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THE GRAPEVINE

Former **UBS** securitization executive **Kevin Reynolds** has landed at San Francisco hedge fund manager **Pardus Capital** as a principal. Reynolds, whose responsibilities at UBS included oversight of asset-backed securities banking in the U.S., was displaced as the bank moved to cease most of its securitization-related activities in recent months. He isn't being replaced.

Peter Danna has re-joined **Radian Asset Assurance**, a year after getting laid off by the bond insurer. The last time around, Danna ran a unit that guaranteed CDOs and wrote credit-default swaps. He was dismissed as Radian exited those businesses. With the guarantor now unwinding, his new task is to lead an eight-member team that evaluates its structured-product exposures and seeks to mitigate related losses. Structured-product guarantees make up about half of Radian's

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TALF Distribution Raises Buyers' Hackles

As the **Federal Reserve's** Term Asset-Backed Securities Loan Facility produced its third monthly wave of bond offerings this week, some investors were grumbling that they never got a fair shot at the deals.

Instead, the buysiders claimed that underwriters arranged ahead of time to sell certain transactions to just a few large clients. They point to two issues in particular: a \$209 million auto-loan securitization from **Mitsubishi** and a \$5 billion credit-card deal from **J.P. Morgan**.

Bookrunner **Bank of America** placed the Mitsubishi securities with just two investors, while J.P. Morgan's underwriting arm effectively took its already-planned transaction off the table for other buyers after receiving a reverse inquiry from five big clients. There was also talk that BofA, J.P. Morgan and **RBS Greenwich Capital** carried out a \$2.6 billion issue for **Sallie Mae** in a similar fashion (see Initial

See **TALF** on Page 4

Europeans Prepare for New-Look Conference

The projected attendance for next month's "Global ABS 2009" conference in London is down sharply from last year — but industry players say they are actually encouraged by the turnout.

More than 1,000 people have signed up for the June 2-3 event, hosted by the **European Securitisation Forum** and **Euromoney** unit **Information Management Network** at the Hilton London Metropole hotel. They include some 300 issuer representatives and 520 investors, along with a number of regulatory officials.

Last year, about 2,700 individuals were in attendance.

Even with the decline, however, conference-goers and organizers are casting this year's headcount in a positive light. They say the number has actually held up well considering how many companies have dropped out of the structured-finance business or cut their staffs amid the financial crisis.

There's room for a boost in numbers as well. "I think a lot of people are waiting

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Displaced Peisch Catches On at Jefferies

It didn't take long for securitization veteran **Andrew Peisch** to find another senior position in the industry.

Peisch, who left his job as **Deutsche Bank's** head of U.S. asset-backed securities banking a month ago, started this week as a managing director at **Jefferies & Co.** His new assignment: to work alongside Jefferies' **Adam Smith** as co-head of a Stamford, Conn., unit that underwrites asset- and mortgage-backed issues.

Smith has been working to build up the operation's activities since April 2008, when he and several other securitization specialists jumped to Jefferies from **RBS Greenwich**. Peisch and Smith currently oversee less than a dozen staffers, but will likely add more as they continue the expansion effort.

That push includes drumming up more business from issuers of structured products and developing contacts with secondary-market players. It often entails pursuing work associated with government programs designed to ease financial-crisis

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ABS Values Seen Firming a Bit More

Secondary-market values of asset-backed securities are expected to rise a bit more in the coming weeks due to an awakening of the new-issue market, but investors seem unwilling to accept prices that are dramatically higher than today's levels.

Traders and investors were enthused to see more than \$13 billion of new bonds hit the market over the past week — so far the biggest round of issuance resulting from the **Federal Reserve's** Term Asset-Backed Securities Loan Facility.

Strong demand for those issues drove spreads tighter than the levels discussed during their price talk phases, while allowing farm-equipment company **CNH Global** and automakers **Honda** and **Volkswagen** to boost the sizes of new transactions.

However, a late-2008 plunge in ABS values remains vivid in the market's rear-view mirror. That memory has some industry players warning that spreads on new issues can only tighten so much before deals cease to make economic sense for investors, and that means there's also a limit to how much already-rising values can continue to improve on the secondary market.

"There's still room for some additional tightening in spreads," said **Wachovia** researcher **John McElravey**. But he and others said investors would only accept a limited amount of additional tightening on TALF-eligible issues, given the amount they must put down when buying such securities with government financing.

One market observer put the break-even point at about 100 bp over benchmarks for most 2- to 3-year auto and credit card bonds. If the new-issue market stabilizes around that level, that would suggest spreads have only another 50-100 bp to tighten in both the primary and secondary markets, depending on issuer and collateral.

"I don't think we're headed to [Libor] plus 5 [bp]," an analyst at an investment bank said.

Spreads on credit-card bonds tightened this week by as much as 100 bp, a dramatic move that traders attributed to healthy demand for card issues that **J.P. Morgan** and **GE Capital** brought to market.

On May 4, J.P. Morgan priced \$5 billion of 3-year securities at 155 bp over Libor — 20 bp narrower than the spreads on comparable bonds issued by **Citibank** in March, and 95 bp tighter than levels quoted on the secondary market as recently as May 1. GE's 3-year issue, backed by private-label card accounts, priced at 210 bp over Libor, 15 bp tighter than initial market talk.

Older credit-card securities, which aren't eligible for TALF financing, also tightened this week. For instance, 1.5-year non-TALF paper tightened to 150 bp over Libor from 250 bp last week. Secondary-market spreads on longer-term issues also tightened, but less dramatically — 4-year **Bank One** bonds traded at 280-290 bp over Libor, about 25 bp narrower than last week.

