From: Arthur Parks

Subject: Incentive-Based Compensation

Comments:

May 27, 2011

Ben Bernanke
20th Street and Constitution Avenue N.W.
Washington, DC 20551

Dear Bernanke,

Immediately following the announcement of the first TARP, I sent the following letter to all my representatives in the hopes that Congress and its various committes and task forces would fashion an instrument to REQUIRE that invesment bankers stop passing off risk to secondary and terciary markets (after taking their premium) and actually have some "jingle" to back their bets (characterized as "insurance" by the financiers).

In response, I recived boilerplate white papers on everything from employment to fair housing, but none addressed my specific suggestion.

To me, many of the elements contributing to the crisis seemed to constitute fraud - or certainly breach of contract - when AIG and other investment institutions failed to honor their CDO and CDS contracts. They took their premiums and then welched on their bets. If I did that in my business, I would go to jail, or at the very least be sued for the damages. These perpetrators were rewarded with taxpayer financing to cover their losses and actually received rewards for their incompetent and self-serving - if not criminal - behavior.

Heree's the letter:

Economic Damage Control

Dear Senator McCaskill,

When America's economic vessel ran aground on the Credit Reef, Damage Control Officer Henry Paulsen's Wall Street orientation sent him to the wrong sector of the foundering USS Economy.

STOP focusing on helping the banks and look at the consumers responsible for paying the mortgages. They live in those "troubled assets."

The current approach has rescued the perpetrators, not the victims, of this crisis. Congress panicked and empowered the Treasury to take poorly thought out steps to prop up the investment community without a process to establish the accountability and transparency so critical to re-float the economy and shorten sail for these financially turbulent times. And they are about to do it AGAIN and still have no specific cost figure!

The first step should have been to shore up the hole and stop the flood of foreclosures and short sales, to convert the "troubled assets" back to generating positive cash flows for the investors.

IT'S NOT TOO LATE! You must create and pass a bill that encourages lenders to reset mortgages at say, 200 basis points (experts calculate the #) above the Fed Fund Rate (Mortgages are based on ten-year treasuries, but this may be the time to reconsider this metric) by offering to rebate 50 basis points (you negotiate the #) to the lenders as an incentive to actually require lending to receive TARP funds, rather than pushing TARP funds to executive bonuses and balance sheet enhancement. This would accomplish several desirable results:

1. Require lenders to lend the TARP funds
2. Abate Foreclosures & Short Sales
3. Keep more people in their homes
4. Reduce mortgage payments
5. Give consumers more disposable income
5. Reduce bloated inventories
6. Bolster Home Buyer purchasing confidence
7. Slow depreciation of home values
8. Reduce tax payer cost
9. Make lenders accountable

With a new skipper at the helm, a newly appointed Damage Control Officer at Treasury, and an alleged spirit of non-partisanship, perhaps we can get back on course toward elevated consumer confidence and renewed prosperity. With your leadership, we can.

Respectfully,
Arthur Parks

PUT SOME REAL TEETH IN DODD-FRANK THAT LENGTHEN INVESTMENT HORIZONS AND PROMOTE ENFORCEMENT OF EXISTING REGULATIONS AND STIFF PENALTIES FOR VIOLATORS.

America - and especially the residential real estate landscape - paid a terrible economic price because of irresponsible risk-taking by Wall Street executives. While home owners, builders, realtors and ancillary industries suffered devastating losses, those executives took those risks and walked away with billions of dollars in bonuses and stock options withoutr paying a dime for the long-term consequences of their actions. We need tougher and consistantly enforced rules to align Wall Street pay packages with the longer term results of their risk taking.

Your rules should require at least a five year deferral period for executive bonuses at big banks, ban executive hedging of their pay packages, and require specific details from banks on precisely how they ensure that executives will share in the long-run risks created by their decisions. It should apply to the full range of important financial institutions, and draw in all the key executives at those companies.

Once this rule is passed, only you will know the details of its enforcement. But it's important for the public to know the progress you are making on this vital issue. You should report back to the public

QUARTERLY (to coincide with quarterly corporate financial reporting) with a detailed report on progress in creating accountability for Wall Street pay and investment risk profiles.

Thank you for your consideration, and for directing you decisions based on the best interest of the public, not those of the financial sector elite.

Regards,

Arthur Parks

Referencing Docket No.'s:

OTS: RIN 155-AC49
OCC: RIN 1557-AD39
Fed: RIN 7100-AD69
SEC: RIN 3235-AL06
FHFA: RIN 2590-AA42
FDIC: RIN 3064-AD56