

**Opportunity Partners, 60 Heritage Drive, Pleasantville, NY 10570
(914) 747-5262 // Fax: (914) 747-5258//opl@optonline.net**

September 18, 2006

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Attn: No. 2006-29

Re: Notice of Proposed Rulemaking regarding Stock Benefit Plans in Mutual-To-Stock Conversions and Mutual Holding Company Structures 71 Fed. Reg. 41179 (July 20, 2006), No. 2006-29

Ladies and Gentlemen:

I am the plaintiff that successfully sued the SEC to invalidate its controversial hedge fund advisor registration rule. On June 23, 2006 the United States Court of Appeals for the District of Columbia Circuit struck that rule down on the basis that it was "arbitrary."

The proposed rule is also arbitrary. It will allow the insiders of an MHC to control the outcome of a vote to approve their own stock benefit plan and eliminate the ability of public stockholders to vote it down. As a result, there will be no check at all against self-dealing by insiders. The proposing release does not even mention this problem. Does OTS believe that the insiders of banks are so ethical that this indisputable conflict of interest should not be a legitimate concern for depositors and shareholders?

On the other hand, the only reason mentioned in the release for the proposed rule is that it will "reduce regulatory burden." However, it does not state what that burden is or how the proposed rule will reduce it. A vote will still be required to approve a stock benefit plan so the cost of having a meeting is the same whether the MHC can vote on it or not. Moreover, every regulation has a burden. Unless OTS is proposing to eliminate every regulation, it should determine why this regulation is particularly burdensome. We believe it does provide a benefit, i.e., it serves as a check on insider self-dealing.

We suggest the OTS go back to the drawing board to determine whether the current voting requirement actually is a burden and if so, propose a rule that addresses that problem and impartially analyze the costs and benefit of the proposed rule. If the rule is adopted as currently proposed, we will likely sue to have it invalidated as arbitrary.

Very truly yours,
Phillip Goldstein
Portfolio Manager