Secondary-market values of auto-loan securities also received a boost from Honda's well-received 2-year issue,

which priced at 135-bp over eurodollar futures on May 5, about 30 bp tighter than a comparable tranche of **USAA's** April 15 issue. Car-loan issues not eligible for TALF financing tightened 10-30 bp on the secondary market, bringing in the spreads on some 1-year Honda paper to as tight as 125 bp over swaps.

Even values of **Chrysler Financial's** paper increased, though those issues were trading much wider to begin with. Its 3-year auto-loan bonds tightened 25 bp to trade just inside 800 bp over swaps. Older Chrysler bonds with one year left traded at prices yielding around 300 bp over swaps this week, which is a few hundred points tighter than the levels seen several weeks ago. "People know these things are bankruptcy-remote," said a trader, who explained that the bonds are a good buy for investors seeking high yields in a tightening spread environment. ❖

KeyCorp's Plunge Sending Ripples

KeyCorp's troubles are beginning to weigh on other issuers' bonds.

At issue are liquidity backstops that KeyCorp supplies to not-for-profit education lenders for use on variable-rate demand notes — a rare type of secured debt whose interest rates reset through frequent auctions. As the Cleveland bank's corporate rating slips, the grades on those securities are also coming under pressure.

On May 4, for example, **Moody's** downgraded a class of variable-rate demand notes issued by **Vermont Student Assistance Corp.** in 2008 by one notch, to "A2," citing a KeyCorp backstop and letter of credit. The action affected \$113 million of bonds.

The downgrade came just three days after Moody's carried out a corresponding cut to KeyCorp's long-term deposit rating, while downgrading the company's unsecured debt rating by two notches, to "Baa1." That move largely reflected holdings of troubled commercial real estate debt, along with exposures to student loans and related bonds it issued.

Moody's downgraded seven classes of KeyCorp student-loan notes on April 20, affecting \$491 million of securities. The actions, confined to deals backed by so-called private loans without government guarantees, were brought on by worse-than-expected collateral performance. Moody's now fears the bonds won't have enough credit enhancement to withstand further deterioration brought on largely by rising unemployment. More downgrades are expected for the coming months.

Keycorp has issued \$11.9 billion of student-loan bonds since entering the market in 1995, according to **Asset-Backed Alert's** ABS Database. ❖

Planning Your Travel Schedule? Check out the most comprehensive listing of upcoming securitization conferences around the world — in The Marketplace section of ABAlert.com. Just click on "Conference Calendar."

Small Firms Combine for PPIP Bid

A group of small asset-management firms are working together to pursue a highly coveted assignment as one of five lead fund operators for the federal government's planned Public-Private Investment Partnership.

The team consists of about 11 members of the **National Financial Services Consortium**, a broader organization that formed last year to seek assignments emanating from various financial-market bailouts. They were among more than 100 managers that contacted the **U.S. Treasury Department** by the April 24 deadline to apply for the PPIP mandates.

As the consortium members await word on their joint proposal, they are talking to prospective backers in hopes of raising the \$500 million required to serve as a lead PPIP fund manager. The winners of the assignments would invest alongside the government in troubled mortgage bonds under a so-called legacy-securities component of the program, potentially doubling their buying power in the process.

The legacy-securities effort seeks mainly to relieve financial institutions of troubled structured products.

None of the firms involved in the consortium manage enough assets to qualify as managers of legacy-securities funds on their own, since the Treasury is looking for leading firms to control at least \$10 billion. That would seem to stack the deck in favor of large fund operators such as **BlackRock, Pimco, Western Asset Management** and **WL Ross & Co.** — all of which are also in the running.

But the parties to the consortium's application feel they are qualified for a joint assignment, as their combined assets top \$13.7 billion, said **John Kim**, whose **CapFin Partners** is part of the group. He is one of three principals in the Los Angeles firm, which runs investments in home loans, commercial mortgages and structured products on behalf of clients.

The consortium has one potentially powerful weapon in its arsenal: Most of the participating firms are owned by women or minorities. That doesn't appear to be the case with any major firms that are bidding for the PPIP gigs, although some have established links with minority-owned firms or plan to do so.

One hedge fund manager who applied for PPIP work said government officials have suggested that they would favor shops aligning themselves with minority-owned firms, as is often the case for federal contracts. But he is hesitant to take that step, as some potential partners are asking for half of the resulting profits.

Not all minority-owned firms are satisfied with sub-contracting work either. That's because the best opportunities to capture

substantial profits will go to PPIP's lead fund managers, Financial Services Consortium founder **Tony Quintero** said.

Such a separation took place as giant institutions took the top contracts to work with the government's **Resolution Trust Corp.** during the savings-and-loan crisis, Quintero said. Quintero also leads consortium member **Plaza Investments** in San Mateo, Calif., and serves on the executive board for **New America Alliance** — a Dallas organization of American-Latino business leaders that counts some consortium managers in its ranks.

In addition to their pursuit of a legacy-securities assignment, the consortium members have lined up an undisclosed amount of preliminary commitments to run a fund under PPIP's legacy-loan section, run by the **FDIC**. That area of the program, which has lower barriers to entry for managers, focuses on financial institutions' holdings of troubled home loans and commercial mortgages. The government has not yet released application guidelines for prospective managers.

