



PRESS RELEASE

Federal Deposit Insurance Corporation

FOR IMMEDIATE RELEASE
May 19, 2000

Media Contact:
David Barr (202) 898-6992

FDIC INVESTIGATES "MONEY CHAIN" FUNDING PREDATORY LENDERS, SEEKS SOLUTIONS TO CURB ABUSIVE PRACTICES, IN BOSTON

Where: The Thomas P. O'Neill, Jr. Federal Office Building at 10 Causeway Street
When: Tuesday, May 23, 2000, from 9:00 a.m. to 12:30 p.m.

How do predatory lenders fund their operations? Are federally insured depository institutions involved? If so, what steps can and should be taken by responsible lenders, state and local governments, and federal regulators to protect consumers from abusive lending practices?

The Federal Deposit Insurance Corporation (FDIC) is continuing its investigation to find answers to these questions. In Boston on May 23, 2000, the FDIC will call on representatives from financial institutions and trade associations, government-sponsored entities, state and local governments, and consumer and community groups to trace the "money chain" through which predatory lenders fund their operations. The agency will also explore ways to help insured institutions avoid funding or otherwise supporting predatory practices.

FDIC Chairman Donna Tanoue will open the forum by presenting Boston Mayor Thomas Menino with an award honoring the city's "Don't Borrow Trouble" public awareness campaign. The City of Boston, with support from many responsible bankers throughout the state of Massachusetts, including the Massachusetts Bankers Association, has been at the forefront of fighting predatory lending. The "Don't Borrow Trouble" campaign alerts consumers to the unscrupulous practices of certain lenders that can strip housing equity from unsuspecting borrowers.

"Predatory lending is intended to achieve abnormally high returns by taking advantage of consumers," Chairman Tanoue said. "Predatory lenders thrive on taking advantage of people who have little choice - no alternative. Predatory lending practices should not be tolerated by any of us."



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-35-2000

Massachusetts Commissioner of Banks Thomas Curry will be among the officials participating in the meeting, as will representatives of the office of the State Attorney General. Nicholas Retsinas, Director of the Joint Center for Housing Studies at Harvard University, will deliver the keynote address.

The meeting will be open to the public. Seating is limited to the first 150 registrants other than media. To register by telephone, call David Wright at (202) 898-3965. On-site registration will begin at 8:30 a.m.