
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 7.20.2009

Wall Street Journal: "Bondholders Plan CIT Rescue ... CIT Group Inc. appeared to have reached an agreement securing \$3 billion in last-minute rescue financing from its bondholders Sunday in a deal that should keep the struggling lender out of bankruptcy court, people familiar with the matter say."

Wall Street Journal: "Fed's Lending Ebbs as Crisis Subsides ... Demand for the Federal Reserve's emergency short-term lending programs is abating, the latest sign that credit markets are healing."

Wall Street Journal: "Cuomo Says Schwab Faces Fraud Suit ... In an official notice sent to Charles Schwab & Co. Friday, Attorney General Andrew Cuomo warned that his office plans to sue the largest online brokerage firm for civil fraud over its marketing and sales of auction-rate securities to clients. Emails and testimony cited in the letter show Schwab's brokers had little idea of what they were selling and later failed to tell clients that the market was collapsing."

Wall Street Journal: "Commercial Loans Failing at Rapid Pace ... U.S. banks have been charging off soured commercial mortgages at the fastest pace in nearly 20 years, according to an analysis by The Wall Street Journal. At that rate, losses on loans used to finance offices, shopping malls, hotels, apartments and other commercial property could reach about \$30 billion by the end of 2009."

Wall Street Journal, Scott & Taylor: "Why Toxic Assets Are So Hard to Clean Up ... Despite trillions of dollars of new government programs, one of the original causes of the financial crisis -- the toxic assets on bank balance sheets -- still persists and remains a serious impediment to economic recovery. Why are these toxic assets so difficult to deal with? We believe their sheer complexity is the core problem and that only increased transparency will unleash the market mechanisms needed to clean them up."

New York Times: "In Washington, One Bank Chief Still Holds Sway ... Jamie Dimon, the head of JPMorgan Chase, will hold a meeting of his board here in the nation's capital for the first time on Monday, with a special guest expected: the White House chief of staff, Rahm Emanuel."

New York Times: "Subprime Brokers Resurface as Dubious Loan Fixers ... Despite making promises of relief to homeowners desperate to keep their homes, FedMod and other profit making loan modification firms often fail to deliver, according to a New York Times investigation based on interviews with scores of former employees and customers, more than 650 complaints filed with the Better Business Bureau, and documents filed by the Federal Trade Commission in a lawsuit against the company."

New York Times: "Ex-Chief of Fannie Mae to Lead Fortress Group ... Fortress Investment Group, the big publicly traded investment manager, on Sunday named Daniel H. Mudd, the former chief executive of Fannie Mae who was ousted last fall in a government takeover of the mortgage finance giant, as its new chief executive."

New York Times, Editorial: "Sharks Circle in Congress ... The administration must ensure that its newly proposed consumer protection agency would have authority over banks, credit card companies and credit-granting businesses."

Washington Post: "At N.Y. Fed, Blending In Is Part of the Job ... The low-slung cubicles wrap around the ninth floor of a building three blocks from Wall Street, each manned by a young staffer staring at flashing numbers on a flat-screen computer monitor and working the phones to gather the latest chatter from financial markets around the world."

USA Today: "Banks report using government assistance for loans ... The internal watchdog overseeing the government's financial bailout is pressing Treasury to seek more information from banks that receive taxpayer assistance, brandishing his own bank survey as evidence that such data can be obtained."

Los Angeles Times: "New federal rules protecting applicants for home loans take effect July 30 ... The Federal Reserve regulations require lenders to provide consumers with initial disclosures of their mortgage costs within three business days of their loan applications, among other changes."

Reuters: "A turning point in the financial crisis ... If CIT really has dodged a bullet here and avoided bankruptcy, that's spectacularly good news. I'm assuming here that a deal has done, based on nothing but a single one-line headline on WSJ.com; these things tend to be fraught and fractious, however, so I'm not counting my chickens just yet. But if CIT has really avoided bankruptcy, that's a major turning point in the history of the financial crisis."

Reuters: "KKR Euronext listing moves closer; sees profit ... Private equity firm Kohlberg Kravis Roberts & Co KKR.UL on Monday moved a step closer to merging with its Euronext-listed fund after receiving approval from the board of the fund to combine businesses."