Quintero is sending another message as his group competes for such work: The participating players "cannot be the same Wall Street firms that dominated this process in the past and were so involved in the events that caused so much of this economic crisis." ❖

Energy Savings Spark Deal Innovation

A novel securitization initiative at **United Financial of Illinois** is coming into focus.

The Naperville, Ill., firm recently started arranging privately placed bond issues secured by cashflows from "energy savings performance contracts" — arrangements created under a **U.S. Department of Energy** program to reduce power and water consumption by federal agencies while promoting use of renewable energy.

Here's how it works: Government agencies hire so-called energy-services companies to outfit their facilities with items like energy-efficient windows and updated ventilation and lighting systems. Rather than paying for the equipment outright, the agencies promise the companies a share of future cost savings from the improvements.

Those payments are what back United Financial's bond sales, with the energy-services companies acting as the issuers. The offerings can range from \$10 million to several hundred million dollars.

Because the underlying cashflows come from the government, they are viewed as ironclad. **Congress** approved the energy savings performance contract program in 1992.

United Financial's efforts in the area help explain the firm's hiring last month of securitization specialist **Corey Bresnahan**. He now oversees structuring of the offerings as a vice president at the firm.

Bresnahan most recently worked on the commercial-paper conduit team at **Mizuho**, where he joined in 2007 only to get caught in a round of layoffs last year. Before that, he spent three years in **Calyon's** conduit division. He has also logged time at **ABN Amro** and **Fitch**. ❖

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Asset Sales Keep Advanta Trust Going

Advanta has taken steps to prevent its credit-card bonds from unwinding ahead of schedule, and is prepared to do even more.

The Spring House, Pa., lender's opening maneuver was the sale last month of \$7.6 million of charged-off collateral from its Advanta Business Card Master Trust. It came after the issuing vehicle's excess spread — the difference between total incoming payments and the amounts owed to bondholders — dipped 16 bp in March, to 1.34% at the end of the month.

The decline pulled down the trust's 3-month average excess spread by 166 bp, to 2.23%. If that figure reaches zero, the entity's outstanding bonds will automatically enter early amortization.

The sales of uncollectable accounts helped raise cash, while dispensing of receivables that were producing no income. That should help buoy excess-spread figures. Without mentioning Advanta's asset sale, **Fitch** reported on April 30 that the company's bonds could start unwinding within a month without such intervention.

The Advanta trust's 3-month excess spread, which was 5.68% in December, has since been dropping sharply and steadily amid deteriorating performance. That forced the lender to begin "trapping" cash — or setting aside incoming payments it otherwise would have pocketed — in February. At that point, the 3-month excess spread was at 3.9%.

In February and March, Advanta trapped \$9.8 million, which should help protect bondholders in the event of an early unwinding, a company executive said. He added that the lender is prepared to take more measures to prevent an early amortization, but wouldn't specify if more asset sales are planned.

Such one-time transactions only have a temporary effect, and tend to bring in small amounts of money. Of course, a large inventory of charged-off accounts is a sure sign that a securitization pool is in trouble. In Advanta's case, charge-offs climbed to more than 17% at the end of March, from about 12% at yearend.

In addition to asset sales and cash trapping, there are structural changes an issuer can make to its card deals to boost excess spreads. They include re-designating some incoming principal payments as finance charges and creating new first-loss pieces.

Advanta, which specializes in lending to businesses, has sold \$8.3 billion of credit-card securities since entering the market in 2000, according to **Asset-Backed Alert's** ABS Database. ❖

TALF ... From Page 1

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In each case, market players said they initially caught wind of the sought-after deals a few weeks ago only to see them carried out amid an air of secrecy. Many said they never even had a chance to bid on the issues.

So who are the buyers? Sources point to **BlackRock** and **Pimco** as candidates, as they often do when naming big-time holders of asset-backed bonds — and valuable clients of underwriters. Those apparently getting shut out, meanwhile, include a number of hedge fund managers that set up vehicles in recent months specifically to trade TALF-eligible bonds.

Some of those firms are run by former bankers. They argue that by limiting distribution of the bonds, underwriters are actually making them less liquid and harder to value by suppressing potential for secondary-market trading. "The underwriters are missing the point of TALF by going about it this way. The success of a deal should always be judged by both its execution and the diversity of buyers it is distributed to," one of the investors said. "This trend toward secrecy within TALF is disturbing. It runs counter to the fact that it's a government-run program."

The disenfranchised buysiders are stopping just short of accusing the underwriters of wrongdoing. "This is a fine line they're walking. This is a government-sponsored securitization program . . . They should be very, very careful of any whiff of impropriety," another investor said.

Underwriters counter that they have always given big-time buyers the first shot at deals, regardless of whether the government is involved. They also maintain that most of this week's \$13 billion-plus of TALF-qualifying issues were oversubscribed, which would support assertions that they tapped a wide-enough swath of investors.

The banks also point out that offerings from **CNH Global**, **Honda** and **Volkswagen** were expanded due to strong demand, further proving that enough investors are getting their shares. "It sounds like sour grapes to me. My question is: 'Where were these guys when we couldn't get a deal done a year ago?'" one underwriter said. "Now that the government is involved, they're all dying to get in."

Wachovia researcher **John McElravey** noted that from an issuer's point of view, widespread distribution isn't as important as the nature of the bondholders. "The issuer wants his bonds in the hands of investors who are interested in a long-term relationship," he said.

The buyers, meanwhile, say the apparent favoritism toward the biggest shops was also present in TALF's first two monthly funding rounds. But it wasn't as pronounced then, because overall participation from both investors and issuers was lighter.

