

THE WHITE HOUSE

WASHINGTON

March 16, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

RE: FINANCIAL SERVICES MODERNIZATION

Attached please find a memorandum from Treasury Secretary Rubin summarizing Treasury's views on the House Republican leadership's draft of H.R. 10. Chief of Staff Bowles asked Secretary Rubin to prepare this summary for your review.

The NEC working group that met last week to discuss H.R. 10, including Treasury, OCC, OTS, OMB, and White House Legislative Affairs, recommended the same position: the Administration should not allow this bill to pass the House without raising significant concerns. We believe that it is especially important to stress the negative impact of the Republican draft bill on consumers and communities -- in particular, how it would reduce the effectiveness of the Community Reinvestment Act, whose protection has been a signature effort of your Administration.

Treasury has drafted a letter from Secretary Rubin to Speaker Gingrich describing "profound deficiencies" in the bill, but expressing willingness to work with him and Democratic leadership to produce a bill that would achieve real reform. With your approval, this letter will be sent today, after appropriate calls are made to key Republican and Democratic members.

_____ AGREE

_____ DISAGREE

_____ DISCUSS