
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 5.06.2009

Washington Post: "Bank Tests Yield Early Progress ... The Obama administration's plan to "stress-test" 19 large banks is yielding benefits even before the findings are released tomorrow."

Washington Post: "Bernanke's Outlook a Bit Brighter ... The U.S. economy seems to be contracting at a slower rate than it was a few months ago, Federal Reserve Chairman Ben S. Bernanke told lawmakers yesterday, delivering a message of optimism that was tempered by his forecast that the economy could perform well below its potential for some time to come."

Washington Post: "Freddie Pressured Over Accounting Disclosure ... When Freddie Mac privately suggested to regulators last month how it planned to account for its mounting losses, the mortgage giant set off a firestorm."

Washington Post: "SEC Sues Money Market Fund Over Losses Connected to Lehman Collapse ... The Securities and Exchange Commission yesterday filed civil fraud charges against a large money market fund and two of its executives, alleging that the Reserve Primary Fund misled investors about potential losses connected to the bankruptcy of Lehman Brothers."

Washington Post, Meyerson: "What's Good for Chrysler There's creative destruction -- economist Joseph Schumpeter's term for the normal churning of capitalism -- and then there's destructive destruction. Anyone interested in the latter should pay close attention to the arguments being made in federal bankruptcy court by attorneys for the hedge funds that held out for more in the Chrysler bankruptcy deal."

Washington Times: "Investors say stress test too easy on banks ... The government's stress tests for banks, while aimed at shoring up public confidence, have turned into what some investors are calling an exercise in smoke and mirrors."

Washington Times: "Push planned to repeal online gambling ban ... Poker enthusiasts are hoping the odds might tip in their favor this year to overturn a law that hampers gambling in the United States over the Internet."

New York Times: "U.S. Says Bank of America Needs \$33.9 Billion Cushion ... The government has told Bank of America it will need to raise \$33.9 billion in capital to withstand any worsening of the economic downturn, according to an executive at the bank."

New York Times: "As Investors Circle Ailing Banks, Fed Sets Limits ... Seeing opportunity in the nation's struggling banking system, private equity firms are lobbying to change federal rules that limit their control."

New York Times: "U.S. May Set a Debt Test for Banks ... The Treasury is expected to announce as early as Wednesday that banks must show that they can issue debt without government subsidies before they are allowed to exit TARP."

New York Times: "Money Fund Managers Are Accused of a Fraud ... The Securities and Exchange Commission on Tuesday accused the father-and-son team that operated the Reserve Primary Fund of securities fraud, contending they had lied to investors when the fund "broke the buck" last fall and created a near panic in the money market fund industry."

Wall Street Journal: "BofA Faces \$34 Billion Gap ... Regulators have told Bank of America Corp. that the company needs to take steps to address a roughly \$34 billion capital shortfall based on results of the government's stress tests, according to people familiar with the situation."

Wall Street Journal: "Condition Is Set for Banks' TARP Exit ... Banks that want to return Troubled Asset Relief Program funds will have to demonstrate their ability to wean themselves off another major federal program, according to senior government officials, making it less attractive for some banks to return the money."

Wall Street Journal: "At Fallen Mortgage Titan, Tragedy Amid the Turmoil ... David Kellermann struggled for months with the pressures of his job as acting chief financial officer of Freddie Mac. Yet on Tuesday, April 21, there was reason for optimism at the battered housing-finance giant."

Wall Street Journal: "Case Opens New Front on Insider Trading ... The Securities and Exchange Commission brought its first-ever case alleging insider trading in credit-default swaps -- an opaque derivative investment at the heart of the recent carnage in the financial industry."

Wall Street Journal: "Fed Directors' Ties to Banks Spur Calls for Changes ... The 12 regional Federal Reserve banks have conflicting practices regarding directors who are board members of banks and own shares of bank-holding companies, heightening calls to overhaul the policies at these financial institutions."

Wall Street Journal, Opinion: "Banks Need Fewer Carrots and More Sticks ... The results of bank stress tests -- expected tomorrow -- will no doubt prompt calls for further government guarantees and capital injections. But continuing to prop up the banks with government cash is a mistake. There is a better approach."

USA Today: "Some fear Fiat plan with Chrysler and GM takes on too much ... Fiat's ambitious plan to become one of the world's biggest car companies by not only saving Chrysler but by absorbing General Motors' European and Latin American operations could be too big a bite."

Financial Times: "Subprime lobbyists in \$370m battle ... The top 25 US originators of subprime mortgages - the risky assets that sparked the global financial crisis - spent almost \$370m in Washington over the past decade on lobbying and campaign donations as they tried to ward off tighter regulation of their industry, an investigation has shown."

Bloomberg: "Cox's SEC Hindered Probes, Slowed Cases, Shrank Fines, GAO Says ... The U.S. Securities and Exchange Commission was plagued by internal conflicts before the regulator drew fire for missing Bernard Madoff's \$65 billion Ponzi scheme, a U.S. government watchdog said."

Bloomberg: "Banks May Be Asked to Boost Capital Under Basel Plan ... Banks worldwide may be asked to raise minimum capital reserves by several percentage points to help them weather the next financial crisis, said Nout Wellink, chairman of the Basel Committee on Banking Supervision."

Bloomberg: "Citigroup, Wells Fargo Gained From Subprime Lenders, Group Says ... Twenty-one of the 25 biggest subprime lenders, whose loans are blamed for the collapse of credit markets, were owned or financially supported by Citigroup Inc., Wells Fargo & Co. and other lenders that got U.S. aid, according to a study released today."

CNNMoney: "Chrysler won't repay bailout money ... Chrysler LLC will not repay U.S. taxpayers more than \$7 billion in bailout money it received earlier this year and as part of its bankruptcy filing."

CongressDaily: "Dodd, Shelby Close On Student Credit Card Restrictions ... Congress is likely to impose new conditions on how banks can market credit cards to college students as part of an overhaul measure to crack down on the industry."

Politico: "AIG bonuses four times higher than reported ... The 2008 AIG bonus pool just keeps getting larger and larger."

In a response to detailed questions from Rep. Elijah Cummings (D-Md.), the company has offered a third assessment of exactly how much it paid out in bonuses last year."

Politico: "House tries mortgage lending reform again ... Members of the House will experience some déjà vu this week as they vote again on legislation to crack down on mortgage lending abuses in hopes of preventing a repeat of the subprime crisis that helped bring the entire U.S. economy to its knees."

Politico: "Dick Durbin stumbles in cramdown collapse ... Senate Majority Whip Dick Durbin (D-Ill.) isn't known as a confrontational guy. But after his bankruptcy reform bill flopped last week, he had sharp words for one of the measure's most outspoken opponents: fellow Democratic Sen. Tom Carper of Delaware."

Politico: "Top Clinton hand to shore up Geithner ... Former White House Press Secretary Jake Siewert is preparing for a return to government as a top counselor to Treasury Secretary Tim Geithner, Democratic sources said."

The Hill: "House GOP takes new tack to go toe to toe with Rep. Barney Frank ... House Republicans have come up with a new plan to deal with Rep. Barney Frank (D-Mass.)."

Roll Call: "A High-Stakes Poker Game: Fighting Over Online Gaming ... Online gambling advocates are upping their ante inside the Beltway, adding new hired guns and rethinking their Capitol Hill strategy as Congress gets ready to take up legislation that would reverse the ban on online gaming."