

THE WHITE HOUSE  
WASHINGTON

September 23, 1994

MEMORANDUM FOR FRANK NEWMAN  
PAUL WEINSTEIN

FROM: PAUL DIMOND

SUBJECT: CDFI AND CAMPAIGN TO INVEST IN REBUILDING  
AMERICA

CC: GENE SPERLING, ELLEN SEIDMAN, SHERYLL CASHIN  
BRUCE REED

Congratulations, again! But, enough back-patting, already.....We need to get back to work:

- to catalyze a larger, complementary private fund (or funds) from the unregulated financial institutions
- to catalyze a national campaign to invest in local CDFIs that are safe, sound, effective and for regulated and unregulated financial institutions to use CDFIs as intermediaries and partners to find good credit and investment opportunities.
- to make the CDFI Fund (and the related National Economic Partnership Act and similar HUD programs) work -- not only to expand existing and to start new CDBanks and CDCUs, but also to challenge the larger numbers of CDCs and Revolving Loan Funds to become more entrepreneurial, to establish profit-making bank holding subsidiaries or allies, and to become better bridges to the larger resources in the regulated and unregulated financial institutions

We ought to begin preliminary thinking and work now -- among ourselves and with a few key players in the CDFI, banking, and various financial services industries. I believe this is a way to build on the President's compelling private sector message today in a way that will resonate throughout the country.

If properly understood the substance and message of the new CRA proposal offers a complementary theme and platform for moving forward in this way. The timing and orchestration of this are crucial in order that we gain the high ground of engaging the private sector with good credit, character loan and investment opportunities, rather than coercing bad investments for naive social or invidious racial purposes.

Will you two take charge of moving this forward? I'll be glad to play my usual cheerleading role!