From: TA [taadv@verizon.net]
Sent: Wednesday, September 13, 2006 7:51 PM
To: Comments, Regs
Subject: Public comments to RIN 1550-AC07, OTS Docket No. 2006-29

I am writing to express my objections to the proposed rule to allow MHC shares to be voted in favor of stock benefit plans in those institutions controlled by a Mutual Holding Company.

On its face, this is highly unfair to public stockholders of MHCs and has a high potential for abuse by the thrift's executives and directors, with no benefit to the depositors, public shareholders, the institution, or to the safety and soundness of the banking system.

The MHC structure requires that a majority of the stock in the subsidiary thrift be owned by the MHC for the benefit of the depositors. Therefore, the depositors should be required to vote on all material actions of the MHC, including:

* election of directors.
* issuance of additional stock and second-step conversions.
* stock option and other stock benefit plans.

I am a public stockholder in several mutual holding companies, and also a depositor in most of these particular institutions. Yet I have never had my position as a depositor (and therefore one of the beneficial owners of a majority of the stock) solicited for a vote except for the vote to convert (and occasionally, while an institution is fully mutual, to form a non-stock MHC structure.

In fact, I am rarely solicited for any kind of vote or informed of an annual meeting for any mutual institutions in which I am a depositor. This is exceedingly poor corporate governance.

Since depositor votes are not taken, I believe that the MHC directors are therefore not duly elected by the vote of the shareholders, and certainly should not be allowed to control the MHC votes for any benefit plans, stock issuance, or even votes for directors and other corporate proposals.

The other problem I have with the stock awards (Management Retention Programs) and stock option programs is that they tend to be excessive, and thereby overcompensate executives and directors without sufficient benefit to the mutual depositors or public stockholders.

Let's face it: the directors of the parent corporation are highly unlikely to ever get outside directorships in another public company, unless the MHC is eventually acquired and a few of them join the new parent's board. They are not likely to leave and go elsewhere, though they might retire early if compensation isn't sufficient. Neither will the CEO. They do not need huge MRP or options programs, other than to satisfy their greed. There should be limits on the amount of MRP and options compensation these individuals receive. It is patently unfair to give the management of the company several percent of the outstanding stock jsut for being there, especially when the stock awards exceed the company's annual profit. How about limiting the

value of stock awards in any year to 10% of the parent company's net earnings...in a fully converted thrift, and a reduced percentage of that 10% based on the percentage of stock held by the public stockholders in a MHC (if 30% of the stock is sold to the public, then the total dollar value of stock awards should not exceed 30% of 10% of net earnings, or 3%).

I personally believe that directors should not be given stock options at all, except in lieu of cash compensation that is reasonable for the amount of work the directors do. If the directors' fees are $20,000 per year, then they can be paid in stock, or in options, or a combination thereof. If all stock, equivalent value (due to the risk of owning it, and having to pay income taxes on the award at time of receipt) could be 150%--or even 200%--of the cash compensation. If paid in options, the equivalent value might be options on a much higher amount of stock (maybe as much as five times the cash amount).

Sincerely yours,

Thomas Allen