FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 4.20.2010

Wall Street Journal: "What the Committee Knew ... The 2007 mortgage deal that set off controversy at Goldman Sachs Group Inc. was quickly approved by a group of roughly a dozen senior executives in a routine meeting in a drab conference room, according to people familiar with the matter."

Wall Street Journal: "Abacus Deal: As Bad as They Come ... Abacus 2007-AC1, the mortgage deal at the center of Friday's civil-fraud lawsuit against Goldman Sachs Group Inc., also boasts another dubious distinction: It was one of the worst-performing mortgage deals of the housing crisis, based on one measure of rating-firm downgrades."

Wall Street Journal: "SEC Split on Party Lines Over Goldman Case ... The Securities and Exchange Commission decided to sue Goldman Sachs Group Inc. over the objections of two Republican commissioners, suggesting an unusual split at the agency that could politicize one of its most prominent cases in years."

Wall Street Journal: "The SEC's Impeccable Timing ... The Securities and Exchange Commission fraud case against Goldman Sachs may be settled before it ever sees a courtroom. Yet intentionally or not, the SEC has already secured at least one victory in the court of media opinion."

Wall Street Journal: "Finance Overhaul Remains in Flux ... The White House and Senate Democrats appear increasingly willing to jettison a contentious provision of their financial-markets overhaul bill, showing how core elements remain uncertain as the legislation heads toward its first votes."

Wall Street Journal: "Banks Post Stronger Results ... Bank of New York Mellon Corp.'s first-quarter earnings jumped 74% on improved fee revenue and investment gains as markets recover."

Wall Street Journal: "Fed Paper: Regulators Should Act Like Intelligence Analysts ... Regulators should adopt a more dynamic approach in using economic data in order to help prevent a new financial crisis, a U.S. Federal Reserve paper said Monday."

Wall Street Journal: "No Resolution in Sight in Fed Blame Game ... The debate over the Federal Reserve's culpability for the financial crisis is seemingly no closer to resolution, if it ever will be."

Wall Street Journal: "An Economy of Liars ... Free markets depend on truth telling. Prices must reflect the valuations of consumers; interest rates must be reliable guides to entrepreneurs allocating capital across time; and a firm's accounts must reflect the true value of the business. Rather than truth telling, we are becoming an economy of liars. The cause is straightforward: crony capitalism."

Wall Street Journal: "Fannie and Freddie Amnesia ... Now that nearly all the TARP funds used to bail out Wall Street banks have been repaid, the government sponsored enterprises (GSEs) Fannie Mae and Freddie Mac stand out as the source of the greatest taxpayer losses."

Washington Post: "SEC sued Goldman Sachs to break an impasse ... For months, Goldman Sachs and the Securities and Exchange Commission had been involved in secret talks over allegations that the Wall Street bank defrauded customers in selling them investments designed to fail."

Washington Post: "Democrats seek to close partisan divide on Wall Street reform ... Democratic leaders scrambled Monday to peel away the Republican votes they need to bring a Wall Street reform package to the Senate floor this week -- an effort hampered by sharp partisan divisions."

Washington Post: "IMF: Mounting debt threatens global recovery ... Historic levels of government debt in the developed world could throw the global financial system back into crisis and clear plans are needed to bring it under control, the International Monetary Fund said Tuesday."

Washington Post: "Testimony: Questionable accounting unnoticed at Lehman Brothers ... Neither Lehman Brothers' chief executive nor regulators at the Federal Reserve were aware of questionable accounting practices by the investment bank in the run-up to its failure, according to new congressional testimony."

Washington Post: "Fannie Mae says unsold homes are slowing recovery ... Fannie Mae's economic and mortgage market analysis group said Monday that the housing market is stabilizing but that excess inventory continues to hinder a recovery."

Washington Post: "British, German regulators to probe Goldman's sale of mortgage securities ... Financial regulators in Britain and Germany said Monday that they will open investigations to see whether Goldman Sachs's sale of mortgage securities broke any local laws after the disclosure that two European banks lost money on what U.S. officials allege were fraudulent deals."

Washington Post: "Rivals say Goldman customers are taking a back seat ... One former hedge fund manager said that when he read the headline about Goldman Sachs being charged with fraud he thought, "It's about time." But when he read the details of the case, he said he thought, "That's it?"

