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## FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 4.17.2009

Bloomberg: "Stiglitz Says White House Ties to Wall Street Doom Bank Rescue...The Obama administration's bank-rescue efforts will probably fail because the programs have been designed to help Wall Street rather than create a viable financial system, Nobel Prize-winning economist Joseph Stiglitz said."

Bloomberg: "Stanford Bank's Receiver Has 'Little Doubt' of Ponzi Scheme... There is "little doubt" that R. Allen Stanford, accused by regulators of masterminding an \$8.5 billion fraud, was engaged in a Ponzi scheme, said the receiver handling the liquidation of his offshore bank."

Bloomberg: "Treasury Seeks to Keep U.S. Bank Stakes After Buyback ...The Treasury intends to retain an ownership interest in many U.S. banks even after the lenders buy back preferred stock the government currently holds as part of its rescue effort."

Wall Street Journal: "Citigroup Swings To 1Q Profit On Sharply Fewer Write-Downs...Citigroup Inc. (C) posted its first profit in 18 months, helped by surging results from operations that include its investment-banking business, as the company continued to build its loan-loss reserves and said it cut 13,000 jobs so far this year."

Wall Street Journal: "Rattner Involved in Inquiry on Fees ...Steven Rattner, the leader of the Obama administration's auto task force, was one of the executives involved with payments under scrutiny in a probe of an alleged kickback scheme at New York state's pension fund, according to a person familiar with the matter."

Wall Street Journal: "BofA Faces Pressure to Split Top Roles ...Pressure is building for the possible separation of the chairman and chief-executive roles at Bank of America Corp."

Wall Street Journal: "Pang Steps Aside at Firm as U.S. Launches Probe...California money manager Danny Pang temporarily stepped aside at his investment firm, which says it runs assets worth \$4 billion, as federal civil and criminal officials began to look into allegations of impropriety."

Wall Street Journal: "Nardelli Sees New Leaders at Chrysler if Pact Clears... Chrysler LLC will likely get a new chief executive and board of directors appointed by Italy's Fiat SpA and the U. S. government, if Chrysler and Fiat follow through on their plans to form an alliance, Chrysler's current CEO told employees in a letter."

Wall Street Journal: "Fed Looks Long Term for TALF...In its latest attempt to restart financial markets, the Federal Reserve is weighing a twist in one of its rescue programs that it hopes will encourage investors to buy long-term commercial-mortgage-backed securities."

Wall Street Journal: "Profit Solid, J.P. Morgan Aims to Repay TARP Funds...The boom in traditional Wall Street trading activity has boosted earnings at the major banks just as federal regulators are poring over their books."

Wall Street Journal: "Failed Fund Keeps Investors Waiting...The collapse of Reserve Primary Fund already has passed into lore as one of the defining moments of the credit crisis. But for some investors in the money-market mutual fund, the story is far from over."

Wall Street Journal, Editorial: "Barney Frank's Double Indemnity...Barney Frank's track record as a financial analyst is, shall we say, mixed. The House Financial Services Chairman said for years that a collapse of Fannie Mae and Freddie Mac would pose zero risk to taxpayers. For most people, a mistake of that magnitude would trigger introspection, if not humility. But not the sage of Massachusetts. He's cooking up another fantastic subsidy -- and like the last one, he swears taxpayers won't feel a thing. In his words, "it would cost the federal government zero." Uh oh."

Wall Street Journal, David Smick: "Europe Is No Model for Our Banks...Barack Obama is facing a policy civil war within his party. One side is led by New York Times columnist Paul Krugman. The other is led by the president's top economic adviser, Larry Summers. The battle is over the future of Wall Street banks."

New York Times: "Citigroup Says It Has Its Best Quarter Since Early 2007...Citigroup, the battered banking giant, announced a first-quarter net profit on Friday after more than a year of staggering losses and three rescues from Washington."

