**Silvia Hall**
Sent by: Americans for Financial Reform <info@ourfinancialsecurity.org>

05/27/2011 09:55 PM

To regs.comments@federalreserve.gov

cc

Subject End Wall Street's Game of 'Heads I Win, Tails You Lose'

May 27, 2011

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

Dear Bernanke,

Wall Street insider Barry Ritholtz put it this way:

"In recent years, there was no legal liability for extreme recklessness. Take a healthy company, roll the dice and if it comes up snake eyes, all you lose are your unvested stock options. Most management does not have significant capital at risk. The cost for pushing a healthy firm into insolvency by excessive risk-taking is some snickering at the golf course. In terms of lost monies, it is minimal."

It might be minimal for Wall Street but for millions of people in this country Wall Street gambling was real and we all lost. We are paying a terrible economic price because of irresponsible risk-taking by Wall Street executives. My mortgage is under water like forty-seven percent of Florida mortgage holders, we owe more on our mortgage than their home is worth. This negative equity crisis is a direct result of the massive housing bubble and bust that big Wall Street banks fueled and profited from.

Those executives took those risks because they knew that they could walk away with billions of dollars in bonuses and stock options and never pay for the long-term consequences of their actions. We need tough rules so that Wall Street pay packages don't encourage short-term 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 annually with a detailed report on progress in creating accountability for Wall Street pay.

**Alexander Clayton**

05/19/2011 07:40 PM

To regs.comments@federalreserve.gov

cc

Subject Comments for Docket No. R-1410, -

As an American seriously affected by the economic collapse of 2008 (I am one of the long-term unemployed), I don't want it to happen again. As a former Compensation Consultant with a major oil company, I have some ideas about reforming Wall Street compensation practices.

It is clearly evident from the numerous books and articles I've read that Wall Street greed and outrageous pay practices were a major cause of the collapse. One way to change the incentives so they don't collapse our economy again would be to delay the bonuses for at least three years. That way, we'll know if the loans they made in year one remain good. In the bad days of yore, bankers paid themselves on the volume of loans (mortgages) they generated, not on their quality.

Regarding stock options, they should instead use performance shares, which are long-term proposition that are tied to performance against peers, although with all the consolidation, that will be more challenging.
This ensures business decisions are good for the long-term vision of the company and the economy as a whole.

The entire short-term thinking and compensation philosophy on Wall Street needs to change now! It's not good for our country, and it fuels excessive risk-taking, greed and hubris. One giant economic collapse is enough for a lifetime. Let's ensure it does not happen again - EVER!

Thank you for considering my comment,

Alexander Clayton

**Ben Cooper**

05/20/2011 05:00 AM

To regs.comments@federalreserve.gov

cc

Subject Comments for Docket No. R-1410

While the investment bankers and greedy speculators were rewarding themselves with inordinately exaggerated compensation, unfair stock options, and obscene bonuses for engaging in the high-risk investment (i.e. gambling) behaviors that may have produced short-term, short-sighted quarterly profits, leading to inflated stock prices and bloated corporate capitalization statistics, but inevitably causing the most disastrous economic collapse since the great depression of the 1930s, the rest of us who were working hard, following the rules, trying to get into or stay in the middle class lost our homes, our jobs, our savings, and in some cases even our families.

I'm writing because I was among the millions of American working folks who were devastated by the economic crash of 2008. I hope we can prevent the same catastrophe from happening again.

Apparently, the privileged financial manipulators have not learned their lessons from the global economic calamity that resulted from their irresponsible practices, but are instead rewarding themselves for having survived and in some cases profited, not because of their business acumen, but because of massive, trillion-dollar taxpayer-funded emergency bailouts.

Wall Street greed, reckless speculation, fraud, and outrageous pay practices need not cause another similar collapse. One way to change the incentives so they don't collapse our economy again would be for regulators to use a *safety index* for incentive compensation, instead of a profit index.

One way to change the incentives so Wall Street doesn't collapse our economy again would be for regulators to set up a way for shareholders to grab back ill-gotten gains.
If it turns out that the profits in a given year were built on shoddy practices that become clear in the out-years, those bonus payments should be forfeited.

Currently, most bankers receive stock options. So if they can generate more profits, the stock price goes up, and their options become more valuable. Instead, what if they used the bank's bond price, which measures the overall ability of the bank to repay its own debt? Another measure of bank stability is the spread on credit default swaps (the insurance-like policies that are essentially bets, where one gambler bets with another that a particular firm will fail). The closer a bank comes to failing (such as in failing to pay of its bond debt), the bigger the spread on credit default swaps.

We must use and, if necessary, enhance our new regulatory tools to reign in the Wall Street predators before they succeed in destroying our way of life. History and economics have demonstrated that free-market capitalism only works when we regulate markets in order to prevent their excesses.

Thank you for considering my comment,

Ben Cooper

**joyce niksic**
Sent by: Americans for Financial Reform <info@ourfinancialsecurity.org>

05/27/2011 01:25 PM

To regs.comments@federalreserve.gov

cc

Subject End Wall Street's Game of 'Heads I Win, Tails You Lose'

May 27, 2011

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

Dear Bernanke,

America paid a terrible economic price because of irresponsible risk-taking by Wall Street executives. Those executives took those risks because they knew that they could walk away with billions of dollars in bonuses and stock options and never pay for the long-term consequences of their actions. We need tough rules so that Wall Street pay packages don't encourage short-term 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 annually with a detailed report on progress in creating accountability for Wall Street pay.

Sincerely,

Ms. joyce niksic

**Mary Rowell**

05/16/2011 03:45 PM

To regs.comments@federalreserve.gov

cc

Subject Comments for Docket No. R-1410,

I'm writing because my family and I were affected by the economic collapse of 2008, and we don't want it to happen again.

One way to change the incentives so Wall Street doesn't collapse our economy again would be for regulators to set up a way for shareholders to grab back ill-gotten gains.

If it turns out that the profits in a given year were built on shoddy practices that become clear in the out-years, those bonus payments should be forfeited.

Thank you for considering my comment,

Mary Rowell