

Washington Mutual Rewrites Compensation Rules

Posted by Steve Berman on Mar. 6, 2008

The Seattle Times today ran a story about Washington Mutual rewriting its compensation rules to protect the bonuses of senior executives. In short, the company is changing the way it calculates net operating profits, excluding losses from the sub-prime market.

While the company is saying the move is intended to be more equitable in its compensation, more than one skeptic is saying it is a bold-faced move by the top-floor executives to protect their bonus checks.

Count me as one of the skeptics.

Yes, Hagens Berman has filed a number of legal actions on behalf of consumers against Washington Mutual, claiming the company withheld information from its investors regarding the true depth of the hole the company dug itself with sub-prime lending. We also filed another ERISA action on behalf of WaMu employees who saw their retirement plan investment drain away during the melt-down.

I would submit, though, that our work in these cases affords me some insight to the company and its behavior. My reaction: I give them credit for audacity - they think that if you can't win by the rules, just change the rules.

That's little comfort to the thousands of WaMu investors and employees who, when staring at the smoldering embers of their WaMu stock, can't do the same.