New York Times, Krugman: "Green Shoots and Glimmers...Ben Bernanke, the Federal Reserve chairman, sees "green shoots." President Obama sees "glimmers of hope." And the stock market has been on a tear."

New York Times: "After the Bank Failure Comes the Debt Collector...Rick Williamson, a Chicago banker turned junk-loan buyer, knew the name-calling would start again when he moved to foreclose on the Fayetteville Athletic Club, a sprawling, family-run gym and spa complex in this corner of northwest Arkansas."

New York Times, Norris: "Dimming the Aura of Goldman Sachs...It used to be the most respected investment bank in the world. Now it seems to be a part of more conspiracy theories than the Central Intelligence Agency."

Washington Post: "Banks Rush to Repay U.S. Funds, but Cling To Other Lifelines ...Six months after Washington rescued Wall Street, exasperated banks insist they want to leave the lifeboat."

Washington Post: "Rescued Banks Balk at Chrysler Deal...At a meeting with executives from four of the nation's largest banks earlier this month, the chief of the government's auto task force, Steven Rattner, delivered a message that shocked some in the room."

Washington Post: "Financial Crisis Must Be Probed, Pelosi Says...House Speaker Nancy Pelosi (D-Calif.) has endorsed a proposal to create a special congressional committee to investigate the causes of the financial sector meltdown, giving the idea bipartisan momentum in Congress."

Washington Post: "Card Issuers Face New Scrutiny...Under pressure for questionable industry practices, top executives of 14 of the nation's largest credit card companies are heading to the White House on Thursday for a meeting with senior administration officials."

Washington Post: "AIG to Sell Insurance Unit to Zurich...American International Group said yesterday it will sell its car insurance unit, 21st Century Insurance, to Zurich Financial Services Group for \$1.9 billion."

Financial Times: "Locating Stanford billions will take five years...It will take at least five years to locate funds lost by investors in the alleged \$8bn "Ponzi" scheme run by Texan billionaire Sir Allen Stanford, according to officials appointed to liquidate the offshore bank at the heart of the purported scheme."

Financial Times: "Stress tests deepen headache for Obama...Many US presidents - the past two included - begin their terms vowing to focus on domestic problems, but end up obsessed with foreign policy. For Barack Obama, who on Friday travels to Trinidad for the Summit of the Americas, having stopped off to visit Felipe Calderón, his Mexican counterpart, that switch may come unusually quickly."

Financial Times, Editorial: "Capitol capital ...How soon economic recovery will come to the US is unknown. What is certain, however, is that the US will not manage sustainable growth without a functioning financial system. But the current array of bank rescue policies does not address the central fact that the financial system, as a whole, is undercapitalised. Fixing it will require a great deal more public money."

Financial Times: "Ruling by Fiat ...The problem with brinkmanship is the bit about actually going over the brink if no compromise is reached. In the race to save Chrysler, by far the weakest of Detroit's "Big Three", half of the 30-day reprieve the carmaker received from the government is already gone and the relevant parties are displaying worrying obstinacy. Bilateral negotiations are hard enough. Five-sided ones are tougher still."

Economist: "Payback time...USING taxpayers' funds to prop up America's banking system was a necessary evil. So in many ways it is welcome that some banks now want to repay the money. On April 14th, six months after getting \$10 billion from the Treasury, Goldman Sachs sold \$5 billion of new shares with that in mind."

Economist: "The curse of politics ...AS THEIR banking crisis approaches Japanese proportions, Americans can take comfort from the fact that their political culture is more capable of finding a solution. Or can they? Today's anti-banker backlash bears a striking resemblance to the voter outrage that stymied efforts to fix Japan's banking system in the 1990s. Indeed, an enduring lesson of financial crises is how political constraints interfere with economically efficient solutions."

The Hill: "Dems, banks work to limit cramdown bill ...Senate Democrats are negotiating with a handful of the nation's largest banks and some credit unions to limit a controversial bill allowing judges to write down the value of home mortgages."