

# Banks would be freer to trade for profit under Fed proposal

By **MARCY GORDON**  
AP Business Writer

WASHINGTON — The largest U.S. banks would have leeway to take riskier trading bets for their own profit under proposed changes the Federal Reserve unveiled Wednesday.

The changes would loosen rules that since the 2008 financial meltdown have barred big banks from using depositors' money to make sizable bets on stocks and bonds. The Fed now wants to relax these regulations, thereby giving Wall Street greater ability to engage in profit-making trades.

The action the Fed proposed Wednesday would make it easier for all banks to comply with the Volcker Rule, while giving the greatest relief to banks that do less trading. The rule, established under the 2010 Dodd-Frank financial regulation law, was designed to limit

the high-risk trading that big banks could do. Those financial institutions needed taxpayer-funded bailouts after the 2008 crisis — a meltdown that was ignited by their excessive risk-taking.

The changes would be applied according to how much trading banks do. At the upper level would be banks with at least \$10 billion in trading assets and liabilities. Fed officials said 18 banks fall into that category, accounting for 95 percent of U.S. bank trading and include some foreign banks with U.S. operations.

Less stringent requirements would apply to banks that do less trading. The idea is to give the banks greater clarity on their permissible trading activity without sacrificing their financial soundness, the officials said.

In addition, banks with less than \$1 billion in trading assets would be exempt from the requirement that the CEO vouch each year for

the bank's compliance.

"Our goal is to replace overly complex and inefficient requirements with a more streamlined set of requirements," Fed Chair Jerome Powell said at a meeting of the central bank's governors.

The move coincides with other government efforts to ease financial regulations and protections that were tightened after the 2008 crisis. President Donald Trump has pushed for such changes, arguing that the stricter financial regulations have constrained economic growth.

Congress has, for example, loosened requirements on how much capital smaller banks must keep as a base to cushion against unexpected big losses. And the Trump administration has significantly scaled back the reach of the Consumer Financial Protection Bureau, which was established to safeguard consumers against financial



AP Photo/Carolyn Kaster, File

**In this March 21 file photo, Federal Reserve Chairman Jerome Powell looks to his notes as he speaks during a news conference following the Federal Open Market Committee meeting in Washington. As the government drives to loosen restraints on banks, the Federal Reserve is set to ease a rule aimed at defusing the kind of risk-taking on Wall Street that helped trigger the 2008 financial meltdown.**

abuses.

Other U.S. financial regulatory agencies, including the Federal Deposit Insurance Corp. and the Securities and Exchange Commission, will discuss and possibly approve the Fed's proposal in their own meetings in coming weeks. The proposal will be opened to public comment for 60 days.

The Volcker Rule is named for Paul Volcker, a Fed chairman in the 1980s who was an adviser to Pres-

ident Barack Obama during the financial crisis. Volcker urged a ban on deposit-funded, high-risk trading by big banks, arguing that it would help prevent future economic crises.

The use of depositors' money by banks to make high-risk trading bets for their own profit is known as proprietary trading. For years, it was a huge money-making activity for Wall Street mega-banks like Goldman Sachs, JPMorgan

Chase and Morgan Stanley. Proprietary trading allowed big banks to tap depositors' money in federally insured bank accounts — essentially borrowing against that money and using it for investments.

Under the Volcker Rule, banks have been limited to trading mainly on behalf of their clients rather than for themselves. But they have pushed back against the rule, and the Trump administration has been sympathetic.

