PULLING BACK THE CURTAIN

THE 1% BEHIND THE 2011 BIG BANK BONUSES

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Executive Summary

In a functioning democracy, we, the people, make the decisions that shape our society, either directly or through elected representatives that are accountable to us. We decide whether it's more important to properly fund public schools or to give tax breaks to trillion-dollar corporations so that they can write bigger bonus checks to their executives. But in our democracy right now, the richest one percent is making decisions about the fate of the country behind closed doors in corporate boardrooms.

Today, multinational corporations that buy off politicians put their own interests and profits above all else. It is unconscionable that they award bonuses to a small group of bankers with seven-figure incomes, even though our elected leaders seem to believe there is a moral imperative to cut off benefits for millions of unemployed workers without any income. This is the America we live in.

Wall Street bankers and the one percent have subverted our democracy to fatten their own paychecks, and the result is jarring. While the rest of us continue to struggle to put food on the table and keep a roof over our head, Wall Street has once again handed out mammoth bonuses in 2011. The nation's top six banks—Bank of America, JP Morgan Chase, Wells Fargo, Citigroup, Morgan Stanley and Goldman Sachs—paid out $144 billion in bonuses and compensation this year, making 2011's payday the second highest on record for these six firms.

Even though top bank executives have claimed that bonuses are down as much as 30% for 2011, total compensation has not decreased at all.[1]

How have the big banks executives, who have overseen the decimation of our housing market and the crash of our economy, gotten away with this deception? There are a few prime examples. While actual bonus numbers may be slightly lower at some firms, several big banks have raised base salaries, partially or fully offsetting the potential decline in bonuses. And while they lament their losses, many executives are taking their bonuses home in stock. Because stock prices at some of these banks are extremely low, as the companies' stocks recover, these top executives have the potential to become billionaires. And added to the mix, when industry layoffs are taken into account, the result is fewer people taking home higher average pay.

The notion that these top Wall Street executives are hurting is even more ironic when compared to the rest of the county. The average employee salary at the six biggest banks was $121,209 in 2011, more than twice the national median household income of $49,445. At pure investment banks, such as Morgan Stanley and Goldman Sachs, average bonuses and compensation in 2011 doubled and tripled that $123,551.

The cycle of reward for the one percent is put into sharp perspective when examining the board members of these top Wall Street banks**.** The boards of directors of publicly-traded corporations are responsible for overseeing executive management, holding top executives accountable and making decisions about executive compensation, like how big the CEO's bonus check will be. Unluckily for us, these boards are full of industry insiders and other members of the 1% that look out for each other. By laying out their web of connections in the government, corporate and public sectors as well as their financial rewards, the report demonstrates how they are putting their corporate buddies' pocketbooks above the public interest.

Take Monica C. Lozano, a Bank of America board member*.*

Lozano is the CEO of ImpreMedia, the largest Latino news and information company in the United States, and the publisher and CEO of *La Opinión* newspaper. She also sits on the Board of Regents for the University of California, the Board of Trustees for the University of Southern California, and President Obama's Council on Jobs and Competitiveness.[2] Bank of America is one of the biggest culprits in the foreclosure crisis in California, which has devastated the state's tax base and has wreaked havoc on the state budget. But in July 2011, Lozano voted to raise tuition at the University of California by 9.6%, on top of a previously-approved 8% hike. The regents also voted to give pay raises to three university executives at the same meeting.[3] Bank of America pays her $240,000 a year for her service on its board.[4]

Instead of rewarding themselves and their fellow one percenters, big bank board members and executives could take the first major steps in taking responsibility for the housing and economic crash. For example,

- Just half of the banks' bonus and compensation pools would be enough to **write down the principal on all underwater mortgages** in the country.
- If the six banks took half of their bonus and compensation pools and put it directly into a jobs fund, **they could create 1.8 million jobs** and still have enough money left over to pay the average employee $60,605.
- Just 72% of the $144 billion in bonuses and compensation at the top six banks would have been enough money to plug the $102.9 billion in budget holes for all 50 states for the current fiscal year.

But instead, big banks continue to profit off our loss. When the Chicago Public School system was forced to lay off teachers because it had to pay banks $36 million a year on toxic interest rate swap deals,[5] $14 million of that was earmarked for banker pay.

Board members should rein in banker bonuses and force banks to find other productive uses for all the money they have at their disposal.

For example**,** Missouri's FY 2012 budget cut $14 million from the state's Medicaid system,[6] and another $21 million from mental health programs.[7] Just two hours of banker pay at Bank of America could have prevented these cuts. In Ohio, Governor John Kasich proposed cutting K-12 education, higher education, the state workforce, and local government payments by $3.6 billion in the FY 2013 budget, costing the state more than 51,000 jobs. Just seven days of bonuses and compensation for executives at the top six banks could stop these cuts and save those jobs.

Instead of paying out billions in bonuses to millionaire bankers, the top six Wall Street banks could start investing back in the 99% by:

- writing down principal on underwater mortgages,
- making fair and sustainable loan modifications to prevent foreclosures,
- increasing lending to small businesses,
- making affordable loans to families, states, and local governments, and
- paying their fair share of taxes.

This would allow us create an economy that works for 100% of Americans.

The 1%'s America

The top 1%'s stranglehold on our economy is no accident. They have spent the last several decades rigging the system in their favor through regressive tax policy, deregulation, and union-busting. The result is a system in which bankers and the 1% are able to suck billions of dollars out of our economy every year and write themselves fat bonus checks. It's the same system that has allowed the banks to draw down trillions in taxpayer-funded bailouts and backstops after they crashed our economy. The top six banks alone paid out a whopping **$144 billion in bonuses and compensation** this year, second only to the record $147 billion they paid out in 2007, at the height of the economic boom.[8] Since the financial crash and bailout in the fall of 2008, they have paid out more than half a trillion dollars.[9]

