
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 4.02.2009

CBS News: "Geithner On Ousting CEOs, Reviving Economy ... Days after GM's CEO Rick Wagoner was forced out by the Obama administration, Treasury Secretary Timothy Geithner left open the possibility that such moves could happen again."

Financial Times: "A task fit for Herculean policymakers ... As global leaders gather in London on Thursday, they might be forgiven for feeling caught in a Sisyphean situation. Time and again over the past two years, bureaucrats and bankers have tried to halt the financial crisis by unveiling measures to write off toxic assets - and make the banks healthy again."

Financial Times: "Madoff feeder fund accused of turning blind eye ... In the first regulatory action against one of the big so-called "feeder" funds that channelled money to Bernard Madoff, the top securities authority in Massachusetts on Wednesday accused Fairfield Greenwich of deliberately turning a blind eye to the former broker's Ponzi scheme."

Financial Times, Peyton Holmes: "Why Geithner's plan is the taxpayers' curse ... People who outbid others in auctions sometimes pay too much, a phenomenon known as the winner's curse. Yet the plan outlined last week by Tim Geithner, US Treasury secretary, for pricing the toxic assets clogging up the financial system provides private investors with an unusually strong incentive to overpay: the government is proposing to pick up most of the tab if the assets turn out to be worth much less than was spent on them."

Wall Street Journal: "AIG Debacle Not My Fault, Says Greenberg; Testifies Today ... As Congress presses for answers on what went wrong at American International Group Inc. and what to do next, lawmakers are turning Thursday to the man who built the small insurer into a world-wide conglomerate."

Wall Street Journal, Editorial: "Bankruptcy Is Vital to Capitalism ... America is relearning an old lesson: Failure and bankruptcy are essential to capitalism."

Washington Post: "U.S. Urges GM to Consider Bankruptcy ... The Obama administration's auto task force has pressed General Motors to consider a form of bankruptcy that would split the company in two, with one entity containing the unprofitable units and the other in essence becoming the new GM consisting of the company's more successful brands, people familiar with the matter say."

USA Today: "U.S. House backs new pay curbs at bailed-out banks ... The House on Wednesday approved legislation to curb "excessive" employee pay at financial firms that receive government bailout funds, a measure that could supplant an earlier effort to heavily tax executive bonuses."

Washington Times, Editorial: "Lesson from the NY-20: Bashing Wall Street doesn't work for the GOP ... One lesson from the still-undecided special election Tuesday for an upstate New York congressional seat is that bashing Wall Street is a loser for Republicans. It's a populist election strategy that must be abandoned."

Washington Examiner, York: "Barney Frank: Republicans are like children who've lost security blanket; GOP has 'psychological disorder' ... During an impassioned debate on the House floor Wednesday, Democratic Rep. Barney Frank characterized Republican opposition to the Pay for Performance Act as a manifestation of "a psychological disorder" and compared GOP lawmakers to "kids who have had a toy bear or a security blanket" taken away."

Chicago Tribune, Editorial: "Losing bet on Detroit ... If you had bought \$1,000 worth of General Motors stock in 2000, your holdings would now be worth less than \$40, for a loss of 96 percent. You could have made worse investments in that period-with Bernard Madoff, for one-but not many."

Los Angeles Times, Editorial: "Credit rating firms are like cancer to the financial system ... If the mortgage meltdown teaches us anything, it's that the work of these agencies isn't worth the paper it's on. Yet eradicating their influence may be the toughest regulatory challenge we face."

Bloomberg: "Financial Rescue Nears GDP as Pledges Top \$12.8 Trillion ... The U.S. government and the Federal Reserve have spent, lent or committed \$12.8 trillion, an amount that approaches the value of everything produced in the country last year, to stem the longest recession since the 1930s."

Politico: "House takes another whack at AIG ... House Democrats keep clawing away at those troublesome AIG bonuses, with little evidence that the Senate is going to fast track a bill to rip away the payouts."