PAD 435/535: Law in Financial Market Regulation, Fall 2013

David McCaffrey, Distinguished Teaching Professor, University at Albany, Milne 317, 442-5282, dmccaffrey@albany.edu. You should ask any questions relating to the course in general—such as questions about grading policies, assignments, submission of assignments, or other general course matters—through the discussion boards or the internal Blackboard message system. You should submit such general questions to the discussion boards or internal message system so that other students will benefit from the questions and responses. You can contact me directly through email on Blackboard, or at the address above, if you have a personal question, such as a question about a specific grade that you received. I will be checking the course site to respond to questions at least once a day, and usually more often.

Office Hours: I will be in Humanities Basement 16 on Wednesdays from 1-2, can be contacted on email continuously, and will be pleased to set up appointments to speak with students in person or on the telephone throughout the week.

Course Description: This course examines the history, rationales, and structures of laws dealing with financial markets in the United States, focusing mainly on federal laws. Given the field’s scope, the course necessarily covers some specific issues and not others, but we try to identify general themes spanning issues across financial markets.

Readings Assigned

Sheila Bair, Bull By the Horns: Fighting to Save Main Street From Wall Street and Wall Street From Itself. Free Press, 2012 (paperback to be released by Simon & Schuster September 10, 2013). You can use either the hardcover or paperback for the course.


These three books cover different aspects of law in financial market regulation. Act of Congress discusses a major case of legislation affecting financial markets—passage of the Dodd-Frank Act in 2010. Bull By the Horns discusses how federal agencies implement laws governing financial market regulation through rulemaking and other types of administrative processes. Circle of Friends discusses how agencies and courts enforce these laws. While the books focus selectively on these topics, we will use the supplementary materials and discussion boards to show how the points they make apply to financial market regulation more broadly.

I will be posting other readings and materials on the course site on Blackboard. In some cases I will require that you do the readings or view videos, but in such cases the assignment will state that clearly at least two weeks before the assignment’s due date, and any additional required material will be short and related specifically to assignments. Material that is recommended but not required will be listed below the assignment on the course page for that week.

Grading System

The course grade will be based on weekly papers (80%) and overall engagement with the class (20%).
Course Papers

Each week you should submit a two-page, double-spaced paper (minimum 11-point font) answering questions posted in advance on the Blackboard course site. You can go a bit beyond two pages to avoid cutting an argument short, but definitely do not go beyond three pages. You should state your arguments clearly and concisely; writing a paper beyond three pages will violate the rules for the assignment rather than make the paper more effective. You should submit these papers in Microsoft Word (do not use other software; I will not accept papers that I cannot open) by the end of the final day of the class sections outlined in the assignments below. The one exception is the assignment for November 17-23, which will be due by November 30 to allow you to work on the assignment during the Thanksgiving Break if you wish. You can submit assignments earlier than the due dates.

When submitting your assignments, use the following format in naming the file: Your Name_Date Due (e.g., Aug 31 or other date due). Do NOT send in the paper with a title like “Paper 1”—the file title should be your name and the date the paper is due because otherwise I will need to re-name the file.

I will not be accepting late papers so be sure to prepare the paper in time to allow for any problems in submissions. You should assume that you are going to encounter computer or other problems of one kind or another and allow for those contingencies by having back-up files and computers and allowing yourself time to deal with unexpected difficulties of any type. You must submit all of the papers assigned for the course.

You should analyze the readings and other materials actively and creatively in working on these questions. I will be posting supplementary materials on Blackboard and you can draw on these as well, but that is not required, and you must be sure to address the assigned readings. However, often the assignments will require you to complete an additional short reading, view a video, or other task related to the assignment.

Papers will be graded on presentation as well as their content so write and edit the papers carefully. A main goal of this course is to practice careful analysis and writing relating to financial market regulation. Two members of the Advisory Council of the UAlbany/Albany Law School Institute for Financial Market Regulation, responding to a question about the importance of developing communication skills in classes, wrote in 2013:

- “One additional suggestion would be to add executive summaries to the mix. All too often, the major point of a memo is buried somewhere in the 3rd paragraph, if not on the 3rd page. Learning how to write effectively is critical, as is learning how to summarize and convey major points.”

- “I will share with you my personal beef. I find that students write using the theory that if they get the material on the page, it is good. Professors appear to be happy to see that their students know the correct information and can recite it. There is not much effort to make the material easily understandable. In my world, there is great competition to have our memos read and understood by the intended reader. The readers do not read memos that are hard to follow, unclear, not to the point, etc. Readers have too little time to struggle to understand a memo. They have too many other memos to read. Even if all the information is on the page, the reader will not read it unless it is easy.”