FIGURE 1: **Total Bonuses and Compensation at the Top Six Banks, in Billions**

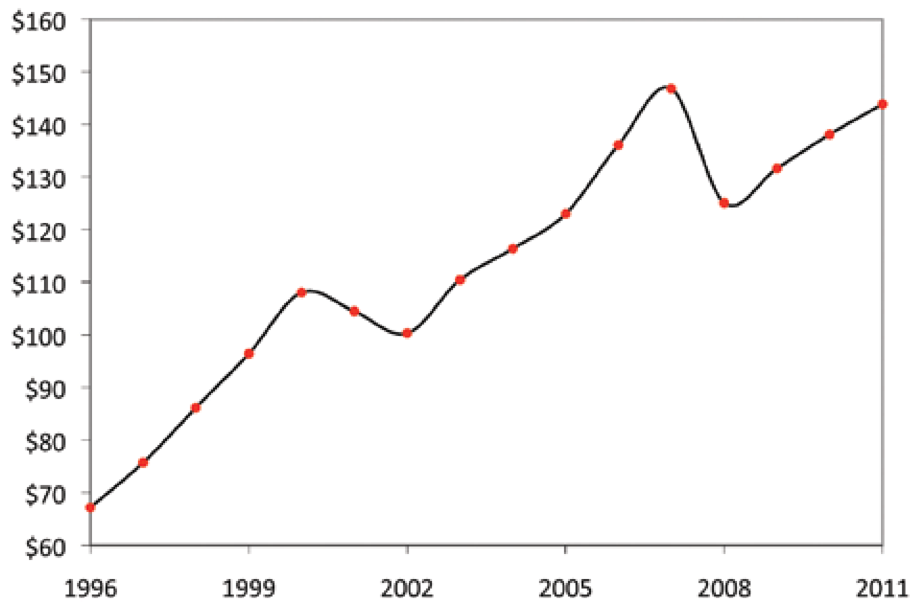


TABLE 1: **Bonuses & Compensation at the Top Six Banks Since the Bailout (2008-2011)**

Bank	Total Bonuses & Compensation since 2008	Total Bailouts & Backstops since 2008*
Bank of America	$131.1 billion	$230.1 billion
Wells Fargo	$101.7 billion	$43.7 billion
Citigroup	$99.1 billion	$414.9 billion
JPMorgan Chase	$96.2 billion	$100.7 billion
Morgan Stanley	$56.1 billion	$36.3 billion
Goldman Sachs	$54.5 billion	$53.4 billion
TOTAL	**$538.7 billion**	**$879.1 billion**

**Includes funds that have been repaid.*

A 'Modest' Bonus Season?

By all accounts, 2011 was a dismal year for the banking industry. All six of these banks saw their stock prices take a nosedive.[10] Bank of America, which has the largest bonus and compensation pool of the group, saw its stock price plummet 58%. According to *Bloomberg*, this was "the firm's largest drop since a 66 percent plunge in 2008, when a U.S. bailout staved off collapse."[11] Even Goldman Sachs stock tumbled 46%. As a result, there were widespread press reports predicting a modest bonus season. The *New York Times'* DealBook blog even warned that this would be "one of the worst bonus seasons in recent memory."[12] However, many banks made up for smaller bonuses by increasing employees' base salaries.[13] For example, base salaries for named executive officers (e.g., CEO, CFO, COO, etc.) at Goldman Sachs more than tripled in 2011.[14] At JPMorgan Chase, named executive officers saw salaries go up 50%.[15]

As a result, overall bonuses and compensation at the top six banks this year was the second highest on record for these six firms. In fact, four of the banks—Bank of America, JPMorgan Chase, Wells Fargo, and Morgan Stanley—did award record bonuses and compensation in 2011, despite their bleak stock performance during the year. Furthermore, because a significant portion of bonuses are now paid in stock, and stock prices are so low at most banks, bankers could reap a windfall as they recover. According to Jonathan R. Macey, a professor of corporate law and finance at Yale University, "This is the perfect situation where they can say it is a modest bonus season, but in the end, it could end up making many of them zillionaires."[16]

TABLE 2: **Banker Pay vs. Stock Price at the Top Six Banks in 2011**

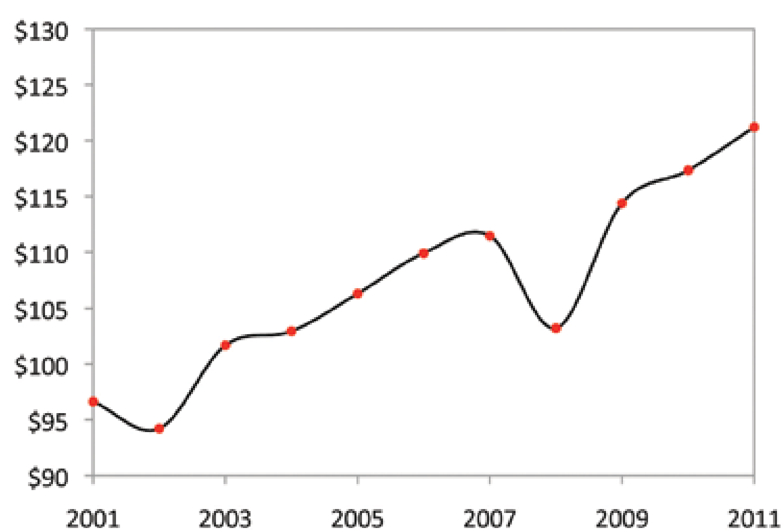
Bank	2011 Bonuses & Compensation	Change in Stock Price in 2011
Bank of America	$37.0 billion*	-58%
JPMorgan Chase	$26.9 billion*	-20%
Wells Fargo	$26.9 billion*	-10%
Citigroup	$24.4 billion	-44%
Morgan Stanley	$16.4 billion*	-44%
Goldman Sachs	$12.2 billion	-46%
TOTAL	**$143.9 billion**	

**Denotes record-breaking year for the firm.*

Average Banker Pay at an All-Time High

Furthermore, because the banking industry has laid off thousands of workers since the financial crash,[17] it means that a smaller number of people are being awarded these record and near-record bonuses. Average banker pay at these six banks hit an all-time record in 2011. The average employee at these six banks will take home $121,209 this year,[18] more than twice the national median household income of $49,445.[19]

