
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 3.24.2009

Washington Post: "Geithner to Ask Congress for Broad Power to Seize Firms ... The Obama administration will ask Congress to give the Treasury secretary unprecedented powers to initiate the seizure of non-bank financial companies, such as large insurers, investment firms and hedge funds, whose collapse would damage the broader economy, White House spokesman Robert Gibbs said this morning."

Washington Post: "Some Experts Say Rescue Program Might Not Work ... Investors may have cheered the administration's latest financial bailout plan yesterday, but a chorus of academics and financial experts expressed skepticism, saying there are better ways to restore the health of the banking system."

Wall Street Journal: "AIG Employees Will Return About \$50 Million of Bonuses ... New York Attorney General Andrew Cuomo said late Monday that 15 of the top 20 recipients of \$165 million in retention bonuses from American International Group Inc.'s Financial Products unit have agreed to give back their bonuses -- amounting to in excess of \$30 million in cash."

Wall Street Journal: "China Takes Aim at Dollar ... China called for the creation of a new currency to eventually replace the dollar as the world's standard, proposing a sweeping overhaul of global finance that reflects developing nations' growing unhappiness with the U.S. role in the world economy."

Wall Street Journal, George Soros: "One Way to Stop Bear Raids ... In all the uproar over AIG, the most important lesson has been ignored. AIG failed because it sold large amounts of credit default swaps (CDS) without properly offsetting or covering their positions."

Wall Street Journal, James Chanos: "We Need Honest Accounting ... Mark-to-market (MTM) accounting is under fierce attack by bank CEOs and others who are pressing Congress to suspend, if not repeal, the rules they blame for the current financial crisis. Yet their pleas to bubble-wrap financial statements run counter to increased calls for greater financial-market transparency and ongoing efforts to restore investor trust."

Financial Times: "Investors approve, but question asset prices ... Pension fund managers and buy-out investors voiced general approval on Monday of the US Treasury's plans to rid banks of poisonous assets by luring private investors into auctions for the assets. They expressed reservations, however, over certain aspects of the plan."

Financial Times: "Cuomo set to recoup half AIG bonuses ... US taxpayers are on course to recoup about half of the controversial \$165m of bonuses paid by AIG, the stricken insurance giant being kept alive by federal aid, after some of the largest recipients agreed to return the money, New York attorney-general Andrew Cuomo said on Monday."

Financial Times: "Fears of record hedge fund withdrawals ... Hedge fund investors believe the industry will see even bigger withdrawals this year than last, when record levels of cash were pulled from the sector."

Financial Times, John Taylor: "The threat posed by ballooning Federal reserves ... An explosion of money is the main reason, but not the only one, to be concerned about last week's surprise decision by the Federal Reserve to increase sharply its holdings of mortgage backed securities and to start purchasing longer term Treasury securities."

Chicago Tribune, Editorial: "Rescuing banks, again ... If the bank rescue plan announced by Treasury Secretary Timothy Geithner on Monday sounds familiar, that's because it is. Last fall, when the economic meltdown began, Geithner's predecessor, Hank Paulson, touted a similar plan to flush billions in "toxic" real estate-related assets from banks' balance sheets. But that never happened because no one knew how to set a fair price for those assets and the banks weren't ready to declare that the assets were essentially worthless, thus hastening their own demise."

New York Times, Editorial: "The Bank Rescue ... President Obama's long-awaited plan to revive the banks could work if certain assumptions about the future are right. But there is not much, beyond faith, to believe those assumptions will pan out - and even if there were, it is hard to see how the plan is the best way to go."

Reuters: "Obama fills key Treasury posts ... President Barack Obama on Monday moved to fill the leadership vacuum at the Treasury Department, tapping former Treasury official Neal S. Wolin as Secretary Timothy Geithner's number two and former White House aide Lael Brainard for the top international job."

Politico: "Official defends Fannie bonuses ... Fannie and Freddie are paying out those bonuses anyway - regardless of Rep. Barney Frank's demands and the populist furor over AIG's bonus spree. Frank, the chairman of the Financial Services Committee, sent a letter Friday to James Lockhart, the federal regulator overseeing Fannie Mae and Freddie Mac, asking him to rescind the retention bonuses of at least \$1 million that have been planned for four top executives over the next two years. But in a letter obtained by POLITICO, Lockhart tells Frank there's a "great risk" of key employees walking away if they don't pay out the promised bonuses."