Dēmos
EFFECTIVE REGULATION FOR THE 21ST CENTURY
REPORT SERIES

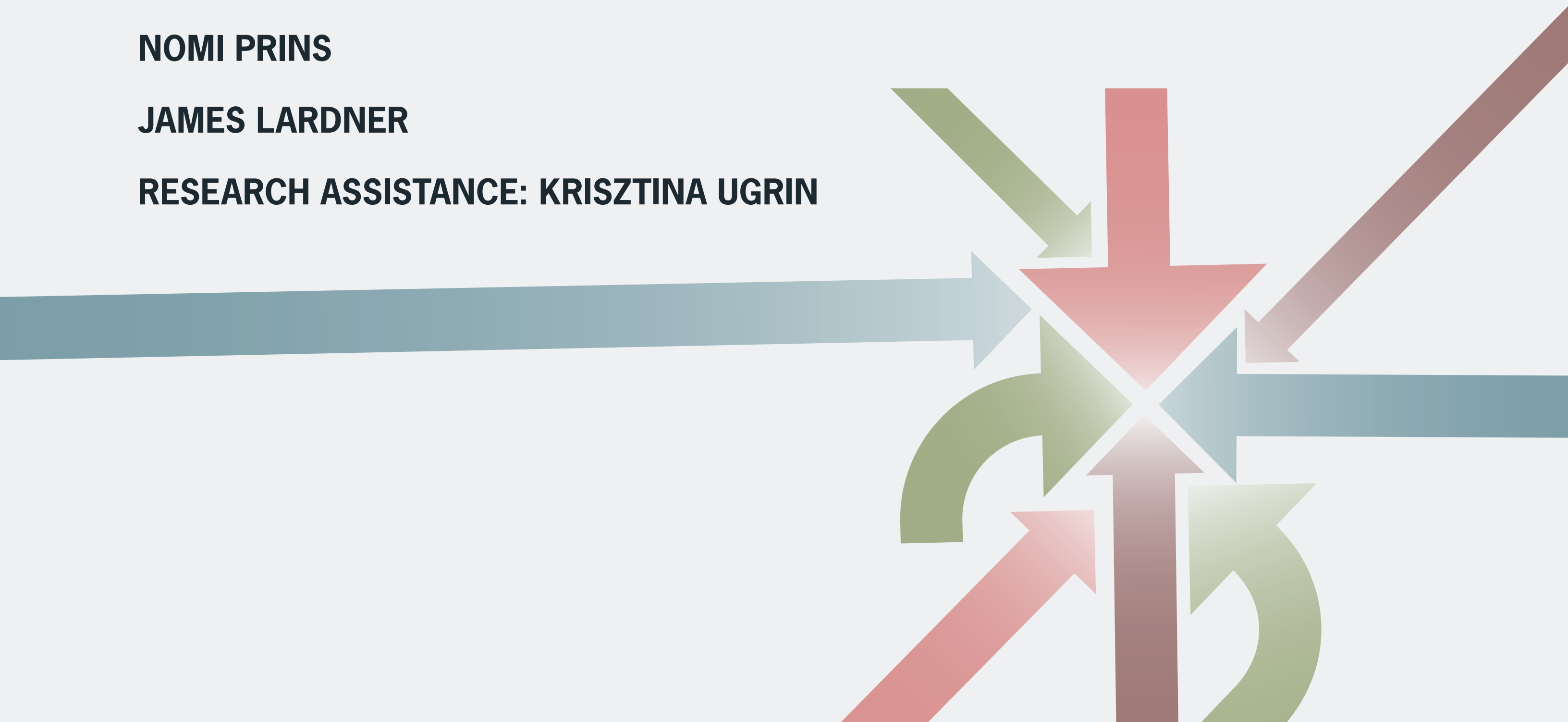
BIGGER BANKS, RISKIER BANKS

THE POST-BAILOUT CONTINUATION OF A PRE-BAILOUT TREND

NOMI PRINS

JAMES LARDNER

RESEARCH ASSISTANCE: KRISZTINA UGRIN



ABOUT DĒMOS

Dēmos is a non-partisan public policy research and advocacy organization. Headquartered in New York City, Dēmos works with advocates and policymakers around the country in pursuit of four overarching goals: a more equitable economy; a vibrant and inclusive democracy; an empowered public sector that works for the common good; and responsible U.S. engagement in an interdependent world.

Dēmos was founded in 2000.

Miles S. Rapoport, President
Tamara Draut, Vice President of Policy & Programs

ABOUT THE AUTHORS

Nomi Prins is a journalist, a regular contributor to the Daily Beast, and a Senior Fellow at Demos. Her latest book is *It Takes a Pillage: Behind the Bonuses, Bailouts, and Backroom Deals from Washington to Wall Street* (Wiley, September 2009). She is also the author of *Other People's Money: The Corporate Mugging of America* (The New Press, October 2004), a devastating exposé into corporate corruption, political collusion and Wall Street deception. *Other People's Money* was chosen as a Best Book of 2004 by *The Economist, Barron's* and *The Library Journal*. Her book *Jacked: How "Conservatives" are Picking your Pocket (whether you voted for them or not)* (Polipoint Press, Sept. 2006) catalogs her travels around the USA; talking to people about their economic lives: card by card--issue by issue. Before becoming a journalist, Nomi worked on Wall Street as a managing director at Goldman Sachs, and running the international analytics group at Bear Stearns in London.

She has appeared internationally on BBC World and BBC Radio and nationally in the U.S. on CNN, CNBC, MSNBC, ABCNews, CSPAN, Democracy Now, Fox Business News and other TV stations. She has been featured on dozens of radio shows across the U.S. including CNNRadio, Marketplace Radio, Air America, NPR, WNYC-AM and regional Pacifica stations. Her articles have appeared in *The New York Times, Fortune, Newsday, Mother Jones,* Slate.com, *The Guardian UK, The Nation, The American Prospect, Alternet, The Left Business Observer, LaVanguardia,* and other publications.

James Lardner is a Senior Policy Analyst at Dēmos and the co-author, with José García and Cindy Zeldin, of *Up to Our Eyeballs: How Shady Lenders and Failed Economic Policies Are Drowning Americans in Debt*. He is also the co-editor of *Inequality Matters: The Growing Economic Divide in America and Its Poisonous Consequences.* As a journalist, he has written for the *New York Review of Books, The New Yorker and The Washington Post,* among other publications.

Krisztina Ugrin is a researcher and translator based in Berlin, Germany. Her work has appeared in *Mother Jones* and *The Nation.*

BOARD OF DIRECTORS

COPYRIGHT

TABLE OF CONTENTS

I. INTRODUCTION

In recent decades, policymakers and regulators have adopted a bigger-is-better view of the banking business. The United States had a tradition of small and simple banks with close community ties. But in the deregulatory atmosphere of the 1980s and '90s, official Washington came around to the industry's argument for consolidation. In the name of global competitiveness, financial executives and lobbyists contended, banks had to be not just large in scale and geographical reach, but also free to engage in the whole gamut of underwriting, trading, and insurance as well as ordinary banking activities.

