
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 4.13.2009

Financial Times: "AIG in derivatives spotlight ...The unit that all but destroyed AIG has failed to sign up for the overhaul of the global derivatives market, which was itself given added impetus by the troubles at the US insurance group."

Financial Times: "'Tarp cop' to investigate whether banks have 'cooked their books' ...The official policing the \$700bn Tarp fund says he is investigating whether banks have "cooked their books" to secure bail-out money."

Financial Times: "Goldman to buy discounted private equity holdings ...Goldman Sachs has raised \$5.5bn for a fund to buy discounted private equity holdings - the largest amount ever raised for a fund of this type - as investors anticipate a flood of forced sellers trying to offload private equity stakes"

Financial Times: "The 'war for talent' first casualty of crisis ...Edward Liddy, chief executive of AIG, warned last month that the insurer would be unable to "attract and retain the best and brightest talent" if the US government imposed curbs on executive pay. When the top management of a company kept alive by a \$170bn bail-out speaks like that, we get a sense of just how resilient the ideology of talent has become within the corporate world. However, the causes and severity of this recession threaten this ideology's credibility - with potentially considerable consequences for management and the workplace."

Washington Post: "Foreclosure Sales Stalled by Red Tape ...Anxious to meet the bank's demands for quick action, Andrew Garcia and his fiancée, BethAnne Hoffmann, rushed to find financing to buy a foreclosed-on house in a lovely tree-lined Baltimore neighborhood."

Washington Post: "Several Banks Are Surviving, Even Thriving ...Wells Fargo shocked the market Thursday when it revealed that it expects to have earned \$3 billion in the first quarter. (Yes, that was after announcing \$3.3 billion in write-offs, but hey, who's counting?)"

Washington Post, Singletary: "Debtors' -- and Collectors' -- Obligations ...Whenever people ask me what they should do about their debts, I encourage them to call their creditors and do what they can to make good on their promise to pay."

Washington Post: "Chrysler Creditors Disagree on U.S. Plan to Cut Carmaker's Debt ...A dispute has erupted involving the creditors of Chrysler who are negotiating with the federal government to reduce the beleaguered automaker's debt load."

Washington Post, Samuelson: "Obama's Economic Mirage ...President Obama has made no secret of his vision for America's 21st-century economy. We will lead the world in "green" technologies to stop global warming. Advancing medical breakthroughs will improve our well-being, control health spending and enable us to expand insurance coverage. These investments in energy and health care, as well as education, will revive the economy and create millions of well-paying new jobs for middle-class Americans."

Washington Post, Editorial: "The Fed's Balance Sheet ...IN NOVEMBER 2005, BusinessWeek published a story that began, "Welcome to the era of the diminished Fed." It predicted that incoming Federal Reserve Chairman Ben S. Bernanke would avoid the activist models of his predecessors and turn to a more predictable rules-based system that he called "constrained discretion." Now, a few years later, the Fed is in uncharted territory in an effort to save the economy, and "quantitative easing" has handily trumped constrained discretion."

Wall Street Journal: "Delinquency Rate Rises on FHA-Backed Loans ...Home mortgages insured over the past two years by the Federal Housing Administration are falling into delinquency at a faster rate, adding to risks that could prompt the agency to request an infusion of taxpayer funds."

Wall Street Journal: "President Cites Progress on Economy as Deficit Swells ...President Barack Obama offered measured optimism about the economy on Friday after a week that featured some better-than-expected indicators, despite another gloomy turn for the federal budget picture."

Wall Street Journal: "Volcker Assumes Smaller-Than-Expected Role With Obama...As an early supporter of Barack Obama, Paul Volcker gave the young presidential candidate gravitas and advice. He frequently sat by Mr. Obama's side at key economic events, and started carrying a cellphone for the first time, just to be able to brainstorm with the candidate from the campaign trail."

Wall Street Journal: "The Path of Kohn: Crisis Changes a Fed Vet ...Over nearly four decades rising through the ranks of the Federal Reserve, Donald Kohn helped build a tradition-bound institution that embraced change slowly. Now the Fed's vice chairman, Mr. Kohn has spent the past 18 months helping to remake the central bank on the fly as Chairman Ben Bernanke's loyal No. 2 and primary troubleshooter."

Wall Street Journal: "Feeder Fees Topped \$790 Million ...Firms that funneled investors' money to Bernard Madoff likely took in at least \$790 million in fees over the years, according to a review of lawsuits and other documents emerging in the wake of Mr. Madoff's arrest."

Wall Street Journal: "Towns in Germany and Transit in Washington Feel AIG Pinch ...The ripple effects of American International Group Inc.'s woes have spread from the bastions of global finance to U.S. transit authorities to little towns

throughout Germany."

Wall Street Journal: "Public Markets Lock Down Private Equity ...If the latest rally turns out to be bear flavored, that is bad for investors in listed stocks, but possibly just as bad for private-equity firms."

