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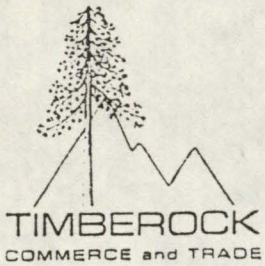

TIMBEROCK
COMMERCE and TRADE

JAMES M. MURRAY
PRESIDENT

My name is James Murray, president, The Timberock Company, La Jolla, California, specializing in community services for business and government, having been retained this year to assist with community directed energy efficiency planning for Pacific Gas & Electric Company, Southern California Gas Company, Southern California Gas Company, Southern California Edison, San Diego Gas & Electric Company, and the National Energy Management Foundation.

I am here today to share with you experience pertaining to community reinvestment with regard to the proposed Wells Fargo/Great American merger. My experience comes from serving as the Economic Development Manager for the San Francisco Chamber of Commerce, Community Development Organizational Advisor for the Mayor's Office of San Francisco, and President of Bay Area Trade Fair, Inc., responsible to the Federal Executive Board of San Francisco, State of California, and the 200 largest corporations in the San Francisco Bay Area. A former Wells Fargo Bank Chairman, Richard Cooley, was a member of our advisory board.

In 1979 as a representative for the San Diego Urban League to the San Diego Housing Coalition, a consortium of San Diego's major community development organizations, I was chosen to serve on a statewide coalition of community development organizations. From this experience I became aware of how well organized and advanced San Diego is in community development. From then to the present I have kept up-to-date on how the City/County Task Force has evolved into an effective organization representing fairly the interests of the community, government, and business.

May I also compliment the Public Services Committee for your astuteness in working toward solutions to the question of the private sector's public interest responsibilities.

In view of your time today and the magnitude of this question I would like to direct my comments toward the question of affordable housing. Federal regulators want to see loans on the books. Documentation of public relations approaches are important, but if the banks do not make sufficient loans they may be precluded from receiving deposits. In other words the banks must make these loans.

How can they make loans in view of the land costs and zoning considerations in most places in San Diego, City and County? There seems to be no solution and no amount of willingness or pressure from the government and communities can change that. Alan Greenspan, Federal economic spokesman has said, "The bottom line to any Federal action will be that there will be no unsafe and unsound loans."

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One approach to the solution of the paradox is through a public/private partnership. It hinges on surplus government property, willingess on the part of government to assist the private sector with zoning and financial incentives and guarantees, and an absolute commitment on the private sector's part to loan money if the land and zoning conditions are favorable. At that point developers will be able to make a profit and they will build all the affordable housing, I might add energy efficient affordable housing, that communities need.

The means to catalyze this solution is American competition. Banks may begin to compete with each other for deals with cities and counties. In return, the government entities can energize their housing authorities, redevelopment agencies, community development agencies, and zoning authorities to produce new services to outcompete other cities which may not be prepared to do as much.

A great deal of work and re-structuring needs to take place within the institutions to achieve a public/private sector partnership. Along this line I have been working for almost three months on a plan for a similar financial institution interested in this approach. To paraphrase and repeat the formula to a solution to this question of affordable housing it will take hard work and selling.

Peace
and
Justice
Commission

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SAN DIEGO CITY COUNCIL PUBLIC SERVICE AND SAFETY COMMITTEE
September 19, 1990

ITEM: Great American/Wells Fargo Merger

My name is Jeanne Ertle and I am here today as Director of the Office for Justice and Peace of the San Diego Catholic Diocese to comment on the planned merger of Great American and Wells Fargo Banks.

Catholic social teaching includes among its values the principles of stewardship which calls us to use the gifts of creation for the benefit of all and raises basic questions of equity, fairness, and justice; participation which suggests that we measure our progress by whether people are able to shape their own destiny and meet their own basic needs by a broader participation in economic, civic, and social life; and a preferential option for the poor which recognizes that the deprivation and powerlessness of the poor wounds the whole community.

The continued presence of Great American Bank branches in our low-income and minority communities, Great American's commitment to finance low-income housing and its involvement with community based nonprofits have given witness to these principles. The loss of this San Diego based financial institution will create a void in these areas.

The Office for Justice and Peace would expect Wells Fargo Bank to fill this void, continuing to operate those branches located in low-income and minority neighborhoods and, as the largest lender in San Diego, to recognize

its responsibility as members of our broader community by developing a specific, targeted lending program for low-income neighborhoods and by working more closely with community based non-profit groups.

In closing I qoute the U.S. bishops who, in their pastoral letter, Economic Justice For All, point out that "In U.S. law, [although] the primary responsibility of managers is to exercise prudent judgement in the interest of a profitable return to investors...morally this legal responsibility may be exercised only within the bounds of justice to employees, customers, suppliers, and the local community." (Paragraph 305)