...after trillions of dollars in taxpayer funds, cheap loans and other forms of direct and indirect support, the biggest banks are bigger and more complex than ever...

The financial meltdown of late 2008 called that belief into grave doubt. The crisis was widely blamed on the eager promotion by the nation's biggest banks of overcomplicated, deceptively advertised loans and securities. Experts and political leaders of both parties deplored the ability of profit-seeking insiders at a handful of "Too Big to Fail" institutions to bring the financial system to the edge of collapse, necessitating a massive bailout and triggering the worst recession since the 1930s.

Nevertheless, after trillions of dollars in taxpayer funds, cheap loans and other forms of direct and indirect support, the biggest banks are bigger and more complex than ever; and for all the talk of newfound caution and tougher regulation, their recent record reveals an undiminished commitment to the kind of risky practices that inflate short-term profits when they go right but hold the potential to decimate the economy when they go wrong.

Key Developments Since the Financial Crisis:

- Government-sponsored mergers have enabled already 'too big to fail' entities such as JP Morgan Chase and Bank of America to expand further, engaging in high-risk transactions with the confidence of government backing in the event of an emergency.

- In September 2008, the Federal Reserve invoked its emergency powers to anoint the former investment banks Goldman Sachs and Morgan Stanley as bank holding companies (or BHCs), allowing them to use federal money and benefits for activities that are inherently riskier than those of traditional consumer-oriented bank holding companies. More recently, the Fed let Goldman Sachs and Morgan Stanley become financial holding companies (FHCs), allowing them to engage in a wider array of more speculative financial activities as designated by the Gramm-Leach-Bliley Act, with continued federal backing. [1]

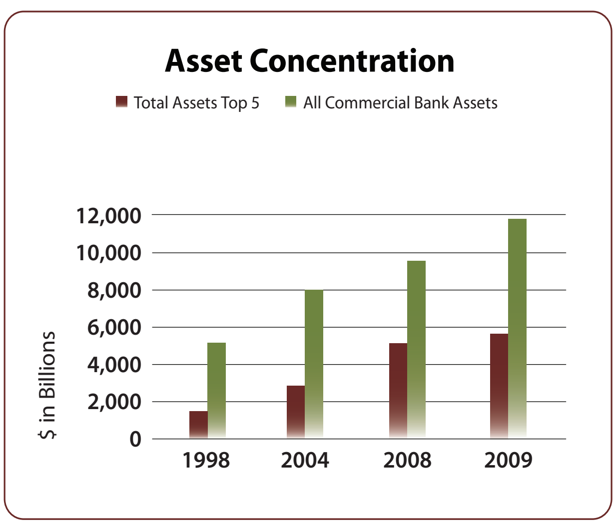
- Some of the biggest banks have reported impressive profits in recent quarters. Behind the appearance of industry recovery, though, lies a pattern of sharply increased trading revenues and a continued predilection for activities that are far riskier and more volatile than ordinary banking.

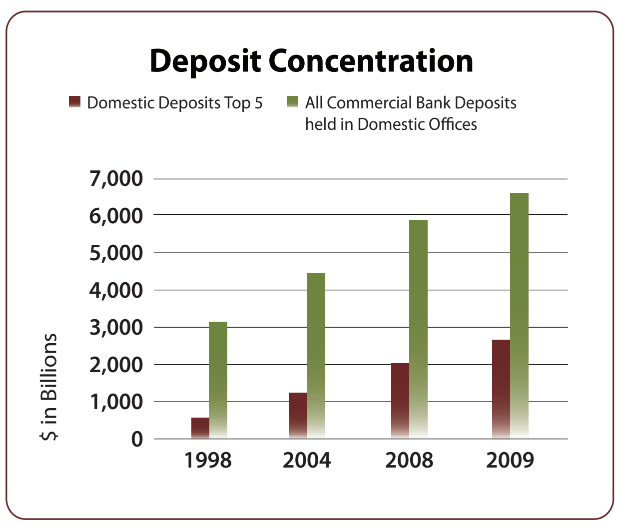
- The biggest banks received the most substantial assistance from the federal government. Through explicit subsidies (actual guarantees) and implicit subsidies (if the government is backing the largest banks, investors will, too), they have been encouraged to convert cheap money into capital for trading purposes.

- The top five financial firms remain the biggest players in the derivatives market. Over 80% of derivatives are controlled by JPM Chase, Bank of America, Goldman Sachs, Citigroup, and Morgan Stanley, according to a July 2009 tally by Fitch Ratings. These same institutions account for 96% of the industry's exposure to credit derivatives, the risky bets (on how healthy firms and loans really are) that played a pivotal role in the financial crisis.

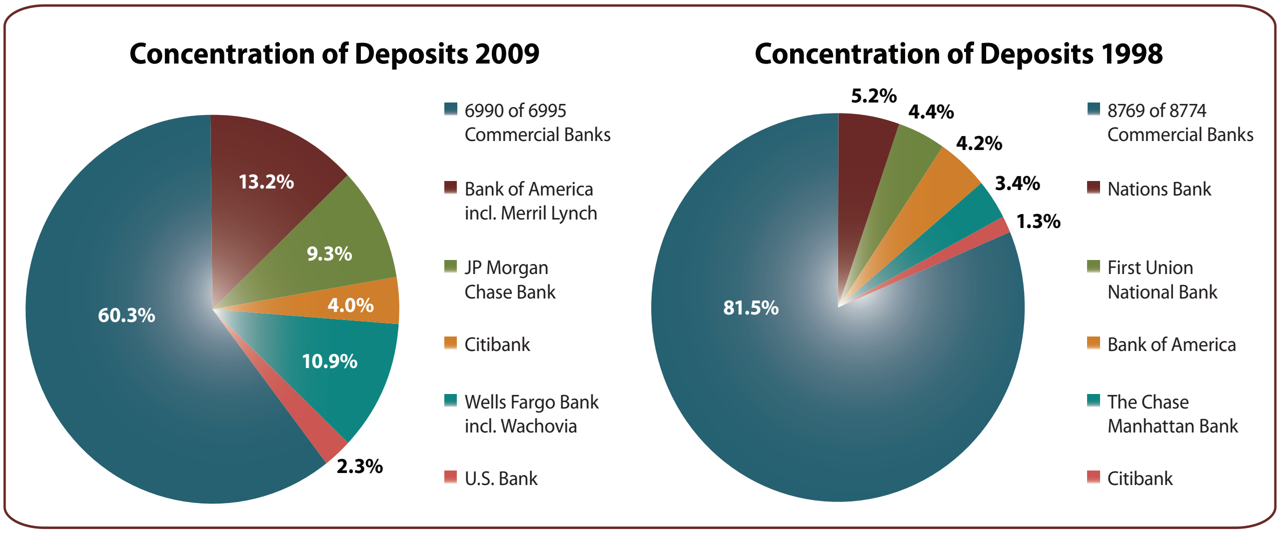
- The sheer volume and complexity of these activities is problematic on two levels. In the first place, massive trading creates dangerous levels of market volatility and fresh opportunities for insider enrichment. In addition, assets and accounting practices become less transparent, making it difficult for regulators to detect the kind of behavior that could lead to another ruinous financial bubble – and calls for another taxpayer-funded bailout.

