Community Groups Face Off With Riggs Bank

In a spirited November 12th meeting, attended by over 100 people, the D.C. Bank Campaign (DCBC) and a dozen community groups confronted Riggs officials in public debate for the first time. The occasion was a hearing about Riggs' compliance with the Community Reinvestment Act (CRA) before the Comptroller of the Currency, a federal agency that regulates Washington's commercial banks.

Under the CRA, banks must demonstrate a concrete commitment to meet the credit needs of their entire "service area," including low and moderate income neighborhoods. At the hearing witness after witness, from local tenants groups, Black business associations and other community organizations, documented Riggs' refusal to meet the credit needs of DC's Black and lower income areas.

In the face of Riggs' condescending posture, there was spirit and forcefulness in the testimony of the community representatives. Many denounced the bank's international as well as its local lending policies, and affirmed DCBC's basic demands for a cessation to South Africa and Chile, and for the formation of an affirmative local lending program.

DCBC spokesperson Christine Root presented the main body of statistical information, followed by a stream of testimony from community witnesses, who challenged Riggs' plan to open two new branches and called upon the Comptroller to deny Riggs' branch applications until the bank improves its record.

Tenants Cite Riggs' Insensitivity

Detailing Riggs' discriminatory mortgage lending record were four people representing City-Wide Housing Coalition, Washington Inner-City Self Help (WISH), the Poor Peoples Foundation, and Metropolitan Washington Planning and Housing Association (MWPHA).

Ursula Poetzschke, of City-Wide, described how tenants were refused home mortgage and improvement loans by Riggs and other banks. "It is clear," she stated, "that a new branch on Capitol Hill and in the Northwest would not serve the low-income people of the District of Columbia."

WISH spokesperson Theresa Cusick testified about a meeting between a Riggs official and Columbia Heights residents who sought financing in order to live in two neighborhood buildings being renovated. The Riggs' representative ridiculed their request and attempted to dismiss it. Finally, he agreed to discuss the loan with other Riggs officials, but the residents never got an answer.

Cornbread Givens, of the Poor Peoples Foundation, demanded that Riggs and other banks act to assist D.C. residents from being displaced. "This condo-conversion has taken place without any regard for modest-income and low-income people who are mainly Black. Low-income tenants need a fair shot at holding onto their homes, and I think the spirit of the CRA is being violated."

Riggs Stonewalls on Demands

At the conclusion of the Comptroller's hearing Riggs stated its willingness to work with the community. But the Bank's subsequent approach to "improving" food stamp services and its meeting with the D.C. Bank Campaign (DCBC) give those words a hollow ring.

November 13—the day after the hearing—a Riggs Vice President hurried down to D.C.'s Department of Human Services (DHS) to say that the bank wanted to expand its pitiful participation in the food stamp program. The V.P. then wrote to the D.C. Food Stamp Coalition—requesting that it send in suggestions to DHS about how Riggs can be more involved.

All of this is supposed to show that Riggs really does care. But as a DHS representative later told the Food Stamp Coalition's John Swinglish, it is—and always has been—a simple matter for Riggs and other banks to do better; just agree to handle more food stamps!
Representatives of the Black business community also testified about Riggs' insensitivity to their needs. Ed Matthews of the 14th Street Corridor Business Association stated, "Historically, the 14th Street businessmen have known Riggs over the years as a bank that has rarely if ever met their legitimate business needs."

Matthews described how small businesses are denied short-term loans needed to maintain adequate working capital and to facilitate cash flow. He also criticized Riggs for refusing to cash social security checks for the elderly and failing to provide other basic services. Instead, hard pressed small businesses must try to meet those needs.

Walter Howard of the Anacostia Merchants Association agreed with Matthews, charging that Riggs has made no loans to small businesses in his area. "The banking community is practicing business genocide in this city . . . " declared Howard.

John Swinglish of the D.C. Food Stamp Coalition and Thelma Rutherford of the Gray Panthers also testified, revealing Riggs' poor record of participation in the food stamp program and failure to consider the special banking needs of the elderly. Riggs had the worst record in the city for redeeming food stamp cards.

When the Gray Panthers approached Riggs about free checking for elderly on fixed incomes, Riggs flatly refused to discuss it. Rutherford also testified that during her ten years on the city's food stamp advisory committee, that group constantly fought with Riggs about its record.

The Bank Campaign also reiterated its international demands, pointing out the political nature of Riggs' overseas loans and calling on the bank to end support to South Africa and other areas of the world. We hear community persons complain of the Riggs Bank not allocating loans, not cashing checks, and displaying non-caring attitudes. How can the Riggs Bank soundly reinvest a portion of deposits into a community it does not understand or wish to serve?

Archie Williams
Change, Inc.

We don't need a Riggs public relations man. What we need is dollars in the form of loans, or at least a working relationship with the financial institutions of this city.