Washington Post: "Drawing a bead on Abacus ... YOU CAN'T RUN a fair market with a rigged abacus. The complaint filed by the Securities and Exchange Commission against Goldman Sachs and one of its vice presidents, Fabrice Tourre, alleges that the investment bank did exactly that in marketing a financial instrument called Abacus 2007-AC1 in early 2007, when the housing bubble was just starting to burst."

NY Times: "A Difficult Path in Goldman Case ... In accusing Goldman Sachs of defrauding investors, regulators are not only taking aim at a company with deep pockets and a will to fight - they are also pursuing an unusual claim that could be difficult to prove in court, legal experts said."

NY Times: "Lehman Examiner to Testify That S.E.C. Sat on Its Hands ... The court-appointed examiner who dissected the Lehman Brothers bankruptcy is expected to criticize the Securities and Exchange Commission on Tuesday for its decision to "stand by idly" as the investment bank veered toward collapse."

NY Times: "A Finance Overhaul Fight Draws a Swarm of Lobbyists ... Assessing the battle to overhaul the nation's financial regulations recently, Jamie Dimon, the chief executive of JPMorgan Chase, left no doubt about the consequences if Congress cracked down on his bank's immense business in derivatives."

NY Times: "You're Welcome, Wall Street ... In a 1964 concurring opinion deciding Jacobellis v. Ohio, Associate Supreme Court Justice Potter Stewart wrote about "hard-core pornography" and his struggle to define it: "Perhaps I could never succeed in intelligibly doing so. But I know it when I see it.""

LA Times: "Obama and Democrats challenge GOP on Wall Street ... Emboldened by the fraud allegations against giant Goldman Sachs & Co., the Obama administration and Senate Democrats will push for a showdown this week on their sweeping overhaul of financial regulations - a confrontation that echoes the epic battle over healthcare."

USA Today: "Fed chief Bernanke says he didn't know Lehman masked its debt ... The Federal Reserve wasn't aware that now-defunct Lehman Brothers used an accounting gimmick to mask billions in debt ahead of the 2008 financial crisis, Fed Chairman Ben Bernanke said Monday."

Washington Times: "JURKEVICH: America on the verge of bailing out Greece ... When the president and the speaker of the House recently reached into taxpayer pockets for a trillion-dollar wealth-redistribution exercise under the guise of containing our health care costs, at least the recipients were, by and large, fellow Americans. As an encore, within the next month, billions of U.S. tax dollars will be spent plugging budget holes within the European Union's core eurozone. Evidently with Nancy and Barack's blessing."

Bloomberg: "Democrats Likely to Drop $50 Billion Fund to Draw Republicans ... Senate Democrats likely will scrap a proposal for a $50 billion fund to wind down big failing companies in an effort to draw Republican support for financial-overhaul legislation being considered later this week."

Bloomberg: "Bernanke Says Lehman Urged to Fix Problems in 2008 (Update2) ... Federal Reserve Chairman Ben S. Bernanke said regulators urged Lehman Brothers Holdings Inc. to fix "significant deficiencies" in its available liquidity before the securities firm's failure in 2008."

The New Republic: "Head Lock ... The inside story of how Goldman and the banks are getting clobbered on financial reform."

Forbes: "Why The SEC's Theory Against Goldman Will Fail ... The U.S. Securities and Exchange Commission's fraud complaint against Goldman Sachs rocked the markets Friday, setting off a wild trading session on the day before April options expired and igniting debate about the timing of the SEC's announcement. Goldman has viable defenses, however, and the government will need a lot more evidence if the case ever proceeds to trial."

The Hill: "Dems to forge ahead on Wall Street reform despite GOP resistance ... Senate Democrats plan to forge ahead with a Wall Street reform bill this week, despite unified opposition from Senate Republicans."

Politico: "Financial reform picks up speed ... President Barack Obama travels to New York's Cooper Union on Thursday to push his vision for Wall Street regulatory reform as part of a stepped-up drive to push the reforms through Congress."

CNBC: "BRIEF-Rep. Bachus sees Senate passing financial reform in next few weeks ... U.S. Representative Spencer Bachus, the top Republican on the House Financial Services Committee, said in an interview with CNBC Television on Tuesday: * Republican U.S. Representative Bachus says sees Senate passing financial reform in next few weeks * Bachus says concerned Congress moving too fast on financial reform, don't yet know full causes of crisis * Bachus says concerned about giving regulators more powers when they didn't use them well in leadup to the financial crisis (Company news desk in Washington."