

# The Back Page

## Wall Street begging for even worse intervention

Once again, Wall Street is out of touch with Main Street and with both ends of Pennsylvania Avenue.

Several companies that took bailout funds now want to provide "guaranteed employee bonuses" and other large compensation arrangements. Maybe these financial wizards in wing tips didn't get the message. Americans want a new day on Wall Street, and executive compensation is symbolic of the financial excesses that careened the global economy toward the abyss. Most Americans don't begrudge successful highly paid executives, but they sure resent those who contributed to the problem wanting to be rewarded without merit.

This is why we're hoping Kenneth Feinberg, the Obama administration's compensation czar, can talk some common sense into firms that received bailout dollars but contend that bigger bonuses are needed to retain their most talented employees. ...

If Feinberg doesn't like what he sees, he has the unprecedented authority to single out individual employees for rollbacks and even set new pay scales. In particular, eyes will be on Andrew Hall, Citigroup's superstar energy futures trader, who could receive a

### OTHER VOICES

\$100 million bonus if Feinberg approves it.

A little humility and common sense from the inhabitants of Wall Street's canyons would go a long way toward averting this train wreck. At least nine banks that accepted \$175 billion from the federal government's bailout program last year handed out \$32.6 billion in bonuses, some substantially greater than the firm's net income. This year, AIG reportedly set aside \$93 million for its Financial Products unit, whose sale of derivatives is widely blamed for the firm's near-collapse. ...

They're doing so at substantial risk to themselves and to the nation. The more bailed-out Wall Street firms push back with business-as-usual plans, the more Congress is likely to meddle deeper into employee compensation in ways that will tie the hands of companies and disrupt markets. ...

This unusual level of government intervention must also serve as a reminder to those Wall Street companies that avoided government bailouts. They must restore public trust and control compensation policies that encourage the sort of excessive risk-taking that put

the entire financial system at risk.

Dallas Morning News  
Aug. 12

### Help for homeowners?

After taking billions in federal bailout money, large banks should find it in their alleged hearts to modify more mortgages for struggling homeowners.

But the Obama administration's first report on mortgage modifications shows that many lenders are performing dismally on this front. From February through July, only 9 percent of eligible homeowners were accepted for trial programs.

Two major banks, Bank of America and Wells Fargo, were among the worst at helping homeowners lower their mortgage payments. That's especially arrogant behavior, because these lenders received \$45 billion and \$25 billion, respectively, from taxpayers in the bailout.

Bank of America was modifying nearly 900,000 mortgages that were thought to be at least 60 days late on payments, thus making them eligible for lower rates. But BofA offered loan modifications to just 13 percent of those eligible, and began trial programs with just 4 percent. ...

CitiMortgage, whose parent,

Citibank, received \$45 billion from taxpayers ... provided modifications to 15 percent of eligible homeowners.

Ten lenders out of the 38 participating in the voluntary program had not changed a single mortgage.

Bank of America and Wells Fargo said they are doing much outside the Obama administration's Making Home Affordable program. But banks' definition of loan modification includes merely allowing late payments, which doesn't provide homeowners with long-term help.

The Obama administration must share some of the blame, too. It was slow to get the program under way this spring, and updated the guidelines last month.

Lenders have an obligation to do better, especially because unemployment remains high. Only 15 percent of the 2.7 million families eligible for help have been offered it, and the foreclosure problem persists. ...

If lenders are unwilling to do more, it will only fuel the call for Congress to step in and give bankruptcy judges the authority to rework mortgages. That should be enough incentive for banks to open up more often to homeowners trying to keep their heads above water.

Philadelphia Inquirer  
Aug. 12

## SAY WHAT?



*"We are having a vigorous debate in the United States, and I think that's a healthy thing. I suspect that once we get into the fall and people look at the actual legislation that's being proposed, that more sensible and reasoned arguments will emerge. And we're going to get this passed."*

PRESIDENT OBAMA, LEFT, PRAISING PUBLIC ACTIVISM IN RESPONSE TO DEMOCRATS' HEALTH CARE PLANS WHILE CLEVERLY CRITICIZING CRITICS AS BOTH INSENSIBLE AND UNREASONABLE, AND INDICATING HE'D FORCE THEM ALL INTO GOVERNMENT HEALTH CARE ANYWAY.

*"It may be people recognize that all the loan modifications in the world aren't going to help them if they have lost a job and income."*

BILL UFFELMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE NEVADA BANKERS ASSOCIATION, ON THE MINUSCULE PUBLIC RESPONSE TO THE CREATION OF THE STATE'S FORECLOSURE MEDIATION PROGRAM, AFTER STATE OFFICIALS PREDICTED ANYWHERE FROM 1,200 TO 3,000 APPLICATIONS A MONTH FROM DISTRESSED HOMEOWNERS SEEKING MEDIATION WITH THEIR LENDERS, THE NEW PROGRAM, INITIATED JULY 1, HAD 10 HEARINGS SCHEDULED AS OF MONDAY.

*"You don't necessarily want to break the china when you start out."*

CHRISTOPHER LANDAU, WHO SERVED AS A LAW CLERK TO JUSTICE CLARENCE THOMAS, ON SONIA SOTOMAYOR LEARNING HOW TO FIT IN AT THE SUPREME COURT NOW THAT SHE HAS TAKEN THE OATH OF OFFICE.

*"Bribes are simply part of the cost of doing business, and in the big picture, even a low-level agent can be an incredible bargain."*

A REPORT FROM THE INTELLIGENCE FIRM STRATFOR, ON THE INCREASING CORRUPTION OF U.S. LAW ENFORCEMENT AND CUSTOMS AGENTS BY MEXICAN NARCOTICS CARTELS, A COSTLY CONSEQUENCE OF THIS COUNTRY'S WAR ON DRUGS.