From: Frank Warren [mailto:warren-sa@msn.com]
Sent: Tuesday, February 16, 2010 7:54 PM
To: Comments
Subject: RIN 3064-AD56

The Federal Deposit Insurance Corp. has proposed punishing banks for risky pay practices with higher insurance premiums, building on the government's effort to rein in pay that spurs excessive risk taking.

A divided FDIC board voted 3-2 to seek public comment, as the regulators for national banks and savings and loans said it was premature and unnecessary because other regulators are acting. The vote sets the stage for possible adoption of a rule later this year.

"We have been told that the industry has reformed past excesses, notwithstanding the fact that pay and bonus packages in many cases seem to have reached pre-crisis levels," FDIC Chairman Sheila Bair said at the meeting. "This is clearly a contributor to the crisis and to the losses we are suffering."

Regulators are seeking to curb executive compensation practices that encourage excessive risk taking. The Federal Reserve in October proposed guidelines on pay practices, saying lenders could make pay more sensitive to risk by delaying a bonus payment or extending the period covered by performance measures.

The banking industry, which is fighting an Obama administration plan to raise as much as $120 billion through a fee to help reduce the budget deficit, said company boards should set pay levels.

I think the banking industry is running rough-shod over the public interest and should be brought sharply under control.

Frank Warren