FIGURE 2: **Average Bonus and Compensation at the Top Six Banks, in Thousands**



The $121,209 average pay figure is actually deceptively low, since it includes bank tellers and other front line workers who make just above poverty-level wages, and therefore drag down the overall average. According to the Bureau of Labor Statistics, the average teller made $24,980 in 2010,[20] barely above the federal poverty line for a family of four ($22,314).[21] Mike Mayo, an analyst with brokerage firm CLSA explained that even within the banking industry, the lavish pay is heavily concentrated at the top of the corporate ladder. According to Mayo, "Wall Street has its own 99 percent and 1 percent. The 1 percent continues to win against the 99 percent."[22]

At the pure investment banks, Morgan Stanley and Goldman Sachs, and in JPMorgan Chase's investment banking unit, where average pay is not weighed down by branch workers, credit card processors, and call center workers, average bonuses and compensation in 2011 were double and triple that amount. The average investment banker at JPMorgan Chase took home nearly seven times as much as the median American household this year, and 13 times as much as the average teller.[23]

TABLE 3: **Average Bonus and Compensation by Bank in 2011**

Commercial Banks	Average Pay
Bank of America	$128,313
JPMorgan Chase	$112,084
Wells Fargo	$100,949
Citigroup	$83,242

Investment Banks	Average Pay
Goldman Sachs	$344,310
JPMorgan Chase*	$333,947
Morgan Stanley	$260,514

**All four of the commercial banks have investment banking units as well, but only JPMorgan Chase discloses separate compensation figures for that division. The figure listed here only applies to employees working for JPMorgan Chase's investment bank. The figures listed under "Commercial Banks" apply to the entire firms, including the investment banks.*

From Our Pockets to Theirs

The top 1% now controls 40% of the nation's wealth.[24] That is because they have lobbied for a climate that allows money to flow out of our pockets and put into their own. In 2011, 39% of all the money that the top six banks took in went towards bonuses and compensation.[25] That means that when we paid a $39 overdraft fee for buying a pack of gum, $15 of that ended up in some banker's back pocket. When the Chicago Public School system was forced to lay off teachers because it had to pay banks $36 million a year on toxic interest rate swap deals,[26] $14 million of that was earmarked for banker pay. At Bank of America, the figure is even higher. There, 46 cents of every dollar went towards bonuses and compensation. By nickel-and-diming us in order to give billions in bonuses every year to those already at the top of the income ladder, the big banks deepen the wealth disparity further, reinforcing the 1%'s dominance over our economy.

TABLE 4: **Percent of Revenues Going Towards Banker Pay in 2011**

Bank	% of Revenue Towards Banker Pay
Morgan Stanley	51%
Bank of America	46%
Goldman Sachs	42%
Wells Fargo	37%
Citigroup	37%
JPMorgan Chase	30%
AVERAGE	**39%**

Pay for Performance?

Runaway compensation isn't just unseemly. It's also bad for shareholders. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, publicly-traded banks are required to hold an advisory, non-binding shareholder vote on compensation for top executive management. Executive pay sets the tone for bonuses and compensation for the rest of the employees at a bank.[27] Institutional Shareholder Services (ISS) is a firm that analyzes business practices at corporations, including corporate governance and executive compensation, and makes recommendations for shareholder votes at companies' annual meetings. In 2011, ISS recommended that shareholders vote down the executive compensation packages at Goldman Sachs, JPMorgan Chase, and Morgan Stanley. At all three of those companies, ISS found that the "Pay for Performance Evaluation" raised "high concern".[28]

As part of its explanation for recommending a "No" vote on executive pay at Goldman Sachs, ISS noted that despite the fact that (a) both revenue and net income at the bank declined in 2010, (b) its stock price remained relatively flat, and (c) its total shareholder returns lagged behind its peers in the financial industry, CEO compensation at the bank "significantly exceed[ed] the median of the ISS peer group of financial companies in a similar size range." As a result, ISS found that there was "a disconnect between pay and performance for 2010" at Goldman Sachs.[29]

In 2010, the top five executive officers at these six banks took home a combined $367 million, or $8.9 million per person.[30] The CEOs of five of the banks (Citigroup paid its CEO only $1 in 2010) took home an average of $16.1 million. Analyst Mike Mayo from CLSA noted, "In the tug of war between employees and shareholders, the employees are winning."[31]

TABLE 5: **Executive Compensation at the Top Six Banks, 2010**

Bank	CEO	Total Executive Compensation	CEO Compensation
Goldman Sachs	Lloyd Blankfein	$97.0 million	$18.6 million
JPMorgan Chase	Jamie Dimon	$83.1 million	$20.8 million
Morgan Stanley	James Gorman	$69.3 million	$14.0 million
Wells Fargo	John Stumpf	$59.2 million	$17.1 million
Citigroup	Vikram Pandit	$33.0 million	$1
Bank of America	Brian Moynihan	$25.5 million	$10.0 million
TOTAL		**$367.0 million**	**$80.5 million**

While actual 2011 figures are not yet available, Rochdale Securities analyst Dick Bove estimates that the CEOs of 23 major financial firms, including the big banks, will take home an average of $7.74 million this year. He estimates JPMorgan Chase's Jamie Dimon will get paid $42 million and that Goldman Sachs CEO Lloyd Blankfein will take home $21.7 million.[32]

Perks

In addition to lavish bonuses and salaries, executives at the top banks also enjoy perks. In its analysis of executive compensation at Goldman Sachs, ISS remarked "auto-related benefits are also notably high."[33] Just how high were they? In 2010, the bank spent more than $185,000 on auto expenses for its five named executive officers. Goldman Sachs is not alone. As it turns out, the 1% lifestyle can be quite costly:

- Cost of executives' personal aircraft use at Bank of America to shareholders: [34] $233,386
- Cost of executives' relocation expenses to JPMorgan Chase shareholders:[35] $421,458
- Cost of CEO Jamie Dimon's personal aircraft use to JPMorgan Chase shareholders:[36] $95,293
- Cost of CEO Jamie Dimon's auto expenses to JPMorgan Chase shareholders:[37] $45,730
- Cost of executives' auto expenses to Goldman Sachs shareholders:[38] $185,110
- Cost of executives' personal and home security to Goldman Sachs shareholders:[39] $128,676

The Kingmakers

It does not have to be this way. Behind those closed doors in corporate boardrooms where decisions are made, including decisions about the size of big banker bonuses, are individual people. The boards of directors of publicly-traded corporations are responsible for overseeing executive management and holding top executives accountable. Typically, the compensation committees of the boards of directors make recommendations about executive compensation, including the size of CEO bonus checks, which the full boards have to approve. The boards' decisions about pay packages for the named executive officers set the tone for bonuses for everyone else at the firm. Unluckily for us, these boards are full of industry insiders that look out for other members of the 1%.

