
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 5.11.2009

Wall Street Journal: "AIG Sees Long Road Back From the Brink ... The turnaround of American International Group Inc. was once hoped to be a quick process. But a new internal memo shows that the insurer and its government owners expect a multiyear roadmap to restructure AIG."

Wall Street Journal: "U.S. Forced Chrysler's Creditors to Blink ... President Barack Obama's auto task force heard a blunt message early this spring from J.P. Morgan Chase & Co., the largest lender to Chrysler LLC. In any deal to remake the troubled auto maker, Chrysler would have to repay its lenders all \$6.9 billion it owed."

Wall Street Journal: "Government Holds Strings to Markets ... For all of the excitement about improving financial markets, most are still on some form of government life support and the evidence so far is they can't yet function normally on their own."

Wall Street Journal: "Hedge Funds Are Piqued by White House ... Hedge-fund managers are showing rare public outrage against the Obama administration, saying that it has wrongly rebuked investors necessary to salvaging the financial crisis."

Wall Street Journal: "GMAC Gap Looks to Be Filled by Big Stake From Government ... GMAC LLC has the biggest capital hole to fill of any of the 19 stress-tested banks, relative to the size of its equity, but its role as a lender for General Motors Corp. and now Chrysler LLC means the government is likely to take a big stake in the company."

Wall Street Journal: "GM Hires Search Firm for New Board ... General Motors Corp. has hired an executive-search firm to help find replacements for at least half of its 12 directors, reflecting the Obama administration's increasing influence over the auto maker."

Wall Street Journal, Editorial: "The Friedman Flap ... Stephen Friedman has appropriately resigned as chairman of the New York Federal Reserve Bank, amid a flap over his ownership of Goldman Sachs shares. But now he and others are also claiming that Mr. Friedman did nothing wrong, so it's worth clarifying the real nature of the blunder that he and Federal Reserve Vice Chairman Donald Kohn committed. To wit, they have risked compromising the Fed's political independence."

Wall Street Journal, Paul Ingrassia: "How Ford Restructured Without Federal Help ... While General Motors and Chrysler will emerge from the government restructuring wringer with significantly reduced debt, Ford will still likely be obliged to

repay its lenders. This could put Ford at a competitive disadvantage -- an unfortunate irony for the one Detroit car company that has gotten the decisions mostly right in the last few years."

New York Times: "Rising Credit Card Losses Are Next Challenge for Banks ... It used to be easy to guess how many Americans would have problems paying their credit card bills. Banks just looked at unemployment: Fewer jobs meant more trouble ahead."

New York Times: "Banks Brace for Credit Card Write-Offs ... It used to be easy to guess how many Americans would have problems paying their credit card bills. Banks just looked at unemployment: Fewer jobs meant more trouble ahead."

Reuters: "Three big U.S. banks to sell stock and repay TARP ... Three large U.S. banks deemed by the government to have sufficient capital on Monday announced large common stock offerings, and will use proceeds to repay government investments under a bank bailout plan."

USA Today: "Some Madoff victims may qualify for faster settlements ... The court trustee seeking Bernard Madoff's assets to repay clients burned by the disgraced financier's scam has launched a hardship program in an effort to speed payments to victims. Individual victims having trouble making ends meet will be required to file a special claim by July 2 seeking an accelerated federal insurance payment, trustee Irving Picard announced Friday."

Los Angeles Times: "New FICO site helps borrowers seeking loan modifications ... The joint state and federal crackdown on outfits that fail to deliver on promises to help troubled homeowners negotiate loan modifications should be enough to scare the dickens out of anyone who is considering third-party interventions."

Los Angeles Times, Op-Ed: "Addressing the 'too big to fail' problem ... Are government bailouts of TBTF institutions doing more harm than good?"

Weekly Standard, Op-Ed: "Should Bernanke Cool It? ... Batten down the hatches. America is about to be overwhelmed by an inflationary wave that will threaten the value of the dollar and its ability to remain the world's reserve currency."

National Review, Op-Ed: "Housing Boom and Bust ... Let us go back to square one to consider the empirical consequences of policies in the housing market. Politicians in Washington set out to solve a national problem that did not exist - a nationwide shortage of "affordable housing" - and have now left us with a problem whose existence is as undeniable as it is painful."

CongressDaily: "House Looks To Finish Supplemental As Senate Begins Credit Card Debate ... The House this week will consider a \$96.7 billion emergency supplemental appropriations bill that funds wars in Iraq and Afghanistan and other military and domestic needs for the rest of the fiscal year. ... On the other side of the Capitol, the Senate today will begin consideration of legislation that would place restrictions on credit card fees and interest rate policies that have been labeled abusive by consumer groups."

CongressDaily: "Obama Wants Credit Card Bill By Memorial Day ... President Obama today ramped up pressure on the Senate to help get him a credit card-reform bill by Memorial Day, noting the House has already taken steps to curb sudden rate hikes, unfair penalties and hidden fees."