EDWARD TAUSSIG

Proposal and Comment Information

Title: Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Bank Holding Companies (Reg O and Y), R-1896

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Submitter Information

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There is no good reason to make loans to insiders easier. If the rationale is to help attract good employees, there are much better alternatives. The existing loan regulations were put in place for a very good reason, to prevent the kinds of abuses that directly led to the Great Depression, loans to bank insiders were in large part responsible for the myriad bank failures at that time. That history should not be forgotten or ignored. With the explosion of leverage in today's markets, loans to insiders could be just as risky as those that caused the Great Depression.
"Charles Mitchell admitted that he and his top officers had set aside millions of dollars from the bank in interest-free loans to themselves"