In the public arena, these board members call for austerity in order to pay for tax cuts for the rich, while in the privacy of the boardroom they approve multimillion-dollar bonus packages for those same rich people. Directors like Bank of America's Monica Lozano voted for raising tuition at public universities due to state budget crises,[40] even though they approve million-dollar bonuses for the same bankers that caused those crises. Instead, board members need to rein in banker bonuses and force banks to find other productive uses for all the money they have at their disposal. They need to force the banks to start investing back in the 99%, by increasing lending to small businesses; writing down principal on underwater mortgages; doing fair and sustainable loan modifications to prevent foreclosures; making affordable loans to families, states and local governments; and by paying their fair share of taxes. This would allow us to create an economy that works for all of us.

The Fox Guarding the Henhouse

Even though corporate boards are charged with holding executive management accountable and looking out for shareholders' interests, in practice they often function more as rubber stamps. Bank boards are dominated by industry insiders who look out for each other and rarely challenge management decisions.[41] At the top six banks, nearly all of the directors are current or former executive of a major corporation, and more than 40% of them come out of the financial sector.[42] Nearly all of them receive six-figure salaries in their capacity as bank directors, which is separate from any other compensation they receive from their day job.[43] For example, JPMorgan Chase paid David Novak $260,000 in 2010 for being a director, but he also made $14.6 million as the CEO and Chairman of Yum! Brands.[44] Almost all of the directors, if not all of them, are members of the 1%.

Having boards dominated by wealthy executives from within the financial sector can impact decisions regarding executive compensation. Directors consider performance and compensation levels at peer companies within the same industry when deciding how much to pay a particular executive. Industry insiders who serve on a bank's board of directors, therefore have an incentive to keep compensation levels within the industry high, because it can impact pay at their own firm.

For example, at Morgan Stanley, the peer group includes Bank of America and a host of other banks.[45] That means Morgan Stanley's board considers pay at Bank of America when it decides how much to pay its own executives. Robert W. Scully, the retired former Co-President of Morgan Stanley, is the chair of the compensation and benefits committee of the board of directors at Bank of America.[46] That means that the former Co-President of Morgan Stanley plays a key role in deciding compensation levels at Bank of America, and the directors of Morgan Stanley then use that decision as a way to decide how much to pay his successors at Morgan Stanley.

Furthermore, at three of the banks—Goldman Sachs, JPMorgan Chase, and Wells Fargo—the company CEO is also the chairman of the board of directors.[47] The chairman heads up the board, which is responsible for overseeing the work of executive management. The CEO is the top executive manager. We believe there is a conflict of interest when the CEO of a corporation also serves as the chairman of its board, and that could have an impact on executive compensation as well.[48]

Naming Names

In order to break free of the 1%'s stranglehold on our economy, we need to open up these corporate boardrooms and hold the board members of these banks accountable for their role in doling out millions in bonuses to the wealthiest few at the expense of the 99%. A full list of directors at the top six banks can be found in the appendices, but here are a few worth highlighting. These nine individuals alone have spent more than $680,000 on political contributions since the 2000 election cycle, trying to buy influence at both the state and federal levels.

Mukesh D. Ambani, Bank of America

- ***Who he is.*** Ambani is Chairman Reliance Industries, the largest publicly-traded company in India. He also serves on the board of directors at Bank of America and sits on the bank's compensation committee.[49]
- ***Ninth richest in the world.*** Ambani isn't just part of the global 1%. With a net worth of $27 billion, he is the ninth richest man in the world.[50]
- ***27-story house.*** In March 2011, Ambani completed construction of his new 27-story home, which towers above the slums of Mumbai. The home is rumored to be worth $1 billion, although that figure is disputed.[51]

Monica C. Lozano, Bank of America

- ***Who she is.*** Lozano is the CEO of ImpreMedia, the largest Latino news and information company in the United States, and the publisher and CEO of *La Opinión* newspaper. She also sits on the Board of Regents for the University of California, the Board of Trustees for the University of Southern California, President Obama's Council on Jobs and Competitiveness, and the board of directors for Bank of America.[52] Bank of America pays her $240,000 a year for her service on its board.[53]
- ***Increased pay for execs, increased debt for students.*** Even as she showered members of the 1% with millions in bonuses, Lozano voted to saddle students in the 99% with thousands of dollars in additional debt. In July 2011, Lozano voted to raise tuition at the University of California by 9.6%, on top of a previously-approved 8% hike. At the same meeting, the regents also voted to give a pay raise to three university executives.[54]
- ***Bonuses for the bankers who caused the UC crisis.*** The UC Regents claim they had to raise tuition to deal with state budget cuts.[55] Bank of America is one of the biggest culprits in the foreclosure crisis in California, which has devastated the state's tax base and has wreaked havoc on the state budget. Even though Bank of America executives' recklessness is part of the reason UC students have to pay thousands more to get an education, the board that Lozano sits on saw fit to award those same Bank of America executives with millions in bonuses.
- ***Rewarding job killers while sitting on jobs commission.*** Given Bank of America's role in crashing the economy and plunging the nation into a recession characterized by runaway unemployment, it is unseemly for Lozano to approve million-dollar bonuses for Bank of America executives while also serving on the President's Council on Jobs and Competitiveness.