This is hardly the first time market players have complained about matters relating to TALF, which seeks to bolster lending by offering government financing to buyers of asset-backed bonds. All along, there have been gripes about a lack of information from the government. Institutions that are creating vehicles to buy TALF-eligible deals and then repackage them into new securities are also miffed that a set of guidelines released by the Fed on April 28 didn't contain enough information for them to proceed — marking the second time they've faced such a disappointment.

The companies interested in setting up the vehicles include **Barclays**, **BlackRock**, **Deutsche Bank**, **J.P. Morgan** and **Pimco**.

Market players expressed further annoyance when the Fed said last week that commercial-mortgage bonds would become eligible for TALF loans beginning in June, but said nothing of residential-mortgage issues. Now many fear that home-loan issues will never make the cut, despite previous indications to the contrary from government officials. "This year is almost half over, and this whole TALF thing is supposed to go away Dec. 31," one investor lamented, referring to the program's planned expiration date. ❖

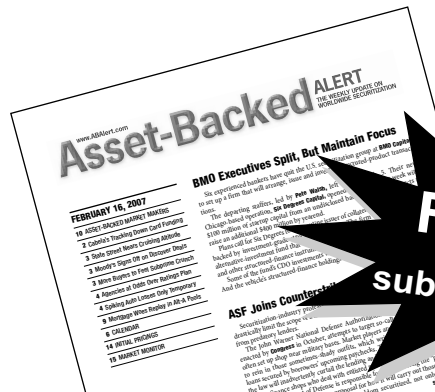
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Buyers Seek Refund From Wells Fargo

New Orleans Employees is inviting other owners of **Wells Fargo** mortgage bonds to join a lawsuit it is pressing against the bank and just about anyone else involved in its securitizations.

Bondholders have until June 1 to apply for lead-plaintiff status in the class-action suit, which New Orleans Employees filed April 13 in **U.S. District Court** in San Francisco. While no one has stepped up yet, it's expected that the \$260 million pension system will eventually nominate itself.

The court will likely hold a hearing on any lead-plaintiff applications within a month or so of the deadline.

New Orleans Employees' lawsuit accuses Wells of misleading investors into buying \$67.6 billion of mortgage-backed securities from February 2006 to August 2007 — citing heavy losses on those investments due to deteriorating collateral performance. It also names Wells employees who participated in writing, buying or securitizing the underlying loans, including **Franklin Codel, Douglas Johnson, David Moskowitz** and **Thomas Neary**.

The bonds' underwriters are named as defendants as well. They include: **Barclays, Bank of America, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Morgan Stanley, RBS Greenwich** and **UBS**.

Moody's, S&P and **Fitch** are among the defendants too, as they rated the issues.

The Wells lawsuit resembles a number of actions that have already sprung up in recent months, each seeking to recover losses from issuers and other parties involved in home-loan securitizations whose values have been obliterated by credit-crisis pressures.

New Orleans Employees claims to have lost about \$1 million on its investments in Wells' securities. While deteriorating mortgage-bond prices can be blamed on an industry-wide move toward soaring loan defaults and plummeting property prices — and an accompanying buy-side exodus — the pension system claims that Wells lied in **SEC** offering documents or omitted crucial information about its collateral. It also points toward misleading information about bond ratings and credit enhancement.

New Orleans Employees is represented by San Diego law firm **Bernstein Litowitz**. While the retirement fund is the most likely candidate to act as the lead plaintiff, the court could pick another bondholder based on various factors, such as a bigger claim. ❖

DBRS: Student-Loan Bonds at Risk

DBRS is sounding the alarm that performance among securitized student loans will suffer under an **Obama Administration** plan to eliminate federal subsidies for education lenders.

The warnings are based on widespread expectations that the initiative dooms many not-for-profit lenders, the same companies that service a majority of student-loan pools. Their

demise would increase the likelihood of borrowers being left without vital information about how to manage and pay their debt, DBRS said in an April 20 report.

The rating agency also pointed to possible disruptions in cashflows and related reports as servicing contracts are transferred to surviving companies. "Investors in asset-backed securities . . . need to be aware of this risk," analyst **David Hartung** wrote.

The Obama plan, on track for implementation in 2010, would end the Federal Family Education Loan Program (FFELP), under which private-sector lenders write government-guaranteed credits. Instead, the **U.S. Department of Education** would lend directly.

Industry players have been griping about the initiative since it was disclosed in March, while lobbying hard to win concessions. Among their main arguments have been that the government won't be able to offer borrowers low-enough interest rates.

FFELP receivables collateralize a majority of outstanding student-loan bonds. ❖

Jefferies ... From Page 1

pressures, especially the **Federal Reserve's** Term Asset-Backed Securities Loan Facility.

Jefferies' ambitions as an underwriter tie in with ongoing efforts to boost all aspects of its structured-finance business, which covers banking, sales, trading, advisory and asset-management functions. Peisch and Smith report to **Johan Eveland** and **William Jennings**, whose purview encompasses more than 50 staffers handling those functions in the U.S. and London.

Peisch has been in the securitization business for more than 20 years. After playing senior roles at **Merrill Lynch** and the former **Prudential Securities**, he joined Deutsche's New York office as a managing director in 2003. He became co-head of U.S. ABS banking in 2005, and was appointed sole head of the group in 2007.

