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## FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 3.27.2009

Wall Street Journal: "Top Risk Officers Remain at Insurer's Helm ... Inside American International Group Inc., a group of top executives called the Credit Risk Committee oversaw some of the company's biggest bets, such as the insurer's foray into credit-default swaps. But even after a \$173 billion government bailout, this group, which reviewed and approved risk-taking decisions, remains largely unchanged."

Wall Street Journal: "The U.S.'s Fly on the Wall at AIG ... Regulators and Congress still want more answers about what happened inside American International Group Inc. One place they could turn is a government-appointed attorney who has been on site and inside AIG board-committee meetings for the past four years."

Wall Street Journal: "In the Geithner Plan, the Devil Is Lurking in the Details ... Treasury Secretary Timothy Geithner's plan to address "systemic risks" in financial markets offers several solutions, and each raises questions."

Wall Street Journal: "What's Left of TARP? Treasury Stays Mum ... The Treasury has tried to revamp its \$700 billion financial-rescue program, promising "a new era of accountability, transparency and conditions." But the Treasury isn't answering a key question: How much is left in the rescue fund?"

Wall Street Journal, Opinion: "Geithner Is Overreaching on Regulatory Power ... One of the main proposals in the regulatory reforms outlined by Treasury Secretary Timothy Geithner yesterday would give the Treasury, FDIC and the Fed authority to take control when investment banks or other financial institutions (hedge funds, etc.) appear troubled, just as the FDIC presently does with deposit-taking banks. The proposal is being offered as a clever political solution to the turf war that might have erupted if the Treasury or FDIC alone were given this quasi-nationalization authority, with no input from the Fed. But the real issue is whether this expansion of regulators' powers is wise. It isn't."

New York Times: "Inquiry Asks Why A.I.G. Paid Banks ... Members of Congress and the New York State attorney general demanded detailed information Thursday on how tens of billions of taxpayer dollars flowed through the American International Group during its crisis last fall and ended up in the coffers of several dozen big banks, shielding them from losses."

New York Times, Krugman: "The Market Mystique ... The top officials in the Obama administration still believe in the magic of the financial marketplace and in the prowess of the wizards who perform that magic."

Financial Times, Alan Greenspan: "We need a better cushion against risk ... The extraordinary risk-management discipline that developed out of the writings of the University of Chicago's Harry Markowitz in the 1950s produced insights that won several Nobel prizes in economics. It was widely embraced not only by academia but also by a large majority of financial professionals and global regulators."

Washington Post: "Rep. Manzullo to Geithner: Your Plan Is 'Radical' ... In testimony before the House Financial Services committee that just adjourned, Treasury Secretary Tim Geithner just had to defend his institutional takeover plan against charges of radicalism. "Do you realize how radical your proposal is?" Rep. Donald Manzullo (R-Ill.) asked."

USA Today, Opinion: "Opposing view: 'Examine other alternatives' ... Geithner's proposal overreaches, grants regulators too much power."

Bloomberg: "AIG Bailout Is Worth More Than 96 Million People ... So, the U.S. spending more than the annual output of the Philippines, Czech Republic or Chile to save one company is raising eyebrows in Asia. Many are concerned that AIG will continue to hit the government up for more cash and that U.S. borrowing will get out of control."

CNBC: "Citi, 18 Other Firms Paying Retention Bonuses ... Before the furor over pay at AIG, most Americans probably had never heard of a retention bonus. But like CDO. and credit-default swap, the term, a bit of sugar-coated corporate-speak, is quickly entering the popular lexicon. Retention bonuses, it turns out, are not uncommon in corporate America-or indeed among companies that have been bailed out by taxpayer dollars."

BBC: "G20 protest professor suspended ... A university professor who warned that bankers could be "hanging from lampposts" during G20 protests next week has been suspended from his job."

BusinessWeek: "Geithner: The Regulatory War Ahead ... Fresh off his hit performance with the bank-rescue plan, Treasury Secretary Timothy Geithner seems to be on a roll. His broad proposal to overhaul regulation of whole swaths of the financial sector drew applause from most quarters on Mar. 26. Investors didn't seem at all unsettled by the prospect of intensified government oversight, as the Standard & Poor's 500-stock index rose 2.3% and Wall Street closed in on a second straight week of strong gains. But the plan offered few specifics in many of the areas it addressed, from tougher regulation of complex financial derivatives to new rules for money-market funds."

Investor Business Daily, Editorial: "Control Freaks ... Treasury Secretary Tim Geithner's proposed sweeping reform of our nation's financial system puts the nation's banks, insurers and hedge funds under direct government control - where they least need to be."

Politico: "Geithner pulls his punches ... The Obama administration's new financial reform proposal has been described as a sweeping step to crack down on Wall Street excesses, even denounced by critics as a "power grab.'" But in fact, the

administration didn't go as far as many on Wall Street expected - and ducked some much tougher moves, like cracking down on CEO pay, shaking up the Securities and Exchange Commission and creating a national insurance regulator."

Politico: "Bonus issue still resonates in House ... The Senate may have lost steam on it, but the executive bonus issue is not dead in the House."

RollCall: "McCain Slams Democrats' Handling of Financial Crisis ... Speaking before a friendly audience at the Heritage Foundation, Sen. John McCain (R-Ariz.) today criticized Democrats' handling of the financial crisis, calling for further transparency and warning that the trillions of taxpayer dollars being pumped into the economic system could burden future generations."