
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 4.21.2009

Washington Post: "Card Issuers Brace for Stern Warning ... President Obama will meet directly with credit card executives this week and plans to tell them to support strict measures that curb lending abuses or face the wrath of angry consumers and a determined Congress, according to banking industry officials."

Washington Post: "Congress Takes Aim at Credit Card Lending ... President Obama is "broadly supportive" of two bills in Congress that would curb abusive practices of credit card companies, according to administration officials. Here are some of the provisions."

Washington Post: "More Rescued Banks Might Suspend Interest Payments ... The Obama administration may let more large, troubled banks suspend interest payments on federal aid, allowing firms to rebuild their capital reserves more quickly and thereby limiting the amount of any additional federal aid that may be needed."

Washington Post: "Executive Pay Limits May Apply to Treasury's Toxic-Asset Program, Report Says ... Treasury Department lawyers have determined that firms participating in a \$1 trillion program to relieve banks of toxic assets could be subject to limits on executive compensation, contradicting the Obama administration's previous public position, according to a report to be released today by a federal watchdog agency."

Washington Times: "Senator's husband cashes in on crisis ... On the day the new Congress convened this year, Sen. Dianne Feinstein introduced legislation to route \$25 billion in taxpayer money to a government agency that had just awarded her husband's real estate firm a lucrative contract to sell foreclosed properties at compensation rates higher than the industry norms."

Wall Street Journal: "TARP Watchdog Urges Better Oversight ... A report by the TARP watchdog said the Treasury should take steps to better manage its financial-rescue effort so that taxpayer dollars are safeguarded and programs are more fraud-resistant, accountable and transparent."

Wall Street Journal: "Geithner Weighs Bank Repayments ... Treasury Secretary Timothy Geithner indicated that the health of individual banks won't be the sole criterion for whether financial firms will be allowed to repay bailout funds, a position that might complicate their efforts to give back the cash."

Wall Street Journal: "Credit Raters Plead the First. Will It Fly? ... Faced with a rash of litigation over their ratings of mortgage-backed securities, credit-rating firms are hoping to rely on a longtime legal ace-in-the-hole: the Constitution. But that protection is being questioned amid allegations that the firms had conflicts that encouraged them to give unduly rosy opinions about the creditworthiness of securities backed by subprime mortgages."

Wall Street Journal: "AIG Gets Aid, Minus Bonus Pay ... After enduring a public-relations storm over last month's bonus controversy, American International Group Inc. has now paid a financial price: \$165 million, the sum at issue in the dustup. The giant insurer said Monday it has closed on its deal, announced in March, for the U.S. Treasury Department to make new funds available to it. But subtracted from the new funds is an amount to offset the bonus payments AIG made in March to employees of its financial products unit."

Wall Street Journal: "Treasury Pressures Chrysler, Fiat in Meetings ... The Treasury Department kicked off meetings Monday with the heads of Chrysler LLC, Fiat SpA and the United Auto Workers union in Washington as signs increased that Chrysler could be headed for liquidation."

Wall Street Journal, Editorial: "A Backdoor Nationalization ... Just when you think the political class may have learned something in months of trying to fix the banking system, the ghost of Hank Paulson returns to haunt the Treasury. The latest Beltway blunder -- and it would be a big one -- is the Obama Administration's weekend news leak that it may insist on converting its preferred shares in some of the nation's largest banks into common equity."

Wall Street Journal, Michael Milken: "Why Capital Structure Matters ... Companies that repurchased stock two years ago are in a world of hurt."

Financial Times: "Geithner faces critical report on bail-out ... Tim Geithner, US Treasury secretary, will face lawmakers in Congress on Tuesday, hours after publication of a report that criticises aspects of the bank bail-out and days before stress test results that could lead to the government taking larger stakes in the financial -sector."

USA Today: "About 20 probes of bailout underway ... A government watchdog has launched "almost 20" criminal investigations related to the \$700 billion financial bailout program, according to a report to Congress to be released Tuesday."

New York Times: "Obama Proposes \$100 Billion Loan for I.M.F. ... President Barack Obama Monday proposed a \$100 billion U.S. loan to the International Monetary Fund to boost the IMF's war chest and urged a bigger stake in the IMF for emerging powers like China and India."

New York Times: "New Fannie Mae Chief ... Fannie Mae, the mortgage company, said Monday its board named the company's chief operating officer to take over as chief executive. The executive, Michael J. Williams, will succeed Herbert M. Allison Jr., who was named by the White House last week to run the federal government's \$700 billion bank rescue effort as an assistant Treasury secretary."

Los Angeles Times: "Sen. Christopher Dodd benefits from 'payday loan' industry ... The lawmaker praised for taking on credit card providers over predatory lending practices has raised more than \$44,000 from pawnshop owners and other businesses that provide high-interest loans."

Weekly Standard, Andy Kessler: "Putting the Toothpaste Back into the Tube ... So how is Fed chairman Ben Bernanke going to get all that toothpaste back into the tube? The Fed has been cranking money out like water over Niagara Falls. The monetary base has increased by a trillion dollars in just the last six months. And he's not done, furiously printing dollars (bank credits, really) and buying Treasuries in an attempt to flood the economy with dollars. When will it end? \$3 trillion? \$4 trillion? And then what? A functioning economy doesn't need all that cash sloshing around. Is runaway inflation our next crisis?"

Bloomberg: "Treasury Says 'No Basis' to Report on Bank Testing ... A U.S. Treasury spokesman said there's no basis to a blog posting that buffeted financial stocks by saying that most of the nation's largest banks are insolvent."

Bloomberg: "Regulators Give Greater Weight to Loan Quality in U.S. Tests ... Regulators conducting the stress tests on the 19 largest U.S. banks are increasingly focusing on the quality of loans the companies made after finding wide variations in underwriting standards, a regulatory official said."

Bloomberg: "Audit Says U.S. Estimated \$900 Million Loss on Citigroup Assets ... The U.S. Treasury estimated \$900 million in losses as of the end of last year on \$301 billion in Citigroup Inc. assets that the government is guaranteeing, according to a new audit report released today."

Reuters: "Treasury asset plan vulnerable to abuse: watchdog ... The U.S. Treasury's plan to purge toxic assets from banks' balance sheets is vulnerable to fraud and abuse and needs tough rules against conflict of interest, the government's bailout watchdog said on Tuesday."

CNBC: "Bankruptcy Cramdown Is Back ... Despite the fact that the press representative in Senator Dick Durbin's (D-IL) office tells me "negotiations are still underway," several outlets are reporting that the Senate version of the so-called bankruptcy "cramdown" bill is imminent. The house passed legislation in March allowing bankruptcy judges to modify home loans, with a couple of caveats, the main one being that the borrower had to have exhausted all possibilities for modification with his/her lender."

The Hill: "Bailout's top cop probes twenty TARP fraud cases ... Neil Barofsky, the top watchdog over the government's financial bailout efforts, is pursuing 20 civil and criminal investigations into potential fraud in the programs."

Roll Call: "Automakers Report 1st Quarter Spending on Outside Lobbyists ... Automakers and financial services firms that received federal bailout funds continued to spend large amounts of money to influence Congress this year, according to Senate lobbying disclosure reports filed as of Sunday evening. The reports are due Monday by 5 p.m."