

US banks and corporations announce huge pay packages for 2009

Wells Fargo executives double their compensation

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US corporations are beginning to release figures on CEO pay for last year. Multi-million dollar packages are the norm in a year that saw the continued deterioration in the living conditions of the vast majority of the population.

Each of the top five executives at Wells Fargo at least doubled their compensation last year over 2008. The five men each received over \$11 million in 2009, while Wells Fargo's chief executive, John Stumpf, took home \$21.3 million, far higher than his 2008 package of \$8.8 million.

Mark Oman, the head of consumer business for Wells Fargo, nearly quadrupled his previous pay package to \$13.5 million. Howard Atkins, the chief financial officer, received \$11.6 million. The other Wells Fargo executives who received huge payouts were David Carroll, the head of the brokerage unit (\$14.3 million), and David Hoyt, the head of wholesale banking (\$13.5 million).

In December 2009, Wells Fargo announced that it would repay the \$25 billion it received from the government as part of the Troubled Asset Relief Program. Like other banks, Wells Fargo has sought to repay its TARP assistance as quickly as possible in order to escape compensation restrictions put on banks that received "extraordinary assistance."

Wells Fargo accepted the infusion of government funds in 2008. At the time, it also purchased its smaller rival, Wachovia, leaving Wells Fargo the fourth largest US bank by assets.

Other banks have yet to release proxy statements, but these will come out over the next several weeks.

Companies throughout the US are reporting multi-

million dollar pay packages for their executives. A sampling includes: Texas Instruments CEO Rich Templeton (\$9.8 million); IBM CEO Sam Palmisano (\$21.2 million); insurance company Aflac CEO Daniel Amos (\$13.2 million); nuclear power company Exelon CEO John Rowe (\$12 million); Black & Decker CEO Nolan Archibald (\$89 million, including a \$45 million "cost synergy bonus" expected following a merger with Stanley Works); etc.

GMAC, previously the finance arm of General Motors, paid its CEO, Michael A. Carpenter, \$1.2 million for a month and a half of work in 2009, amounting to a yearly compensation rate of \$9.5 million. The big payout came despite the fact that GMAC has not been profitable since 2008. The company lost \$10.3 billion last year, after posting a record loss in the fourth quarter of \$3.7 billion.

Other executives did just as well for themselves. GMAC's senior risk officer, Samuel Ramsey, took home \$7.7 million. Robert Hull, the chief financial officer, was handed \$4.9 million. The company said that the Obama administration's compensation overseer, Kenneth Feinberg, approved its executive compensation packages.

Last week, the *Wall Street Journal* republished an overview of 2008 compensation for 200 major corporations. The figures give a taste of what is likely to come out as companies publish their proxy statements for 2009.

Among the 200 companies in the *Wall Street Journal* survey, 124 paid their chief executives over \$10 million. Topping the list of highest-earning executives was Ray Irani of Occidental Petroleum, whose total income in 2008 amounted to over \$200 million.

The *Journal* also reported various schemes by which companies are seeking to downplay the amount of money they gave to their executives in 2009. The article noted that companies are increasingly presenting their own, more modest, compensation-accounting formulas to the public, alongside those used to report compensation figures to the Securities Exchange Committee.

As one example, the *Journal* cited the case of John Lechleiter, CEO of pharmaceutical giant Eli Lilly & Co., who received \$20.9 million last year according to SEC reports. However, the company is claiming publicly that it only paid him \$15.9 million. In another example, Disney wrote in its proxy statement that it paid out \$29 million to its CEO, Robert Iger, in 2009, but reported publicly that his compensation was \$21.6 million.

These latest reports come in the wake of Barack Obama's statement last month that he does not "begrudge" the bonuses of Goldman Sachs CEO Lloyd Blankfein and JPMorgan Chase CEO Jamie Dimon. Blankfein got a \$9 million bonus last year, while Dimon received \$16 million. (Their total packages have not yet been released).

Obama defended the bonuses on the grounds that Blankfein and Dimon are "savvy businessmen." This statement gave what amounted to official carte blanche for the multi-million-dollar bonuses paid to hundreds of other "savvy businessmen," even as the government oversees a massive attack on the living conditions of the vast majority of the population.



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