II. TOO BIG TO FAIL BANKS ARE BIGGER THAN EVER





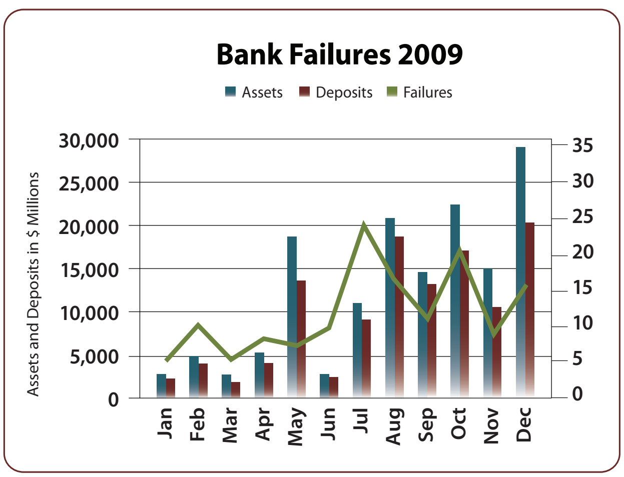
SOURCE: Federal Deposit Insurance Corporation

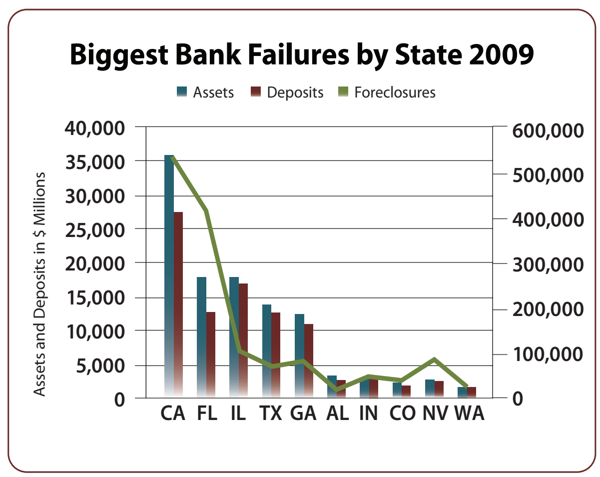


SOURCE: Federal Deposit Insurance Corporation

- Over the past decade, the share of deposits held by the five largest commercial banks (currently Bank of America, Wells Fargo, JP Morgan Chase, Citi and U.S. Bank) has more than doubled, rising from 19% to 40%.[2]

- The Top 5's share of assets stands at 48%, up from 26% ten years ago.[3]





SOURCE: Federal Deposit Insurance Corporation

- Smaller banks have been failing at the highest rate since the Savings and Loan crisis. The Federal Deposit Insurance Corporation closed more than 140 banks in 2009, compared to 26 in 2008 and just 3 in 2007. [4]

- The number of small commercial banks with assets of $50 million or less has declined from over 3,600 in 1994 to 1,198, according to the most recent FDIC data. Since 1990, the overall number of banks has dropped from more than 12,500 to about 8,000. [5]

III. THE BIG BANKS GO ON GAMBLING WITH OUR MONEY

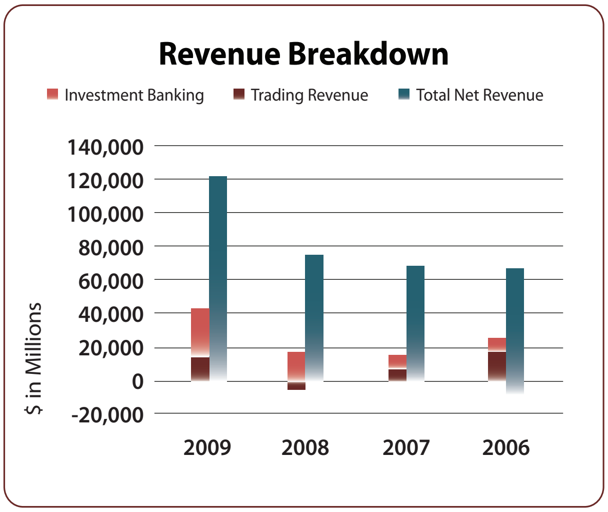
In 1999, Congress formally repealed the Glass-Steagall Act, the New Deal-era law that had separated commercial banking from investment banking. Since then, America's megabanks have enjoyed powerful, taxpayer-financed advantages over smaller banks that choose to limit their participation in the securities markets. More recently, in response to the meltdown, the Federal Reserve and the Treasury Department have reinforced this policy tilt through skewed distribution of subsidies and guarantees; through the extension of commercial-bank privileges to Wall Street; and through a series of government-abetted mergers between commercial banks and investment banks. The upshot (documented in the bank-by-bank assessments that follow) is a new surge of high-stakes risk-taking at the public's expense.

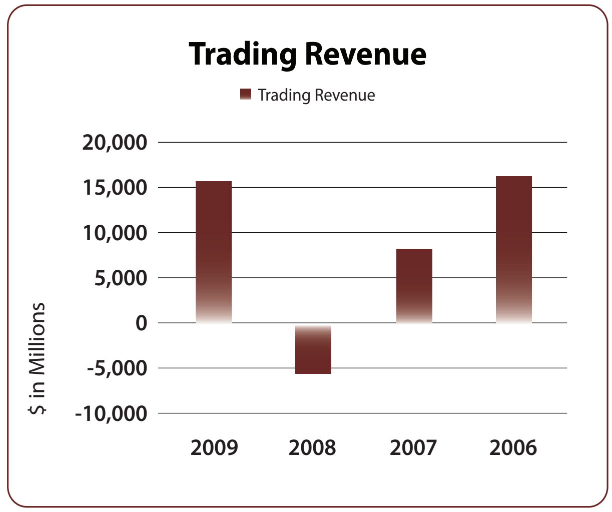
- While the quarterly profits of the biggest banks have increased sharply since the crisis, higher trading revenues, not ordinary banking activity, account for the improvement in one case after another.

