

# INCONCEIVABLE

DECEMBER 2008

***“I’ve got this thing and it’s \$%&\*ing golden, and uh, uh, uh, I’m just not giving it up for @#\$\$ing nothing. I’m not gonna do it. And I can always use it. I can parachute me there.”***

***“I want to make money.”***

***“Give this mother @#\$\$er (Barrack Obama) his Senator. @#\$\$ him! For nothing? @#\$\$ him!”***

These are just a few of the notable quotes from the 72 page indictment handed down from Federal prosecutor Patrick Fitzgerald. The thought of our finest young men and woman fighting and sacrificing themselves all around the globe to protect and defend our way of life and constitution and have public officials conduct themselves in such a horrific manner makes me physically sick. Watching these events unfold and reading through the indictment reminded me of the various financial cons perpetrated on our military personnel that I have reported on over the past several years. In those cases, it was my contention that a financial fraud targeted at any individual active in the military, to be treated as an act of treason, with the same degree of punishment. I am now extending this medieval watchdog philosophy to public officials who abuse their power of office. Fraud by public officials is the worst type of attack on our country, it is terrorism from enemies within that strikes at people’s confidence and belief in our republic, and is therefore treasonous. Public hanging will suffice. Rather than focus on the same things that every mainstream outlet is covering, I wish to discuss an aspect of this case that is being ignored by the press entirely, the placing of unqualified political appointments on boards of directors of public companies.

***“The President-elect can get Rod Blagojevich’s wife on paid corporate boards in exchange for naming the President-elect’s pick to the Senate.”***

Americans are often amazed at the size and scope of executive pay packages. We get hot and bothered when we hear about CEO’s that captained failed companies get shown the door, not with a kick in the ass but rather a shower of money.

***From Bloomberg, Five straight quarters of losses and a 70 percent slide in its stock this year haven’t stopped Merrill Lynch & Co. from allocating about \$6.7 billion to pay bonuses. Goldman Sachs and Morgan Stanley have set aside about \$13 billion for bonuses. Even some employees at Lehman Brothers which declared bankruptcy will get the same bonuses they received a year ago.***

Here are a few examples of pay packages gone wild in the order of name, company, total compensation including stock sales and decline in share price: Angelo Mozillo, Countrywide, \$470.6 million, -91%; Robert Toll, Toll Brothers, \$427 million, -73%; Richard Fuld, Lehman Brothers, \$184 million, -100%; James Cayne, Bear Stearns, 163.2 million, -95%; Kenneth Lewis, Bank of America, \$80.9 million, -76%.

This past month I made several national television appearances addressing the public outcry over the CEO and future Bank of America executive John Thain’s insistence that he receive his \$10 million bonus. John Thain has been working at Merrill Lynch for about a year where he already received \$18 million in compensation. Merrill Lynch, however, is no longer, being forcibly absorbed by Bank of America. Thain’s argument is that he got Merrill shareholders a good deal with the BofA merger and he had nothing to do with the circumstances that forced Merrill to sell itself, and I would somewhat agree. However, to demand a \$10 million bonus in the face of: 35,000 layoffs of many career Merrill Lynch employees including mostly back-office, sales assistants and support staff (little people); accepting a major position with highly

lucrative salary and bonus at BofA; already receiving \$18 million for 2008, is to quote Vizzini from the film *Princess Bride*, ***"Inconceivable!"***

Another disgusting example of the inconceivable is the original anointed one, the man who has been portrayed by the press as omnipotent, Robert Rubin. Robert Rubin states that the problems and the near-collapse of Citigroup were due to the buckling financial system, not his own mistakes, and that his role was peripheral to the bank's main operations, even though he was one of its highest-paid officials. Isn't that special, a peripheral job that paid him \$115 million! Mr. Rubin acknowledged that he was involved in a board decision to ramp up risk-taking in 2004 and 2005, even though he was warning publically that investors were taking too much risk. Rubin had no operating responsibilities as he claims; yet was compensated as one. Plus, he was on the board which carries with it fiduciary responsibility. Rubin claims his pay was justified and that there were higher-paying opportunities available to him. ***"I bet there's not a single year where I couldn't have gone somewhere else and made more."*** Sorry, unless you can throw 98 with a nasty curve, I highly doubt it. A fantastic example of fellow board members sticking together was when former Morgan Stanley blowhard Barton Biggs was interviewed on CNBC and challenged on Rubin's pay package and his responsibilities. In typical blue blood indignant anger he dismissed all logic and proceeded to state that Rubin was without responsibility and worth every penny because of course, he was Robert Rubin.

#### ***What does this have to do with Governor Blago's wife?***

*Well, who do you think decides on these pay packages?* If you guessed Corporate Boards of Directors, step up and claim your prize; 100,000 shares of Enron, Bear Stearns, IndyMac, and Lehman Brothers stock!

Getting into the elite fraternity of corporate boards is an almost surefire way to ensure a lifetime of champagne wishes and caviar dreams. This is not because of the pay; corporate boards meet maybe four to eight times a year, and their salaries are usually in the 250K range (still not bad for eight days worth of work).

Google any major corporation and their board and you will find that it's made up of: other CEO's, former CEO's, politicians, ex-politicians, relatives of politicians and University heads. These people all know one another; they golf with one another; they travel on each other's aircraft, usually sit on many different boards and in many cases have had ethical bypasses at birth.

To claim prize number two, ***who thinks that Board member X is going to reject the compensation of CEO Y when he and his wife Muffy are going to meet later for martini's later that evening at the Bushwick Country Club?*** What is inconceivable to most people is perfectly fine with those who have obviously come from much better breeding than the rest of us peasants.

Under intense pressure from us peasants John Thain reluctantly relented on his \$10 million bonus demand. But Bank of America customers be forewarned, I am sure he is devising a neat and devilishly clever way to hit you up with new ATM/checking/minimum balance fees, because he can.

The media was a flurry over Alan Greenspan and his ***"surprise about face that potentially could wreck his legacy."*** ***Alan Greenspan stated that he "made a mistake in presuming that the self-interests of organizations, specifically banks and others were such as that they were best capable of protecting their own shareholders and their equity in the firms."***

Mr. Greenspan...they were looking out for their own interests, **only** their own interests. These banking institutions became a horrid genetic mutation of capitalism worthy of the Island of Dr. Moureau. Rather

than serve their clients and do their fiduciary duty and create shareholder value, they created pay packages for themselves greater than the world has ever seen. Ripping off clients and breaking ones fiduciary duty is felonious.

Why are these breaches not prosecuted?

Ask the other members of the board...the politico members.

Don't tell me crime doesn't pay. White collar crime pays, and pays well.

Stealing *Inigo Montoya's* famous line from *The Princess Bride*... "**Dirty CEO's and corrupt politicians, you are destroying our country, prepare to die.**"

SOURCE MATERIAL:

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