Deutsche laid off Peisch last month as it combined its securitization, credit-derivatives and special-situations areas into a single unit. **Jay Steiner** and **Kristi Leo** are now in charge of securitization underwriting in the States, with Steiner focusing on auto-loan deals and Leo concentrating on credit-card issues. ❖

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MasterCard Deal Gets Green Light

A federal judge in Brooklyn has approved plans by a group of retailers to securitize part of a \$400 million legal-settlement package from **MasterCard**.

The April 29 go-ahead from **U.S. District Court Judge John Gleeson** came after **MasterCard** and **Wal-Mart** withdrew objections questioning the fees and costs related to the bond sale. Gleeson also overruled one other objection, from a restaurant operator that wanted a comparison of the immediate proceeds the issuers would receive from the deal and the annual payments they would otherwise collect directly from MasterCard over the next four years.

The payments, and the court-approval process, stem from a 2003 antitrust settlement in which some 700,000 merchants claimed MasterCard and **Visa** overcharged them for various transactions. With the objections now out of the way, the MasterCard deal could hit the market within a month.

Barclays and **Citigroup** will manage the issue. Projected pricing data was disclosed to the merchants involved, but has been removed from court documents.

A separate offering entailing \$800 million of settlement payments from Visa is expected to follow later this year. ❖

South Carolina Mulls Investments

South Carolina Employees is considering additional investments in structured-product funds.

The possible deployments would come as part of a broader plan by the \$28 billion pension system to increase its allocation for opportunistic credit-product vehicles to 8%, from 3%. The push is expected to produce several commitments in the coming months.

Investment chief **Bob Borden** is leading the initiative, with assistance from general consultant **NEPC**.

On the structured-product side, South Carolina Employees is looking at funds that trade asset- and mortgage-backed bonds in hopes of capitalizing on market dislocation. It began investing in those types of vehicles and distressed-loan funds last May, with pledges of \$200 million each to **Selene Investment's** Selene Residential Mortgage Opportunity Fund and Sankaty Credit Opportunities 4, run by **Bain Capital** affiliate **Sankaty Advisors**. ❖

Managers Set Fund-Raising Goal

Details are emerging about a hedge fund that **Tacticus Capital** and **Horton Point** are setting up together.

The vehicle, Tacticus Horton Point TALF Opportunity Fund, aims to start trading in August or September with \$100 million to \$150 million of equity. Over time, it could grow to \$600 million, Tacticus investment chief **Andrey Krakovsky** said.

The firms are marketing the fund mainly to endowments, pension systems and funds of funds, promising regular dividends.

Word of the fund's development got out last month. As its

name suggests, it would take long positions in asset-backed bonds eligible for purchase under the **Federal Reserve's** Term Asset-Backed Securities Loan Facility — increasing its buying power by borrowing through the program. It would also take short positions through credit-default swaps and other contracts.

The vehicle is expected to run about three-and-a-half years, reflecting terms of three years attached to TALF-qualified bonds. However, it could unwind sooner if market conditions favor an early exit.

Tacticus and Horton Point plan to collect fees equal to 1.5% of assets and 20% of profits, although most of the performance charge will come at the end of the fund's life. New York-based Tacticus, which already runs an opportunistic structured-product vehicle, is overseeing the portfolio. ❖

NY Rule Hanging Over Servicers

A **New York City** law that takes effect in July would slap certain parties involved in securitizations with new licensing requirements — and added costs.

The already-approved rule would force any passive holders of debt in New York to be licensed as collectors by the city's **Consumer Affairs Department**, including servicers of securitized receivables and possibly the asset pools themselves.

Servicers would also have to follow a litany of related controls on their activities, including procedures that would increase the expense and difficulty of collecting on defaulted debt. In some cases, it would be almost impossible to recover money owed on bad loans, said **Warren Gottlieb**, an attorney in Elmsford, N.Y., who helps creditors with their collection efforts.

"With licensing comes issues," said **Jeffrey Taft**, a partner who focuses on securitization-related regulations at **Mayer Brown** in Washington. "It's not just the fees, but there's potential liability . . . people may just start excluding New York City receivables [from securitizations]."

The New York law is part of an ever-growing list of enacted or pending legislation at the state and local levels that would make it more difficult for creditors to collect on debts, thus affecting securitizations. Those restrictions typically represent responses to credit-crisis pressures on consumers. "There are going to be more and more consumer credit laws that are going to have collateral effects," Taft said.

Arkansas' legislature, for example, has a similar proposal on the table. **New York State**, **North Carolina** and **Virginia** are also taking steps that would make it tougher to collect on certain debts. Meanwhile, legislators are working to reverse a court ruling that applied onerous documentation requirements for loans in **Texas**. The Texas bill is out of committee. But if it doesn't pass by the end of May, it will languish until the legislature returns from an extended recess in 2010.

"Judges routinely erect non-uniform, artificial and burdensome hurdles for debt purchasers and are reluctant to rule in favor of debt buyers," said **Eric Berman**, president of the **Commercial Lawyers Conference of New York**. ❖

Europeans ... From Page 1

to the last minute to register,” ESF managing director **Rick Watson** said, adding that greater numbers of corporate sponsors have stepped up in recent weeks to back the summit or related events.

The ESF also takes comfort in the fact that the overall drop in attendance for its conference mirrors what the **American Securitization Forum** experienced for the most recent edition of its industry-leading gathering in Las Vegas. About 4,200 structured-finance professionals registered for the February confab, down from 6,000 a year earlier.

Meanwhile, changes to Global ABS are drawing mixed reviews. Difficult market conditions prompted organizers to cut the event to two days, from four in previous years. The London venue also represents a shift, as previous versions were held in Cannes and Barcelona.