- As the mega-banks continue to take hits from their consumer-oriented businesses due to rising unemployment and mortgage and other defaults, they are sustaining themselves through a variety of speculative activities, including the repackaging of some of the toxic assets that clogged the system last year.

- Since it takes real capital to trade, government subsidies are being absorbed into the trading-for-profits vortex. The megabanks are, in effect, gambling with taxpayer funds.

Bank of America





SOURCE: S.E.C. 10-Q and 10-K filings: 2006-2009.*

- In 2009, the net revenues of Bank of America - the nation's largest bank - were 64 percent higher than they had been in 2008. But much of that improvement was due to a dramatic increase in trading profits.[6]

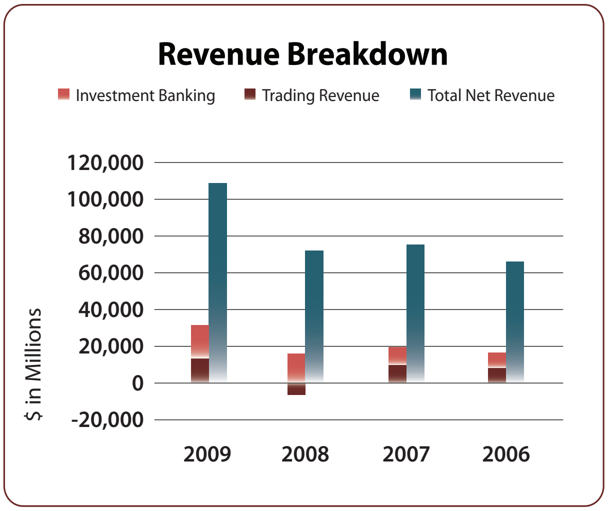
- Trading revenue for 2009 was $15 billion, or 13 percent of total net revenue, up from a $6 billion loss the previous year and $7.2 billion, or 11 percent in 2007.[7]

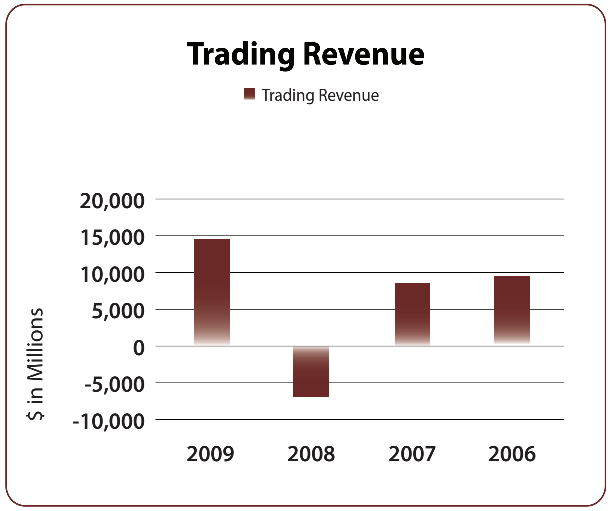
- In July 2009, Bank of America reported total assets of $2.3 trillion, up 23 percent from a year earlier. Over that same period, however, Bank of America was required to set aside 56 percent more capital to cover looming credit losses.[8]

- Even as its profits and assets grew, so did the riskiness of the bank's overall position. One widely used metric, 'value-at-risk' or VaR (which estimates the daily possible fluctuation of trading positions), increased by 68 percent, from an average of $94.6 million in the third quarter of 2008 to $159.4 million in the same quarter of 2009. (After averaging $110.7 million during 2008, Bank of America's VaR reached a record high of $244.6 million in the first quarter of 2009).[9]

* Bank of America's accounting was clouded by its acquisition of Merrill Lynch. Every big merger brings an opportunity to re-jigger the balance sheet. With key accounting elements in flux, risk comparisons across banks become difficult.

JP Morgan Chase





SOURCE: SEC 10K filings for 2006-2009.

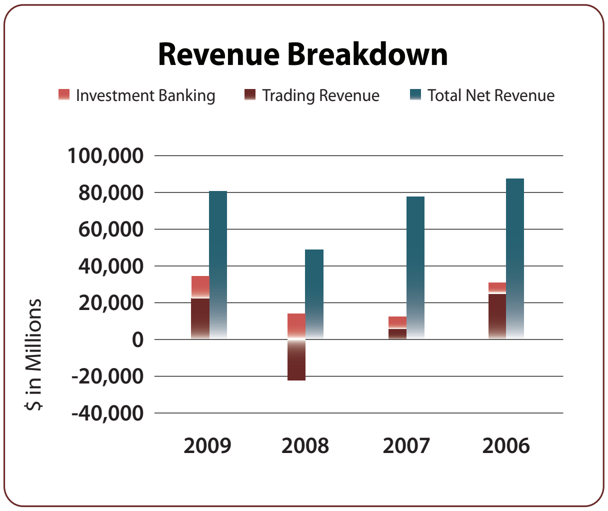
- With its acquisitions of Bear Stearns and Washington Mutual, JPMorgan Chase now ranks as the nation's second largest bank in terms of assets. While it did not declare as many bad consumer loans as Bank of America, JP Morgan Chase's potential credit losses have increased significantly to $32 billion in 2009 compared to $21 billion in 2008. [10]

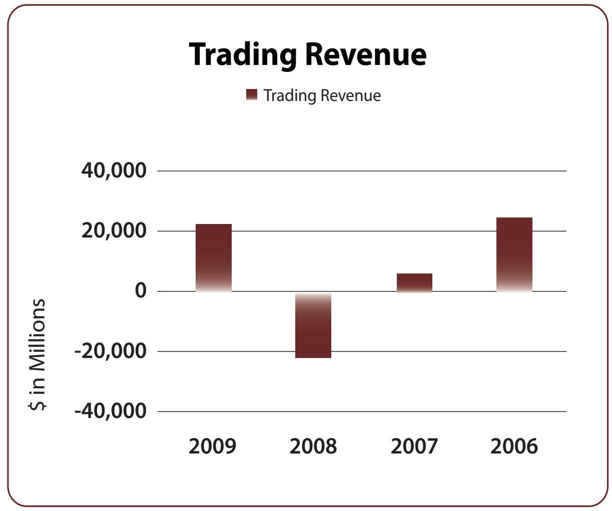
- Nevertheless, JPM Chase's trading revenue has rebounded considerably since 2008. The bank's net profits, bolstered by record trading profits, more than doubled from $5.6 billion in 2008 to $11.7 billion in 2009. [11]

- 2009 trading revenue stood at $14.7 billion, or 13.5 percent of total revenue. Trading revenue had comprised 11.8 percent of total net revenue in 2007 and 14.6 percent in 2006. In 2008, the trading division racked up a loss of $7 billion. [12]