Robert W. Scully, Bank of America

- ***Who he is.*** Scully is the former Co-President of Morgan Stanley. After he retired from Morgan Stanley in 2009, he joined the board of directors of Bank of America, where is the chair of the compensation committee. He is also a director of private equity firm Kohlberg Kravis Roberts & Co. (KKR), and has previously served as the director for GMAC and investment firm MSCI, making him a consummate industry insider.[56]

- ***At the heart of the financial crash.*** Scully was an executive at Morgan Stanley from 1996 through 2009, during the years that saw rapid growth and then collapse in the financial sector.[57] Morgan Stanley was a key player in the financial crash that caused the Great Recession. After Lehman Brothers and Merrill Lynch collapsed in September 2008, Morgan Stanley was widely believed to be the next in line, and was only able to avoid failure because the Federal Reserve took emergency action to allow the bank to borrow money on the cheap from its discount window.[58]
- ***Millions in pay.*** In FY 2007, the last year for which Morgan Stanley reported his compensation in its proxy statement, Scully took home $15 million in bonuses and compensation.[59] Bank of America now pays him $260,000 a year as director compensation, while he approves millions in bonuses for executives there.[60]
- ***Private equity layoffs and tax dodges.*** Scully sits on the board of KKR, a private equity firm whose entire business model is based on buying up healthy companies, saddling them with millions in debt in order to extract value and pay dividends to investors, cutting costs by laying off workers, and consequently driving those healthy companies into the ground. Furthermore, through interest rate deductions on leveraged debt, carried interest loopholes, and other financial shenanigans, private equity firms like the one Scully oversees are able to avoid paying their fair share of taxes.[61]
- ***Buying influence.*** Since the 2000 election cycle, Scully has spent more than $65,000 on federal political contributions.[62]

Stephen Burke, JPMorgan Chase

- ***Who he is.*** Burke is the President and CEO of NBCUniversal and Executive Vice President of Comcast (NBCUniversal is jointly-owned by Comcast and General Electric). He is a director of JPMorgan Chase and serves on its compensation committee.[63]
- ***Millions in pay.*** From 2007 through 2010, Comcast paid Burke $112 million in bonuses and compensation.[64] During this same time, JPMorgan Chase paid him $980,000 as director compensation,[65] which means he took home an average of $28 million a year since 2007, while the 99% struggled under the crushing weight of the Great Recession.

- ***GE's $0 tax bill.*** Despite posting a $14 billion profit in 2010, General Electric, one of NBCUniversal's two parent companies, paid no taxes in the United States in 2010. In fact, the company actually claimed a $3.2 billion tax benefit.[66] According to the *New York Times*, "General Electric is one of the most skilled [companies] at reducing its tax burden."[67]
- ***Tax avoidance at Comcast.*** Comcast also has a history of tax avoidance. From 2008 through 2010, the company paid an effective federal income tax rate of only 20%, well below the 35% statutory rate. The company posted more than $15 billion in profits over those three years.[68]
- ***Avoiding state taxes.*** Comcast also houses hundreds of subsidiaries in Delaware where there is no state income tax,[69] potentially as a way to lower its overall state income tax burden. In 2009, Comcast was able to avoid owing state income taxes altogether, claiming a $156 million tax credit.[70]
- ***Big spender.*** Burke has spent more than $305,000 on state and federal political contributions since the 2000 election cycle, according to an analysis of campaign finance data on OpenSecrets.org and FollowTheMoney.org .[71] That's more than six times what the median American household brings in annually.

David C. Novak, JPMorgan Chase

- ***Who he is.*** Novak is the Chairman and CEO of Yum! Brands, but moonlights as a director at JPMorgan Chase, where he is a member of the compensation committee.[72] Yum! Brands is the restaurant chain that owns fast food brands like KFC, Taco Bell, and Pizza Hut.

- ***Poverty-level wages for workers...*** According to the Bureau of Labor Statistics, "the highest proportion of workers with hourly wages at or below the Federal minimum wage" works in the leisure and hospitality industry, primarily in restaurants and other food services.[73] The median hourly wage at fast food restaurants and other limited-service eating places is $8.73 an hour, which comes to $18,158 for those lucky enough to be able to work a full 40-hour weeks,[74] far below the poverty line for a family of four. Part-timers make even less.
- ***...But millions for Novak.*** By contrast, Yum! Brands paid Novak $14.6 million in 2010[75] and he received another $260,000 in director pay from JPMorgan Chase,[76] bringing his total 2010 pay to $14.9 million, 819 times more the wage of the median fast food worker.
- ***Avoiding state taxes.*** Despite making more than $4 billion in profits from 2008 through 2010, Yum! Brands paid less than 0.6% in state income taxes.[77]
- ***Buying influence.*** Novak has spent nearly $19,000 on state and federal elections since the 2000 election cycle, based on an analysis of campaign finance data on OpenSecrets.org and FollowTheMoney.org.[78]

William C. Weldon, JPMorgan Chase

- ***Who he is.*** Weldon is the Chairman and CEO of Johnson & Johnson, and serves on the compensation committee of the board of directors of JPMorgan Chase.[79]
- ***Firing workers after tax holiday.*** As of 2010, Johnson & Johnson kept $37 million in offshore accounts in order to avoid paying taxes in the U.S. Many corporations had been calling on Congress to pass a "tax holiday" to allow them to repatriate this money and invest in domestically in the U.S. without having to worry about incurring a hefty tax bill. After Congress approved a tax holiday in 2004, Johnson & Johnson repatriated $10.8 million. However, rather than create jobs, the company actually laid off 9,900 workers between 2004 and 2011.[80]
- ***Not paying fair share.*** As a result of its tax avoidance strategies, Johnson & Johnson had an effective federal income tax rate of just 14% between 2008 and 2010, despite raking in $50 billion in profits over that time.[81]

- ***Raking in millions.*** From 2007 through 2010, Johnson & Johnson paid Weldon $117 million in bonuses and compensation.[82] During this same time, JPMorgan Chase paid him $980,000 as director compensation,[83] which means he took home an average of nearly $30 million a year since 2007, securing him place alongside the richest 1% of Americans.
- ***Big spender.*** Weldon has spent nearly $65,000 on federal political contributions since the 2000 election cycle, according to campaign finance data obtained from OpenSecrets.org.[84]

Ernesto Zedillo, Citigroup

- ***Who he is.*** Zedillo is the former President of Mexico (served 1994-2000). He is now the Director for the Center for the Study of Globalization at Yale University and sits on the board of directors of Citigroup. In the past, he has also served as a director of Union Pacific Corporation.[85] Citigroup pays him $206,250 as director compensation.[86]
- ***Other roles.*** Zedillo also is a member of the international advisory board to Rolls-Royce and BP, is an advisor to the Credit Suisse Research Institute, sits on the foundation board of the World Economic Forum, and is a member of the Group of Thirty (G30).[87]
- ***Bank bailouts in Mexico.*** Zedillo presided over the $55 billion bailout of Mexico's banking system during the 1990s. According to the *Associated Press*, opposition parties criticized the move, saying Zedillo was asking taxpayers "to pay the debts of still-wealthy millionaires who took advantage of the economic crisis to get out of paying their loans."[88]
- ***Quid pro quo?*** When Zedillo privatized Mexico's railroads,[89] several were sold off to Union Pacific.[90] In February 2001, shortly after the end of his presidency, Zedillo was given a seat on the board of directors of Union Pacific.[91]