On the one hand, many conference-goers said they’ll be happy to save on travel expenses and spend less time out of the office — as a majority of them work in London. “There’s no cost for us to go, therefore we’ll go,” one investment manager said. Given harsh economic conditions and financial weakness among banks, he also feels London provides a more appropriately low-key setting than glitzy resort destinations.

On the other hand, some sources suspect networking opportunities will suffer as London-based participants periodically dash back to their offices or go home at night. It’s also possible that fewer attendees will come from the U.S., Australia and Continental Europe, given that London’s higher-end hotels are notoriously expensive.

A lack of foreign participation could also turn off locals. “I don’t go to a conference to meet people who are already in London,” one buy-side professional said.

As for those who plan to show up, they’re anxious to speak with each other and government officials about ways to foster private-sector buying of structured products in Europe. They view such efforts as crucial to creating a sustainable securitization industry in the region, as recent issuance has relied almost entirely on repurchase facilities from the **European Central Bank** and **Bank of England**.

That support will run out eventually. However, the ECB actually moved to increase its credit-crisis intervention yesterday by implementing a plan to buy €60 billion (\$80 billion) of covered bonds.

With such matters in mind, conference organizers announced this week that they have scheduled speeches from a number of central-bank officials and representatives of government and non-government regulators — adding to a number of such types already set to participate in panel discussions.

The speakers include: ECB director general **Francesco Papadia**; **Eddy Wymeersch**, chairman of the **Committee of European Securities Regulators**; **Paul Sharma**, director of wholesale and prudential policy at the **U.K. Financial Services Authority**; and **Greg Medcraft**, who sits on the **Australian Securities and Investments Commission**. Medcraft is also co-chairman of an **International Organization of Securities Commissions** task force on unregulated markets, including securitizations and credit derivatives. But he is best known for serving nine years as **Societe Generale’s** global securitization chief, ending in 2007. ❖

CALENDAR

Main Events

Dates	Event	Location	Sponsor	Information
June 2-3	Global ABS 2009	London	ESF & IMN	www.imn.org
Oct. 4-6	ABS East	Miami	IMN	www.imn.org

Events in US

Dates	Event	Location	Sponsor	Information
May 13	Understanding Derivatives & Complex Security Markets	San Francisco	FTF	www.ftfnews.com
May 27	Hot Topics in Structured Finance	New York	NYC Bar Assn.	www.nycbar.org
June 1-3	Hybrid & Mezzanine Finance	New York	Euromoney Training	www.euromoneytraining.com
June 1-4	Structured Finance School	New York	Euromoney Training	www.euromoneytraining.com
June 2	Understanding Securitization & ABS	New York	Fitch Training	www.fitchtraining.com
June 2-3	Operational Efficiency in OTC Derivatives Markets	New York	Marcus Evans	www.marcusevans.com
June 8-12	Finance for Executives	Chicago	Univ. of Chicago	www.chicagoexec.net
June 9	Understanding Derivatives & Complex Security Markets	New York	FTF	www.ftfnews.com
June 16-17	RMBS: Assessing Value & Risk	New York	Fitch Training	www.fitchtraining.com
July 12-14	Corporate Risk Exchange	Chicago	IQPC	www.iqpc.com
July 13-16	Project Finance Modeling Masterclass	New York	Euromoney	www.euromoneytraining.com
Oct. 6	Covered Bonds	Miami	IMN	www.imn.org

To view the complete conference calendar, visit [The Marketplace section of ABAlert.com](http://TheMarketplace.com)

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INITIAL PRICINGS

Chase Issuance Trust CHASEseries

Class A, 2009-2

Priced: May 4
Amount: \$5.0 billion
Collateral: Credit cards
Seller: J.P. Morgan
Bookrunner: J.P. Morgan

Class	M/S/F	Amount	WAL	Spread	Benchmark
A-2	AAA	5,000.000	2.93	+155	1 mo. Libor

SLM Private Credit Student Loan Trust, 2009-B

Priced: May 5
Amount: \$2.6 billion
Collateral: Student loans
Seller: Sallie Mae
Bookrunners: Bank of America, J.P. Morgan, RBS Greenwich

Class	M/S/F	Amount	WAL	Spread	Benchmark
A-1	AAA	2,592.594	4.38	+600	1 mo. Libor

Volkswagen Auto Lease Trust, 2009-A

Priced: May 5
Amount: \$1.8 billion
Collateral: Auto leases
Seller: Volkswagen
Bookrunners: Bank of America, J.P. Morgan

Class	M/S	Amount	Yield	WAL	Spread	Benchmark
A-1	A-1+	373.000	1.452	0.29	+35	Int. Libor
A-2	AAA	489.000	2.888	0.99	+185	Syn. Libor
A-3	AAA	774.000	3.437	1.91	+200	Syn. Libor
A-4	AAA	114.000	4.643	2.32	+300	Swaps

Honda Auto Receivables Owner Trust, 2009-2

Priced: May 5
Amount: \$1.5 billion
Collateral: Auto loans (prime)
Seller: Honda
Bookrunners: J.P. Morgan, BNP Paribas

Class	S/F	Amount	Yield	WAL	Spread	Benchmark
A-1	A-1+	351.000	1.318	0.33	+10	Int. Libor
A-2	AAA	400.000	2.235	0.97	+120	Syn. Libor
A-3	AAA	520.000	2.808	1.95	+135	Syn. Libor
A-4	AAA	229.000	4.481	3.06	+250	Swaps