- Due to increased reliance on trading, JPM Chase's Value at Risk reached a record high of $248 million in 2009; that's a 23 percent increase over 2008. [13]

Citigroup





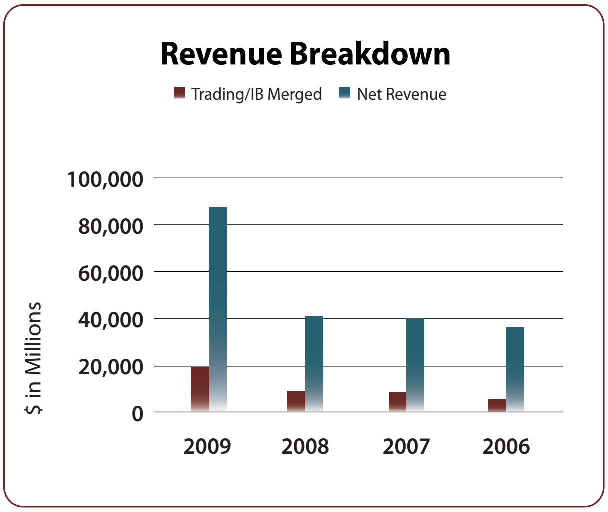
SOURCE: S.E.C. 10-Q and 10-K filings: 2006-2009.

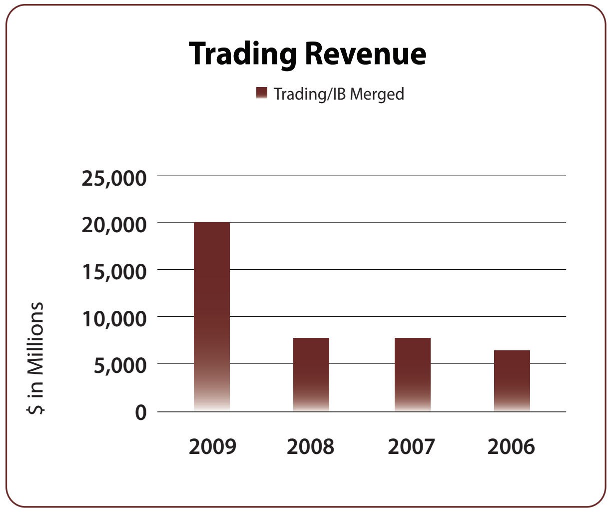
- Citigroup led the banking industry in government support at $374 billion. Though its net revenues have rebounded (by 65 percent in 2009 compared to 2008), a significant amount of that gain has come from trading. Citi generated $21.4 billion in trading revenue, or 27 percent of net revenue, for 2009, compared to a negative $22.1 billion in 2008, $5.9 billion, or 7.5 percent in 2007, and $24.7 billion, or 29 percent in 2006.[15]

- After soaring to a record high of $292 million in 2008, Citigroup's VaR fell back to $281 million in the third quarter of 2009. That figure, however, represented a 17 percent increase over the third quarter of 2008, and was almost double the 2007 annual average of $142 million.[16]

- Citigroup's accounting practices, like those of Bank of America, have grown more obfuscatory. In its latest 10-K Securities and Exchange Commission filing, Citi's breakdown of trading numbers failed to match its total trading revenue. Such inconsistencies could reflect creative accounting to mask trading losses; at best, they make Citi's books hard to understand, for regulators or the public.[17]

Wells Fargo





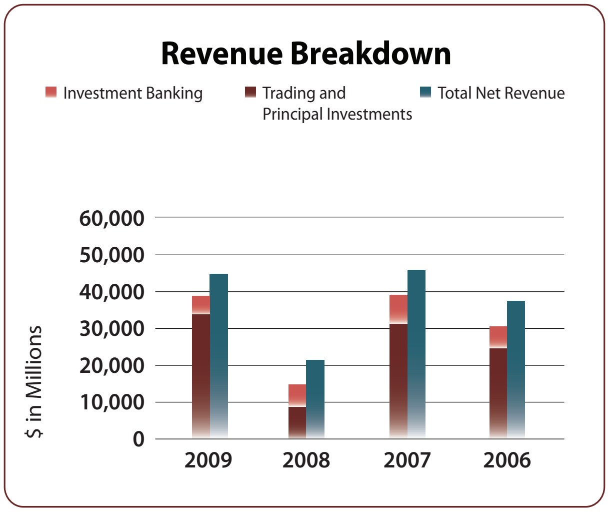
SOURCE: S.E.C. 10-Q and 10-K filings: 2006-2009.

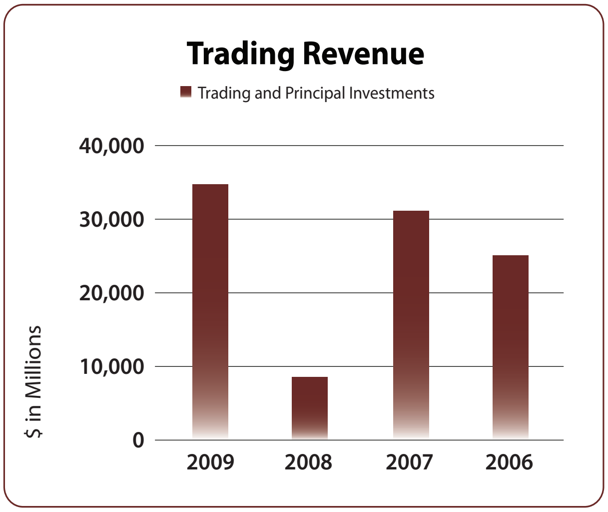
- Through its acquisition of Wachovia in another government-sponsored merger at the end of 2008, Wells Fargo achieved an almost instant doubling of assets and profits. Its allowance for credit losses, meanwhile, tripled from $8 billion to $24.5 billion.[18]

- Wells Fargo's accounting is particularly problematic. Following the Wachovia acquisition, the innocuous-sounding category of "wholesale banking," a term that normally covers traditional lending, finance and asset management services, expanded to include such speculative activities as fixed-income and equity trading. Because these things aren't broken out in the company's SEC filing, it is impossible to say how much of the total comes from trading as opposed to commercial or investment banking.[19]

- Wells describes its management accounting process as "dynamic" and not "necessarily comparable with similar information for other financial services companies." This statement should give lawmakers pause: if banks are so complex as to need a catch-all exemption from accounting norms, it becomes hard to identify or measure activities that could precipitate a crisis.[20]