Walter Howard
Anacostia Merchants Association

I do not understand why Riggs can lend money to foreign dictatorships like that of Mr. Somoza [in Nicaragua] and South Africa—which are not stable situations at all—but not to me.

Edward Matthews
14th Street Corridor Business Association

"Riggs has branches both in Anacostia and on 14th Street. Yet, they found only seven families to grant mortgage loans to in these neighborhoods last year. It is hard to believe that Riggs has made a serious effort to promote their credit facilities in these neighborhoods," charged Root, as supporters in the audience waved placards criticizing the bank's local and international lending record.

Archie Williams of Change, Inc. summed up the situation. "If Riggs doesn't seek to understand our needs, then the branches should be denied."

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Riggs on the Defensive

On the bank's part, Riggs president Daniel Callahan claimed that "nothing in the history or development of Riggs' branches over the past 58 years suggests that Riggs has failed to serve any segment of the community." However, Riggs officials

DCBC Documents Discrimination

The DCBC's presentation focused on Riggs' discriminatory housing credit policies. "People in the District of Columbia are suffering from a severe housing crisis," stated Christine Root. "Banks are redlining some predominantly Black areas of the city so that potential homeowners there can't get mortgage loans. And in the last five years, more and more Black and low-income residents are being displaced, as their neighborhoods become renovated, 'gentrified,' and increasingly white."

Outlining Riggs' role, Root cited statistics comparing the number of mortgage loans made by Riggs to white neighborhoods as contrasted to Black ones. In 1979 Riggs made 143 mortgage loans, out of 1058 house sales, in Ward 3, the affluent white area west of Rock Creek Park, while it granted only four mortgage loans out of 966 sales to buyers in Wards 7 and 8, which comprise the 95% black Anacostia area. Only three loans went to the 14th Street corridor area, where 1,190 houses were sold.

Other banks have already been feeling the heat from the DCBC challenge to the proposed Riggs branches. The very night of the hearing a meeting was set up between the Fort Lincoln Civic Association and representatives of the First American Bank.

The results: a commitment from the bank to distribute food stamps, offer free check cashing to all senior citizens with proper I.D., provide free checking with no minimum balance to the elderly and work to develop a training program for minority youth. The bank also made a no redlining pledge.

Says DCBC's Bob King—Chair of the Civic Association's Membership Committee—"First American and the other banks have to do a great deal more—but at least it's a start."
I have two friends in Soweto, South Africa who are now in jail simply because they were found on the street without their passbooks [identification documents all Blacks must carry]. This is the kind of condition Riggs is helping to support when they send money to South Africa.

Thelma Rutherford
Gray Panthers

What are you going to do for the needs of the inner city people? We suggest emphatically that a fund be set up by this bank and others where inner city people can go and get the same lending benefits as developers to hang on to their homes and to covert to co-operatives.

Cornbread Givens
Poor People’s Development Foundation

The South African government admitted to 80 American bankers in New York last month that it doesn’t even need foreign loans, because of the high price of gold. What it wants is a political imprimatur, and Riggs is giving it just that.

Christine Root
D.C. Bank Campaign

presented little information to substantiate that claim, and for the most part, failed to address the issue at hand.

Ignoring the central theme of the CRA, which is availability of credit to low-income areas, Riggs emphasized public relations activities such as speakers programs, ad campaigns, a community relations van (where a “Riggs clown” hands out balloons), and participation in groups like the Boy Scouts.

The only major evidence presented by bank spokesmen was a claim that the bank committed $140 million in construction loans for low-to-moderate income multi-family dwellings. $78 million of this amount went to one housing project in Alexandria, known as Shirley Duke.

In cross examination, the agitated Riggs president grudgingly admitted that in actuality Riggs furnished only $8 million of those funds, the remainder coming from the Virginia Housing Authority. Under further questioning, Callahan was forced to acknowledge that only 20% of the project’s units were low income and those units would revert to market rates after five years.

Significant Cooperative Effort

The hearing was an unqualified success for the DCBC and its community supporters—reflecting high levels of organization and unity.

Although Riggs officials attempted to portray the challenge as a “witchhunt” and to intimidate witnesses with a high-priced lawyer, they were obviously unprepared for the quantity and quality of information presented against them.

Recognizing the serious, well-researched nature of our charges, the Comptroller’s panel asked Daniel Callahan to verify whether Riggs had in fact discriminated in its mortgage lending. A flustered Callahan responded, “It is true. But I’m not here to stand up and say that we made more loans than we did in one particular area . . .”

It is now up to the Comptroller of the Currency to decide whether to grant or deny Riggs’ two pending branch applications. Whether the branches are approved or denied, the DCBC will continue to put pressure directly on Riggs National Bank, and other D.C. banks, to meet the needs of the community.

