
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 7.16.2009

Wall Street Journal: "CIT Rescue Talks Collapse ... Ailing business lender CIT Group Inc. said Wednesday "there is no appreciable likelihood" it will receive fresh government support in the near future, marking the first time since the collapse of Lehman Brothers that the U.S. has declined to aid a struggling financial company of significant scope and size."

Wall Street Journal: "U.S. Regulators to BofA: Obey or Else ... Bank of America Corp. is operating under a secret regulatory sanction that requires it to overhaul its board and address perceived problems with risk and liquidity management, according to people familiar with the situation."

Wall Street Journal: "Mortgage Firms Struggle to Redo Hard-Hit Loans ... Morgan Stanley chief John Mack recently made a new friend, he told shareholders in April -- a Southern woman who had benefited from the big bank's stepped-up efforts to modify loans under a new federal program aimed at keeping borrowers in their homes."

Wall Street Journal: "Credit Losses Keep BofA, Citi in Back of Class ... Both banks are still saddled with deteriorating credit portfolios, but both likely benefited from the same favorable market winds that propelled Goldman's quarter. Analysts have raised estimates for their results lately. Shares of Bank of America and Citi this week are up 13% and 22%, respectively, and have tripled since March 9."

Wall Street Journal. Sarkozy & Quarles: "Let Private Equity Help the Banks ... We strongly believe that private- equity investment in the banking industry has saved -- and will continue to save -- taxpayer money and strengthen the banking system through the injection of new capital. Unfortunately, some of the specific measures in the FDIC's proposal would deter new capital from entering the system, dramatically elevate costs for the FDIC, and ultimately increase the risk that the taxpayers will face yet another large bill for the system's failures."

USA Today: "On warpath, SEC charges 11 with illegal insider trading ... The Securities and Exchange Commission on Wednesday charged 11 people with illegal insider trading connected with merger announcements at two companies."

USA Today: "Investors group seeks new risk watchdog, not 'tarnished' Fed ... Some of the biggest U.S. investors and two former top securities regulators warned that a "tarnished" Federal Reserve should not be put in charge of preventing systemic risk in the financial system, a central plank of the administration's response to the credit crisis."

New York Times: "JPMorgan Earnings Soar as It Finds Profit in Slump ... Even as it weathers the worst economic downturn in decades, JPMorgan Chase on Thursday announced a \$2.7 billion second-quarter profit from stellar trading and investment banking results."

New York Times: "A Panel Is Named to Examine Causes of the Economic Crisis ... Congressional Democrats announced on Wednesday that Phil Angelides, a former California treasurer, would lead a commission to examine the causes of the financial crisis."

New York Times: "Federal Inquiry Looks at Derivatives Data Providers ... Federal antitrust officials have opened a broad inquiry into the practices of the companies that serve as clearinghouses for trades of derivative instruments and are looking in particular at whether any companies have improperly used inside information about trades to profit, officials said on Wednesday."

Washington Post: "Paulson Makes No Apologies for Role in Merrill Lynch Sale ... Former Treasury secretary Henry M. Paulson Jr. plans to tell a House committee today that he was right to pressure Bank of America to complete its acquisition of Merrill Lynch because allowing the deal to fall apart would have damaged the companies and the broader economy, according to a copy of his prepared remarks."

Los Angeles Times: "Foreclosure scams targeted in U.S., state and local crackdown ... Under Operation Loan Lies, 189 lawsuits, cease-and-desist orders and other legal actions have been filed in 20 states. In Southern California, prosecutors have moved against 14 firms and 21 people."

Bloomberg: "Geithner Says U.S. Can't Afford to Apply Growth Brake Too Soon ... U.S. Treasury Secretary Timothy Geithner said that authorities will be careful not to blunt measures aimed at pulling the economy out of recession."

Reuters: "Foreclosures at record high in first half 2009 despite aid ... U.S. home foreclosure activity galloped to a record in the first half of the year, overwhelming broad efforts to remedy failing loans while job losses escalated."

Politico: "Where's the outrage over AIG bonuses? ... when the news broke late last week about a second, \$235 million round of AIG bonuses, the halls of Congress resounded largely with, well, silence."