

Telegram

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HON CARL ALBERT (D)

HOUSE OFFICE BLDG WASHDC

WE MOST STRONGLY OBJECT TO THE PROPOSED ISSUE OF 15 YEAR VARIABLE INTEREST NOTES BY CITICORP, A 45.8 BILLION DOLLAR BANK HOLDING COMPANY WHOSE PRINCIPAL ASSET IS FIRST NATIONAL CITY BANK (CITIBANK) HAVING MORE THAN 230 BRANCHES IN NEW YORK CITY AND ADJOINING COUNTIES. WITH ITS AFFILIATES, IT HAS APPROXIMATELY 1100 OFFICES IN SOME 95 COUNTRIES.

UNLESS STOPPED, THIS OFFERING WILL POSE A GRAVE THREAT TO THE STABILITY AND VIABILITY OF THE DOMESTIC HOUSING MARKET AND THE SAVINGS INDUSTRY. DURING APRIL AND MAY ALONE, OUR INDUSTRY SUFFERED A DEPOSIT OUTFLOW EXCEEDING \$800 MILION DOLLARS. AS A RESULT MORTGAGE COMMITMENTS BY THRIFT INSTITUTIONS, THE PRINCIPAL SOURCE OF MORTGAGE FUNDS, HAS COME TO AN ALMOST COMPLETE HALT. THE INTRODUCTION OF THESE NOTES WOULD SUBSTANTIALLY AGGRAVATE DEPOSIT OUTFLOWS AND THUS PRODUCE IRREPARABLE DAMAGE TO THE HOUSING MARKET.

WE SUPPORT OUR NATIONAL ASSOCIATION OF MUTUAL SAVINGS BANKS IN THE BELIEF THAT THE PROPOSED ISSUE BY CITICORP IS A DANGEROUS THREAT TO THE THRIFT INDUSTRY AND AN ATTEMPT TO AVOID INTEREST RATE CONTROLS. MOREOVER, BECAUSE OF THE NARROW DEFINITION OF "DEPOSITS" ADOPTED BY THE BOARD OF GOVERNORS IN REG. SECTION 204.1(F), THIS PROPOSED ISSUE ALSO ACTS COUNTER TO MONETARY POLICY BY POTENTIALLY ALLOWING SUBSTANTIAL AMOUNTS OF MONEY TO ESCAPE RESERVE REQUIREMENTS AGAINST DEPOSITS SET FORTH IN REG. 204.1.

WE URGE YOU TO CONTACT THE FEDERAL RESERVE TO UTILIZE ITS AUTHORITY UNDER 12 U.S.C. 461(A) TO CHARACTERIZE THESE "NOTES" AS DEPOSITS AND TO PLACE THEM UNDER INTEREST RATE CEILINGS AND REQUIRED RESERVES.

DONALD L. THOMAS PRESIDENT ANCHOR SAVINGS BANK
5323 FIFTH AVENUE BROOKLYN NEW YORK 11220.