

Highly Confidential New York Fed Information

**From:** Arthur Angulo/NY/FRS

**Sent:** Sep 12, 2008 17:11:47

**To:** Timothy Geithner/NY/FRS@FRS; Terrence Checki/NY/FRS@FRS; Thomas Baxter/NY/FRS@FRS; William Dudley/NY/FRS@FRS; Chris McCurdy/NY/FRS@FRS; Lucinda M Brickler/NY/FRS@FRS; Brian Peters/NY/FRS@FRS; Theodore Lubke/NY/FRS@FRS; Sarah Dahlgren/NY/FRS@FRS; Patricia Mosser/NY/FRS@FRS

**Cc:**

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**Subject:** Fw: Fyi (from Hsu)

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----- Forwarded by Arthur Angulo/NY/FRS on 09/12/2008 05:06 PM -----

Til Schuermann/NY/FRS

09/12/2008 04:52 PM

To Arthur Angulo/NY/FRS@FRS, William BRODOWS/NY/FRS@FRS

cc Meg McConnell/NY/FRS@FRS

Subject Fw: Fyi (from Hsu)

Last bit is of interest!

Til Schuermann

Research, Financial Intermediation

Federal Reserve Bank of New York

(212) 720-5968

<http://nyfedeconomists.org/schuermann/>

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This message is being sent from my Blackberry.

From: ""Hsu, Michael"" [HSUM@SEC.GOV]

Sent: 09/12/2008 04:03 PM AST

To: Til Schuermann

Subject: Fyi

Sitting in on a call with senior people at lehman and some fed folks (clifton) re bankruptcy stuff.

Key point: lehman's liquidity pool is almost totally locked up with clearing banks to cover intraday credit (\$15bn with jpm, \$10bn with others like citi and bofa). This is a really big problem. (Prior to all of this, zero had been locked up.) Lehman is effectively operating with \$5bn of parent company cash. Ian lowitt is quite upset.

The other surprising thing to note is that the lehman folks appear to think that they can limp along through next week, even without a deal by sunday.