Occupy the SEC

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Occupy the SEC works to ensure that financial regulators protect the interests of the public, not Wall Street.

FOR IMMEDIATE RELEASE:

Occupy the SEC Submits Letters to FDIC Regarding its Proposed Implementation of Too Big to Fail Regulations Under Title II of the Dodd Frank Act

New York, NY – March 26, 2014

Occupy the SEC ("OSEC") has submitted a letter to the FDIC regarding that agency's proposed regulations implementing Title II of the Dodd Frank Act ("DFA"). Title II of the DFA contains vital provisions that, if properly implemented, would help address the troublesome risks presented by "Too Big to Fail" ("TBTF") financial institutions.

Title II seeks to allow for orderly resolution of troubled Systemtically Important Financial Institutions ("SIFIs") in a manner that spares taxpayers the undue burden of bankrolling the colossal financial conglomerates that led to the 2008 financial crisis.

Unfortunately, a weakly-implemented Title II would be nothing more than a backdoor-bailout for overleveraged SIFIs. OSEC has encouraged the FDIC to impose stringent penalties for SIFIs that are required to fall under its receivership under Title II. The mistakes made by the government in handing out a billion dollars under the Troubled Asset Relief Program (TARP), completely free of any meaningful warrants or conditions, must not be repeated.

OSEC encourages the FDIC to recoup compensation from culpable management at troubled SIFIs, and to set future limits on executive compensation at bridge financial companies under receivership. Excessive executive compensation at troubled SIFIs only serves to drain vital capital. Financial executives should not be permitted to profit from their managerial malfeasance, especially when relying on the government to ease their companies' unwinding and reorganization.

OSEC also encourages the FDIC to require bloated SIFIs to spin off subsidiaries, which would reduce these conglomerates' anticompetitive market power. Requiring divestitures would also serve to dilute risk across a greater number of entities, which in turn would reduce the risk that any of those entities would will be considered "Too Big to Fail" due to systemic inter-connectedness.

The final regulations must contain serious disincentives for SIFIs to undergo Title II receivership, otherwise the Title II resolution process will become just another version of a government bailout.

Occupy the SEC is a group of concerned citizens, activists, and financial professionals that works to ensure that financial regulators protect the interests of the public, not Wall Street. For further information, visit http://occupythesec.org or email info@occupythesec.org.