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Comments:

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Dear Mr Bernanke, In my opinion, financial institutions want to make as much money as possible and they will invent and craft numerous deals to obtain their goal. The number and types of deals that they can invent are indefinite and you can not predict what they are going to do in ten or fifty years. Second many of those deals, mortgage backed securities as an example, actually seem beneficial at the begining, and you might think that they are a good thing. But financial institutions will inherently cause most of their "safe" deals to become risky because they can not help but immitate each other and thereby create excesses. Of course they each secretly think they can get out at just the right time, without affecting the entire market. But when they are wrong the country and now the world pays for their excesses. These financial institutions must be restricted if they are to be protected. They can only make money by making loans and keeping depositors money safe. They must keep, at a minimum 20% of each and every loan. In good times, they must be forced to have reserves that protect depositors for catastrophic times. Risks asesment must be rigorous, particularly during good times, for they are often at greatest risk when all appears safe. Hence rules must be: simple and direct so that they can not cheat, uniform and apply to all so they can not "morf" into the next guy, diminish risk even at the expense of income. As a result the banks may not make so much money in the good times, but they will also not loose so much in the bad times. Right now banks would rather make money doing anything other than lending money. So I am sure that they are already getting into trouble buying stocks and commodoties. And yes this is how they got out of trouble this last time, borrowing at zero interest and buying stocks. And yes you needed them to do that. But this is also the reason why they do not lend, because they view the stocks as safer and more liquid. And the economy suffers and soon their safe investments will be unsafe. Good luck Sir.