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Bailed-out banks gave millions in exec bonuses, NY AG report shows

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NEW YORK -- Citigroup, one of the biggest recipients of government bailout money, gave employees $5.33 billion in bonuses for 2008, New York's attorney general said Thursday in a report detailing the payouts by nine big banks.

The report from Attorney General Andrew Cuomo's office focused on 2008 bonuses paid to the initial nine banks that received loans under the government's Troubled Asset Relief Program last fall. Cuomo has joined other government officials in criticizing the banks for paying out big bonuses while accepting taxpayer money.

Citigroup, which is now one-third owned by the government as a result of the bailout, gave 738 of its employees bonuses of at least $1 million, even after it lost $18.7 billion during the year, Cuomo's office said.

The New York-based bank received $45 billion in government money and guarantees to protect it against hundreds of billions of dollars on potential losses from risky investments.

"There is no clear rhyme or reason to the way banks compensate and reward their employees," Cuomo said in the report, noting banks have not in recent years actually tied pay to performance as they claim when describing their compensation programs. Cuomo added that when banks' performance deteriorated significantly, "they were bailed out by taxpayers and their employees were still paid well."

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Bank of America, which also received $45 billion in TARP money, paid $3.3 billion in bonuses, with 172 employees receiving at least $1 million. Merrill Lynch, which Bank of America acquired during the credit crisis, paid out $3.6 billion.

Bank of America earned $2.56 billion in 2008, while Merrill lost $30.48 billion. Cuomo's office said Merrill Lynch doled out 696 bonuses of at least $1 million for 2008.

Bank of America has been sharply criticized for its acquisition of Merrill Lynch because of mounting losses at the Wall Street bank and the size of bonuses Merrill paid its employees. Of the $45 billion in bailout funds Bank of America received, $20 billion was to support the acquisition of Merrill. Neither Bank of America nor Citigroup have repaid their TARP loans.