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## FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 5.01.2009

Washington Post: "Obama Vows Swift Overhaul As Chrysler Enters Bankruptcy ... Union and Fiat Gain Major Stakes in Automaker; President Slams Holdout Creditors as 'Speculators' ... Chrysler, the nation's third-largest automaker, filed for bankruptcy protection yesterday, with President Obama promising that court relief would give the company a "new lease on life."

Washington Post: "In Chrysler Saga, Hedge Funds Cast As Prime Villain ... President Obama's harsh attack on hedge funds he blamed for forcing Chrysler into bankruptcy yesterday sparked cries of protest from the secretive financial firms that hold about \$1 billion of the automaker's debt."

Washington Post, Editorial: "Swiss Banks ... Time to end the tax haven business ... IN FEBRUARY, UBS, the largest private wealth manager in the world, admitted to conspiring to defraud the U.S. government. The cloak-and-dagger scheme involved hiding money in dummy offshore accounts, code words such as "nut" for \$250,000 and "swan" for \$1 million, and encrypted computer chips."

Wall Street Journal: "Hearings Sought on Federal Role in Merrill Deal ... Lawmakers likely will call for hearings to inquire about the involvement of the Treasury and the Federal Reserve in Bank of America Corp.'s purchase of Merrill Lynch & Co."

Wall Street Journal: "Slump, Debt Dashed Bid to Turn Around a U.S. Icon ... As part of its turnaround plan, Cerberus had Chrysler mortgage most of its crown jewels -- plants, real estate, machinery and intangible assets like patents and the Jeep brand name. Using those assets as collateral, Chrysler borrowed \$10 billion. The money was supposed to fuel Chrysler's recovery. It wasn't enough."

Wall Street Journal: "At Treasury, Big White House Role ... On Jan. 20, Timothy Geithner took control of the Treasury Department, directing the government's response to the financial crisis. Within three weeks, the White House tightened its grip, alarmed by the poor reaction to Mr. Geithner's performance during the rollout of his rescue plan, government officials say. Since then, White House Chief of Staff Rahm Emanuel has been so involved in the workings of the Treasury that "Rahm wants it" has become an unofficial mantra among some at the Treasury, according to government officials."

Wall Street Journal: "Fed Hopes 5-Year TALF Loans Will Help Real-Estate Market ... The Federal Reserve is preparing to announce new terms on one of its lending programs that officials hope will help revive the commercial-real-estate market, according to people familiar with the matter."

Wall Street Journal: "Freddie to Give HR Chief Up to \$1.3 Million in Bonuses ... Freddie Mac disclosed that its human-resources chief, Paul George, will receive retention bonuses of as much as \$1.3 million."

Wall Street Journal, Op-Ed: "A Chrysler Bankruptcy Won't Be Quick ... a Chrysler bankruptcy has many moving parts -- and with Chrysler unable to make money selling cars, it just doesn't have enough nongovernment cash to grease those moving parts to facilitate a smooth bankruptcy."

Wall Street Journal, Editorial: "Chrysler Goes to Court ... President Obama's broadside against bankers yesterday illustrates better than any argument ever could that bankruptcy court, and not the political arena, is where Chrysler belongs. Yesterday's filing isn't the end of the U.S. auto industry, or even necessarily of Chrysler, and it offers the best chance to protect all parties under the rule of law."

New York Times: "Senate Refuses to Let Judges Fix Mortgages in Bankruptcy ... The Senate handed a victory to the banking industry on Thursday, defeating a Democratic proposal that would have given homeowners in financial trouble greater flexibility to renegotiate the terms of their mortgages."

New York Times, Editorial: "The Chrysler Bankruptcy ... When President Obama outlined his plan to restructure Chrysler under bankruptcy-court protection, we shared his view that keeping a company "afloat on an endless supply of tax dollars" was no solution to the cratering of even iconic American companies."

USA Today: "Government nervous about stress test results ... Next week's bank stress tests results are a key part of the Obama administration's economic recovery plan, but the government has big worries about how to deliver the results without hurting the banks' reputation or scaring financial markets."

USA Today: "GM bondholders propose counteroffer, seek majority stake ... General Motors (GM) bondholders want a majority stake in the restructured automaker in exchange for forgiving their claim to \$27 billion of GM debt, a committee representing the bondholders said Thursday."

Investor Business Daily: "Will Chrysler Unions Hold Key To Change After A Bankruptcy? ... Chrysler's bankruptcy filing Thursday raises several questions about the carmaker's future, but one point seems clear: The United Auto Workers will

own a huge stake in the company, quite possibly a majority stake."

Reuters: "Individual "stress tests" may be unveiled ... U.S. officials are leaning towards announcing the "stress test" results of individual banks next week instead of just summary results, a source familiar with administration talks said on Thursday."

Reuters: "Pension kickbacks national problem, NY's Cuomo says ... New York state's criminal probe of kickbacks paid by companies eager to manage its \$122 billion state pension fund has exposed "a national network of actors" whose schemes are ongoing, state Attorney General Andrew Cuomo said on Thursday."

National Review, Lowry: "A Blow for Income Equality ... Nothing soaks the rich quite like a financial meltdown. ... Why complain about the financial crisis? By liberalism's standards, it has been a swift sword of economic justice, working to equalize wealth more rapidly than any policy short of summary execution of the rich."

CongressDaily: "With House Passage, Credit Card Battle Turns To Senate ... The House overwhelmingly passed legislation Thursday to curb certain questionable credit card practices, placing additional pressure on Senate negotiators to strike a deal on a measure that resonates with the public and has placed the powerful banking lobby on the defensive."

Politico: "House passes credit crackdown ... Seeking to crack down on credit card companies while picking up some Main Street cred, the House overwhelmingly passed legislation Thursday that would freeze interest rates on certain credit card balances."

Roll Call: "Frank Admits Accepting 'Flawed' Amendment to Housing Bill ... In the rush to pass mortgage reform legislation out of his committee, House Financial Services Chairman Barney Frank (D-Mass.) on Thursday said he mistakenly accepted "a deeply flawed" amendment and plans to remove it during next week's House debate."

The Hill: "'Cramdown,' credit card bills have shaky support ... Senate Democratic leaders on Thursday indicated they lack the votes needed to advance controversial bills that would revise bankruptcy laws and credit card practices."