Jim Puzzanghera and Nathaniel Popper, Los Angeles Times

The Obama administration's pay czar on Friday came to the same conclusion about fat Wall Street bonuses that average Americans have already reached: There's no logic behind them, except greed.

But he stopped short of demanding a refund of $1.6billion for the most egregious payments handed out to executives by banking firms bailed out by the government during the height of the financial crisis, saying that could invite lawsuits.

Still, the findings sparked outrage from some in Congress, renewed calls for reining in Wall Street compensation and raised the prospect of re-energized efforts to impose hefty taxes on such bonuses.

The report found that bonuses and other payments to highly paid executives at Goldman Sachs Group Inc., Bank of America Corp., Citigroup Inc., Wells Fargo & Co. and 13 other financial firms were "ill-advised," said Kenneth R. Feinberg, the special master for executive compensation under the $700-billion Troubled Asset Relief Program.

The payments — more than $10 million in addition to generous annual salaries for some — came as many of the 17 firms suffered huge losses in late 2008 and early 2009, and were made with no logical criteria, Feinberg said.

President Obama said the "lavish bonuses" highlighted the need for provisions in the recently enacted financial regulatory reform that address executive compensation, such as giving shareholders a nonbinding say-on-pay vote. Those provisions take effect as financial regulators have increased scrutiny on pay incentives that encourage excessive risk-taking.

"There's simply no justification for multimillion-dollar bonuses that are paid out to people who were irresponsible," said Rep. Peter Welch (D-Vt.), who this year proposed legislation levying a tax on bonuses of more than $50,000 at TARP recipients. The money would be used to increase loans for small businesses.

Welch hopes the report will help build support for his legislation. He also circulated a letter to his House colleagues Friday to be sent to six banks that have not repaid their TARP money, asking that they suspend bonuses until they do and refund the money to taxpayers.

Feinberg said that among the reasons the companies gave for handing out huge checks, even as the financial system was crashing around them, were loyalty, competition with other firms and severance payments for "jobs well done."

"These 17 [companies] exercised poor judgment in the opinion of the special master. They shouldn't have made these payments," Feinberg told reporters. "They were ill-advised. They were troublesome."

But Feinberg did not determine that the payments during the limited period of his review were "contrary to the public interest," a standard that would have required him to seek reimbursement. Even in such a case, he said, the law would not allow him to demand repayment.

Feinberg said the two main factors influencing his decision were that 11 of the 17 firms have repaid their bailout money and that no executive compensation rules were in place at the time for TARP recipients to follow. TARP was enacted in October 2008, and compensation rules were added by Congress in February 2009.

Feinberg has asked the boards of those firms to voluntarily adopt a so-called brake provision that would allow such payments to be withheld during another financial crisis. The companies have said they would consider the proposal, with some noting they already have such rules, Feinberg said.

"I believe it is sufficient that we ask that they voluntarily accept this brake provision, that we all move forward with lessons learned, and we put this sad chapter behind us and look forward," Feinberg said as he wrapped up his work on compensation at TARP firms.

Most banks declined to comment on the report, but Citigroup spokeswoman Molly Millerwise Meiners said her firm has made it a priority to improve its compensation practices.

"Since the crisis, we have done a lot of work to make sure it is performance-based, and we look forward to reviewing the special master's recommendations," she said.

Even so, working on Wall Street will continue to be "one of the best-paying industries in America," said Alan Johnson, a compensation consultant at Johnson & Associates.

"Unless the government compels them to reduce pay levels, then pay levels in financial services will be high — and higher than politicians will like," he said.

Feinberg's report covered 419 companies that received TARP money before the stimulus law was enacted Feb. 17, 2009. He decided to review payments to executives earning more than $500,000 a year, which eliminated 240 companies.

Of the rest, 17 stood out for paying $1.6 billion in incentives, such as cash bonuses, retention awards, stock grants and "golden parachute" retirement packages, Feinberg said.

The other firms in that group were American Express Co., American International Group Inc., Boston Private Financial Holdings Inc., Capital One Financial Corp., CIT Group Inc., JPMorgan Chase & Co., M&T Bank Corp., Morgan Stanley, Regions Financial Corp., SunTrust Banks Inc., Bank of New York Mellon Corp., PNC Financial Services Group Inc. and US Bancorp.

Barbara Roper, director of investor protection for the Consumer Federation of America, said Feinberg's report highlighted that Wall Street is out of touch with the real world.

"It takes a remarkable tin ear given the financial situation the country was in, given the fact that some of these institutions were saved from extinction by virtue of a bailout by taxpayers ... that they seemed to view those paydays as something they were automatically entitled to," she said.

Prodded by Feinberg and angry public opinion, many banks have changed their compensation practices.

Most notably, an increasing share of pay comes in company stock that cannot be cashed in for years, so that employees have a stake in the long-term success of the firm rather than just short-term profit. A number of companies also have instituted systems to retrieve — or claw back — pay if an employee's work leads to losses.

Still, large financial institutions have been criticized for a return to lavish paychecks. The point was underscored this week when big Wall Street banks released earnings reports that highlighted high compensation, much of which comes from bonuses.

Morgan Stanley, which had a strong second quarter, put aside $8.3 billion for pay and benefits during the first half of this year, 44% more than during the same period last year. Goldman Sachs put aside $3.8 billion for pay and benefits in the second quarter — equivalent to 43% of total quarterly revenue — in addition to $5.5 billion in the first three months.