# Florida school shooting suspect foretold intention in phone videos

The Associated Press

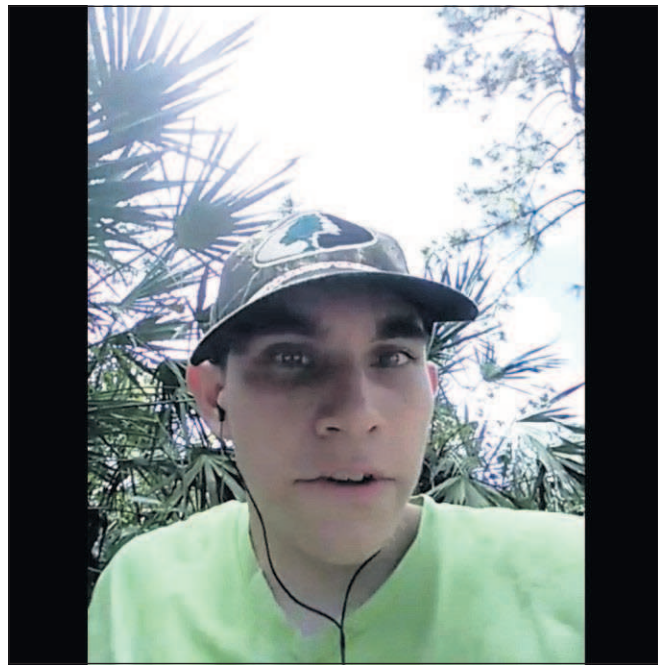
FORT LAUDERDALE, Fla. — In chilling cellphone videos released Wednesday, the suspect in a February massacre at a Florida high school announced his intention to become the next school shooter, aiming to kill at least 20 people and saying "you're all going to die."

The three videos released by prosecutors were found on the cellphone of suspect Nikolas Cruz after the Feb. 14 shooting at Marjory Stoneman Douglas High School that killed 17 people and injured 17 others.

Cruz, wearing a ball cap, introduces himself in the first video and says he is "going to be the next school shooter of 2018." He goes on to say that he wants to use an AR-15 to kill at least 20 people and specifies the high school in Parkland. The videos are undated, but on one he says, "Today is the day. Today it all begins. The day of my massacre shall begin."

"When you see me on the news, you'll all know who I am," he says in another and then laughs. "You're all going to die. ... Can't wait."

In a second video, Cruz briefly discusses logistics,



Broward County State Attorney's Office via AP

**In this image made from one of three videos released Wednesday by the Broward County State Attorney's Office, Nikolas Cruz, the suspect in February's shooting at a Florida high school, announces his intention to become the next school shooter, aiming to kill at least 20 people. The videos were found on Cruz's cellphone after the Feb. 14 shooting at Marjory Stoneman Douglas High School that killed 17 people and injured 17 others.**

including that he will take Uber to campus about 2:40. He then says he'll walk onto campus, go up some stairs, open his bag to take out his weapon and start firing. School surveillance video

shows that was almost exactly what he did — the only difference being that he arrived at the school at 2:19 p.m.

In the third video, the camera apparently pointed at pavement, he talks about his

loneliness, anger and hatred, and announces that the "day of my massacre shall begin."

"I live a lone life. I live in seclusion and solitude. I hate everyone and everything. But the power of my AR you will all know who I am. I had enough of being told what to do and when to do," he says. "I had enough of being told what to do and when to do. I had enough of being told that I'm an idiot and a dumbass. You're all stupid and brainwashed by the political and government programs."

He also referenced a former girlfriend, saying "I hope to see you in the afterlife."

Cruz is charged with 17 counts of murder and 17 counts of attempted murder in the attack. His lawyers have repeatedly said Cruz would plead guilty if guaranteed a sentence of life without parole, but prosecutors refuse to waive the death penalty. Cruz, 19, is a former Stoneman Douglas student.

The Broward State Attorney's Office released the video because under Florida law, with few exceptions, evidence becomes a public record when it is turned over to the defendant's attorneys as part of the pretrial discovery process.



AP Photo/Andres Kudacki

**North Korea's Kim Yong Chol, center, leaves a hotel in New York, Wednesday, May 30, 2018. The senior North Korean official arrived in New York on Wednesday in the highest-level official visit to the United States in 18 years, as President Donald Trump and Kim Jong Un sought to salvage prospects for a high-stakes nuclear summit.**

# Top North Korean official, Pompeo meet to discuss summit

NEW YORK (AP) — A senior North Korean official and the top U.S. diplomat had dinner in New York on Wednesday as President Donald Trump and Kim Jong Un try to salvage prospects for a high-stakes nuclear summit. It's the highest-level official North Korean visit to the United States in 18 years.

Kim Yong Chol, the former military intelligence chief and one of the North Korean leader's closest aides, landed midafternoon on an Air China flight from Beijing. Associated Press journalists saw the plane taxi down the tarmac before the North's delegation disembarked at JFK International Airport.