Erskine B. Bowles, Morgan Stanley

- ***Who he is.*** Bowles is a Morgan Stanley board member and is the chair of the bank's compensation committee. Bowles has a storied past, starting out his career at Morgan Stanley in 1969, going on to become the Chairman and CEO of an investment banking firm that he himself helped found, and then serving as White House Chief of Staff under President Clinton, United Nations Under Secretary General in 2005, and President of the University of North Carolina from 2006 through 2010.[92] He is paid $308,750 by Morgan Stanley for sitting on its board.[93]
- ***Cutting benefits for the 99%.*** In 2010, President Obama appointed Bowles Co-Chair of the National Commission on Fiscal Responsibility and Reform, which was tasked with identifying policies to address the national debt. Although the commission was unable to formally endorse any policy proposals, the two co-chairs released their own draft recommendations for austerity, which included cuts to Social Security, Medicare, Medicaid, and health benefits for military veterans; eliminating federal student loans subsidies; and freezing federal worker wages through 2014 and laying off 450,000 federal workers and contractors.[94]

- ***Avoiding taxes for the 1%.*** The same year that Bowles recommended deep cuts to critical federal programs as a way to address the national debt, Morgan Stanley, the bank that he oversees as director, had an effective federal income tax rate of 3.4%,[95] a fraction of the top level statutory 35% federal income tax rate. Morgan Stanley brought in $4.7 billion in profits in 2010, making it the fourth most profitable year in the history of the firm at the time.[96]
- ***Big spender.*** Since the 2000 election cycle, Bowles has spent more than $157,000 on state and federal elections.[97] That is more than three times the median annual household income in the U.S.

William W. George, Goldman Sachs

- ***Who he is.*** George is the former Chairman and CEO of Medtronic, a leading medical technology company. He now teaches classes at Harvard Business School and serves on the board of directors for Goldman Sachs and Exxon Mobil. He is a member of the compensation committee at Goldman Sachs[98] and the chair of the compensation committee at Exxon Mobil.[99] Goldman Sachs paid him $475,676 in 2010 for sitting on its board.[100]
- ***Awarding bonuses left and right.*** George awards lavish bonuses to executives at Exxon Mobil as well as Goldman Sachs. George approved $88 million in bonuses and compensation for Exxon Mobil CEO R.W. Tillerson between 2008 and 2010, or an average of $29 million a year.[101]
- ***Companies not paying fair share.*** Despite raking in $171 billion in pretax profits from 2008 through 2010 and raking out hefty bonuses, Exxon Mobil's effective federal tax rate during that time was a piddly 2%, far below the 35% statutory federal income tax rate. In fact, in 2009, the company actually claimed an $838 million federal tax benefit. During this time, the company has only paid $911 million in state taxes, or an effective state tax rate of 0.5%.[102]
- ***Buying influence.*** George has spent more than $66,000 on federal political contributions since the 2000 election cycle.[103]

The 99%'s America

If the directors of these banks reined in bonuses and compensation, it could help us create an economy that works for the rest of us. If bank executives were no longer allowed to pay themselves and their favorite traders million-dollar bonuses, they would be forced to find other ways to use the mountains of cash they are sitting on.

Just half of these banks' bonus and compensation pools would be enough to **write down the principal on all underwater mortgages** in the country. For $71 billion per year, banks could write down the principal and interest rate on every underwater mortgage in the country to market value.[104] Even if the top six banks took it upon themselves to eat the cost of writing down every single underwater mortgage in the country, they would still have $73 billion left over in their bonus and compensation pool this year, or $61,344 per employee. That's 24% higher than the median household income in America.

Doing this would put an extra $543 per month into the pockets of the average underwater homeowner, and as those families spent this money, it would stimulate the local economy, creating more than one million jobs nationally.[105]

Alternatively, if these six banks took half of their bonus and compensation pool and put it directly into a public service jobs fund, they could create 1.8 million jobs,[106] and still have enough money left over to pay the average employee $60,605.

Just 72% of the $144 billion in bonuses and compensation that the top six banks are paying out this year would have been enough money to **plug the $102.9 billion in budget holes for all 50 states** for the current fiscal year.

Just one week (43 hours) of banker pay at the top six banks would be enough to give a full scholarship to every student in the University of **California** system, by fully covering the $2.97 billion that students paid in 2011-12 school year.[107] UC Regent and Bank of America director Monica Lozano should have thought of the bonuses she approved at her bank before raising tuition for UC students.

Colorado Governor John Hickenlooper has proposed cutting $97 million from schools ($160 per student) and $76 million from colleges and universities to help bridge the FY 2013 budget gap.[108] Just two days of banker pay (13 hours) at Wells Fargo would be enough money to stave off these cuts to education.

Florida's Healthy Start Coalitions provide free social services like prenatal care, mental health and substance abuse counseling, and parenting education, to thousands of women and children across the state. This year, the state cut the coalitions' budget by 23%, or $5.4 million. As a result of these deep budget cuts, more than 14,000 people were expected to lose access to the coalitions' services, and more than 100 employees were going to lose their jobs.[109] Bank of America pays its employees $5.4 million in bonuses and compensation every 18 minutes. Bank of America paid its CEO almost twice that amount in 2010.

Illinois Governor Pat Quinn is projecting an $818 million deficit by 2015, and the state will likely have to make deep cuts to Medicaid to fill the hole.[110] Just eight days of pay at JPMorgan Chase alone could wipe out that deficit and stop these Medicaid cuts.

Because of $1.9 million in cuts in the current budget, **Iowa's** Department of Natural Resources (DNR) was forced to eliminate 55 full-time and 116 seasonal part-time jobs.[111] Among other things, workers at DNR monitor manure runoff into local streams. Local groups are concerned about the impact that reduced monitoring would have on water quality.[112] Just nine minutes of bonuses and compensation at Wells Fargo would be enough to restores these cuts to DNR and protect the quality of Iowans' drinking water.

