

To: FDIC

Re: Public Comments on RIN 3064—AD56

Date: February 16, 2010

According to a recent Wall Street Journal Study as reported by Stephen Grocer (*Banks Set for Record Pay: Top Firms on Pace to Award \$145 Billion for 2009, Up 18%, WSJ, 1/14/2010*), major U.S. banks and securities firms are on pace to pay their people about \$145 billion for 2009, “a record sum that indicates how compensation is climbing despite fury over Wall Street's pay culture.”

As reported by Grocer, the Wall Street Journal analysis shows that “executives, traders, investment bankers, money managers and others at 38 top financial companies can expect to earn nearly 18% more than they did in 2008—and slightly more than in the record year of 2007.”

The FDIC is correct that banks that give large bonuses for risky behavior to pay higher insurance premiums. As a citizen who has watched in horror as corrupt and risky practices in the financial industry have been tolerated for over one decade, I appreciate that the FDIC is taking public comments on the proposed new rule until this Thursday, February 18.

If Wall Street traders are allowed to continue to speculate with only very lax regulation, we will certainly face another financial crisis of at least the magnitude of the current one. Banks simply should not be allowed to keep the profits when their risky bets pay off, only to be rescued by taxpayers when they are wrong. Wall Street is not capable of regulating itself. A high proportion of these bonuses are a direct result of the willingness of the American people to support its government in the effort to avoid a financial meltdown of the scale of the Great Depression. However, the hubris shown by the financial industry by giving itself outsized bonuses, while at the same time lobbying against any further strengthening of the financial insurance system that protects its customers is certainly anathema to any informed citizen of this country.

The FDIC should not wait for Congress or the Federal Reserve to create new rules of the road for compensation practices. The proposed rule is an excellent beginning that should be implemented immediately.

Dr. Michael Midling

Santa Maria California