

# POSTAL NEWS

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## **1. UNI welcomes SEC** stand against Goldman Sachs

UNI Global Union said today that the civil fraud suit brought by the US Securities and Exchange Commission against Goldman Sachs for its role in the mortgage deals that pushed the global financial system to collapse is an important step in the fight to bring about proper regulation.

The SEC suit relates to a collateralized debt obligation (CDO) tied to subprime mortgages that Goldman sold to some investors just as the housing bubble was bursting. Hedge fund manager John Paulson, who took the short position, made about US\$ 1 billion by betting against the mortgages.

The SEC said in a statement that "Goldman Sachs failed to disclose to investors vital information about the CDO, in particular the role that a major hedge fund played in the portfolio selection process and the fact that the hedge fund had taken a short position against the CDO."

"They should change their name to 'Goldman Lacks' as they have fallen so short of the ethical and business standards required to deserve our trust," said UNI General Secretary Philip Jennings.

According to a report from the Wall Street Journal, the Securities and Exchange Commission "is investigating whether other mortgage deals arranged by some of Wall Street's biggest firms may have crossed the line into misleading investors."

Goldman reported first-quarter earnings of US\$ 3.46 billion on Tuesday. Forty-three percent of its revenue for the quarter, or US\$5.49 billion, was set aside for pay and bonuses.

"Regulators have to take a stand against the investment bankers," Jennings said. "It's time to end the greed, lies and deceit of today's investment banking world, get tough and tame the financial masters of the universe. From

subprime securities to Greece they have 'gamed' the system to suit their insatiable greed."

The collapse of the housing market in the US was one of the key factors in the global financial crisis as the failure of complicated mortgage deals packaged as investments set off a chain reaction of banking collapses in the United States and other countries around the world.

The deals were emblematic of an increasingly byzantine financial system that bankers used to hide many of the risks that ultimately materialized.

Jennings was in Iceland last week where a truth commission report revealed a tangled web of corruption and smoke and mirrors reporting that masked all the weaknesses in the country's banking system and led to its ultimate collapse.

"Having seen the devastating consequences on Iceland's economy, we owe it to working people everywhere to put rules in place to stop the greed and manipulation in the world of finance," Jennings said.

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BUSINESS APRIL 21, 2010

## **2. Tokyo Details Postal Bank Plan .**

By ATSUKO FUKASE

TOKYO—Japan's government Tuesday unveiled details of a plan to expand the financial-services offerings of its sprawling postal service, a move that has sparked protests from Japan's financial industry.

A Tokyo woman walks past a branch of Japan Post Bank last month. The plan, part of an effort by Japan's new government to reverse the privatization of Japan Post Holdings Co., follows weeks of government discord over how far to take the effort. The plan suggests the government is moving toward the preferred policy of Banking and Postal Services Minister Shizuka Kamei, a privatization opponent who has pushed to give Japan Post greater competitive heft.

The move has drawn criticism from Japan's financial industry, amid concerns that a government-backed financial giant could distort competition and present a big risk to the stability of the market.

Under the plan, Japan Post Holdings will continue to control its two financial units, Japan Post Bank and Japan Post Insurance. It will absorb two other units, Japan Post Network Co. and Japan Post Services Co., on Oct. 1, 2011.

The deposit ceiling on postal savings also will be doubled to 20 million yen (about \$216,000) per customer, and the 13 million yen upper limit on life-insurance payments will be boosted to 25 million yen.

The Democratic Party of Japan-led government said the proposal will allow Japan Post to offer "universal service across the country."

The government aims to finalize its decision at a cabinet meeting on April 27 and to send it to the current legislative session for approval.

Mr. Kamei, who leads a small party that is part of the DPJ-led ruling coalition, proposed sharp increases in the savings and insurance limits last month.

That point, and other measures, drew criticism from the private sector, as commercial banks and life-insurance companies said the growth of Japan Post will distort fair competition.

Masayuki Oku, the newly appointed chairman of the Japanese Bankers' Association, said at a news conference Tuesday that the plan would likely cause capital to shift from private banks to Japan Post because of its implicit guarantee from the government.

Mr. Oku also has suggested that Japan Post could become too big to fail, presenting a risk for taxpayers and financial markets if problems occur. "As long as it's backed by the government, business expansion shouldn't be permitted," he said in a recent interview.

Yoshio Sato, chairman of the Life Insurance Association of Japan, also said in a statement that the government's proposal is "unacceptable."

The plan raises the question of what the government-backed financial giant will do with its vast holdings. According to the proposal, Japan Post will no longer be required to file for regulatory approval from authorities such as Ministry of International Affairs and Communications when starting new financial businesses. The group will need to only notify them.

Japan Post holds assets valued at about \$3.3 trillion, making it one of the world's largest financial institutions. Mr. Hatoyama's government last year froze the sale of equity in Japan Post's banking and insurance arms, a process that was slated to begin this year.

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APRIL 20, 2010, 6:32 A.M. ET.

### **3. Japan Unveils Plan To Roll Back Postal Privatization**

TOKYO (Dow Jones)--Japan's government Tuesday unveiled details of its plan to reform the nation's postal system, choosing the radical option of expanding its offering of financial services after weeks of government discord over how far to go in reversing privatization.

The move has drawn heavy criticism from Japan's financial industry, amid concerns that a government-backed financial giant could distort competition and present a significant risk to the stability of the market.

Under the plan, Japan Post Holdings will continue to control its two financial units-- Japan Post and Japan Post Insurance--and will absorb two other units—Japan.

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