Goldman Sachs





SOURCE: S.E.C. 10-Q and 10-K filings: 2006-2009.*

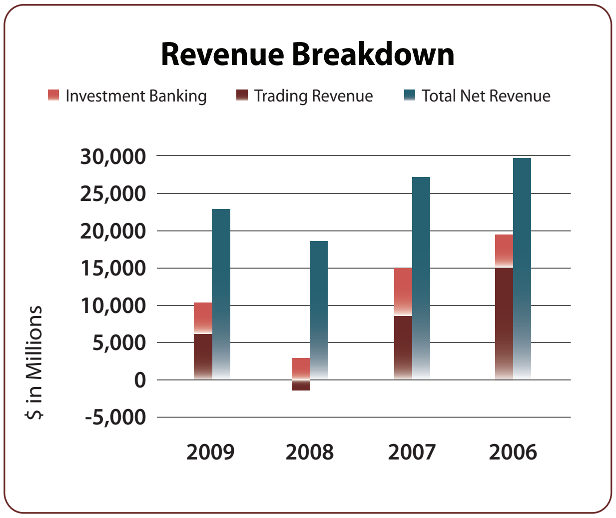
- Goldman derives a higher portion of its revenues from trading than does any other big bank. In 2009, the percentage of revenue from its trading and principal investment division (which specializes in long-term speculative position taking) was 76 percent or $34.4 billion out of $45.2 billion, compared to 41 percent, or $9 billion in 2008, and 68 percent in 2007 and 2006.[21]

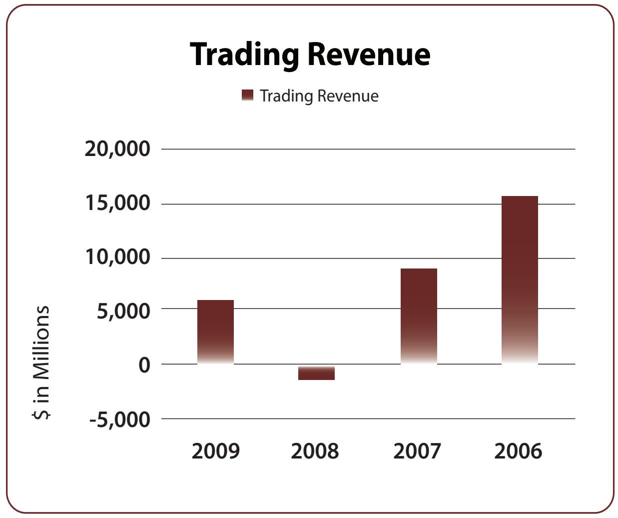
- The firm posted a record profit of $13.4 billion for 2009, compared to $2.3 billion in 2008. These gains were achieved on the back of $43.4 billion in total government subsidies (after repaying $10 billion of TARP funds), including $12.9 billion via AIG, $19.5 billion in FDIC-backed debt under the TLGP and approximately $11 billion under the Fed's Commercial Paper Funding Facility (CPFF).[22]

- Goldman, however, takes more risk than do other big banks. Its VaR reached a record $245 million during the second quarter, up 24 percent from the crisis quarter of 2008. Although that figure declined to $218 million, average daily VaR for 2009 was 21 percent higher than in 2008. [23]

* In 2008, Goldman brought its fiscal year (which had previously ended in November) into line with the calendar year. December 2008 thus became an orphan month. Changing dates make annual and cross-bank risk comparisons difficult.

Morgan Stanley





SOURCE: S.E.C. 10-Q and 10-K filings: 2006-2009.

- Like Goldman Sachs, Morgan Stanley also changed its fiscal year. The firm posted after-tax income of $793 million in the 3rd quarter of 2009, compared to $33 million in the second quarter, when it posted a $1.26 billion loss for its shareholders. The poor performance contributed to calls for the replacement of its CEO, John Mack, who finally stepped down at the beginning of 2010. Yet his successor, James Gorman, has emphasized the critical importance of the firm's sales and trading units, suggesting a continued appetite for risk.[26]

- Indeed, it was the $6.4 billion in trading revenue that generated much of the $23.4 billion in net revenue for Morgan Stanley during 2009, after abysmal losses during the crisis months.[27] In 2009, the firm's trading revenue was 27 percent of total revenues, compared to a loss in 2008, 31 percent for 2007, and 50 percent for 2006.[28] By the third quarter of 2009, trading was the firm's most profitable division; as a result, its VaR shot up to $175 million - a 47 percent increase since the third quarter of 2008.[29]

V. MEGABANKS ARE HARDER TO REGULATE

Three of the major banks examined here have dramatically altered the way in which they report their trading and investment banking activities. In addition, Goldman Sachs and Morgan Stanley have changed their year-end reporting dates. These and other perfectly legal moves serve to decrease reporting consistency across the industry. Indeed, when it comes to consistent securities evaluation, the Financial Accounting Standards Board (FASB) almost seemed to throw in the towel by deciding in December 2008 to let financial firms adjust pricing in cases where the absence of an active market makes objective pricing criteria elusive.[30] It has become all but impossible to get an accurate or consistent picture of what is the 'real money' that banks derive from commercial or consumer services, and what is their 'play money' used for trading purposes. The play money is the most variable part of their earnings, and therefore the most risky to the overall financial system, particularly since much of the capital was federally funded during the past year.

Today's megabanks engage in a continual subjective re-evaluation of their trading positions - how they value bonds, derivatives, asset-backed-securities, and off-balance-sheet entities. When a bank marks a position in securities or derivatives or complex customer-driven transactions that they go on to 'hedge,' the figures it posts are almost arbitrary, and, in any case, all but impossible to verify. Such problems, which are characteristic of larger and merged banks, create regulatory obstacles that in themselves should form a powerful argument for smaller and simpler banks.

CONCLUSION

Little more than a year after a disaster that was largely of their making, the country's biggest banks have grown even bigger, in no small part because of government subsidies and interventions. One after another, the mega-banks have found their way back to profitability, and even to record levels of profitability in a few cases. They have done so, however, through a return to the kind of high-risk practices that produced the meltdown. Perhaps the biggest difference between then and now is that more of the capital for today's high levels of trading and securities packaging comes from the taxpayers in the first place.

In response to the financial crisis, the Obama administration and House and Senate leaders have called for reforms widely described as the most sweeping since the 1930s. These proposals have already been watered down significantly under pressure from the financial lobby. But even as originally outlined, they were not nearly sweeping enough.

It is time for Congress to create a framework for banks to transform themselves into leaner, more accountable, and sustainable financial institutions.

The core problem is an industry dominated by increasingly large, complex, opaque, and interconnected institutions, which have become accustomed to taking dangerous risks with deposits and borrowed money, including low-cost government-subsidized capital. (Given that mindset, it should come as no surprise that despite low interest rates and surging bank profits, many deserving businesses cannot get credit, while foreclosures continue to increase as homeowners struggle to refinance unaffordable mortgages.)

