DETTERBECK WEALTH MANAGEMENT

A Division of DWM Financial Group, Inc.

May 5th, 2009 Issue 10

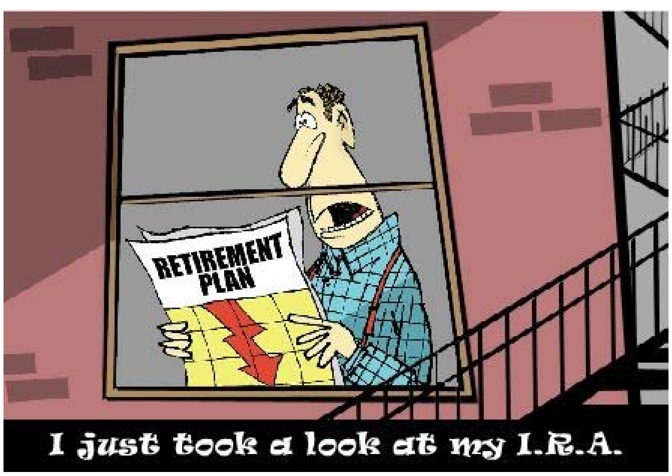
Sherpa Snapshots

"Preparing you for the financial road ahead"

-DWM Estate Planning-

Worst Slide Story

Walt Handelman has created a great animated recession sing-along:



Please click the link below to view this video. Hope it brings a smile.

click here

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If you're in the Charleston area:

SAVE THE DATE!
May 28th

DWM Breakfast Seminar:

"Has the Economy

Hit Bottom Yet?"

-Business-

"Little G.T.O."- Ronnie and the Daytonas, 1964

Many of us remember when Pontiac meant muscle. Detroit made and marketed vehicles that fueled imaginations as effectively as they swilled high-test. Therefore, there was a tingle of nostalgia when we read that General Motors would be discontinuing the Pontiac brand.

Pontiac's heyday was in the 1950s and 60s. Efforts in the last few years to market Pontiac as a performance-oriented brand failed. The company had said it wanted to keep Pontiac as a niche brand with one or two models, but is buckling under tremendous government pressure to consolidate its eight brands, several of which lose money. GM will be left with four brands- Chevrolet, Cadillac, Buick, and GMC. The company may even sell its entire stake in Opel, which is the heart of GM's Europe operations.

This is only the beginning of the cut-backs. They plan on shutting down13 plants, cutting 21,000 workers and closing nearly half their dealerships. The Treasuring Department has given GM until June to work out their restructuring plan. GM is offering its union a 39% stake and about $10 billion in cash in exchange for the $20 billion the company owes a UAW trust fund responsible for paying health benefits. Since GM could not afford the health care promises it made to its current and retired workers, the UAW healthcare trust will now effectively own and control the company. A full 89% of the reorganized company will be owned by the UAW and by the U.S.

Government.

For additional information in The Wall Street Journal's May 4th article click here

-Business-

Chrysler Bankruptcy Deal, Fiat Partnership

The president of the United States does not usually announce business deals and bankruptcies, but these are not usual times. President Obama announced that troubled automaker Chrysler would head into bankruptcy with the promise of up to $6 billion in taxpayer money to try to salvage the company. The Obama administration said it had long hoped to stave off bankruptcy for the nation's third-largest automaker, but it became clear that a holdout group of creditors wouldn't budge on proposals to reduce Chrysler's $6.9 billion in secured debt. Clearing those debts was a needed step for Chrysler to restructure by a government-imposed Thursday deadline.

Chrysler LLC filed for Chapter 11 bankruptcy protection in New York with the hopes of emerging as a competitive enterprise, strengthened by $8 billion in fresh taxpayer money and under the new partnership with Italy's Fiat in as little as 60 days. The government, which has already poured $4 billion in loans into Chrysler, would provide up to $8 billion more to carry the company through bankruptcy, said senior administration officials speaking on condition of anonymity. The government will also help appoint a new board of directors.

Already strained parts suppliers, hurt by Detroit's plummeting sales, face some tough times of their own. They could follow Chrysler into Chapter 11 if court proceedings drag on. A parts shortage will not only affect production at Chrysler but would ripple through the industry.

For Additional information in The Chicago Tribune's May 1st article click here

-Business-

Bank Stress Tests

The true dimensions of the U.S. credit crisis will become much clearer with the release of results from unprecedented government "stress tests" of the nation's 19 largest banks and their capital needs. The results are expected to show that the 19 banks must raise possibly $150 billion or more in fresh capital, with investors expected to punish stocks of the neediest banks.

