

FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 4.28.2009

Wall Street Journal: "Fed Pushes Citi, BofA to Increase Capital ... Regulators have told Bank of America Corp. and Citigroup Inc. that the banks may need to raise more capital based on early results of the government's so-called stress tests of lenders, according to people familiar with the situation."

Wall Street Journal: "GM Offers U.S. a Majority Stake ... General Motors Corp. outlined a new turnaround plan that would leave the U.S. government controlling the auto maker, as it set up a showdown with bondholders that could determine whether the company lands in bankruptcy court."

Wall Street Journal: "Restoring Trust to Take More Than 'Passed Test' ... Information about spies, nuclear weapons and terror plots should be kept secret by the government. These days, the Merrill Lynch balance sheet also appears to warrant top-secret status."

Wall Street Journal: "Criminal Authorities Focus on 3 in Investigation of AIG ... More details are emerging about the government's probe into American International Group Inc.'s derivative contracts, which nearly sank the big insurer before a government rescue."

Wall Street Journal, Editorial: "The Big Barofsky ... Someone in Washington is standing up for taxpayers."

Financial Times: "WL Ross leads fund bid for bank assets ... Wilbur Ross, the billionaire investor, and his firm's parent company, Invesco, are leading a consortium bidding to manage some of the US government's \$1,000bn in Public-Private Investment Programme assets."

Financial Times, Neelie Kroes: "European banks cannot set aside the rules ... In recent years, the banking system and its investors wanted too much, too quickly. Too much risk was taken with other people's money, with dramatic systemic consequences."

Washington Post, Allan Sloan: "How GM, and Rick Wagoner, Did the Right Thing ... You don't hear many nice things these days about General Motors' deposed chief executive, Rick Wagoner, or the board of directors that supported him for so long. But the board did do one thing right: It didn't give him or his colleagues golden parachutes -- those huge payments that companies typically lavish on top honchos when they are thrown out of their jobs."

Washington Post: "GM's New Escape Route: Partial Nationalization ... Once a symbol of capitalist might and U.S. industrial prowess, General Motors would be half owned by the Treasury under a new sweeping plan that would also shut down GM's Pontiac operations, lay off 21,000 workers and impose harsh terms on the company's bondholders."

Washington Post: "U.S. Tries to Broker Sale Of Chrysler's Loan Arm ... The Treasury Department is racing to engineer the sale of Chrysler's financing arm in a move the administration deems vital to saving the troubled automaker, but other federal agencies have not given their support, sources familiar with the matter said."

Washington Post: "Mortgage Modification Bill Faces Trouble as Senate Vote Nears ... Days before an expected vote, Senate leaders yesterday touted their version of a proposal to allow bankruptcy judges to modify mortgages, but have yet to secure the support of the financial services industry and face fierce opposition that could derail the proposal again."

Washington Post, Bachus: "Watch Fed initiatives' ... There are serious questions about the mortgage legislation to be considered by the Financial Services Committee this week. These concerns must be addressed before this sweeping legislation - which would further limit options for homebuyers and could freeze an already chilled mortgage market - is advanced."

Washington Post, Editorial: "Stress Tests ... WHILE THE general methods used to evaluate the nation's largest banks were released last Friday, the "stress test" results will not be announced until May 4, and even then it is still not clear what information will be shared. The policy should be: as much as possible."

New York Times, Op-Ed: "Stress Tests? No Big Deal After All ... now, less than a week before it makes the results of its all-important test public, the government appears to be backing away from how seriously investors and the public should take them. In the Federal Reserve's 21-page white paper released on Friday, it described the tests as simply "what if" exercises."

Investor Business Daily, Editorial: "Ax UAW 'Jobs Bank,' Save GM ... The Jobs Bank was created as GM made its plants more flexible and automated to compete with the Japanese. As GM became more efficient, it no longer needed as many workers to run a plant. The union demanded that it keep paying workers displaced by the new technology."

Boston Herald, Editorial: "Break up big banks ... Rep. Barney Frank of Massachusetts is slowing down consideration of the financial regulations overhaul bill in the Financial Services Committee he chairs to see what the slower pace of the Senate will produce. This provides a good opportunity to introduce a new concept: breaking up the biggest banks."

National Review, Op-Ed: "Credit Cards in the Crosshairs ... Chris Dodd and Barney Frank want to make Americans' financial decisions for them. ... The reigning sentiment in Washington is barely bridled hostility to and distrust of the private sector - and abiding faith in the efficacy and righteousness of government. Congress, President Obama, and regulators are bent on moving economic decision-making power from the private sector into the public realm. They have the credit-card industry in their sights."

National Review, Editorial: "Obama Takes an Interest in Credit Cards ... P resident Obama, flitting from crisis to crisis without ever quite managing to solve one, has alighted upon credit cards. He summoned a dozen credit-card executives to Washington and dressed them down. Finding credit-card statements difficult to read, Obama proposes to put the wordsmiths of the federal government in charge of reforming them. He also proposes to manage interest rates and fees, the size of the type on bills, the content of card issuers' websites, and the ease of comparison-shopping among competing cards. As the commercial says, there's a card that's right for you - and the president believes he knows which it is: "Every credit-card issuer has to issue a plain-vanilla, easy-to-understand, simplest-possible credit card that would be the default credit card that the average user can feel comfortable with." Default may be a poor word choice in the context of credit, but the message is clear: You yahoos are going to eat your plain vanilla, and you're going to like it."

CNBC: "US Regulators Tell Citi, BofA to Increase Capital ... U.S. regulators have told Bank of America and Citigroup they may need to raise more capital following stress testing of the two banks, the Wall Street Journal reported."

Politico: "For big banks, money still talks ... Are the big banks running out of muscle on Capitol Hill? That's the question hanging in the air as Congress revs up action on legislation cracking down on the credit card industry."

Politico: "Diary of a Treasury nominee ... The New York Times obtained Treasury Secretary Timothy Geithner's personal schedule from 2007 to early 2009, which the paper said showed he has deep Wall Street ties that have an impact on who gets bailed out and how."

CongressDaily: "Credit Card Talks Kick Into High Gear ... With pressure from the White House, negotiations over legislation to curb certain abusive credit card practices have kicked into high gear as the House gets ready to vote this week on the measure."