

## A Year After Lehman

# A crisis wasted?

Boston University School of Law  
Morin Center for Banking & Financial Law



*"You never let a serious crisis go to waste. And what I mean by that it's an opportunity to do things you think you could not do before."*

Rahm Emanuel



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## *“Whatever it takes” v. “Never again”*

*Bad timing made worse:*

- *Bear Stearns*
- *Fannie/Freddie conservatorships*
- *Lehman Brothers Holdings, Inc.*
- *January 20, 2009*
- *Stress tests+FASB=“Zombie banks”*
- *The PPIP mirage*



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## *Bad “theatre”:*

*Bernanke, Paulson & Geithner*

*v.*

*Wriston, Seidman or Dimon*



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## *Three Important Elements Obama Administration's "New Foundation"*

- 1. Consumer Financial Protection Agency*
- 2. Systemic Risk*
- 3. OTC Derivatives*



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## *Three Action Items for this Session of 111<sup>th</sup> Congress*

- 1. Credit Default Swaps-Treat as insurance*
- 2. MMMFs-Treat as Special Purpose Banks*
- 3. Charge "Too Big To Fail" firms the explicit amount of the funding advantage they derive from having their uninsured creditors protected by taxpayers*



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# Judgment Day!



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