



OFFICE OF ILLINOIS STATE TREASURER

MICHAEL W. FRERICHS

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CONTACT:

Paris Ervin 217.524.5749

Greg Rivara 312.814.1901

Treasurer Michael Frerichs Suspends Two Banks For Not Reinvesting in Low- Moderate-Income Communities

Request \$95K Return to State from Chicago Bank

CHICAGO – Illinois Treasurer Michael Frerichs today cut off investments to two Illinois banks for failing to meet Community Reinvestment Act (CRA) requirements.

The CRA encourages banks and lending institutions to meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound operations.

“We want to ensure the banks and financial institutions doing business with the state are reinvesting in the communities they serve,” Frerichs said. “Our office provides tools to help people make sound investments in banks and financial institutions. In return, we expect the money to be used to help neighborhood workers and employers, most often through loans.”

A compliance demand was issued to Pulaski Savings Bank located in the 3000 block of South Morgan in Chicago. Latest records show the bank received a “needs improvement” CRA rating. Frerichs demanded the Access to Capital deposit of \$95,000 be returned. Pulaski Savings Bank has complied with the demand and issued a check for the full amount.

A compliance demand also was issued to a downtown Chicago bank. Latest records show it also received a “needs improvement” CRA rating. The bank is not being identified because it currently does not hold Illinois Treasury funds.

Neither institution can participate in Illinois Treasury depository programs until they come into CRA compliance.

“Banking and financial institutions play an active role in the economic well-being of our state and need to be held accountable,” Frerichs added. “The Treasurer’s Office wants to encourage an open and effective banking system that grows local communities and boosts Illinois’ economy.”

Frerichs noted that the vast majority of banks in Illinois are good community partners. These leaders assist their community by offering employment as well as financial guidance and access to capital. The temporary inability by a lending institution to meet CRA guidelines should not taint the entire banking community.

(MORE)

By law, the Treasurer's Office is authorized to consider a financial institution's record and current level of financial commitment to its local community when deciding whether to deposit State funds in that financial institution. CRA ratings of "satisfactory" or "outstanding" are deemed sufficient to allow the deposit of state funds.

The Community Reinvestment Act was enacted by the U.S. Congress in 1977. For more information, visit <http://www.illinoistreasurer.gov/finances/cra.aspx>.

About the Illinois Treasurer

The Illinois Treasurer is the state's Chief Investment Officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secured retirement. As the state's Chief Investment Officer, he actively manages approximately \$25 billion. Currently, the portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of principal and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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