# SCHWARTZ Report

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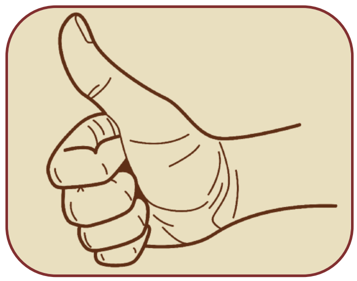
DIRECT: 302-234-5202 • OFFICE: 302-239-3000
www.charlieschwartz.com

## He Got His Man and Woman



Adam Smith wrote in The Wealth of Nations: "The natural effort of every individual to better his own condition is so powerful, that it alone, and without any assistance, [is] not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often encumbers its operations." He reinforced this point in another chapter when he wrote: "It is the highest impertinence and presumption…in kings and ministers, to pretend to watch over the economy of private people and to restrain their expense… Let them look well after their own expense and they may safely trust private people with theirs…" Wittingly or otherwise he was describing the inclination of the regulatory state to try to do for us what we say we are quite capable of doing for ourselves. He might as well have ghost written an editorial that appeared in the Wall Street Journal this last December which concluded: "It costs an agency almost nothing to impose a new record keeping requirement or reporting mandate. The expense falls on those required to carry it out."

Adam Smith might be considered the first professor in the classical school of what is referred to as the dismal science - economics. The core belief of the classical economist is that as consumers or in making financial decisions people and the markets that they invest in will always operate rationally. Therefore, the best government can do is to say: "It's ok to plan for the future and when you do we will not overly complicate your life." In other words, go ahead and act on your own enlightened self- interest.

However, just like ying and yang, there is another school of economic thought founded by Nobel laureate Richard H. Thaler, known as behavioral economics, whose conclusion is exactly the opposite. Mr. Thaler's insight was that human beings and coincidentally the markets into which they put their hard earned money are far less rational than classical economics presumes them to be. His thesis has gone from fringe thinking to a mainstream identity. The crux of his argument to put it bluntly is that people are basically idiots and despite opposition from the classical economic community he has found "mathematically rigorous ways to explain why mathematical rigor can't explain everything."

At this point you are probably thinking, thanks Charlie, I needed all of that. Calm yourself. What I am trying to do is to probe the thinking of the creators of the Consumer Financial Protection Bureau (CFPB) which has morphed into the super fly atop the consumer spending regulatory heap. If we ascribe the purest motives to the creators of the CFPB, in the Dodd- Frank Act of 2010, they spring from the behavioral school of economics. However this agency's train jumped the rails not long after leaving the station. As Dennis Shaul, the CEO of the Community Financial Services Association of America puts it: "The authors wanted the bureau to be a fair arbiter of protecting consumers, instead of what it has become – a politically biased regulatory dictator and a political steppingstone for its sole director, who is now expected to run for governor of Ohio." Some see the CFPB as an institutional means to shake down banks and other financial institutions and, in fact, some of its actions to date have tried to do just that. It has sought to regulate auto lending even though the Dodd-Frank Act specifically prohibited it from doing so. It took away our beloved HUD-1 settlement sheet and replaced it with a closing process worthy of a Byzantine potentate. It has tried to monkey with consumer contract arbitration provisions. It has moved to kill payday lending. As for protecting consumers, it missed Wells Fargo's massive opening of false consumer bank accounts.

Last year at this time, we put in a request to make up a new episode of the Apprentice that would feature the dismissal

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of CFPB director Richard Cordray as its story line. That did not play out and Mr. Cordray seemed primed to serve out his term which did not expire until 2018. Now fast forward to this past November when Mr. Cordray suddenly announced his resignation one year short of his statutory term. He may have seen the handwriting on the wall or more likely believes his stellar performance, as mentioned, to be a stepping stone to the governorship of Ohio. Since then, we have been treated to a Putinesque spectacle, whereby Cordray sought to appoint his own replacement, Leandra English, formerly the CFPB's chief of staff, and biff the president out of appointing Mick Mulvaney, the current head of the White House Office of Management and Budget as interim director. I had visions of Ms. English hiding out in her Reichschancellery bunker firing off requests for temporary restraining orders to keep the president's appointee at bay. Fortunately, Federal Judge Timothy Kelly put an end to this charade by denying the requested restraining order that would have barred Mr. Mulvaney from taking up his post.

Let us hope that Mr. Cordray goes on to smaller if not better things. Good riddance. I remember having dinner with some Realtors from the Harry Norman Company in Atlanta in early 1977. I said to one fellow, you must be really proud that your governor has been elected as President of the United States. His answer in a soft southern drawl surprised me at the time. He said, "Ah shucks Charlie, we were so glad to get rid of him we'd have sent him anywhere. " Look out Ohio!

Charlie Schwartz
Patterson-Schwartz
7234 Lancaster Pike, Suite 100A
Hockessin, Delaware 19707
302-239-3000







## 27 Quick and Easy Fix Ups to Sell Your Home Fast and for Top Dollar

**DE, MD, PA** – Because your home may well be your largest asset, selling it is probably one of the most important decisions you will make in your life. And once you have made that decision, you'll want to sell your home for the highest price in the shortest time possible without compromising your sanity. Before you place your home on the market, here's a way to help you to be as prepared as possible.

To assist homesellers, a new industry report has just been released called "27 Valuable Tips That You Should Know to Get Your Home Sold Fast and for Top Dollar." It tackles the important issues you need to know to make your home competitive in today's tough, aggressive marketplace.

Through these 27 tips you will discover how to protect and capitalize on your most important investment, reduce stress, be in control of your situation, and make the best profit possible. In this report you'll discover how to avoid financial disappointment or worse, a financial disaster when selling your home. Using a commonsense approach, you will get the straight facts about what can make or break the sale of your home.

You owe it to yourself to learn how these important tips will give you the competitive edge to get your home sold fast and for the most amount of money.

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