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Banking on Publicity, Mr. Marks Got Fleet to Lend Billions

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Self-Styled 'Urban Terrorist' Won Battle on Redlining But Needs a New T-Shirt

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BOSTON- When Fleet Financial Group Inc.'s troubles over community-lending issues were beginning, the Federal Reserve Bank of Boston arranged a meeting between top Fleet officials and Bruce Marks, the bank's toughest critic. Although the Fed may have wanted to calm the waters, Mr. Marks wasn't interested. This was his ultimatum at the June 1991 meeting: If Fleet would fund his organization, the Union



Bruce Marks

Neighborhood Assistance Corp., with \$20 million, Mr. Marks would go away. Otherwise he would keep up his campaign of bashing Fleet in the national media, opposing the bank's plans with regulators, and staging demonstrations wherever its top executives appeared in public.

"Up until now you have dealt with community activists," Mr. Marks said, according to minutes of the meeting. "We are urban terrorists."

Fleet rejected the ultimatum. Maybe it should have paid up. Yesterday it agreed to fund Mr. Marks's group not with \$20 million, but with \$140 million as part of an \$8 billion loan pool aimed at inner-city, low-income and small business borrowers

Mr. Marks appeared with his adversary, Fleet Chairman Terrence Murray, and a dozen senators and representatives in the glare of television lights in the U.S. Capitol. In a typical theatrical gesture, Mr. Marks produced a giant papier-mâché hatchet and dropped it into a coffin, signifying an end to his extraordinary four-year campaign against Fleet.

Mr. Marks is one of a new breed of community activists who are expertly using federal community-reinvestment and fair-lending laws to hold banks' feet to the fire on their obligations to the poor. But Mr. Marks's bare-knuckle tactics have sometimes seemed to Fleet officials to be motivated more by self-promotion and

the advance of his small organization than by altruism.

Yesterday, Mr. Marks shook hands with Mr. Murray, and lauded him for his "bold and innovative" inner-city lending program. The last time Mr. Marks was in the Capitol, he wore a T-shirt with the word "Wanted" above a picture of Mr. Murray, and below, "Loanshark." He had come to Washington with some 400 members of the Hotel Workers' Union to crash a Senate Banking Committee hearing, filling the hearing room and singing gospel songs before the meeting began.

Surprise Visits

That was just one of a string of outrageous stunts Mr. Marks staged to embarrass Fleet. Always flanked by militant union members, he has turned up at analysts' meetings, picketed press conferences and disrupted speeches. Two years ago, trying to head him off from speaking at the bank's annual meeting, Fleet attorneys scheduled a deposition of Mr. Marks at the same time as the meeting. Asked about the tactic, a Fleet spokesman said that "we just figured anyone with an ego that big could easily show up in two places at once." Marks ignored the deposition and tried to go to the meeting anyway, but was barred by Fleet security.

Fleet's new lending initiative marks victory in a four-year crusade for the slight, 38-year-old Mr. Marks, who grew up in comfortable Scarsdale, N.Y., and Greenwich, Conn.

Armed with the idealism of the 1970s and a master's in business administration from New York University, he went to work at the New York Federal Reserve, where his job included evaluating bank applications for mergers and acquisitions. But he was criticized by superiors for recommending that some proposals be turned down on grounds that the banks hadn't complied with federal Community Reinvestment Act rules. "I wasn't seen as a team player," says Mr. Marks.

He left that job convinced that banks weren't living up to their obligations to lend in the inner city. Mr. Marks soon himself in Boston's gritty South End, trying to convince Domenico Bozzotto, tough-talking president of the Hotel Worker's Union Local 26, that the union should help its mostly low-paid, immigrant membership buy their homes.

"I threw him out of my office," Mr. Bozzotto says. "He was a yuppie in a suit. He looked like the young M.B.A.s who sit on the wrong side of the contract-bargaining table - someone

who wanted to get a little taste of urban community service to round out his resume." Mr. Marks wouldn't go away.

He plunged into union work, pressing Mr. Bozzotto to stress housing in contract negotiations. In 1988, the union won a landmark contract with Boston's booming hotel industry that created the Union Neighborhood Assistance Corp., a non-profit affiliate that disbursed small, no-interest loans to members to help them make down payments on homes.

Mr. Marks next turned his attention to redlining by banks in Boston's Roxbury, Dorchester and South End neighborhoods. He found that while major banks had little presence in those areas, they quietly backed small second-mortgage companies that lent money at sky-high rates. While Fleet wasn't the worst offender, Mr. Marks attacked the Providence, R.I. bank because it was about to buy the failed Bank of New England, putting it in the headlines and under regulatory scrutiny.

Mr. Marks found victims of second-mortgage companies and steered them to newspaper and television reporters. They ran heart-rending stories about people who had lost their homes because the banks backed unscrupulous second-mortgage lenders with usurious rates.

Mr. Marks turned his attention to Georgia, where Fleet's consumer-finance subsidiary in Atlanta was deeply involved in second mortgage lending. In the face of charges by the Georgia attorney general of unfair lending, the subsidiary recently agreed to about \$105 million of concessions, including interest-rate reductions and new loans. A Georgia class-action suit with 14,000 plaintiffs alleging predatory lending is scheduled for trial later this month. Last June, Fleet won a related case in Georgia's Supreme Court. But the court blasted Fleet anyway, saying its loan practices "are widely viewed as exorbitant, unethical and perhaps even immoral."

Fleet took the extraordinary step of attacking Mr. Marks in its 1992 annual report. "Activists in Boston, looking to advance their own narrow agenda, made accusations about our lending practices," the report said, adding that one activist had persuaded the CBS News show "60 Minutes" to run a critical story.

Fleet says that in the face of all the criticism, it reviewed all of its lending practices and "to avoid even the perception of wrongdoing" halted the

purchase of such loans from third parties.

For Fleet's Mr. Murray, the last straw may have been when Mr. Marks's shock troops showed up, uninvited, at a Boston business-club breakfast last October where Mr. Murray was speaking. Union members sat at every table and noisily stood up to pass out protest flyers.

Exasperated, Mr. Murray agreed to a meeting. Three days later, Messrs. Marks and Murray met for the first time for a three-hour talk. "I came away feeling he took our issues seriously," Mr. Marks says. By mid-December, Mr. Marks's group had drafted a written agreement. Fleet "could have gone for a media moment, a quick-fix for the television cameras. Instead, what they've put together is a shining example for the entire industry," Mr. Marks says.

The agreement announced yesterday includes \$7.2 billion to be lent to new low- and moderate-income homeowners under existing federal programs. It also includes \$800 million in new programs aimed at inner-city borrowers, including the \$140 million to be handled by Mr. Marks's organization, which will hire 12 new staffers and begin finding loan applicants for Fleet in Massachusetts, New York, New Jersey, Rhode Island and Washington, D.C.

One Fleet insider says some people in the bank thought it should have made peace with Mr. Marks earlier, but were repulsed by his tactics. "Fleet did nothing that wasn't common practice in the consumer-finance business," he says. "But we took the heat." By the time a deal was struck, the damage had been done to Fleet's reputation and the bank agreed to lend Mr. Marks's group seven times what he sought in 1991.

"There's no way this would have happened without Bruce Marks," says Mr. Bozzotto, the union chief. "You can't get someone's attention unless you're in their face. This was a David-and-Goliath situation, and David won this one."

-*Angelu Shah in Washington contributed to this article.*