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BERNANKE SIGNALS NO NEW FED STIMULUS

On Friday, Federal Reserve Chairman Ben Bernanke offered an upbeat assessment of the domestic economy that offered little indication of any immediate monetary stimulus by the Fed. However, Bernanke did acknowledge that the nation faces significant challenges, including high unemployment and an unsustainable federal debt. Bernanke also offered an unusual critique of the government's fiscal policy, criticizing the political battle over raising the debt-ceiling. While Bernanke failed to signal any future Fed action, he did say the issue of potential action would be discussed at the next meeting in late September.

TREASURY DEPARTMENT ANNOUNCES OFAC SETTLEMENT WITH JPMORGAN CHASE

On Thursday, the Treasury Department announced that JPMorgan Chase has agreed to pay $88.3 million as part of a settlement over a series of transactions involving Cuba, Iran and Sudan. The Treasury Department's Office of Foreign Assets Control (OFAC) said in a news release that JPMorgan processed wire transfers totaling around $178.5 million for Cuban nationals in late 2005 and early 2006, violating United States embargo laws. The bank was also fined for a 2009 incident in which it made a $2.9 million loan to a bank that had ties to Iran's government-owned shipping line, a violation of United States sanctions against Iran. The third violation occurred in 2010 and 2011, when the bank failed to give up documents about a wire transfer that referred to Khartoum, the capital of Sudan. According to the release, the agency gave JPMorgan a list of documents believed to be possessed by JPMorgan. In response, JPMorgan, which previously said it had no such documents, produced more than 20 of the items in question.

S&P PRESIDENT RESIGNS

On Tuesday, McGraw-Hill, parent company of Standard & Poor's (S&P), announced that S&P President Deven Sharma will step down from his position by the end of the year and be replaced by Douglas Peterson, the chief operating officer at Citigroup. McGraw-Hill said Sharma's decision was not influenced by the United States' credit rating downgrade or an investigation by the Justice Department over S&P's rating of its subprime securities. The company said the decision to replace Sharma took place over six months ago when the Board of Directors decided to split the company into four divisions due to increasing pressure from investors.

WHITE HOUSE ANNOUNCES BUSINESS REGULATION REFORMS

On Tuesday, the White House announced it had identified over five hundred business regulations it will seek to eliminate or reform. The regulatory reforms range from an Environmental Protection Agency initiative to allow hazardous-waste generators to report electronically to a consolidation of various tax forms and requirements by the Internal Revenue Service. The reforms are a culmination of a months-long regulatory review President Obama initiated with an executive order in January. While the White House projected the changes would save an estimated $10 billion over five years, Congressional Republicans were dismissive of Tuesday's announcement saying the reforms did not go far enough to help alleviate the regulatory burden on businesses.

DEBT CEILING SUPER COMMITTEE

When Congress returns from its August Recess on September 7, the Joint Select Committee on Deficit Reduction (i.e. Super Committee) will formally begin its business and must hold its first official meeting by September 16. The Committee must report its recommendations (requires 7 of 12 members' aye votes) by November 23, and Congress must vote on those recommendations by December 23. The Committee has not yet selected a Staff Director, and it remains unclear when the Committee will hold its first meeting and whether the meetings will be open to the public or closed. The committee is tasked with recommending $1.5T in deficit reduction over ten years, which can come from spending cuts, revenue raisers, or a combination of both. The Super Committee must recommend at least $1.2T, which is the minimum amount to prevent the sequester trigger from being pulled. If they hit $1.5T, the debt ceiling is raised by $1.5T. If a Super Committee proposal is not enacted into law that cuts the deficit by $1.2T by January 15, 2012, the sequester trigger is pulled that results in $1.2T in across-the-board cuts, split evenly between defense and non-defense programs, that go into effect on January 2, 2013. Congress would still have all of 2012 to undo the "automatic" cuts in defense and social programs as they do not go into effect until 2013.

More Information

If you have any questions regarding any of these issues, please contact:

Matt Jessee, Policy Advisor
matt.jessee@bryancave.com
1 314 259 2463

MEET THE TEAM

Matthew C. Jessee

St. Louis / Washington

matt.jessee@bclplaw.com
+1 314 259 2463
