

From: Leonard & Lisa Katzman & Dawley
Subject: Incentive-Based Compensation

Comments:

We write this letter today as a testament of our friends and family's experiences with the ongoing economic collapse that began in 2008. And as a consequence of those experiences, we do not want to see a repeat of these deliberately caused boom/bust economic cycles throughout the world's economies any longer. We demand that the OCC promptly intervene and mandate a strong regulatory framework to combat these practices immediately.

There are thousands of houses that are now empty from foreclosure in our friends and family's neighborhoods--California, Washington, Nebraska, Iowa, Ohio, Georgia, New Jersey, and New York. And as a consequence, every day, while driving to the grocery store, or to the bank, we are dismayed, but more urgently, simply outraged at how unfair and inequitable our society is further delving, as we see more and more people who have recently become homeless and jobless with written 'please help' messages on cardboard box tops. And shockingly, all this is occurring while criminally complicit bank executives, officers, and boards who caused such heart-rending disparity, walk free without criminal prosecution and judgement, and furthermore, garnish hundreds of millions of dollars in bonuses and pay package perks, directly as a result of these crimes. Outrageous!

Wall Street banks and insurers greed, hubris, and egregious pay practices were a major cause of the worldwide economic collapse. And this absolutely must be immediately addressed by not only our criminal justice system, but by our financial regulatory agencies, like the OCC. Otherwise, executive white-collar crime will continue to escalate and expand indefinitely.

We have to stop the Wall Street obvious counterfeiting through financial bubbles and loan pyramids that create facsimiles of official money for private gain unrelated to anything of real value. We have to stop the securities fraud, where selling shares in asset bubbles are maintained solely by the constant inflow of new money, in effect, creating a Ponzi scheme. We must stop the reverse insurance fraud, where the insurer deceives the insured, where the insurer lacks adequate reserves to cover the insured, and then refuses to pay legitimate claims. And finally we must stop the predatory lending, a combination of extortion, fraud, deceptive promises, and usury, where predatory lenders lure the desperate into perpetual debt at exorbitant interest rates.

How to fix and create real financial reform? Render unproductive speculation either illegal or unprofitable, by:

1. Prohibit selling, insuring, or borrowing against an asset not actually owned by the seller, and issuing any security not backed by a real asset--all common Wall Street practices.
2. Place strict limits on how much a financial institution can borrow in order to buy a property, and establish conservative reserve and capital requirements for institutions in the business of selling insurance of any kind.
3. Regulate bond-rating agencies and impose strict penalties for fraudulent ratings.
4. Impose a small financial-speculation tax of a penny on every \$4 spent on the purchase and sale of financial instruments such as stocks, bonds, foreign currencies, and derivatives. This would have no consequential impact on real

investors making long-term investments in real businesses and assets. But it would discourage short-term speculation and arbitraging.

5. End the obscure tax loophole that allows hedge fund managers to report their billion-dollar compensation packages as capital gains, taxed at only 15 percent.

6. Assess a 100 percent capital gains surcharge on profit from the sale of assets held less than an hour, 80 percent if held less than a week, and perhaps falling to 50 percent on assets held more than a week but less than six months.

This would render most forms of speculation unprofitable, stabilize financial markets, and lengthen the investment horizon without penalizing real investors.

7. Eliminate debt slavery by raising the wages of working people and the taxes of the moneylenders.

We have to stop treating these bank Officers and Boards as if they are untouchables, wholly relegated to complete immunity from due process under the law. This cannot be acceptable in a functioning democracy, as it debases its very core principles of fairness and equality. We do not want a two-tiered and inequitable justice system, one for Corporate Officers and Board of Directors, and another for the rest of us, as we seem to have relegated ourselves to over the last three years in this man-made and deliberately induced financial crisis. It's time to prosecute the criminals who caused it, and make serious regulatory changes to stop it.

Thank you for considering our comment, and we look forward to your deliberations on the matter.

Leonard & Lisa Katzman & Dawley