
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 6.16.2009

Wall Street Journal: "Securities Revamp Has Its Doubters on Street ... The Obama administration's planned revamp of securitization doesn't go much beyond what is already in the works, raising doubts on Wall Street about whether the plan will fix the market chiefly responsible for the global credit crisis."

Wall Street Journal: "Freddie's Accidental CEO Tries to Shed Job ... Over the past four decades, John Koskinen's roles have included salvaging a bankrupt railroad, owning an unprofitable soccer team and managing a shutdown of federal agencies during a budget impasse."

Wall Street Journal, Volcker: "Moral Hazard and the Crisis ... Another important common concern is the "too big to fail" syndrome -- the presumption that an institution is so large or so inter-connected with counterparties that its creditors (possibly even shareholders) must be protected. One unfortunate consequence of the massive public assistance provided both banks and nonbanks in dealing with the present crisis is that moral hazard may, I am afraid, become more deeply embedded."

Financial Times: "Treasury plans strict rules for securitization ... The US Treasury is planning a sweeping overhaul of securitisation markets with tough new rules designed to restore confidence by reducing the incentive for lenders to originate bad loans and flip them on to investors."

Financial Times: "US aims to force banks to shoulder greater risk ... A large part of US consumer debt in the past decade - such as mortgages and car, credit card and student loans - has been financed by the sale of securities backed by such loans. A large chunk of banks' profits also came from this market, as they bundled loans into securities and sold them to investors."

Financial Times: "Judge imposes curbs on scope of AIG case ... A judge in an AIG civil trial that involves Hank Greenberg, the former chief executive of the stricken insurer, slapped strict curbs on the scope of the hearing on Monday."

Financial Times, Niederauer: "Principles that must guide financial regulation ... When the Obama administration releases a framework for reform of US financial regulation on Wednesday - accompanied by announcements in the European Union and other financial centres - it will be the first step in the most significant regulatory overhaul since the Great Depression. As proposals give way to the rough-and-tumble of the legislative process, lawmakers should be mindful of certain core principles that are integral to the fair and efficient functioning of financial markets."

USA Today: "Where were regulators when banks were failing? ... The inspectors general at the U.S. Treasury and the Federal Deposit Insurance Corp. (FDIC) have both issued reports saying that bank failures surged because regulators in some cases didn't step in and prevent hazardous behavior, and in others actively helped banks hide their growing problems."

Washington Post: "Dealers Say They Were Led Astray in Chrysler's Final Days ... Jim Press, Chrysler's charismatic deputy chief executive, went to Capitol Hill last week and spoke solemnly about the "very difficult decision" of terminating 789 of the automaker's dealers across the country."

New York Times: "S.E.C. Seeks Ruling on Reserve Fund ... The Securities and Exchange Commission will ask a federal judge to block some investor lawsuits against the failed Reserve Primary Fund to ensure all shareholders get as much money as possible."

New York Times: "Credit Bailout: Issuers Slashing Card Balances ... As they confront unprecedented numbers of troubled customers, credit card companies are increasingly doing something they have historically scorned: settling delinquent accounts for substantially less than the amount owed."

Los Angeles Times: "AIG says former top exec plundered retirement plan ... The former top executive of American International Group Inc. plundered an AIG retirement program of billions of dollars because he was angry at being forced out of the company, a lawyer for AIG told jurors today at the start of a civil trial."

Detroit News, Editorial: "GM needs fresh start from UAW, too ... The UAW had a good run, but it's time to go."

Bloomberg: "Cash-For-Clunkers' Vote May Open Path for \$4,500 U.S. Vouchers ... U.S. consumers may be able to collect as much as \$4,500 by September on vehicle trade-ins under "cash-for-clunkers" legislation up for a vote in the House today."

Reuters: "U.S. credit card defaults rise to record in May ... U.S. credit card defaults rose to record highs in May, with a steep deterioration of Bank of America Corp's lending portfolio, in another sign that consumers remain under severe stress."

Reuters: "U.S. financial regulation reforms outlined ... The Obama administration will target critical weaknesses in the troubled U.S. financial system, such as thin bank capital cushions and eroded lending standards, when it proposes an overhaul of financial regulation this week, two senior officials said on Monday."

The Hill: "Issa seeks documents on VIP mortgage deals ... The top Republican on the House Oversight panel is seeking all documents related to a high-profile VIP program at now-defunct mortgage lender Countrywide Financial that benefited a slew of government officials, including two Democratic senators."