



South Shore Chamber of Commerce

The Chamber and you...

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Murphy, Hesse, Toomey &
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July 21, 2003

The Honorable Andrew Card
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

National Economic Council

Dear Mr. Secretary:

I am writing on behalf of Ron Zooleck and Arthur Connelly, President of the South Shore Savings Bank, regarding a proposed federal regulation affecting the Federal Home Loan Bank. The regulation would mandate the FHLB and its twelve regional banks to give full disclosure statements to the Securities and Exchange Commission. Currently, the FHLB and its subsidiaries report full disclosure statements to the government entity that oversees them, the Federal Housing Finance Board. The SEC disclosure would be added to the current reporting system.

The FHLB is the largest issuer of debt in the world. Any perceived misstep by the SEC regarding the FHLB's statements could result in a shutting down of the entire system and create havoc for the national economy. There are 8,000 banks nationwide who are members of the FHLB, with 244 in Massachusetts (including the Holbrook Co-op). The FHLB folks have no problem adhering to the strictest reporting standards, and in the wake of Enron, they welcome those standards. Further reasons for not reporting to the SEC include the fact that FHLB stockholders cannot publicly trade their stocks, unlike shareholders of Fannie and Freddie stock. Nor is FHLB a public company like Fannie and Freddie.

The FHLB is well organized, with a built in lobbying force of 8,000 member banks. They have added to this number by garnering the support of the American Bankers Association, America's Community Bankers Association, and the Independent Community Bankers of America. They are also keen on getting 22000 the support of the United States Chamber of Commerce, but I have asked them to hold off on that for now.

I was hoping that you would be willing to meet with in the hope that you will meet with five or six representatives Of FHLB, including Ron, and let them state their case.

I understand that FANNIE MAE AND FREDDIE MAC lobbyists, along with Peter Fisher and John Korsmo, are pushing the other side of the argument.

Thank you, Mr. Secretary.

Sincerely,

Kevin J. Costello

P. S. Ron and I would like to re-invite you and the President to address the South Shore. We would organize a fundraiser either directly before or after the event.

Courtesy George W. Bush Presidential Library