

Robert Gnaizda
Panel 4



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August 27, 1998

Alan Greenspan
Chairman
Federal Reserve System
20th Street & C Street, NW
Washington, DC 20551

Alice M. Rivlin
Vice Chairperson - Governor
Roger W. Ferguson, Jr.
Governor
Edward M. Gramlich
Governor
Laurance H. Meyer
Governor
Robert deV. Frierson
Associate Secretary of the Board

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Greenlining Coalition:

ACCION, San Diego
American G.I. Forum
Asian Business Association
Asian Enterprise
Black Business Association
California Coalition of Hispanic Organizations
California Hispanic Chambers of Commerce
California Journal for Filipino Americans
California Rural Legal Assistance
Chicano Federation, San Diego
Chinese for Affirmative Action
Council of Asian American Business Associations
Filipino - American Political Association
First AME Church, Los Angeles
Hermandad Mexicana Nacional
Hmong American Political Association
Japan Pacific Resources Network
Latin Business Association
Latino Issues Forum
Mexican American Grocers Association
Mexican American Political Association
Minority Business Council, Orange County
National Federation of Filipino American Associations
New Bayview Committee
Oakland Citizens Committee for Urban Renewal (OCCUR)
Phoenix Urban League
San Francisco Black Chamber of Commerce
San Francisco Business & Professional Women, Inc.
Southeast Asian Community Center
TELACU
Vietnamese Community of Orange County, Inc.
West Angeles Church of God in Christ
West Coast Black Publishers Association

**WELLS FARGO/NORWEST MERGER:
GREENLINING STRONGLY SUPPORTS CRA COMMITMENT**

Dear Chairman Greenspan, Governors and Associate Secretary Mr. deV. Frierson:

Greenlining Institute has been active in CRA protests since 1981. We have carefully analyzed the new Wells Fargo CRA commitment of August 21, 1998 and have been auditing the 1995 Wells Fargo commitment since 1996.

We strongly support this CRA commitment. Because we have criticized America's largest CRA commitment and urged hearings (NationsBank/BofA), we thought it might be helpful for us to distinguish between the two pledges.

1. Unlike NationsBank's hollow pledge,¹ this is an enforceable pledge. The key community groups involved in developing the pledge will meet with the CEO on a semi-annual basis and will be given all necessary data in advance.

Executive Staff:

John C. Gamboa, Executive Director
Robert L. Gnaizda, Policy Director & General Counsel
Anthony Reese, Associate Director
Haydee Diaz, Academy Director

¹ Greenlining letter to Federal Reserve of July 28, 1998.

\$180 billion for small business lending; \$115 billion for affordable housing; \$30 billion for general consumer lending (general purpose loans, auto loans, home equity loans); and \$25 billion in loans to community development corporations, CDFIs and urban and rural economic development programs.

American Banker editor-in-chief Phil Roosevelt declined to comment. □

Bank Retaliates

NationsBank has not taken criticism of its CRA policy lightly, the Greenlining Institute reveals.

In an August 20 letter to member organizations, Greenlining officials reported NationsBank's retaliation against the *American Banker*, a daily newspaper serving the financial services industry, for a commentary it published on August 4.

Authors John Gamboa, executive director of the Greenlining Institute, and Mary Ann Mitchell, chairwoman of the National Black Business Council, criticized NationsBank's \$350 billion program for its vagueness and urged it to follow the example set by Washington Mutual, Inc.

The Seattle-based thrift's acquisitions of American Savings Bank and Great Western Bank over the past two years have resulted in specific CRA commitments that have won the support of community groups.

Greenlining officials said NationsBank President Kenneth Lewis reacted angrily to the article and ordered all of NationsBank's approximately 250 subscriptions to the *American Banker* to be cancelled. They refer to an August 4 note allegedly written by Lewis in which he essentially ordered the cancellation.

Addressed to the "general bank management team," the note read: "I do not know if all of you read the *Comment* entitled '*NationsBank Could Learn A Lesson from Wamu*' in the *American Banker*. If you did, I am sure you are as offended and angry as I am about an industry newspaper doing such a thing. Given that we are focused on expense savings, couldn't we do without this newspaper?"

"I obviously think the answer is 'yes' and, therefore, I am canceling my subscription," the memo continues. "I think we should cancel all other subscriptions in the General Bank, including the support units. Please let me know if you feel differently. If I don't hear from you, I will assume you have taken the same action that I have."

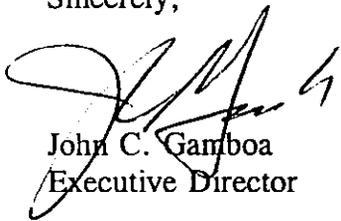
The order was swiftly carried out, Greenlining officials said.

Screidon said he has no knowledge of the letter.

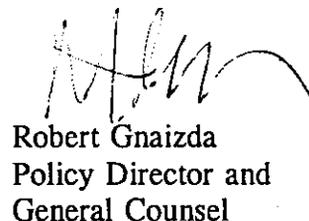
2. Unlike NationsBank, the headquarters of the new bank (including its CEO) will be located in the primary geographical area served.
3. Unlike NationsBank, this pledge is geographically specific.
4. Unlike NationsBank, this pledge had very substantial and widespread community input (240 groups) before being finalized.
5. Unlike NationsBank, this pledge is specific as to assisting the most underserved - for example, specific minority and low-income goals for business and home lending.
6. Unlike NationsBank, the philanthropic investment commitments are oriented toward the underserved ("*toward the barrio, not the ballet*") and represent a substantial percent of pre-tax income.
7. Unlike NationsBank, CRA-related commitments have been made for women/minority owned contracts to small inner-city businesses and for the diversity goals Chairman Greenspan so eloquently supported during his Jan 16, 1998 diversity remarks on Wall Street.
8. Unlike NationsBank, Wells has had a policy of not investing abroad and instead, investing in the inner-city ("*Los Angeles, not Leningrad*"). In contrast, see, for example, BofA's 600 million dollars at-risk in Russia and 3.1 billion dollars at-risk in South Korea.
9. Unlike NationsBank, Wells has had a long history of securing community input and meeting longterm CRA commitments.

Please keep us informed if there is a public meeting and please put us on the list to receive all comments.

Sincerely,



John C. Gamboa
Executive Director



Robert Gnaizda
Policy Director and
General Counsel

cc: Julie Williams, U.S. Comptroller of the Currency
Karen Wegmann, Wells Fargo Bank