During his unusual visit, Kim Yong Chol had dinner for about an hour-and-a-half with Secretary of State Mike Pompeo, who traveled from Washington to see him. The two planned a "day full of meetings" Thursday, the White House said.

Their talks will be aimed at determining whether a meeting between Trump and Kim Jong Un, originally scheduled for June 12 but later canceled by Trump, can be restored, U.S. officials have said.

The talks come as preparations for the highly anticipated summit in Singapore were barreling forward on both sides of the Pacific Ocean, despite lingering uncertainty about whether it will really occur, and when. As Kim and Pompeo were meeting in New York, other U.S. teams were meeting with North Korean officials in Singapore and in the heavily fortified Korean Demilitarized Zone.

"If it happens, we'll cer-

tainly be ready," White House spokeswoman Sarah Huckabee Sanders said of the Singapore summit. Regarding the date for the meeting, she added, "We're going to continue to shoot for June 12th."

North Korea's flurry of diplomatic activity following a torrid run in nuclear weapons and missile tests in 2017 suggests that Kim Jong Un is eager for sanctions relief to build his economy and the international legitimacy the summit with Trump would provide.

But there are lingering doubts on whether Kim will ever fully relinquish his nuclear arsenal, which he may see as his only guarantee of survival in a region surrounded by enemies.

Trump announced that Kim Yong Chol was coming to New York for talks with Pompeo in a tweet on Tuesday in which he said he had a "great team" working on the summit. That was a shift from last week, when Trump announced in an open letter to Kim Jong Un that he had decided to "terminate" the summit following a provocative statement from the North.

Pompeo, Trump's former CIA chief, has traveled to Pyongyang twice in recent weeks for meetings with Kim Jong Un, and has said there is a "shared understanding" between the two sides about what they hope to achieve in talks. South Korean media speculated that Pompeo could make a third trip to Pyongyang and that Kim Yong Chol was carrying a personal letter from Kim Jong Un and might push to travel to Washington to meet with Trump.

# GOP's Gowdy rejects Trump's claim of 'spy', defends FBI probe

The Associated Press

WASHINGTON — There is no evidence that the FBI planted a "spy" on President Donald Trump's 2016 campaign, a senior House Republican said Wednesday, contradicting Trump's repeated insistence that the agency inserted a "spy for political reasons and to help Crooked Hillary win."

Rep. Trey Gowdy, chairman of the House Oversight Committee and a longtime Trump supporter, was briefed last week by the Justice Department and FBI following reports that investigators relied on a U.S. government informant in their probe of Russian election meddling.

"I am even more convinced that the FBI did exactly what my fellow citizens would want them to do when they got the information they got and that it has nothing to do with Donald Trump," Gowdy, a South Carolina Republican, told Fox News on Tuesday.



AP Photo/Alex Brandon

**In this 2017 file photo, Rep. Trey Gowdy, R-S.C., questions Attorney General Jeff Sessions during a House Judiciary Committee hearing on Capitol Hill in Washington. The FBI acted properly in its investigation of contacts between President Donald Trump's 2016 campaign and Russia, according to Gowdy, who recently received a classified briefing about the origins of the FBI probe.**

On Wednesday, Gowdy said he had "never heard the term 'spy' used" and did not see evidence of it.

"Informants are used all day, every day by law enforcement," he told "CBS This Morning."

Asked about Gowdy's comments, White House

press secretary Sarah Huckabee Sanders said the president "still has concerns about whether or not the FBI acted inappropriately having people in his campaign."

Sanders declined to say who in the campaign the president might suspect of

providing information to the FBI. She said Trump also has concerns in general about the conduct of the FBI, citing the firing of former Deputy Director Andrew McCabe.

"There are a number of things that have been reported on and that show, I think not just for the president, but for a number of Americans a large cause for concern, and we'd like to see this fully looked into," Sanders said.

Gowdy's comments that undermine the president's claims are particularly striking because of his role as a powerful GOP watchdog who took on Democrat Hillary Clinton in his committee's investigation into the 2012 attack on an American mission in Benghazi, Libya, while she was secretary of state. The probe unearthed the existence of Clinton's private email server, which triggered an FBI inquiry and crippled her 2016 presidential campaign against Trump.