

September 15, 2006

Office of Thrift Supervision  
1700 G Street NW  
Washington, DC 20552

**RE: Proposed Rulemaking regarding Stock Benefit Plans in Mutual to Stock  
Conversions and MHC Structures, Docket Number 2006-29**

Dear Regulators;

I have been a shareholder in various banks for two decades. I am writing to object to the proposed changes in approving stock option plans of MHCs related to 2006-29.

It is inherent in the MHC structure that management controls any vote and the views of public shareholders can be completely ignored. This is a fundamental flaw in shareholder oversight of MHCs and I regret that I did not object when the partial issued share structure of MHCs was created.

In past decade, the Wall Street Journal and other business publications have chronicled many abuses regarding stock options, bonuses, and compensation plans. I don't understand why OTS would want to relax the rules (Docket 2006-19) governing shareholder oversight of bank stock option plans.

At a minimum, such plans should be submitted to the public shareholders for approval. This means a diverse group of investors may object to overly generous proposals - a minimal safeguard as votes against management proposals are rare. However, the proposed change in regulation would make any vote meaningless, since management could vote the majority of the un-issued shares in support of their own proposal. Even if every public shareholder objected the stock option plan would be approved!

I am in favor of Board, management and employee stock ownership. I believe that it is important for their interests to be aligned with public shareholders. But, I note a trend were the executives of MHCs seem to buy fewer shares in their initial public offering and rely more heavily upon stock option plans. I also note that stock option plans are rarely linked to performance (earnings or share appreciation) but rather based upon longevity, compensation and job title. If bank executives want greater influence over the vote benefit plans, let them join the public shareholders and invest their money in their own bank stock.

The proposed rule change eliminates a minimal check and balance. I found that OTS offered no substantial arguments that a modification of regulations is needed. If anything has changed in the past decade, it has been additional evidence of stock option plan abuses. We need to retain transparency and oversight, not eliminate the meager existing controls. The value of some stock option plans is enormous – frequently multiple millions of dollars for a very small number of beneficiaries. The current system of requiring a vote of public shareholders should not be changed.

Sincerely,

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Transmitted by FAX and email.

