FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 4.29.2009

Wall Street Journal: "Citi Seeks Approval to Pay Out Bonuses ... Citigroup Inc., soon to be one-third owned by the U.S. government, is asking the Treasury for permission to pay special bonuses to many key employees, according to people familiar with the matter."

Wall Street Journal: "Loan-Modification Plan Revised to Address Second Mortgages ... The Obama administration on Tuesday laid out new guidelines for its foreclosure-prevention program that aim to address one key stumbling block to its efforts to stabilize the housing market: how to deal with borrowers who have home-equity loans and other second mortgages."

Wall Street Journal, Editorial: "Why Congress Won't Investigate Wall Street ... The idea of a new Pecora investigation is catching on, particularly, but not exclusively, on the left. It's probably not going to happen, though, in the comprehensive way that it should. The reason is that understanding our problems, this time around, would require our political leaders to examine themselves."

Wall Street Journal, Editorial: "The Truth About Cars and Trucks ... Call it a bailout or restructuring. What you're seeing is not a new beginning for the homegrown auto sector. It's the culmination of a decades-old, dishonestly peddled auto policy."

Washington Post: "After Months on Hot Seat, Bailout Director Nears Exit ... The first time Neel Kashkari, the head of the Treasury Department's bailout operations, was called to testify before an oversight committee on Capitol Hill, he placed an index card on the table in front of him with the words: "The louder he yells at me, the calmer I will be.""

Washington Post: "Foreclosure Prevention Plan Expanded to 2nd Mortgages ... The Obama administration unveiled an expansion of its $75 billion foreclosure prevention plan yesterday, providing new subsidies to mortgage lenders and investors."

Washington Post: "Concerns Over Lawsuits Hold Up FHA Nomination ... A Senate Banking Committee vote to confirm David H. Stevens as head of the Federal Housing Administration was postponed yesterday after concerns were raised about lawsuits involving Long & Foster, the Washington-area real estate brokerage where Stevens has been president for seven months."

Washington Post: "Firm's Ex-Officials Charged With Fraud ... The Securities and Exchange Commission yesterday charged former top executives at one of the big beneficiaries of the housing boom, American Home Mortgage Investment Corp., with accounting fraud and making false disclosures at the start of the mortgage crisis in early 2007."

New York Times: "Time for Bank Creditors to Share the Pain? ... The big debate about President Obama's financial rescue plan has centered on whether he's been right to avoid nationalizing the country's biggest banks. But there is another, more pressing question about the plan that has received considerably less attention."

Financial Times: "AIG acts to avoid default risk ... AIG has moved to stave off the risk of default on $234bn of derivatives by persuading a senior executive at its troubled financial products division to rescind his resignation and remain with the stricken insurer to unwind the complex trades"

Financial Times, Martin Wolf: "Fixing bankrupt systems is just the beginning ... Can we afford to fix our financial systems? The answer is yes. We cannot afford not to fix them. The big question is rather how best to do so. But fixing the financial system, while essential, is not enough."

LA Times: "More than 100 private money managers apply for Treasury's toxic-assets plan ... The government's plan to have private money managers partner with the Treasury to buy and manage banks' toxic assets has attracted more than 100 applicants, according to a person familiar with the program."

Detroit News, Op-Ed: "Federal control of General Motors is game changer ... With the arguable exception of the disastrous British Leyland experiment in the 1970s, even the Europeans never went this far."

National Review, Op-Ed: "The Housing Boom and Bust ... In the spirit of bipartisanship, my newest book - The Housing Boom and Bust - shows how both Democrats and Republicans ruined both the housing markets and the financial markets."

Reuters: "Fed seen holding rates, policy steady ... With signs the deep U.S. economic swoon may be easing, Federal Reserve policy makers appear ready to hold off new measures to flood the economy with money while keeping interest rates steady near zero on the final day of a two-day meeting on Wednesday."

Bloomberg, Op-Ed: "If Banks Are Too Big to Fail, Take an Ax to Them ... Behemoth nationwide banks like Citigroup Inc. and Bank of America Corp. expanded willy-nilly and threw the global economy into recession with their reckless trading."

Associated Press: "WSJ: Citi asks Treasury if it can pay bonuses ... Citigroup Inc., which has received $45 billion in federal bailout funds and potentially could have to raise more capital based on "stress test" results, is requesting permission from the Treasury Department to pay out special bonuses to certain workers, The Wall Street Journal said late Tuesday."

The Hill: "House GOP to attack Obama on bailouts ... Republicans on the House Financial Services Committee are using President Obama's 100 days in office to slam the government's efforts to shore up the financial markets and broader economy."

Politico, Rep. Hensarling: "The true causes of the housing crisis ... Rep. Brad Miller (D-N.C.) recently analyzed the conservative argument for how federal policies have contributed to our economic downturn. While I do not agree with his conclusions, I must thank Rep. Miller for highlighting the problems surrounding the Community Reinvestment Act, Fannie Mae and Freddie Mac."

Politico: "Banks in crosshairs of taxpayers ... If you lived under a rock and picked this week to wander out for a look-see, it wouldn't take very long to surmise how unpopular banks are."

Politico: "Federal ownership may raise conflict ... A White House proposal to take ownership stakes in some of the nation's largest financial institutions is raising concerns about a fundamental conflict of interest between the government's prospective role as an owner of the banks and its responsibility as their regulator."

CongressDaily: "House Panel Expected To Ease '5 Percent' Rule For Lenders ... The House Financial Services Committee is expected to amend an anti-predatory lending bill today by easing a requirement that lenders retain at least 5 percent of the mortgages they sell on the secondary market. The amendment, authored by Financial Services Chairman Barney Frank and Rep. Walt Minnick, D-Idaho, addresses lender concerns that the requirement would decrease credit available for mortgages if some banks are unable to meet the threshold. The Frank-Minnick amendment includes language giving federal banking regulators the authority to adjust the requirement to facilitate "appropriate risk management practices."