Some of the financial reform measures currently on the table are sensible and needed, such as the creation of a Consumer Financial Protection Agency and the provisions for exchange-trading of financial derivatives. But when it comes to leverage and systemic risk, the Administration and congressional leaders rely on general calls for restraint, leaving the specifics - and the enforcement – to regulators with poor records of recognizing systemic risk. The Administration's preferred systemic risk regulator, the Federal Reserve, has a governing structure dominated by the banking industry as well as a regulatory culture that favors bank mergers and disfavors regulatory interference.[31]

The proposals making their way through Congress would establish a process for the safe "resolution" or unwinding of large, failing institutions. But the record cries out for a pro-active rather than a reactive approach. It is time for Congress to create a framework for banks to transform themselves into leaner, more accountable, and sustainable financial institutions.

"Too Big to Fail" should mean too big to exist, as former Fed chairman Alan Greenspan and former Treasury Secretary George Shultz have argued. Just as crucially (see Demos' policy brief, Six Principles for True Systemic Risk Reform), the principle of Glass-Steagall should be reestablished: the financial world should once again be divided into commercial entities, which can count on government support, and investment and trading entities, which cannot.

"I would compartmentalize the industry for the same reason you compartmentalize ships... If you have a leak, the leak doesn't spread and sink the whole vessel."

Legislation to this effect has been introduced by Senators Maria Cantwell (D-WA) and John McCain (R-AZ)[32] in the Senate, and by Reps. Marcy Kaptur (D-OH)[33] and Maurice Hinchey (D-NY)[34] in the House. A group of Democratic members submitted a Glass-Steagall restoration amendment as well as other measures that would have limited bank size to the House Rules Committee for inclusion in the Wall Street Reform and Consumer Protection Act; but the Committee did not advance these more aggressive amendments to the floor. The concept of a modern-day Glass-Steagall Act has also been endorsed by former Fed Chairman Paul Volcker and former Citigroup CEO John Reed, among many others. "I would compartmentalize the industry for the same reason you compartmentalize ships," Reed explained to a reporter. "If you have a leak, the leak doesn't spread and sink the whole vessel." [35]

The American taxpayers, through their deposits and loans and federal support, should no longer be asked to subsidize the risk-taking of Wall Street traders and goliath institutions that operate more like hedge funds than financial service firms. As taxpayers, consumers, and shareholders, we have paid – and continue to pay - too high a price for this policy.

ENDNOTES

1. Federal Reserve, list of financial holding companies at http://www.federalreserve.gov/generalinfo/fhc/, Definition of FHC at http://www.ffiec.gov/nicpubweb/Content/HELP/Institution%20Type%20Description.htm.
2. FDIC Summary of Deposits at http://www2.fdic.gov/sod/index.asp.
3. Ibid.
4. FDIC Failed Bank List at http://www.fdic.gov/bank/individual/failed/banklist.html.
5. Colin Barr, “Small Banks, Big Problems,” Fortune/CNN Money, December 23, 2009, http://money.cnn.com/2009/12/22/news/economy/banks.fortune/index.htm.
6. Bank of America, Supplemental Information Fourth Quarter 2009, January 20, 2010.
7. Ibid., SEC Form 10-K 2007 and 2008 available at http://edgar.sec.gov/.
8. SEC Form 10-Q available at http://edgar.sec.gov/.
9. Ibid.
10. JPMorgan Chase & Co., Earnings Release Financial Supplement Fourth Quarter 2009, January 15, 2010.
11. Ibid.
12. Ibid.
13. Ibid.
14. Nomi Prins and Krisztina Ugrin, “Bailout Tally Report,” appendix to Prins, It Takes a Pillage (John Wiley & Sons, 2009), available at http://www.sitemason.com/files/esMlDW/bailouttallydec2009.pdf
15. SEC Form 10-K 2007-09, available at http://edgar.sec.gov/, Citigroup, Quarterly Financial Data Supplement, January 19, 2010.
16. Ibid.
17. Ibid.
18. SEC Form 10-Q available at http://edgar.sec.gov/.
19. Ibid.
20. Ibid.
21. Goldman Sachs, Fourth Quarter 2009 Earnings Release, January 21, 2009.
22. Nomi Prins and Krisztina Ugrin, “Bailout Tally Report,” appendix to Prins, It Takes a Pillage (John Wiley & Sons, 2009), available at http://www.sitemason.com/files/esMlDW/bailouttallydec2009.pdf.
23. SEC Form 10-Q, http://edgar.sec.gov/ Goldman Sachs, Fourth Quarter 2009 Earnings Release, January 21, 2009.
24. SEC Form 10-K http://edgar.sec.gov/.
25. SEC Forms 10-Q available at http://edgar.sec.gov/.
26. Mark DeCambre, “New Morgan Boss Stirs Worry in the Ranks,” New York Post, October 12, 2009.
27. SEC Forms 10-Q available at http://edgar.sec.gov/.
28. SEC Forms 10-Q and 10-K available at http://edgar.sec.gov/.
29. Morgan Stanley, Financial Supplement Fourth Quarter 2009, January 20, 2010.

30. Financial Accounting Standards Board, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active," available at http://www.fasb.org/cs/BlobServer?blobcol=urldata&blobtable=MungoBlobs&blobkey=id&blobwhere=1175818747583&blobheader=application%2Fpdf.

31. Binyamin Appelbaum and David Cho, "Fed's approach to regulation left banks exposed to crisis," Washington Post, December 21, 2009, available at http://www.washingtonpost.com/wp-dyn/content/article/2009/12/20/AR2009122002580.html.

