

BARRON'S

REVIEW *A look back at last week's important events.*

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By ROBIN GOLDWYN BLUMENTHAL

Free Ride?

The Bush administration was considering giving emergency aid to the embattled U.S. auto industry from the \$700 billion financial bailout fund after Senate Republicans balked at a \$14 billion House-passed deal to provide bridge loans to General Motors and Chrysler. Both companies have warned they may not last through the year without government help. (See story, "[Delaying the Day of Reckoning.](#)")

Madoff Is Charged

One of Wall Street's most storied traders and a former head of the Nasdaq Stock Market, Bernard L. Madoff, was arrested and charged with running a multibillion dollar fraud scheme. A lawyer for Madoff said his client is a "person of integrity" who intends to "fight to get through this unfortunate event." Madoff's sons turned him in for running what they said their father called "a giant Ponzi scheme."



Zach Trenholm

He Said:

November and December were "terrible." Credit has seen a "constant deterioration."

-- JPMorgan CEO Jamie Dimon
in an interview with CNBC

How Low Can They Go?

Investors looking for a secure place to hide pushed yields on short-dated Treasuries to historic lows of between negative 0.1% and negative 0.2%. The prices, which move inversely, rose smartly. The major indexes were about flat last week.

Bye-Bye, Jobs

[Bank of America](#) said it could shed 30,000-35,000 jobs over three years in its [Merrill Lynch](#) merger.

Politics, Illinois Style

Illinois Gov. Rod Blagojevich and a senior aide were arrested on federal corruption charges, including attempting to sell the Senate seat of President-elect Barack Obama. A spokesman said Obama thinks Blagojevich should resign and be removed from the selection process. A lawyer for the Democratic governor, who returned to work, said his client believes he didn't do anything wrong, and that he doesn't know of any immediate plans to resign. The Illinois attorney general has asked its highest court to remove the governor from office.

The Numbers

Sageworks released the 35 worst-performing industries by sales growth among privately held companies in the past 12 months. Sales declines were pronounced in the building sector.

- 6%: sawmills and wood preservation
- 6%: lumber and other construction materials
- 6%: real-estate agents and brokers offices
- 5%: activities related to credit intermediation
- 3%: cement and concrete

Another Bankruptcy Filing

Tribune filed for bankruptcy protection, citing ad declines and debt assumed when it was taken private by Sam Zell. The filing came a day before the charges against Gov. Blagojevich, which included pressuring Tribune to fire an editorial writer who favored his impeachment in return for making it easier for Tribune to sell Chicago's Wrigley Field. Meanwhile, Nortel Networks retained bankruptcy counsel, The Wall Street Journal said; KB Toys filed for Chapter 11.

Long, Cold Winter

Russia posted its first budget deficit in November since 1999. Standard & Poor's cut its debt rating for the first time in 10 years, warning of Russia's "rapid depletion" of the country's massive reserves.

Get a Grip

Government watchdogs criticized the Treasury's \$700 billion rescue plan, saying it has doled out billions of dollars to banks without ensuring they comply with restrictions, or determining if the funds are being used to help bring more credit to consumers. And the Fed may issue debt for the first time, to aid flexibility. The Fed's balance sheet now stands at \$2.26 trillion.

Odds 'n' Ends

A proprietary trading group at [Deutsche Bank](#) lost over \$1 billion with a wrong-way bet on corporate bonds, Bloomberg News reported.

Physicist Steven Chu is being eyed for energy chief.