GE Capital Credit Card Master Note Trust, 2009-1

Priced: May 5
Amount: \$1.0 billion
Collateral: Credit cards
Seller: General Electric
Bookrunners: Bank of America, Deutsche Bank

Class	M/S/F	Amount	WAL	Spread	Benchmark
A	AAA	1,000.000	2.93	+210	1 mo. Libor

CNH Equipment Trust, 2009-B

Priced: May 5
Amount: \$1.0 billion
Collateral: Equipment loans
Seller: CNH Global
Bookrunners: Barclays, Credit Suisse

Class	M/S/F	Amount	Yield	WAL	Spread	Benchmark
A-1	A-1+	217.400	1.352	0.29	+25	Int. Libor
A-2	AAA	130.000	2.419	0.77	+145	Syn. Libor
A-3	AAA	373.000	2.997	1.71	+165	Syn. Libor
A-4	AAA	280.600	5.227	3.31	+315	Int. Swaps

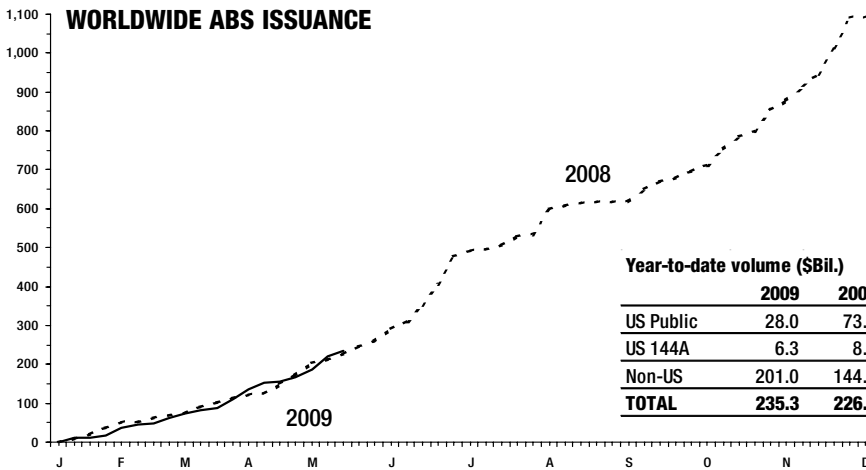
Harley-Davidson Motorcycle Trust, 2009-1

Priced: May 5
Amount: \$500 million
Collateral: Motorcycle loans
Seller: Harley-Davidson
Bookrunners: J.P. Morgan, Citigroup, Deutsche Bank, RBS Greenwich

Class	M/S	Amount	Yield	WAL	Spread	Benchmark
A-1	A-1+	111.000	1.489	0.32	+30	1 mo. Libor
A-2	AAA	153.000	2.539	0.99	+150	Syn. Libor
A-3	AAA	176.000	3.212	1.95	+175	Syn. Libor
A-4	AAA	60.000	4.600	2.77	+275	Swaps

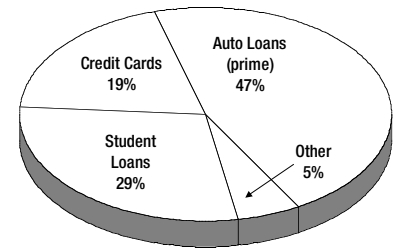
MARKET MONITOR

WORLDWIDE ABS ISSUANCE



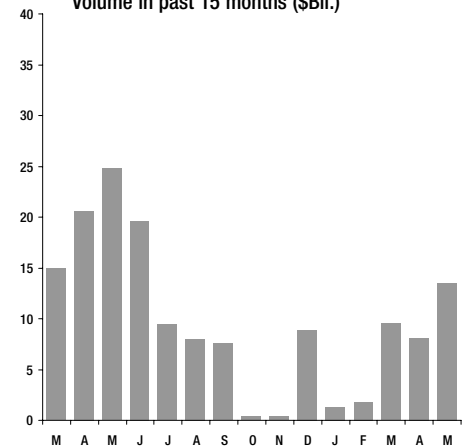
US ABS BREAKDOWN

Year-to-date



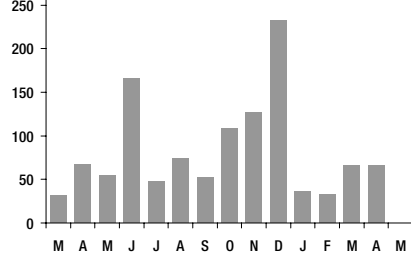
US ABS ISSUANCE

Volume in past 15 months (\$Bil.)



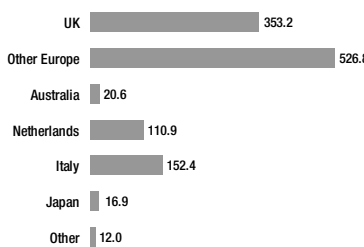
NON-US ABS ISSUANCE

Volume in past 15 months (\$Bil.)



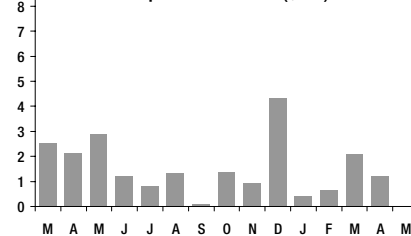
NON-US COLLATERAL LOCATION

Past 12 months (\$Bil.)