The D.C. Bank Campaign was launched on the anniversary of the South African Soweto uprising in June 1979. A coalition of community groups and individuals in the Washington area, its goal is to stop District banks from financing repression abroad—as in Chile and South Africa—and profiting from the housing crisis and other problems here in Washington. We demand banking practices responsive to the needs of the community.

The DCBC’s main target has been the Riggs National Bank—the city’s largest. We have picketed branches, challenged expansion plans, thoroughly documented the dismal Riggs record, worked to extract a commitment to expand lending to minority and low-income neighborhoods and provided community education about the crises to which Riggs is contributing.

We have also called for a withdrawal campaign. We know of more than two dozen community groups and numerous individuals—with total deposits of over $550 thousand—who have pulled their money out of Riggs.

We have made a good start. There is much to be done.

Join us.

D.C. Bank Campaign
110 Maryland Avenue, N.E.
Washington, D.C. 20002
(202) 546-7961

The National Campaign to Oppose Bank Loans to South Africa is presently recruiting a coordinator to be based in Washington. Responsibilities include research, information sharing, and support services on pertinent activities related to South Africa for local bank campaigns in U.S. cities; fund-raising, public speaking, some travel possible. Send resume to Washington Office on Africa, attention National Bank Campaign, 110 Maryland Avenue, N.E., Washington, D.C. 20002 by February 16.
Riggs Agrees to Meet with DCBC

This same attitude carried over into the pre-Christmas negotiating session between Riggs President Daniel Callahan and key aides and representatives of the DCBC.

A year ago, Riggs flatly refused to meet with the DCBC. This time the bank chose a different tactic—meet, but stonewall. DCBC activists reiterated the series of demands for responsible banking put to the bank in a December 11 letter (see box).

Callahan essentially took the position that Riggs is adequately serving the community and that it is the community's own fault that it is not familiar with Riggs' services.

Expressing mild interest in the idea of a compensatory loan fund—promising to "think" about it, Callahan offered nothing but excuses on even such simple but important items as check-cashing rights for senior citizens without Riggs accounts.

Lending Hypocrisy

The contemptuous attitude towards the community was equalled by Callahan's hypocrisy concerning his bank's international lending policies.

Refusing to bar future loans to South Africa, Callahan claimed that politics never enter into loan-making decisions—and that he didn't want to jeopardize the bank's good relations with the South African embassy—an important customer.

He had further comment about another Riggs customer—the brutal Pinochet military dictatorship in Chile. Calling it preferable to the "communist" government of Salvador Allende—Callahan remained unmoved when reminded that Allende had been democratically elected and that Riggs' loans were used to buy weapons to fight against popular insurgency.

As further evidence of Riggs' "apolitical" posture, a Riggs V.P. tried to explain Callahan's position to DCBC's Ted Lockwood after the meeting was over.

If you were a white South African, the V.P. implored, you wouldn't just turn the country over to the Blacks after 300 years.

Summing up the meeting as "a waste of time," DCBC spokesperson Lockwood pointed out that Riggs' arrogance and refusal to deal seriously with the demands "will only serve to fuel the fires of community outrage against Riggs." "They have not heard the last about these demands," added Lockwood. "You can bank on it."

What Riggs Must Do

- Establish a $300 million compensatory loan fund, community administered, to help meet the credit needs of low and moderate income people in the city.
- Begin a satisfactory affirmative action employment program.
- Disclose all loans, foreign and domestic.
- Terminate all loans to Chile and South Africa.
- Provide low interest loans for housing cooperatives and other programs to support low income housing ownership.
- Offer better services for food stamp recipients and senior citizens.
- Improve services and availability of credit for small and minority-owned businesses.

How You Can Support the Bank Campaign

The public hearing against Riggs National Bank has had a big impact on the D.C. Bank Campaign. Many of the dozen community groups that participated in the Riggs challenge have considerably upped their participation in our work, providing the basis for a more broad-based effort. The DCBC is starting out the new year stronger than ever, and there are a lot of ways that you can help.

I want to join in the fight for responsible banking in the District. Here is how I can help:

- [ ] I want to join the DCBC. I am interested in the following committee:
  - [ ] Community education and Outreach
  - [ ] Research
  - [ ] Media Work

- [ ] I would like to have a representative of the DCBC speak to my community organization, union, or friends.

- [ ] I can help with picketing or leafleting.

- [ ] I will withdraw my account from Riggs. The amount I am withdrawing is ____________________________ (This figure is for our cumulative total; the amount of your individual account is confidential.)

- [ ] I can distribute DCBC literature in my store or to my organization. Please send me ______ copies of this newsletter and/or ______ copies of the DCBC pamphlet.

- [ ] Here is my financial contribution to the DCBC.

Please clip and return to:
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