

BANKING CAMPAIGN OF TERROR

Bruce Marks of Boston pushes the big banks hard and unconventionally in the battle against alleged discrimination in lending.

By ROB WELLS
ASSOCIATED PRESS

It wasn't a typical gathering inside the Federal Reserve Board's room in Washington. But Bruce Marks isn't typical.

Around the Fed's boardroom table, where many of the nation's key financial decisions are made, sat Marks - who calls himself a "banking Terrorist" - and 40 black homeowners.

They were there to demand that the Fed's staff hold hearings on mortgage-lending abuses and prevent Fleet Financial Group Inc., a major banking company caught up in the case, from expanding,

"We want to know if you are going to deal with this issue in a straightforward, legitimate way or not," Marks said. The homeowners began murmuring about a sit-in.

Eventually, the Fed staff agreed to hold another meeting with the group in three weeks. Grinning, Marks - a wiry man with a mischievous demeanor - left the room with the homeowners, jubilant.

The scene illustrated, the growing visibility of Marks, 37, executive director of Union Neighborhood Assistance Corp. of Boston, an arm of Local 26 of the Hotel and Restaurant Workers union.

He's credited for publicizing the abusive lending practices of mortgage companies that target lower-income homeowners in minority neighborhoods with high-interest loans, and the major banks that purchase them.

Inspired by Marks' work, the Senate Banking Committee devoted a hearing to the issue earlier this month.

BANKERS who have been the object of Marks' attacks call him a demagogue who resorts to extortion to get his way.

"I think I would characterize his approach as very confrontational, in an extreme manner, that on balance will yield fewer results than a more tempered approach," said Richard Driscoll, president of the Massachusetts Bankers Association. "I think Bruce sees victims wherever he sees a bank"

Fleet Financial, based in Providence, R.I., threatened to file criminal legal action against Marks in December for making "irresponsible allegations. Marks claims that Fleet, the nation's 14th-largest banking company, faces \$1.2 billion in liabilities and could be rendered insolvent if it lost just one of the five lawsuits it faces in Georgia.

Fleet also has accused Marks of extortion for threatening to launch a national media campaign against the bank if Fleet wouldn't give his group \$20 million for community development.

Direct, confrontational negotiating tactics championed by Marks and his supporters are more commonly associated with radical environmental groups, militant unions and AIDS activists.

Marks said he sees fertile ground blending these organizing techniques with his business experience, which includes an MBA from New York University and a two-year stint reviewing merger applications for the New York Federal Reserve Bank.

"I was very clear that I wanted to do community advocacy, but I wanted to know the enemy," said Marks, who grew up in Scarsdale, an affluent suburb of New York City. "I had an expertise that didn't fit into what community-based organizations were all about."

"There is a tremendous amount of information out there that could not survive the light of day. Our job is to bring those issues to the light of day and to organize around them." Marks' constituencies are the poor and working class, many of whom are minorities, who have had a difficult time obtaining normal bank loans and other services due to discrimination and lack of conventional banking services in their communities.

The Boston hotel workers union decided to push into affordable housing issues in the late 1980s because "we could not improve the membership's standard of living without housing," Marks said. The early meetings were well attended by the rank and file.

"We new we were onto something," Marks said.

He views the experience in Boston and in Georgia, where hundreds of black homeowners claim they've been cheated in second mortgage scams, as models for national organizing for community development. In these cases, he says, finance companies' pressure poor homeowners into taking out high-interest second mortgages on their properties, which frequently lead to default.

Bankers accuse Marks of grossly exaggerating the extent of mortgage lending irregularities. Marks certainly makes some unusual claims.

"This is bigger than BCCI," Marks once said, a reference to the collapse of Bank of Credit and Commerce International, perhaps the most intricate bank fraud in history.

Some observers say they admire Marks' energy and creativity in delving into complex banking issues.

"Bruce Marks is out there in trenches, doing the hard research needed to gain fair access to credit for those who have been left behind by major lending institutions," said Rep. Joe Kennedy, D-MASS.

Deepak Bhargava, legislative director for Association of Community Groups for Reform Now Acorn, described Marks' research "extremely first-rate, innovative."

"He's really tapped into something that obviously is a really widespread problem out there, and no one has put together the pieces on it" Bhargava said. "What he has done is really impressive."

MARKS' CAMPAIGN so far has had limited tangible results on Wall Street, where Fleet is considered a top-notch banking company with some of the best management in the business. Investors earlier this month snapped up \$350 million in a new offering of common stock.

Marks isn't particularly concerned about whether he's liked on Wall

Street and says some analysts might come around to his view, particularly if regulators begin denying merger applications on community lending grounds.

As part of that challenge improve housing for the poor, he and his group also are designing affordable mortgage loans in conjunction with local banks as part of a broad advocacy for the poor and working class in the financial markets.

"There's never been the sophisticated counterpoint that represent the community," he said.