For FY 2013 **Minnesota** is diverting $2.2 billion away from schools in order to address revenue shortfalls.[113] Just four days of bonuses and compensation at the top six banks would be enough to restore the money to local schools.

Missouri's FY 2012 budget cut $14 million from the state's Medicaid system,[114] and another $21 million from mental health programs.[115] Just two hours of banker pay at Bank of America could have prevented these cuts.

Nevada is the state hardest hit by the foreclosure crisis, with more than 60% of the homeowners in the state under water on their mortgages. If the top six banks set aside just one week (40 hours) of pay, it could turn Nevada around. With $2.8 billion a year, the banks could write down the principal on all underwater mortgages in the state to market value and refinance the homeowners into new, 30-year, fixed-rate mortgages at market interest rates.[116]

In **Ohio**, Governor John Kasich proposed cuts to K-12 education, higher education, the state workforce, and local government payments by $3.6 billion in the FY 2013 budget. Innovation Ohio estimates that this would cost the state more than 51,000 jobs.[117] Just seven days of bonuses and compensation at the top six banks could stop these cuts and save those 51,000 jobs.

While, the top 1% and their kingmakers are busy figuring out how to make our money work for them, these critical needs within our communities are going unmet. Just a fraction of their bonuses and compensation would be enough to fund our schools, prevent devastating healthcare cuts, save our homes, and create jobs. All of these are mere afterthoughts to the 1%, but they make the difference between life and death to the rest of us. They are the top priorities in the 99%'s America.

Conclusion

The wealth disparity in this country has distorted our democracy. Bankers and other members of the top 1% have systematically robbed us of our money, and paid it out to themselves in bonuses, further deepening the economic divide. Instead of squandering it all on runaway bank executive pay, if Wall Street decided to put its money to productive uses, we could break free of the 1%'s stranglehold and build a new economy that works for 100% of Americans. A functioning economy with a vibrant middle class would set us on course to reclaim our democracy. It would allow us to set our priorities based on what is best for everyone, rather than just a select few.

Instead of paying out billions in bonuses to millionaire bankers, the top six Wall Street banks could start investing back in the 99% by:

- writing down principal on underwater mortgages,
- making fair and sustainable loan modifications to prevent foreclosures,
- increasing lending to small businesses,
- making affordable loans to families, states, and local governments, and
- paying their fair share of taxes.

But, as Frederick Douglass said, "Power concedes nothing without a demand." If we want the banks to start investing in the 99%, we need to take our demand straight to the directors who make decisions about banker pay. We need to open up the corporate boardrooms and occupy the banks' shareholder meetings in the spring.

Appendix A: The Board of Directors at Bank of America (BAC)

Name	Who They Are	2010 Director Compensation	Compensation Committee?
Mukesh D. Ambani	Chairman & Managing Director of Reliance Industries in India	Joined 2011	Member
Susan S. Bies	Former Member of the Board of Governors of the Federal Reserve System	$240,000	
Frank P. Bramble	Former Executive Officer at MBNA (acquired by BAC)	$260,000	
Virgis W. Colbert	Senior Advisor at MillerCoors	$240,000	
Charles K. Gifford	Former Chairman of Bank of America, Former Chairman & CEO of FleetBoston (acquired by BAC)	$646,229	
Charles O. Holliday, Jr.	Chairman of Bank of America, Former Chairman & CEO of DuPont de Nemours and Company	$500,000	
D. Paul Jones, Jr.	Former Chairman, CEO, & President of Compass Bancshares	$240,000	
Monica C. Lozano	CEO of ImpreMedia, Publisher of *La Opinión*, and Regent of Univ. of Cal. System	$240,000	
Thomas J. May	Chairman, President, & CEO of NSTAR	$260,000	
Brian T. Moynihan	President & CEO of Bank of America	Paid as CEO	
Donald E. Powell	Former Chairman of the FDIC	$297,533	Member
Charles O. Rossotti	Senior Advisor at the Carlyle Group	$270,000	
Robert W. Scully	Former Co-President of Morgan Stanley	$260,000	Chair

Source: Bank of America 2011 Proxy Statement[118]

Appendix B: The Board of Directors at Citigroup (C)

Name	Who They Are	2010 Director Compensation	Compensation Committee?
Alain J.P. Beida	Managing Director of Warburg Pincus	$240,000	Chair
Timothy C. Collins	Chairman of Investment Committee at Ripplewood Holdings	$275,000	
Jerry A. Grundhofer	Former Chairman & CEO of U.S. Bancorp	$360,000	
Robert L. Joss	Former Dean of Stanford University Graduate School of Business, Former CEO of Westpac Banking Corporation	$612,500	
Michael E. O'Neil	Former Chairman & CEO of Bank of Hawaii	$317,500	
Vikram S. Pandit	CEO of Citigroup	Paid as CEO	
Richard D. Parsons	Chairman of Citigroup, Former Chairman & CEO of Time Warner	$232,500	Member
Lawrence Ricciardi	Senior Advisor at IBM Corporation, Jones Day, and Lazard Frères & Co.	$325,000	
Ruth Rodin	President of the Rockefeller Foundation, Former President of the Univ. of Penn.	$240,000	
Robert L. Ryan	Former CEO of Medtronic, Inc.	$275,000	
Anthony M. Santomero	Former President of the Federal Reserve Bank of Philadelphia	$331,250	Member
Diana L. Taylor	Managing Director of Wolfensohn Fund Management	$286,250	Member
William Thompson, Jr.	Former CEO of PIMCO	$225,000	Member
Ernesto Zedillo	Former President of Mexico, Director of the Center for the Study of Globalization at Yale University	$206,250	

Source: Citigroup 2011 Proxy Statement[119]

Appendix C: The Board of Directors at Goldman Sachs (GS)