32. S. 2886, Banking Integrity Act of 2009, introduced December 16, 2009.

33. H.R. 4377, Return to Prudent Banking Act of 2009, introduced December 16, 2009.

34. H.R. 4375, Glass-Steagall Restoration Act, introduced December16, 2009.

35. Bob Ivry, "Reed Says 'I'm Sorry' for Role in Creating Citigroup," Bloomberg, November 6, 2009.

APPENDIX: BANK MERGERS AND CONSOLIDATION

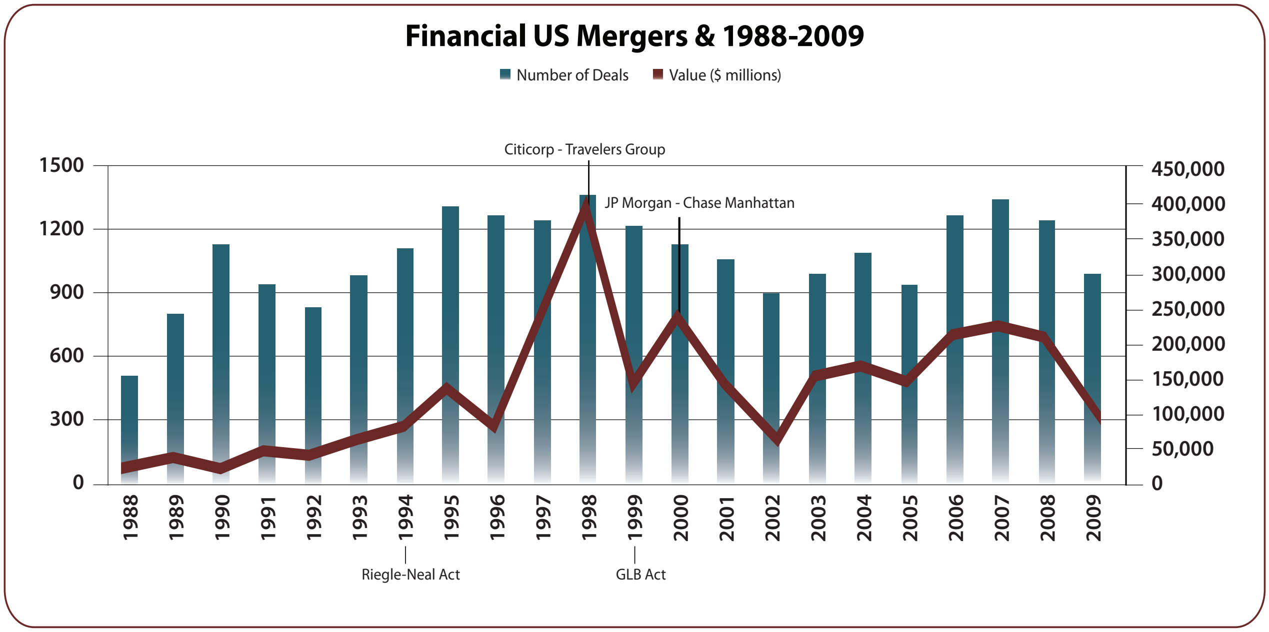
The following tables show the largest mergers that contributed to the creation of the 5 biggest bank holding companies.

DATE	TARGET NAME	ACQUIRER NAME	VALUE ($ MILLIONS)
BANK OF AMERICA			
9/15/2008	Merril Lynch & Co. Inc.	Bank of America Corp.	48,766.2
1/11/2008	Countrywide Financial Corp.	Bank of America Corp.	4,000.0
4/23/2007	ABN AMRO North America Holding	Bank of America Corp.	21,000.0
06/30/2005	MBNA Corp.	Bank of America Corp.	35,810.3
10/27/2003	FleetBoston Financial Corp.	Bank of America Corp.	49,260.6
3/14/1999	Bank Boston Corp., Boston, MA	Fleet Financial Group Inc, MA	15,925.2
4/13/1998	BankAmerica Corp.	Nations Bank Corp., Charlotte, NC	61,633.4
8/29/1997	Barnett Banks, Jacksonville, FL	Nations Bank Corp., Charlotte, NC	14,821.7
8/30/1996	Boatmen's Bancshares Inc.	Bank of America Corp.	9,523.4

CITIGROUP			
7/30/2009	Citigroup Inc.	Preferred Shareholders	28,078.3
7/15/2003	Sear's Credit Card & Financial Products Bus.	Citigroup Inc.	42,200.0
9/06/2003	Associates First Capital Corp.	Citigroup Inc.	30,957.5
4/06/1998	Citicorp	Travelers Group Inc.	72,558.2
10/28/1997	Associates First Capital Corp.	Shareholders	26,624.6
9/24/1997	Salomon Inc.	Travelers Group Inc.	13,579.2

WELLS FARGO			
10/03/2008	Wachovia Corp., Charlotte, NC	Wells Fargo, San Francisco, CA	15,112.0
5/07/2006	Golden West Financial Corp., CA	Wachovia Corp., Charlotte, NC	25,500.9
6/21/2004	SouthTrust Corp., Birmingham, AL	Wachovia Corp., Charlotte, NC	14,155.8
5/20/2003	Pacific Northwest Bancorp	Wells Fargo & Co.	28,108.0
4/16/2001	Wachovia Corp., Winston-Salem, NC	First Union Corp., Charlotte, NC	13,132.2
10/30/2000	Republic Security Financial Corp., PA	Wachovia Corp.	9,911.5
6/08/1998	Wells Fargo, San Francisco, CA	Northwest Corp., Minneapolis, MN	34,352.6
11/18/1997	Core States Financial Corp. PA	First Union Corp., Charlotte, NC	17,122.2
10/18/1995	First Interstate Bancorp.	Wells Fargo & Co.	11,600.0

SOURCE: Thompson Reuters, Top 40 and Top 100 Mergers 1988-2009



SOURCE: Thompson Reuters, Top 40 and Top 100 Mergers 1988-2009.*

* Through November 4, 2009.

RELATED RESOURCES

Reports on Financial Regulation

A Brief History of the Glass-Steagall Act by James Lardner (November 2009)

Six Principles for True Systemic Risk Reform by Nomi Prins Heather C. McGhee (November 2009)

A Primer on Key CFPA Amendments in the Wall Street Reform and Consumer Protection Act by Heather C. McGhee (December 2009)

Financial Regulation: After the Fall by Robert Kuttner (January 2009)

Reforming the Rating Agencies: A Solution that Fits the Problem by James Lardner (December 2009)

Subpriming Our Students: Why We Need a Strong Consumer Financial Protection Agency jointly published with U.S. PIRG (December 2009)

Beyond the Mortgage Meltdown: Addressing the Current Crisis, Avoiding a Future Catastrophe by James Lardner (July 2008)

The New Squeeze: How a Perfect Storm of Bad Mortgages and Credit Card Debt Could Paralyze the Recovery by Jose Garcia (November 2008)

Books

It Takes a Pillage: Behind the Bailouts, Bonuses, and Backroom Deals from Washington to Wall Street by Nomi Prins (John Wiley & Sons, September 2009)

Up to Our Eyeballs: How Shady Lenders and Failed Economic Policies are Drowning Americans in Debt by Jose Garcia, James Lardner, and Cindy Zeldin (March 2008)

Strapped: Why America's 20- and 30-Somethings Can't Get Ahead by Tamara Draut (Doubleday, January 2006)

The Squandering of America: How the Failure of Our Politics Undermines Our Prosperity by Robert Kuttner (Knopf, November 2007)

Inequality Matters: The Growing Economic Divide in America and its Poisonous Consequences (New Press, January 2006)

For further research on this topic and on others, please visit www.demos.org.

CONTACT

Visit **www.demos.org** to sign up for updates, register for events, and to download research reports, analysis and commentary from the Economic Opportunity Program.

Media Inquiries:

Tim Rusch, Communications Director
trusch@demos.org
212.389.1407

DĒMOS | 220 FIFTH AVE., 5TH FLOOR, NEW YORK, NY | 212.633.1405 | WWW.DEMOS.ORG