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## FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 4.16.2009

Wall Street Journal: "Firms to Get Up to \$9.9 Billion to Modify Mortgages ... The Treasury Department said it will pay the mortgage-servicing arms of Citigroup Inc., J.P. Morgan Chase & Co. and four others a combined maximum of \$9.9 billion to modify home loans and avoid foreclosures."

Wall Street Journal: "SEC Puts Ratings Firms on Notice ... Securities and Exchange Commission Chairman Mary Schapiro said the agency has "more to do" in regulating credit-rating firms, adding fuel to a debate that includes ideas such as changing the way firms are paid."

Wall Street Journal: "TARP Cash Isn't Moving Forward ... The largest bank recipients of U.S. government aid are offering less credit to businesses and consumers, the Treasury Department said Wednesday, reflecting and exacerbating the tenuous state of the current economic environment."

Wall Street Journal: "Bank Checkup Also Tests Regulators ... Today, the stress test the Treasury, Federal Reserve and other bank regulators are conducting at the nation's largest banks is more than a test of the patients' health. It is a test of the government's ability to restore confidence in the banks and conquer the financial crisis that continues to threaten the U.S. economy."

Wall Street Journal, Editorial: "An Offer Banks Can Refuse ... As we went to press last night, Arizona Senator Jon Kyl still had enough votes to defeat a plan allowing judges to break mortgage contracts. So-called cramdown legislation, allowing bankruptcy judges to change the terms on some mortgages, has never gained political traction. But bank lobbyists are threatening to snatch away Mr. Kyl's looming victory."

Washington Post: "Bank Test Results May Strain Limits Of Bailout Funding ... As the Obama administration works to complete its stress tests for gauging the health of major banks, it could confront another problem: how to pay for shoring up any weaknesses the tests reveal."

Washington Post: "Lending By Bailout Recipients Falls Again ... Lending by the nation's largest banks fell 6 percent in February from the previous month, continuing a downward trend that began in October with the financial crisis, according to data published yesterday by the Treasury Department."

Financial Times, Editorial: "Don't set Goldman free, Mr Geithner ... Mr Blankfein, the chairman and chief executive of Goldman Sachs, is eager for his institution to become the first big bank to shake off the stifling embrace of the US government. Mr Geithner, the US Treasury secretary, must decide whether to let him."

USA Today: "Homebuilders' outlook improves as sentiment index jumps in April ... An index of builders' confidence released Wednesday posted its biggest one-month jump in five years in April as many homebuyers seized on lower prices and incentives and took advantage of lower interest rates and tax credits."

New York Times, Tom Wilson: "Regulate Me, Please ... All companies that create risk for the financial markets need to be in "the pool" of federal regulation, including insurance companies."

Reuters: "TARP recipient lending eases in February ... Overall lending decreased slightly in February for the largest U.S. financial firms that have received emergency government investments, the Treasury Department said on Wednesday."

Dow Jones: "JPMorgan Dimon: Could Pay Back TARP; Waiting On Government Guidance ... On the heels of decent first-quarter results, JPMorgan Chase & Co. (JPM) Chairman and Chief Executive Jamie Dimon said the bank could pay pack the U.S. Treasury Department any time without raising capital."

Washington Times: "Treasury banking on return of billions ... The big-spending Treasury Department has suddenly become parsimonious with what remains of its \$700 billion bailout fund, seeking to stretch the money by counting on institutions to return or forgo \$57 billion of the \$250 billion originally slated for bank rescues."

Investor's Business Daily, Editorial: "Fleeing The TRAP ... Banking: The bailout might have worked with a different administration and a different Congress. But it was poisoned by politics. Financial firms large and small have every

reason to head for the exits."

Bloomberg: "Wells Fargo's Profit Looks Too Good to Be True ... Wells Fargo & Co. stunned the world last week by proclaiming it had just finished its most profitable quarter ever. This will go down as the moment when lots of investors decided it was safe again to place blind faith in a big bank's earnings."

Bloomberg: "AIG, Zurich Said to Near \$2 Billion Auto Unit Deal ... American International Group Inc. is close to selling its U.S. auto business to Zurich Financial Services AG for about \$2 billion, the insurer's biggest divestiture since being rescued by the government, said three people familiar with the situation."

Bloomberg: "Geithner Refrains From Labeling China a Manipulator ... U.S. Treasury Secretary Timothy Geithner refrained from labeling China a manipulator of the yuan's exchange rate, backtracking from an assertion he made during his confirmation hearings in January."

The Hill: "Treasury: China not manipulating currency ... The Treasury Department on Wednesday issued a formal report that concludes China is not manipulating its currency to gain a trade advantage, softening its approach on a divisive trade issue."