Name	Who They Are	2010 Director Compensation	Compensation Committee?
Lloyd C. Blankfein	Chairman & CEO of Goldman Sachs	Paid as CEO	
John H. Bryan	Presiding Director of Goldman Sachs, Former Chairman & CEO of Sara Lee Corp.	$496,004	Member
Gary D. Cohn	President & COO of Goldman Sachs	Paid as COO	
Claes Dahlback	Former Chairman, President, & CEO at Investor AB in Sweden	$455,676	Member
Stephen Friedman	Chairman of Stone Point Capital, Former Chairman of the Federal Reserve Bank of New York	$476,004	Member
William W. George	Former Chairman & CEO of Medtronic, Inc.	$475,676	Member
James A. Johnson	Vice Chairman of Perseus, LLC, Former Chairman & CEO of Fannie Mae	$495,563	Chair
Lois D. Juliber	Former Vice Chairman & COO of Colgate-Palmolive Company	$475,676	Member
Lakshmi N. Mittal	Chairman & CEO of ArcelorMittai in Luxembourg	$450,876	Member
James J. Schiro	Former Chairman & CEO of Zurich Financial Services	$327,087	Member

Source: Goldman Sachs 2011 Proxy Statement[120]

Appendix D: The Board of Directors at JPMorgan Chase (JPM)

Name	Who They Are	2010 Director Compensation	Compensation Committee?
Crandall C. Bowles	Chairman & Former CEO of Springs Industries; Former Director of Wachovia (acquired by WFC)	$255,000	
Stephen B. Burke	CEO of NBCUniversal & Executive Vice President of Comcast	$245,000	Member
David M. Cote	Chairman & CEO of Honeywell Int'l	$245,000	
James S. Crown	President of Henry Crown & Co., Chairman of the Board of Trustees of Univ. of Chicago Med. Ctr., Trustee of U. of Chicago	$260,000	
Jamie Dimon	Chairman & CEO of JPMorgan Chase	Paid as CEO	
Ellen F. Vutter	President of the American Museum of Natural History, Former Chairman of the Federal Reserve Bank of New York, Former President of Barnard College	$245,000	
William H. Gray, III	Former U.S. Congressman, Co-Chairman of GaryLoeffler, Former President & CEO of the United Negro College Fund (UNCF)	$270,000	
Laban P. Jackson	Chairman & CEO of Clear Creek Properties; Former Director of the Federal Reserve Bank of Cleveland	$380,000	
David C. Novak	Chairman & CEO of Yum! Brands	$260,000	Member
Lee R. Raymond	Former Chairman & CEO of Exxon Mobil	$260,000	Chair
William C. Weldon	Chairman & CEO of Johnson & Johnson	$245,000	Member

Source: JPMorgan Chase 2011 Proxy Statement[121]

Appendix E: The Board of Directors at Morgan Stanley (MS)

Name	Who They Are	2010 Director Compensation	Compensation Committee?
Roy J. Bostock	Former Chairman of the Partnership for a Drug-Free America, Former Chairman of B|Com3 Group	$308,750	
Erskine B. Bowles	Former White House Chief of Staff, Former President of UNC, Senior Advisor to Carousel Capital	$308,750	Chair
Howard J. Davies	Former Chairman of the U.K. Financial Services Authority, Former Director of the London School of Economics and Poli. Sci.	$320,833	
James P. Gorman	President & CEO of Morgan Stanley	Paid as CEO	
James H. Hance, Jr.	Senior Advisor at Carlyle Group, Former Vice Chairman & CFO of Bank of America	$316,667	
C. Robert Kidder	Lead Director of Morgan Stanley, Chairman & CEO of 3Stone Advisors, Chairman of the Chrysler Group	$322,917	Member
John J. Mack	Executive Chairman & Former CEO of Morgan Stanley	Paid as Exec. Chairman	
Donald T. Nicolaisen	Former Chief Accountant at the SEC	$318,833	Member
Hutham S. Olayan	CEO of the Olayan Group's U.S. operations, Member of the Int'l Advisory Board of the Blackstone Group	$299,583	Member
James W. Owens	Former Chairman & CEO of Caterpillar	Joined 2011	
O. Griffith Sexton	Former Managing Director at Morgan Stanley, Professor at Columbia and Princeton, Director of Investor AB	$302,500	
Masaaki Tanaka	Managing Executive Officer for the Americas at the Bank of Tokyo-Mitsubishi UFJ (parent of Union Bank of California)	Joined 2011	
Laura D. Tyson	Professor at the Haas School of Business at UC Berkeley, Former Dean of the London Business School ,Former National Economic Advisory to President Clinton	$305,417	

Source: Morgan Stanley 2011 Proxy Statement[122]

Appendix F: The Board of Directors at Wells Fargo (WFC)

Name	Who They Are	2010 Director Compensation	Compensation Committee?
John D. Baker, II	Executive Chairman & Director of Patriot Transportation Holding	$295,667	Member
John S. Chen	Chairman & CEO of Sybase	$275,667	Member
Lloyd H. Dean	President & CEO of Catholic Healthcare West	$297,667	
Susan E. Engel	CEO of Portero, Former Chairwoman & CEO of Lenox Group, Director of SUPERVALU	$293,667	Member
Enrique Hernandez	Chairman, President, & CEO of Inter-Con Security Systems, Chairman of Nordstrom, Director of McDonald's and Chevron, Former Director of Washington Mutual	$304,667	
Donald M. James	Chairman & CEO of Vulcan Materials Co.	$285,667	Member
Mackey J. McDonald	Former Chairman of VF Corporation, Director of Hyatt Hotels and Kraft Foods, Fmr. Director of Tyco and Hershey Foods	$281,667	Member
Cynthia H. Milligan	Former Dean of the College of Business Administration at the University of Nebraska at Lincoln, Former Director of Banking & Finance for the State of Nebraska, Former Director of the Omaha Branch of Kansas City Federal Reserve	$327,101	
Nicholas G. Moore	Former Global Chairman & CEO of Pricewaterhouse Coopers	$327,667	
Philip J. Quigley	Former Chairman, President, & CEO of Pacific Telesis Group	$348,839	
Judith M. Runstad	Former Chairwoman of Federal Reserve Bank of San Francisco, Former Partner at Foster Pepper law firm	$293,919	
Stephen W. Sanger	Former Chairman & CEO of General Mills	$305,667	Chair
John G. Stumpf	Chairman & CEO of Wells Fargo	Paid as CEO	
Susan G. Swenson	President & CEO of Sage Software North America	$377,217	

Source: Wells Fargo 2011 Proxy Statement[123]

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