Report rubber-stamps bonuses

On Wall Street, crime pays very well

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In a report issued Friday, a federal "special master" found that 17 big financial firms awarded nearly $2 billion in bonuses and retention payments to top executives during the period when they were receiving bailout funds from the US Treasury under the Troubled Asset Relief Program (TARP).

Kenneth Feinberg, the special master for TARP executive compensation, declared in a perfunctory four-page statement that he "did not determine that payments were contrary to the 'public interest' requiring monetary reimbursement." He also claimed that he had no legal authority to rescind the bonuses or penalize the banks that awarded them.

A total of 419 banks participated in the TARP program between October 2008, when it was established in the midst of the Wall Street crash, and February 19, 2009, when new rules went into effect to regulate executive pay. But the bulk of the payments were made by 17 firms. The 600 executives at these banks received payouts, combining salary and bonuses, totaling $2.03 billion. This represents an average of $3.38 million per executive.

In press interviews after he delivered the report to the Treasury Department, Feinberg said that many of the payments came to more than $10 million per individual, amounts that he said "were in our view ill-advised." He also called them undeserved, noting that in many cases bonuses were awarded because the bank "guaranteed it regardless of performance."

The awarding of these bonuses represents direct robbery of the American people, since the banks that were paying these outrageous sums to their top executives were receiving hundreds of billions directly from the Treasury, as well as guarantees from the Treasury and the Federal Reserve that bring the total potential commitment of public funds to nearly $24 trillion.

While claiming that "Congress didn't give me the power to do anything more than ask" for rescinding of the bonuses, Feinberg did not even do that. Moreover, in his report he did not name any of the executives who received the payments, nor even the institutions that awarded the bonanzas.

The 17 banks comprise the dominant Wall Street firms and a few of the biggest regional banks: the insurance giant AIG, American Express, Bank of America, Bank of New York Mellon, Boston Private, Capital One Financial, Citigroup, the CIT Group, Goldman Sachs, JPMorgan Chase, M&T Bank, Morgan Stanley, PNC Financial, Regions Financial, SunTrust Banks, US Bancorp and Wells Fargo.

Feinberg's report was celebrated on Wall Street with undisguised gloating. The *Wall Street Journal* sneered that the so-called "pay czar" was ending his 18-month tenure "not with a bang but a whimper."

The report on bank bonuses only underscores the impunity with which the financial aristocracy rules over American society. Under conditions where 20 million people are out of work, wage levels are being slashed, and the social infrastructure is under ruthless attack in the name of "deficit reduction," the lords of Wall Street and the hedge fund kings accept not the slightest restraint on their incomes and their accumulation of private wealth.

The use of such terminology to describe the financial elite is perfectly justified. Wall Street today is as haughty, rapacious, self-satisfied and parasitic as the French landed oligarchy before 1789 or the Russian Tsar before 1917. The disconnect between the billionaires and CEOs and the great majority of the American people has reached unprecedented dimensions.

Treasury Secretary Timothy Geithner, appearing on several Sunday morning interview programs, endorsed

Feinberg's contention that he had no authority to halt the bonus payments—without noting that the Obama administration had insisted that Congress not enact any legally binding restrictions on executive pay and bonuses. In other words, the "pay czar" was impotent because the White House wanted it that way.

On NBC's "Meet the Press," Geithner was asked how he could justify a situation where those whose financial operations caused the present economic slump were raking in seven- and eight-figure salaries and bonuses, while ordinary people are struggling to survive. He made no real answer, only pointing to the financial reform legislation signed into law last week by Obama as though it provided a solution.

The reality is that the bill was largely shaped by Wall Street interests and does nothing either to punish those whose profiteering and swindling touched off the present crisis or prevent a recurrence in the future.

Meanwhile, Obama has rewarded Feinberg with a new and well-paid position. After rubber-stamping the self-enrichment of the Wall Street executives, Feinberg has begun, as administrator of the Gulf oil spill compensation fund, by declaring large numbers of workers and small businesses ineligible to receive payments from BP.

Patrick Martin