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Proposal: 1432 (RIN 7100 AD 82) Reg. V V - Proprietary Trading and Certain Interests In, and Relationships

Subject: Volcker Rule -- Prohibitions and Restrictions on Proprietary Trading and Certain Interests In, and R

Comments:

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Proposal: Prohibitions and Restrictions on Proprietary Trading and Certain Interests In, and Relationships with, Hedge Funds and Private Equity Funds
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Generally speaking, I support the Volcker Rule. I would go further to regulate banks, investment banks, insurance companies, mortgage companies, credit card companies and real estate companies from being owned and operated by one company or holding company because this establishes a conflict of interest in the company with various customers. For example, how can a bank protect a persons retirement savings while speculating with it in derivatives, hedge funds, stocks, bonds, commodities or any other investment? How can a bank loan money to a company and also sell it's stock without there being a conflict of interest? How can a bank own a mortgage company and make mortgage loans to banking customers without having a conflict of interest? Rules and regulations must be maintained for banks, investment banks, insurance companies, mortgage companies, credit card companies, real estate companies and pay day loan companies in order to prevent greed and speculation from consuming our economy in a way that puts our economic system at such grave risk as we have seen ever since the Glass-Steagall act was repealed. Without rules and regulations in a free market, anything goes and the result will eventually be a collapse of our economic system just like there was during the Great Depression. Our country will need all the wisdom it can muster not to fall prey to unregulated creative investments and loans that will push US into another Great Depression. A simple series of questions should be asked when evaluating any new creative investment or loan available to customers from companies in different industries and that is, is it simple, is it transparent, is it conservative, moderate or high risk. The more conservative or moderate investment and loan types we have available in our economy the better. The more high risk investment and loan types we have available in our economy the worse. Complex, opaque investments and loans should be outlawed. I put derivatives, most hedge funds I have read about, credit default swaps, collateralized debt obligations, options trading with low reserve limits and super high interest pay day loans in this category and if not outlawed they should be regulated in a way to reduce the risk to the people these investments and loans are sold to. Turning our stock, bond and commodities markets over to computer software that buys and sells thousands of times or more in a millisecond is unwise. The country is not ready to have cars and airplanes with passengers operated by computers without a driver or a pilot. Why should we put our economy and markets in the hands of computer programs? Rules should be established to force computer programs to trade and invest in human time, not computer time. One sale and the proceeds of that being used to make purchases in one day without allowing another sale of the proceeds from the original sale is a reasonable rule for people and for computer programs too. Slow things down and slow down the risk of market crashes in 20 minutes. Perhaps this could be called a Day Rule. Likewise, if we want to reign some of the speculation then require people trading in options or trying to use debt or leverage to multiply their investment risks and rewards, then we can simply require them to put up 75% or more of the cash reserves needed to back these up and make them assume the responsibility for their risky behavior. Rules and regulations that encourage conservative to moderate investment and loans and to discourage risky investments and loans should be encouraged. How many people would appreciate 2-3% GDP, 2-3% profits, 2-3% price increases, 2-3% wage increases, 2-3% unemployment and a stable slow growing economy for the past 30 years compared to what we have experienced? Over the past 30 we have gone from bust, boom, speculation and bail out cycles. The US banks were bailed out when South American countries defaulted on debt. The US Savings and Loan industry was bailed out after Real Estate speculation and fraud in the industry collapsed. Investment banks, banks and insurance companies were bailed out when mortgage backed securities, a new creative investment, collapsed as another real estate bubble collapsed. Monetary and fiscal policies would need to be conservative to moderate in the public and private sectors if we had rules and regulations to encourage conservative to moderate investments, loans and risk taking in our economy over speculation and marketing hype. Combine with that fair trade practices that slowly open our market without giving away our wealth and manufacturing base and we can prevent US from consuming ourselves to economic death. Consumption without replacing this with something of value produced will eventually burn up the value of our money. I support the Volcker Rule. We need much, much more if we want to have a stable economic system that will improve from one generation to the next and if we ant to avoid the next Great Depression. Statistically speaking capitalism is overdue for another Great Depression and it remains to be seen whether this economic phenomenon can in fact be avoided. Historically speaking it can not. If we ever get to the point where we can manage capitalism in a way that will avoid the boom, bust, bail out, recession and depression events then we will have really made some progress toward an economic system that is good for all over a long period of time. Short of this, we may need to devise something better and perhaps with computer software we will one day be able to manage all of the complex variables that make up our economic system. Until that time, we need rules and regulations that will attempt to stabilize our economy and reduce the extremes that are free market capitalism.