By Jim Puzzanghera

Public companies should disclose the names of all employees who are paid more than $5 million a year to prevent the type of huge compensation packages given by Lehman Bros. in the year before the firm collapsed, California Rep. Brad Sherman said Friday.

Sherman (D-Sherman Oaks), a member of the House Financial Services Committee, said he wasn't surprised that there were Lehman employees making large amounts of money. But he was surprised at how many were bringing home huge paychecks.

The top 50 employees at Lehman were awarded nearly $700 million in compensation in 2007, the Los Angeles Times reported on Friday. Of those employees, 42 had compensation of $10 million or more.

"That many people over $10 million is shocking," he said.

The Securities and Exchange Commission should require public companies to disclose to shareholders any compensation packages of more than $5 million a year. Companies now have to disclose the compensation packages of only their top five corporate officers.

In 2006, the SEC failed to act on a proposal that would have required disclosure for three additional employees who are not officers if they make more than any of the top executives.

Entertainment companies lobbied against that plan, arguing it would invade the privacy of big stars, such as news anchor Katie Couric, who aren't involved in management.

"We need to see the disclosure, and if the SEC doesn't do what's necessary for the economy because they're concerned about Katie Couric, we ought to by legislation instruct them to do it," Sherman said.

SEC Chairwoman Mary Schapiro was not immediately available for comment.

Rep. Peter Welch (D-Vt.) said he would like to see the SEC require companies to disclose their 50 highest paid employees.

"The fact that these outsized salaries were concealed means another element of risk was concealed," Welch said. "The issue is about minimizing risk. It's not about prying into private salaries."

Sherman also said the government should force the break-up of any financial firms deemed too big to fail. He and two other lawmakers introduced the "Too Big To Fail, Too Big to Exist Act" this week.

Lehman was not rescued by the government in 2008, and its collapse triggered the worst financial crisis since the Great Depression.

But Sherman said Lehman's executives and many in the industry assumed the company would be bailed out if it was on the verge of bankruptcy, leding the firm to take greater risks and obtain capital at lower prices than it otherwise would.

"If nobody's too big too fail, then creditors look at your balance sheet and look at your practices and they don't extend credit to the noncreditworthy," he said.