

As you address the banking crisis that is unfolding before our eyes please take time to review my suggestions to addressing the problem. I hear so many solutions that all overlook the fundamental cause of all of the issues in the financial services industry. Most of the widely published "solutions" being offered are only short term band aids. Band aids that the hard working taxpayers are being forced to pay for. The greedy and corrupt executives that caused the problem are evading accountability and consequences.

My observations and suggestions are in the wake of 11 years of experience in the banking industry. I left my position as a Vice President at a fortune 500 bank August 1, 2008 after conducting a self directed internal investigation into the company and the industry as a whole. My research would be very helpful information for addressing the current industry crisis. I have fought against unethical industry practices for over two years. Companies in this industry have no sincere interest in transparency, fairness and ethics. This industry has become infested with con artists and the sleaziest of business people. That is the core issue that any regulatory reform needs to address.

Financial System Regulation - Extreme Makeover Edition

- Institute personal liability for highly paid corporate executives. CPA's, Attorneys, and Doctors face personal liability for their behavior. They have no corporate shield to protect them from reckless behavior. Executives at financial institutions are the safe keepers of our economy. The decisions and behaviors of this elite group can affect us all in significant and potentially dangerous consequences. We need to consider opening the window to personal liability in this sector. Personal liability could be limited or unlimited.
- Claw back provisions in executive pay packages. Such claw backs would extend the period of accountability for executive mismanagement and corruption beyond the term of employment at the firm. Many shady decisions and poor judgments come to light after an executive leaves a firm. This is not by coincidence. It is by design. Claw backs extend the accountability period and contribute to corporate and economic stability.
- Financial rules are in many cases a failure. Corporate crime is an epidemic. To preserve the freedom of our democracy, we must deal it a fatal blow! More rules or tighter rules in this situation are placebos that won't solve the problems. Do we want placebos or do we want to heal the system? I can guarantee you that the financial lobbyist don't want to fix the system. They want a political placebo that pretends to address the problem with more ineffective regulations. The legal deck is currently stacked in favor of financial institutions and the special interest groups have no desire to change that. Those regulations, legal loopholes and privileges institutionalize the current culture of corruption.
- Regulating this industry needs to be accompanied with aggressive tactics that mirror those used with organized crime. The economic stakes are much larger than anything we have seen in the organized crime industry. The economic stakes are huge (Can you really catch a criminal when you ask the profit hungry criminal to report their compliance with regulations? Do criminals really assist law enforcement infrastructures?) Regulators need to use the unique ability of inside

operatives or whistle blowers as an unparalleled resource to oversee this industry. Protections need to be dramatically improved to convince insiders to risk the livelihood and future of their families to come forward in the public interest.

- Employee empowerment and protection of civil rights are needed to provide an additional check against executive greed and abuse of fiduciary responsibility to employee shareholders and public shareholders. The financial services industry is one of the most discriminatory industries in our economy according to EEOC studies. Is it a huge leap of faith to believe that companies that practice and cover-up discriminatory and illegal employment practices would lie, cheat and steal in other business decisions? Isn't it likely that cheated employees that can successfully bring causes of action will possess information on internal practices that would be of value to regulators? Isn't it likely that if they are protected from retaliation and defended in the courts, they will assist law enforcements efforts at obtaining transparency for stakeholders? However current civil rights laws, as administered and interpreted by the EEOC, OSHA and other government agencies are ineffective. These laws and agencies more often than not serve as barriers to prevent employees from effectively exercising their various rights. The crippled state of civil rights enforcement breeds a culture of secrecy, silence and elitist cliches. The Bush administrations policies have bred the perfect environment for corporate corruption. An environment perfectly tailored for sweeping the corrupt practices under the rug until the problems become huge. By the time the problems are understood, it is usually up to someone else to clean up the mess. The taxpayers are tired of being the cleanup team. Corporations have learned from the example of organized crime families. The "family" is limited to those of particular ethnic descent. The "family" members protect each other and cover for each other in order to maintain their status of privilege. This privileged status encourages conspiracy and collusion. The true cost a whistle blower or discrimination plaintiff pays just for the chance to have a case tried will discourage 99% of all potential claimants from coming forward. Our economy needs those additional 99 whistle blower as we find ourself stranded in this dangerous economic crossroads. We needed those whistle blowers years ago. How would our financial system look today if whistle blowers had been granted much greater legal protections years ago? If we are to break through the walls of corporate corruption we need to break through the glass ceilings that maintain the corrupted old boys network.
- Review standards and guidelines for ESOP programs and stock ownership requirements among middle managers. Middle managers are heavily involved in activities that cross the line of reasonably ethical standards. Minimum investment levels and ESOP programs at banks force employees to sacrifice their own livelihood when they consider opposing an illegal or unethical management practice. This effectively causes some people to turn a blind eye to corruption out of economic necessity. Exposing a corrupt practice not only places their job at risk but it also places their retirement savings at risk. If exposed corruption causes company stock to fall in price, the innocent families of these employees suffer. I propose that whistle blowers need some kind of protection to offset this problem. Employees that report white collar crime need to be protected from the logical

economic consequences of their complaints. One idea would be providing whistle blowers with a 90 – 180 day price floor on company stock investments for complaints that are made in good faith. This will encourage employees to act in the interest of justice without having to sacrifice the livelihood and future of their families.

