market participants" rule that only applied to companies that handle more than 50 million transactions per year and subjected them to the regulations similar to those required of large banks like Dimon's. That's the kind of level playing field the CFPB was trying to require, which would have helped Dimon and his fellow Wall Street bankers compete against the tech platforms.

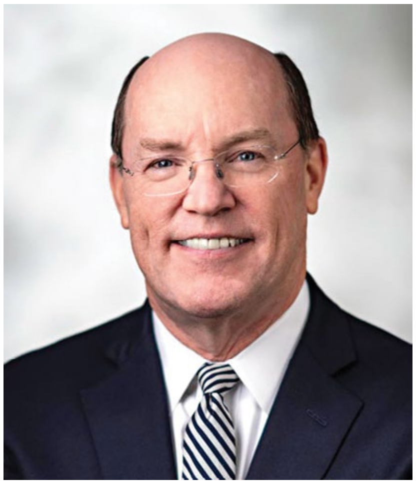
69 Not only did the Fed and other federal banking regulators not fulfill their statutory responsibilities to enforce consumer protection laws against the subprime mortgage crime wave, but they also went to court to stop states from using their state consumer protection laws against those predators and criminals. This preemption of state law followed by federal inaction was just one way the Fed's dereliction of duties enabled, fueled, and caused the 2008 crash. In direct response to this, and in an attempt to prevent that from happening again, the Dodd-Frank Act included specific anti-preemption provisions that authorize states to enforce their consumer protection laws as well as, under certain circumstances, the responsibilities and rules of the CFPB.

70 Killing or gutting the CFPB will have other ripple effects across the government as well. For example, some commentators have pointed out that the Department of Justice has used evidence collected by the CFPB to bring anti-monopoly actions against America's biggest corporations.

71 *See also*, Matt Wirz and Justin Baer, "They Crashed the Economy in 2008. Now They're Back and Bigger Than Ever," The Wall Street Journal (Feb. 28, 2025).

72 This is true for politicians and regulators as much as it is for those in finance. For example, Paul Atkins was a Republican Commission of the SEC from 2002 until August 2008, during which time he fully supported the deregulation of the financial industry that contributed to the 2008 crash. After he left the SEC, he formed a consulting firm that represented the financial industry in fighting the post-crash rules to prevent future crashes. He will now be one of Trump's deregulation leaders as Chair of the SEC. There was no accountability for the financiers who caused the 2008 or 2023 crashes and no accountability for the policymakers and regulators who enabled them. That's how a pre-2008 crash deregulator could end up becoming the SEC Chair just 17 years later. This happened on a bipartisan basis. No one from the Clinton administration or any of the Democrats in Congress who voted for and enabled if not cheered the deregulation during the Clinton and Bush years were held accountable. Most went on to lucrative careers in the financial industry (including the godfather of deregulation and revolving door aficionado Robert Rubin, who is still a member of the Establishment in good standing, notwithstanding a recommended criminal referral by the Financial Crisis Inquiry Commission), as did most of those in the Obama administration who were supposed to be in charge of making sure the financial industry was re-regulated after the crash. Many got rich and Main Street Americans got the bill and paid the price.

73 The economic circumstances when Trump was elected to his second term were similarly dire. For example, as CNN reported on July 23, 2024, 39% of Americans were worried they couldn't pay their bills, including 52% of Latinos, 46% of Blacks, and 55% of those making less than $50,000 per year. To put that 39% in perspective, that is higher than at any time during the Great Recession that followed the 2008 crash when it peaked at 37%. That was only one flashing red economic warning sign leading up to Trump's 2024 election, as discussed in this January 31, 2025 Better Markets webinar.



DENNIS M. KELLEHER is Co-founder, President and Chief Executive Officer of Better Markets, a Washington DC-based nonprofit established to make the economy, finance and government serve society, fight injustice and inequality, and promote economic, social, and racial justice. Since Better Markets was founded in 2010, he has participated in more than 400 rulemakings and 25 legal cases, testified before Congress more than 10 times, been quoted more than 3,000 times, and done more than 150 live TV appearances. He also served as a member of the Biden-Harris Transition team and, from October 2020 through January 2021, on the Federal Reserve, Banking and Securities (FBS) Agency Review Team and worked with the Treasury Department and Department of Justice teams.

Prior to Better Markets, Mr. Kelleher served for almost eight years in three senior staff positions in the United States Senate, starting as Sen. Ted Kennedy's General Counsel and Deputy Staff Director on what is now the HELP Committee and concluding his service in 2010 as Chief Counsel and Senior Leadership Advisor to the Chairman of the Senate Democratic Policy Committee, a member of Senate leadership. Earlier in his career, Mr. Kelleher was a partner with the international law firm Skadden, Arps, Slate, Meagher & Flom, where he had an extensive and broad-ranging U.S. and European practice specializing in crisis management and complex corporate matters that focused on financial markets.

In April 2025, Washingtonian Magazine named him one of "Washington's most influential people" in banking and finance for the fifth year in a row, saying he was one of the experts "who shape the laws that govern the country and ultimately affect the course of history." The New York Times profiled Mr. Kelleher in "Facing Down the Bankers," referring to him as "one of the most powerful lobbyists on financial reform," and he was featured in the award-winning Frontline documentary "Money, Power and Wall Street," in the HBO Max series "Gaming Wall Street" and the Netflix series "Eat the Rich: The GameStop Saga," as well as in Steven Brill's best-selling book "Tailspin: The People and Forces Behind America's Fifty-Year Fall—and Those Fighting to Reverse It" and Jerry Epstein's book "Busting the Bankers' Club: Finance For The Rest of Us."

Having grown up in Worcester, Massachusetts, Dennis enlisted in the Air Force while in high school and served four years on active duty as a crash/rescue firefighter/medic, which preceded his graduation with highest honors, magna cum laude, Phi Beta Kappa from Brandeis University and cum laude from Harvard Law School. Over the years, Dennis' charitable work has focused on women and children in need as well as the mentally challenged, both institutional and residential community based.

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Better Markets is a public interest 501(c)(3) non-profit based in Washington, D.C. that advocates for greater transparency, accountability, and oversight in the domestic and global capital and commodity markets, to protect the American Dream of homes, jobs, savings, education, a secure retirement, and a rising standard of living.

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