

From: Gregory DeClue [mailto:gregdeclue@mailmt.com]
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To: Comments
Subject: RIN 3064-AD56

This is in response to Request for Comments in the 1/19/2010 Federal Register. I am writing as a citizen, taxpayer, and member/customer of a local savings and loan. My savings are insured by you, and I appreciate that very much.

1. Should an adjustment be made to the risk-based assessment rate an institution would otherwise be charged if the institution could/could not attest (subject to verification) that it had a compensation system that included the following elements?
...

YES

2. Should the FDIC's risk-based assessment system reward firms whose compensation programs present lower risk or penalize institutions with programs that present higher risks?

YES, BOTH

3. How should the FDIC measure and assess whether an institution's board of directors is effectively overseeing the design and implementation of the institution's compensation program?

I DO NOT KNOW.

4. As an alternative to the FDIC's contemplated approach (see q. 1), should the FDIC consider the use of quantifiable measures of compensation—such as ratios of compensation to some specified variable—that relate to the institution's health or performance? If so, what measure(s) and what variables would be appropriate?

I DO NOT KNOW.

5. Should the effort to price the risk posed to the DIF by certain compensation plans be directed only toward larger institutions; institutions that engage only in certain types of activities, such as trading; or should it include all insured depository institutions?

I DO NOT KNOW.

6. How large (that is, how many basis points) would an adjustment to the initial risk-based assessment rate of an institution need to be in order for the FDIC to have an effective influence on compensation practices?

I DO NOT KNOW.

7. Should the criteria used to adjust the FDIC's risk-based assessment rates apply only to the compensation systems of insured depository institutions? Under what circumstances should the criteria also consider the compensation programs of holding companies and affiliates?

I WOULD LEAN TOWARD INCLUDING HOLDING COMPANIES AND AFFILIATES, TO REDUCE THE CHANCE THAT INSTITUTIONS WOULD USE THEM AS LOOPHOLES TO GET AROUND THE LAW.

8. How should the FDIC's risk-based assessment system be adjusted when an employee is paid by both the insured depository institution and its related holding company or affiliate?

AS IF THEY WERE ONE AND THE SAME. THAT IS, DO NOT ALLOW ANY USE OF A HOLDING COMPANY OR AFFILIATE TO GET AROUND THE LAW.

9. Which employees should be subject to the compensation criteria that would be used to adjust the FDIC's risk-based assessment rates? For example, should the compensation criteria be applicable only to executives and those employees who are in a position to place the institution at significant risk? If the criteria should only be applied to certain employees, how would one identify these employees?

ATTEMPT TO WRITE THE LAW SO THAT IT WOULD APPLY TO ALL EMPLOYEES, TO AVOID CREATING OPPORTUNITIES FOR COMPANIES TO GET AROUND THE LAW.

10. How should compensation be defined?

BROADLY AND INCLUSIVELY.

11. What mix of current compensation and deferred compensation would best align the interests of employees with the long-term risk of the firm?

I DO NOT KNOW.

12. Employee compensation programs commonly provide for bonus compensation. Should an adjustment be made to risk-based assessment rates if certain bonus compensation practices are followed, such as: Awarding guaranteed bonuses; granting bonuses that are greatly disproportionate to regular salary; or paying bonuses all-at- once, which does not allow for deferral or any later modification?

I DO NOT KNOW.

13. For the purpose of aligning an employee's interests with those of the institution, what would be a reasonable period for deferral of the payment of variable or bonus compensation? Is the appropriate deferral period a function of the amount of the award or of the employee's position within the institution (that is, large bonus awards or awards for more senior employees would be subject to greater deferral)?

I DO NOT KNOW.

14. What would be a reasonable vesting period for deferred compensation?

I DO NOT KNOW.

15. Are there other types of employee compensation arrangements that would have a greater potential to align the incentives of employees with those of the firm's other stakeholders, including the FDIC?

I DO NOT KNOW.

Summary: I appreciate that the FDIC is taking steps to reduce risk. It makes sense to me that companies who reward risk-taking via their payment structure (including bonuses) should be required to pay higher insurance. If you design the system right, either they will actually pay more insurance or, even better, they will change their practices to reward risk less, if at all.

From my perspective, it is very, very, very much more important that my savings be secure than that they earn at a high rate. The purpose of the FDIC, as I understand it, is to provide safety and security for cautious investors. If someone wants to go for a high-risk, high-reward investment strategy, that option should be through an entity that is completely and totally separate from institutions that are FDIC-insured.

As a taxpayer, I don't want to provide insurance for people who choose to take a high-risk, high-reward strategy.

As an investor, I want to be able to invest in a safe, secure, FDIC-insured account without having my security diluted by the bank's (or other institution's) relationships to risky investment options. I support separation between FDIC-insured accounts/institutions and investment plans that encourage risk.

I encourage FDIC to insure basic banks and credit unions, and to tell the banks and credit unions who want FDIC insurance to stick to simple, safe investing. I generally support FDIC rules that create barriers between institutions that provide safe, secure investing versus those that provide high-risk, high-reward options.

Thanks.

Gregory DeClue, Ph.D.
16443 Winburn Place
Sarasota, FL 34240-9228
gregdeclue@mailmt.com
<http://gregdeclue.myakkatech.com>