I will mark down papers that contain editing errors, inconsistent formatting, and other mistakes that should have been corrected in advance. I will reduce grades particularly
sharply when the student has not read, or has disregarded, earlier feedback on similar errors—for example, when, despite earlier corrections, a student continues to use commas almost randomly, continues to use “it's” when “its” is required, or “there” when “their” is required, or continues to refer to a non-fiction work as a “novel.” How clearly, cleanly, and effectively you write these papers will influence your course grade substantially.

One of the assigned readings for the first week is “Guides for Writing and Avoiding Editing Errors.” This document combines three discussions of writing and the importance of avoiding editing errors. Two of these documents were prepared for earlier UAlbany classes by Professors Sue Faerman and Sue Epstein and by Professor Richard Fogarty. We have different perspectives on some of the specific points made in the documents—for example, Professor Fogarty emphasizes the need to avoid semicolons, while I use them frequently. Professor Fogarty also wrote his guide in a provocative tone in order to encourage debate about some of the suggestions. However, we all agree on most of the points made in these documents. Most important, the combined documents convey that writing requires thoughtful, informed choices. I am including these guides as assigned readings for the first week to emphasize the importance of your paying attention to the writing and editing of these papers starting with the first assignment.

Also, you should make regular use of other guides on writing available on the internet. One useful guide to proper use of punctuation is The Punctuation Guide http://www.thepunctuationguide.com/index.html. You should use this and other sources whenever you are uncertain about the proper use of punctuation, a word, or other device in writing these papers. Referring to such guides frequently will improve your papers.

The main point to keep in mind is that you should exercise the same level of care in writing these papers as you would exercise in entering numbers on a spreadsheet, or in a mathematical calculation. Errors in spreadsheets and math diminish grades in assignments. Similarly, editing and other writing errors will diminish grades in these papers.

Please review the University definitions and policies regarding plagiarism in the current Undergraduate and Graduate Bulletins. Plagiarism, in both its subtle and flagrant forms, including long summaries without appropriate citation of the work of others, is a serious offense. The papers will be processed through SafeAssign plagiarism detection software integrated with Blackboard. If a paper, comment in the Blackboard discussion forum, or any other submission connected with the course shows signs of plagiarism the University policy will be enforced strongly.

**Active and Effective Engagement in the Class (20%)**

I encourage you to use the Group Discussion feature on Blackboard to post your thoughts on the material and to respond to the comments of others. Participating effectively in discussions on the materials through the Group Discussion feature helps indicate your creative work and level of engagement in the course. Additionally, you can demonstrate active participation in the class through your ability to consistently draw on material thoughtfully and creatively in writing the responses to questions on the readings. The pattern of work you show throughout the course on the written answers and other course activities transcends the individual grades on the papers. Twenty percent of the course grade will be based on the various indicators of the level and quality of engagement through the duration of Law in Financial Market Regulation.
**Meaning of Grades**

A grade of A reflects highly successful effort to think creatively about the course material and to present assignments effectively. A grade of B reflects good, comprehensive work with the assigned material. A grade of C reflects knowledge of much of the material, but weak preparation of a substantial share of it. A grade of less than C reflects major gaps in knowledge or persistent lack of performance in the various aspects of the course. The grade scale used is 3.8-4 (A), 3.6-3.7 (A-), 3.3-3.5 (B+), 3.0-3.2 (B), 2.7-2.9 (B-), 2.3-2.6 (C+), 2.0-2.2 (C); 1.7-1.9 (C-); 1.3-1.6 (D+); 1.0-1.2 (D); .7-.9 (D-). Less than .7 is an E. Students enrolled in the graduate section of the class (PAD535) need to earn C or better for the class to earn academic credit. Although the same grade scale is used for those enrolled as undergraduate and graduate students, the grading standards for graduate work are higher, as appropriate for graduate-level work and credit.

**Main Reading Assignments for Designated Weeks**

August 25-31  Guides on Writing and Avoiding Editing Errors (14 pages); Robert Kaiser, *Act of Congress*, Preface through Chapter 5, pp. xi-66. Students also should view videos *House of Cards* (2009, 1:30) and *Inside the Meltdown* (2009, 57 minutes), available on the content page for August 25-31. These two videos provide important background for the readings throughout the semester, including this week.

September 1-7  *Act of Congress*, Chapters 6 through first pages of Chapter 14, pp. 67-165.

September 8-14  *Act of Congress*, Chapters 14 (continued) through 16, pp. 165-226.


October 6-12  *Bull by the Horns*, Chapters 7 through 11, pp. 73-140.

October 13-19  *Bull by the Horns*, Chapters 12 through 18, pp. 141-212.

October 20-26  *Bull by the Horns*, Chapters 19 through 23, pp. 213-296.


November 10-16  *Circle of Friends*, Chapters 4-7, pp. 85-158.

November 17-23  *Circle of Friends*, Chapters 8-12, pp. 159-246. **Assignment is due on November 30.**

November 24-30:  No readings/assignment in light of Thanksgiving Break Nov. 27-Dec. 1. November 17-23 Assignment is due on November 30.