- The Federal Reserve must never again turn a blind eye to obvious asset bubbles in the financial markets. Policy makers have to be more proactive in responding to these asset bubbles with adjustments to tax policy and existing market regulations.
- Reform the tax code to tax speculation and excessive risk instead of work and production. Speculation in the medical, technology, energy and other economic sectors produce huge gains in productivity and quality of life. However, excessive speculation in the financial markets have produced catastrophic consequences.
- Institute a temporary 90 day ban on home mortgage foreclosures. This will stabilize home values and prevent the rapid deterioration in the financial status of middle class Americans as well as restore consumer confidence. The public is offended that our government is able to bail out bankers to the tune of billions while homeowners are evicted, homes remain vacant and neighborhoods decline. The taxpayer is ultimately called on to pay higher taxes to local governments to police and maintain these vacant properties which generate no tax revenue while they are vacant. If there is a lack of support for a moratorium on foreclosures, perhaps we need a surtax on foreclosed properties to discourage the collective predatory behavior of banking institutions. When I was a V.P. of the bank, I witnessed the bank selectively go after co-borrowers with technical defaults. I knew both of the people very well. I knew that the female co-borrower was of high ethical character and good intentions. I watched the bank focus all of its collection efforts and tactics on the 60 year old female who was undergoing chemotherapy for breast cancer at the time. The bank saw her as an easy target that could not fight back. The co-borrower was a gainfully employed 40 year old male. The bank almost ignored him as a source of repayment. This was disgusting to me and I protested it numerous times with no success. These are the real life stories that you don't hear about from the public relations advertisements or the bank lobbyists.
- Reform media regulation and strengthen the FCC. Concentration and consolidation among the media in recent years is unparalleled. Transparency and freedom of speech has been the consequence. Intimidation and market leverage have put up a roadblock to the media's search for ground breaking stories and exposing corruption due to fear of being sued by the corrupt corporation or loss of revenue from large advertisers.
- Reform political campaign finance policies to eliminate undue influence from financial industry lobbyist. Accept significant feedback and advice from consumer groups prior to taking any advice from bankers or banker lobby groups.
- Initiate a study to determine the true, all inclusive cost of the current real estate collapse. Begin tracking and quantifying the cost of corporate crime and publish quarterly reports on white collar crime. Expand funding to law enforcement agencies. Hold that cost in the face of bankers as they lobby our political system. We need to demand that financial institutions pay back (over time) all the money

that taxpayers are currently fronting to clean up the mess caused by the corrupt financial services industry.

- Limit the size of financial institutions to eliminate the moral hazard of being too big to let fail. Management teams at large financial institutions manage these firms with the implied guarantee of the taxpayer. This results in a def-acto socialism for speculators economy where highly speculative and risky industries have boom and bust cycles. During the boom cycles the few engineers of future economic difficulties have made outrageous profits only to stick the shareholders, taxpayers and employees holding the bill to pay for all the excesses. This is a hidden tax on all of us. If we truly have a goal of low taxes, we must end these back door bail outs which are a hidden tax on all of us.
- Cap or Limit executive pay at financial institutions. We see that the reality of our day is that the taxpayers have an unlimited implied guarantee on the trillions of dollars in liabilities these firms have generated. As they go bankrupt they pass this obligation on to the taxpayer with complete immunity for the irresponsible and unethical behavior that caused the problem. The executives that cause the problems shouldn't be given the excessive and outrageous compensation packages that they have received in the past. Limiting the pay of executives at financial institutions will drive out the unethical and greedy element that has saturated the industry.
- Right to Jury Trial for banking clients. Bank documents typically require customers to sign away their rights to jury trial. The fact is that all banks practice this and thus the consumer has lost the right to trial by jury for violations of consumer rights. Juries are not dependent on corporate campaign contributions or high powered lobbyists. Juries are a powerful "regulator" of corrupt corporate behavior.
- Eliminate \$10,000 individual and \$500,000 class action damage caps for violations of the Equal Credit Opportunity Act. It is nearly impossible, as a practical matter, for retail or business customers to exercise their rights when they are discriminated against. Small business needs to grow and expand for our economy to be healthy. Small businesses don't put the risk of large financial bailouts like large banking firms that gamble their shareholders' (and ultimately the taxpayers) money.
- Extension of statute of limitations for violation of consumer rights. It may take more than two years for a pattern and practice of illegality to surface. A two year statute of limitations encourages banks to break the law due to limited potential damages.
- Perform independent and confidential 360 style management surveys to get feedback and obtain tips about potential internal fraud from employees within financial firms. Give large financial rewards to whistle blowers that discover and report significant financial mismanagement and fraud.

The worst financial market collapse of this century requires unparalleled solutions. It requires uncomfortable solutions. It requires solutions that are guaranteed a poor

reception in an industry that is out of control. An industry that is like a spoiled child that is used to getting its way. Now is the time for more than a time out. It's time for serious change – serious responses and serious commitment to sacrifice, transparency and innovative change.

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