
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 4.22.2009

Washington Post: "Firms Infused With Rescue Cash Find Money to Fund Lobbying ... Top recipients of federal bailout money spent more than \$10 million on political lobbying in the first three months of this year, including aggressive efforts aimed at blocking executive pay limits and tougher financial regulations, according to newly filed disclosure records."

Washington Post: "Geithner Hints at High Bar In Letting Banks Repay Aid ... Treasury Secretary Timothy F. Geithner said yesterday that the "ultimate test" for determining which banks can repay government bailout money is whether the entire financial system is capable of offering enough credit to revive the economy."

Washington Post: "Banks in Europe Lag in Recovery ... European banks are far behind those in the United States in clearing bad loans off their books and may need additional capital injections of up to \$1.2 trillion, according to a major International Monetary Fund report released yesterday."

Washington Post, Pearlstein: "How the U.S. Will Save GM and Chrysler ... Negotiations over the government's bailout of Chrysler and General Motors have shifted into high gear in recent days, and from this point until the end of June, things are likely to get more tense and more complicated. My guess is that when it's all over, both companies will have been run through a quickie bankruptcy process and will emerge smaller, with less debt, a lower cost structure and Uncle Sam as the majority owner."

Washington Post: "AIG Moves to Spin Off Key Units ... American International Group said yesterday that it will accelerate the divorce of its global property and casualty insurance businesses from the parent company as part of an effort to restructure itself and rebrand its more profitable divisions."

Wall Street Journal: "Financial Firms Lobby to Cut Cost of TARP Exit ... The banking industry is aggressively lobbying the Treasury Department to make it less costly for financial institutions to get out of the Troubled Asset Relief Program."

Wall Street Journal: "Economists Seek Breakup of Big Banks ... Instead of funneling taxpayer money into big financial firms, the government should take the radical step of breaking them up into smaller, more transparent companies, top economists told lawmakers Tuesday."

Wall Street Journal: "Banks Reject U.S. Terms for Cutting Chrysler Debt ... A group of big banks and other lenders rebuffed a Treasury Department request that they slash 85% of Chrysler LLC's secured debt, proposing instead to eliminate about 35% in exchange for a minority stake in the restructured car maker and a seat on its board."

Wall Street Journal, Editorial: "GM Is Becoming a Royal Debacle ... It's good to be the king -- until you start tripping over your own robe. So King Barack the Mild is finding as he tries to dictate the terms of what amounts to an out-of-court bankruptcy for Chrysler and GM."

Financial Times, Op-Ed: "Why the 'green shoots' of recovery could yet wither ... Is the worst behind us? In a word, No. The rate of economic decline is decelerating. But it is too soon even to be sure of a turnaround, let alone of a return to rapid growth. Yet more remote is elimination of excess capacity. Most remote of all is an end to deleveraging. Complacency is perilous. These are still early days."

Financial Times, Mohamed El-Erian: "Bank tests we should get stressed about ... With the banking system still under stress, financial markets are waiting with great anticipation for the release by Washington of the results of stress tests for major US banks. Some believe the tests, scheduled to be released in early May, are excessively hyped. They are wrong."

USA Today: "Regulators suggest changes to credit card rules ... Federal regulators on Tuesday proposed some clarifications to sweeping new rules designed to shield consumers from unfair credit card practices."

New York Times: "I.M.F. Puts Bank Losses From Global Financial Crisis at \$4.1 Trillion ... As finance ministers gather here this weekend for meetings of the International Monetary Fund and the World Bank, they will focus on two eye-popping numbers: \$4.1 trillion, the fund's latest projected losses from the global economic crisis, and \$1.1 trillion to help fix it."

New York Times: "For Housing Crisis, the End Probably Isn't Near ... There are reasons, though, to think that prices may be on the verge of stabilizing. Relative to fundamentals, like household incomes and rents, houses nationwide now appear to be overvalued by only about 5 percent. You can make an argument that the end of the housing crash is near. But that's not what I found at the auctions."

New York Times: "Economic Scene: For Housing Crisis, the End Probably Isn't Near ... The closest thing to a real estate crystal ball in the last few years has been the house auctions that are regularly held around the country."

New York Times: "Banks Sway Bills to Aid Consumers ... They may be held in low esteem around the nation, but the country's largest banks still wield considerable influence in Washington."

New York Times, Friedman: "Swimming Without a Suit ... Speaking of financial crises and how they can expose weak companies and weak countries, Warren Buffett once famously quipped that "only when the tide goes out do you find out who is not wearing a bathing suit." So true. But what's really unnerving is that America appears to be one of those countries that has been swimming buck naked - in more ways than one."

Los Angeles Times: "FDIC chief Sheila Bair suggests 'too big to fail' regulation to lawmakers ... Federal Deposit Insurance Corp. chief Sheila Bair discussed limiting the size of financial institutions to prevent lenders from becoming "too big to fail," House Democrats said Tuesday after a closed-door meeting with her."

Los Angeles Times: "U.S. to let some big banks repay bailouts early ... The Obama administration has indicated for the first time that it will let some big banks repay their bailout cash early, estimating that at least \$25 billion will come back to the government in the next year."

Bloomberg, Op-Ed: "Banks Get Stress Tests, Investors Get Stressed ... The idea wasn't to create angst among investors. Rather, the stress tests were designed to assess the capital adequacy of the 19 biggest banks under a variety of economic scenarios during the next two years. Somehow, in the two months since the tests were announced by Treasury Secretary Timothy Geithner, the exercise has morphed from an internal process to ensure banks can withstand additional loan defaults to a financial market fixation with a moveable end date and changing terms."

Bloomberg: "Geithner Says Banks May Convert Shares, Seek Private Investment ... Treasury Secretary Timothy Geithner indicated that stress tests will show most of the 19 biggest U.S. banks have enough capital and said those needing more may convert government preference shares into common stock as well as seek investments from private sources."

Investor Business Daily, Editorial: "Why Is Venture Capital Under Assault? ... President Obama and Treasury Secretary Geithner recently declared a need to regulate venture capital firms on the grounds they pose systemic risk to our economy. Nothing could be further from the truth."

CongressDaily: "Peterson Says Senate Delays On CFTC Benefit Wall Street ... House Agriculture Chairman Collin Peterson said Tuesday the senatorial holds placed on the nomination of Gary Gensler to chair the Commodity Futures Trading Commission are increasing Wall Street's power to block tougher regulation of credit default swaps and other derivatives."

National Review Online, Op-Ed: "Wanted: A Republican Consensus on TARP ... The \$700 billion Troubled Asset Relief Program (TARP) is collapsing under its own weight. The Obama administration's perpetually embattled treasury secretary, Timothy Geithner, tried very hard on Tuesday morning to convince the TARP oversight panel that he had a plan and his plan was working, but the panel's members didn't sound convinced."

Politico: "Geithner defends bailout ... Despite giving a vigorous defense of the financial bailout, Treasury Secretary Timothy Geithner still admits that the success has been "mixed" on the \$700 billion Wall Street rescue."

Politico: "Credit card companies to be hit again ... Credit card CEOs thought they had it bad: The economy has crashed, the credit market is tight and customers are stressed. Now add to that list of woes a White House bent on reforming the industry - by shutting down some of the industry's most lucrative, and controversial, practices."