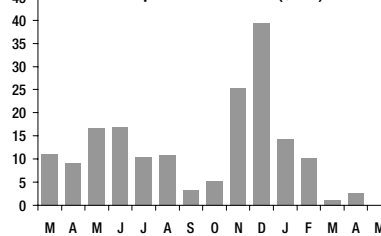
US NON-AGENCY MBS ISSUANCE

Volume in past 15 months (\$Bil.)



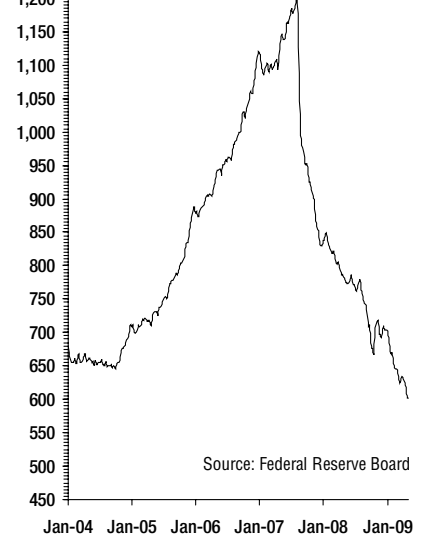
WORLDWIDE CDO ISSUANCE

Volume in past 15 months (\$Bil.)



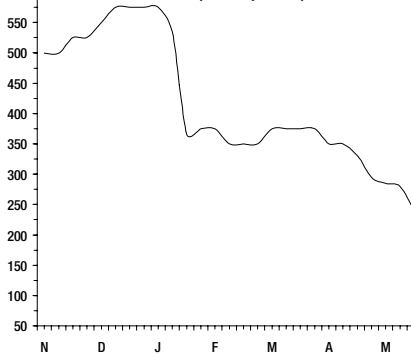
ASSET-BACKED COMMERCIAL PAPER OUTSTANDING

Since 1/1/01 (\$Bil.)



5-YEAR FIXED CARD SPREADS

Last six months (basis points)



SPREADS ON TRIPLE-A ABS

	Avg. Life	Spread (bps)		
		5/7	Week Earlier	52-wk avg.
Credit card - Fixed rate (vs. Swap)	2.0	+175	+200	+255.9
Credit card - Floating rate (vs. 1 mo Libor)	5.0	+240	+280	+302.4
Auto loan - Tranching (vs. Swap)	2.0	+150	+165	+272.2
Home equity - Fixed-rate/wrapped (vs. Swap)	2.0	+1,200	+1,250	+1,025.9
	5.0	+1,550	+1,600	+1,445.3
Swap spreads (bid/offer midpoint)	2.0	+59	+59	+88.7
	5.0	+59	+59	+82.7
	10.0	+15	+15	+44.4

Source: Deutsche Bank

Data points for all charts on this page can be found in The Marketplace section of ABAlert.com

THE GRAPEVINE

... From Page 1

remaining book of business, which has slipped below \$100 billion. The insurer is graded Ba1/BBB- by **Moody's** and **S&P**, down from double-A at its peak.

J.J. Kenny Drake, a New York broker-dealer that specializes in municipal bonds, is looking for a half-dozen sales-and-trading specialists with experience in asset-backed securities, residential mortgage bonds and collateralized debt obligations. The additions would be part of a push by the firm to start trading such products. **Stephen Harris**, who came on board last month to help oversee the expansion, said he wants to bring in the new staffers as soon as possible. He also has an opening for a commercial MBS salesman. Before joining J.J. Kenny, Harris worked in mortgage-product sales at **Goldman Sachs**.

Marathon Asset Management has joined the hordes of investment firms seeking to participate in the legacy-securities component of the government's Public-

Private Investment Partnership. The New York hedge fund manager, which submitted an application last month, doesn't expect to be part of an initial round of large firms selected to set up PPIP funds. But it does hope to catch on as additional mandates go out. Winners would have to raise \$500 million to buy unwanted structured products from banks alongside the **U.S. Treasury Department**.

DBRS is hoping this week's addition of commercial mortgage bonds to the products that qualify for use in the **Federal Reserve's** Term Asset-Backed Securities Loan Facility will help it win some new business. While the Fed doesn't currently accept the Toronto agency's ratings on other types of TALF issues, the central bank hasn't said whose grades it would consider for commercial MBS. DBRS has responded by submitting an inquiry to the Fed, while continuing an ongoing push for approval to grade asset-backed TALF bonds alongside **Moody's, S&P** and **Fitch**.

Former **Countrywide Securities** staffer **Tom Dinnegan** is building a capital-mar-

kets operation at loan servicer **Carrington Mortgage Services** — an effort that calls for the hiring of other mortgage-finance specialists in the coming months. The new unit won't work on securitizations right away, but could later. Dinnegan surfaced in Carrington's Santa Ana, Calif., office as a managing director about two months ago, after a year as an independent consultant. Before that, he was a vice president in the mortgage-bond underwriting unit of Countrywide, which is now owned by **Bank of America**. He once worked in **GMAC's Residential Funding** unit as well.

Securitization specialist **Evan Mitnick** just added three staffers for his new mortgage-brokerage shop, **Anchor Street Mortgage**. The recruits, **Larry Morrison, Lorenzo Bowman** and **Anika Patel**, each hold the title of mortgage consultant — a role in which they work with borrowers to arrange loans. Anchor is still seeking to fill three to five similar posts. Mitnick started the Parsippany, N.J., firm in January with former **New Century Mortgage** colleagues **Lee Swearer** and **Scott Forbes**.

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