Wall Street Journal: "Bailed-Out Banks Face Probe Over Fee Hikes ...The committee overseeing federal banking-bailout programs is investigating the lending practices of institutions that received public funds, following a rash of complaints about increases in interest rates and fees."

Wall Street Journal: "Action on AIG Unit May Cost Taxpayers ...American International Group Inc.'s financial-products unit is on track to wind down by year end, but the controversy over bonuses that led to the loss of some key people may have made the process more costly for taxpayers, the unit's head said."

Wall Street Journal: "Goldman to Launch Big Secondary Fund ...Goldman Sachs Group Inc. is wrapping up \$5.5 billion in investor commitments for a new fund to buy private-equity investments at a discount on the secondary market, people familiar with the fund said."

Wall Street Journal: "First Niagara Plans \$300 Million Stock Sale to Repay TARP ...First Niagara Financial Group Inc.'s first-quarter net income dipped 0.5% as the bank announced a \$300 million stock offering, with much of the proceeds aimed at repurchasing \$184 million in preferred stock issued to the Treasury Department under the capital purchase program."

Wall Street Journal: "Bank Reports Hint at What Lies Ahead ...It's time to take Wall Street's temperature again."

Bloomberg: "Goldman Sachs Share Sale to Repay Treasury Could Pressure Banks ...Goldman Sachs Group Inc., by selling stock to help it repay \$10 billion to the U.S. Treasury, may pressure competitors to follow suit or appear dependent on government support, analysts said."

Bloomberg: "Fed Economists Say Mortgage Changes May Not Stem Foreclosures ...Policies aimed at easing home-loan terms for troubled borrowers may not be as effective in preventing foreclosures as more-direct aid to homeowners, Federal Reserve economists found."

New York Times: "'Surgical' Bankruptcy Possible for G.M. ...The Treasury Department is directing General Motors to lay the groundwork for a bankruptcy filing by a June 1 deadline, despite G.M.'s public contention that it could still reorganize outside court, people with knowledge of the plans said during the weekend."

New York Times: "Crisis Altering Wall St. As Stars Begin to Scatter ...The turning point for Stephan Jung came in February, around the time bonus checks were slashed. A veteran of UBS, one of many banks tarnished by the financial crisis, Mr. Jung realized that the old Wall Street would not be bouncing back any time soon. It was time to head for the new."

New York Times: "Recession Pain, Even in Palm Beach ...LONG before the number was redolent of bailouts and bank

failure, David Neff decided that Trillion was the perfect name for his clothing store here on Worth Avenue, this town's boulevard of luxe retail."

New York Times: "China Slows Purchases of U.S. and Other Bonds ...Reversing its role as the world's fastest-growing buyer of United States Treasuries and other foreign bonds, the Chinese government actually sold bonds heavily in January and February before resuming purchases in March, according to data released during the weekend by China's central bank."

New York Times, Editorial: "391 Percent Payday Loan ...It seems like just a little loan, a few hundred dollars in advance of payday. But at an interest rate of \$15 per \$100, that little loan gets big in a hurry. And if another loan is needed - which sometimes happens, since the last payday loan took so much pay - total costs can soon exceed the amount borrowed in the first place."

New York Times, Editorial: "Learning to Love the Bailout ...Among the criticisms of the Obama administration's bank rescue proposal is that it's a heads-I-win-tails-you-lose proposition, with Wall Street flipping the coin and taxpayers coming up tails."

New York Times, Morgenson: "He Doesn't Let Money Managers Off the Hook ...EVERY once in a while, if only for sanity's sake, it is wise to leave our bankrupt era behind and seek out a bit of wisdom from a moral authority. It's a challenging exercise, given that so many formerly stellar reputations are now shipwrecked and that all those once-smart guys and gals have been reduced to bull-market geniuses."

Los Angeles Times: "HUD's Dollar Homes falls short of mission ...Jerry and Carol Ptacek bounced from one cramped apartment to another most of their adult lives, so they could hardly believe their luck when they were able to buy a San Bernardino house for the bargain price of \$63,000."

Los Angeles Times: "HUD Secretary Shaun Donovan wants mortgage incentives for energy-efficient homes ...Picture this: You're shopping for a larger home, dropping by open houses on a weekend. Each house you visit has an easy-to-understand disclosure about something that's typically unknown today -- its energy-guzzling costs per year."

Economist: "Sacred territory ...THE Federal Reserve has ventured ever further into the political realm, propping up failing companies, lending to industries other than banks and financing the federal budget through purchases of Treasury bonds. Now the politicians are threatening to respond in kind."

Boston Globe: "Keeping tabs on the bailout ...Until last year, Harvard Law School professor Elizabeth Warren was perhaps best known for her writing on bankruptcy and consumer finance. But last fall, she was appointed chair of a newly created Congressional Oversight Panel, which is charged with keeping tabs on the \$700 billion bailout of the financial sector - an effort formally known as the Troubled Assets Relief Program."