U.S. regulators decided to delay the release of stress test results until May 7th, after some lenders, namely Citigroup and Bank of America, objected to the government demands that they needed to raise billions in fresh capital. This decision to let the original timetable slip also reflects the belief that their outcome has the potential to disturb the markets.

Citi, one of the biggest victims of the crisis that has already been bailed out three times by the government, is believed to have been told that it needs more than $5 billion in fresh capital, while Bank of America might need to convert $45 billion in government preferred shares into common equity.

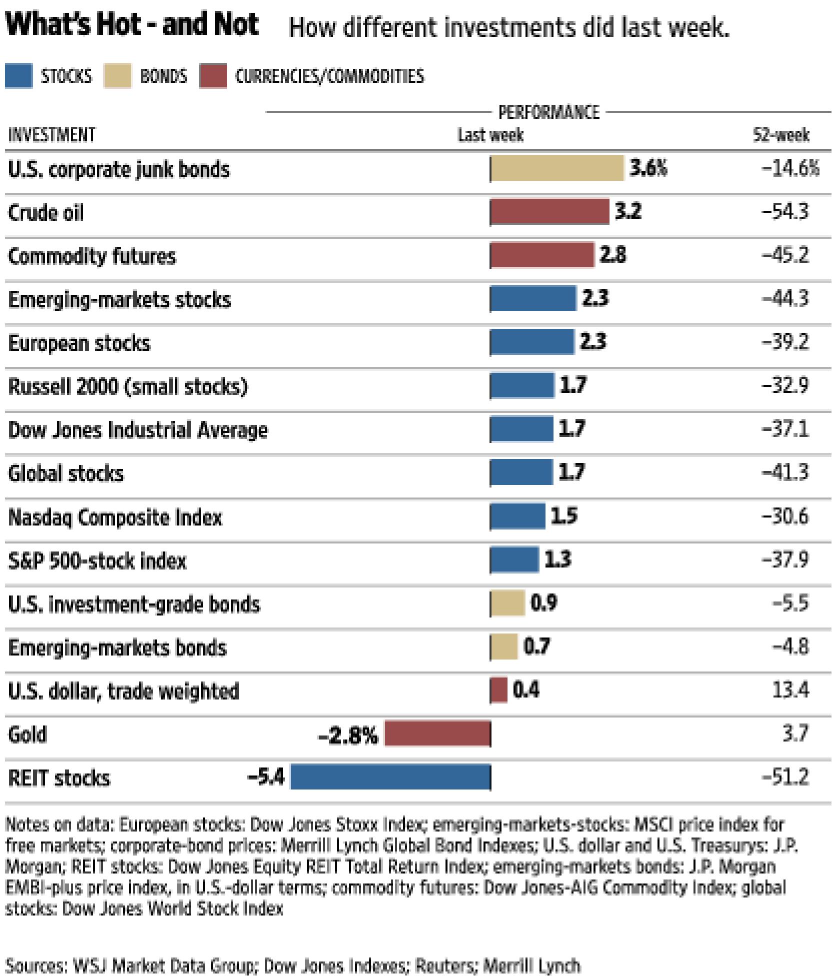
Warren Buffett weighed in on the stress test Sunday after the annual meeting on Saturday of Berkshire Hathaway. He argued that the stress tests were not necessary for 15 of the 19 banks being evaluated because they were not too big to fail and did not pose that kind of risk. Buffett said Wells Fargo, U.S. Bancorp and a third Berkshire holding, M&T Bank, do not need more equity capital. He also said the all but four of the banks being tested could easily be sold with the help of the Fedreal Deposit Insurance Corporation.

Finally, the impact on personal bank accounts is neglible. If you have an account at a bank that comes up short in the Federal Reserve stress test, you shouldn't be worried.

The stress tests do not affect the government savings insurance programs, administered by the Federal Deposit Deposit Insurance Corp. Under this program, all cash accounts at banks are insured up to $250,000 per account. This insurance policy won't be affected by stress test results.

For additional information in The Financial Times' May 1st article click here

-Market Update-



HAPPY MOTHER'S DAY TO ALL OF THE WONDERFUL MOTHERS OUT THERE!

Sincerely,
Detterbeck Wealth Management

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