

IN UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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| VICTORIA JACKSON GRAY ADAMS, <i>et al.</i> , <i>Plaintiffs</i> , -vs- THE FEDERAL ELECTION COMMISSION <i>et al.</i> , <i>Defendants</i> . |) Civil Action No.) 02-cv-877-KLH-CKK-RJL) <i>consolidated with</i>) 02-cv-582-KLH-CKK-RJL) (lead case)) <i>and</i>) 02-cv-581-KLH-CKK-RJL) 02-cv-633-KLH-CKK-RJL) 02-cv-751-KLH-CKK-RJL) 02-cv-753-KLH-CKK-RJL) 02-cv-754-KLH-CKK-RJL) 02-cv-781-KLH-CKK-RJL) 02-cv-874-KLH-CKK-RJL) 02-cv-875-KLH-CKK-RJL) 02-cv-881-KLH-CKK-RJL |
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Declaration of Chris Saffert

I, Chris Saffert, declare as follows:

1. For three years, ending September 30, 2002, I was the Legislative Director of ACORN (Association of Community Organizations for Reform Now). As of October 1, 2002, I have been the Deputy Director of ACORN's Financial Justice Center.

2. ACORN is the nation's largest community organization of low and moderate-income families, with over 120,000 member families organized into 600 neighborhood chapters in 45 cities across the country. ACORN is dedicated to organizing the poor and powerless to fight the exclusion of the concerns of low and moderate-income people from the nation's political agenda. ACORN's priorities include better housing for first time homebuyers and tenants, living wages for low-wage workers, more investment in low and moderate-income communities from banks and governments,

and better public schools. ACORN works toward these goals by building community organizations that engage in direct action, negotiation, lobbying for legislation, and voter participation.

3. As ACORN's Legislative Director, my responsibilities included lobbying of the federal government -- focusing primarily on banking and housing -- and staying abreast of federal legislative and regulatory developments that would affect ACORN's members and local issue campaigns. I kept our local offices updated about such developments. My lobbying duties included a couple hundred meetings every year with Congressional staff, phone calls, and preparing materials and/or comments for different federal regulatory proposals.

4. As the representative of a membership organization of low and moderate income voters, who cannot make large contributions to elected officials, I have had significantly less access to elected officials than advocates who represent the interests of voters who are able to (and do) contribute large sums of money to candidates' campaigns.

5. For example, I was actively involved in lobbying against the passage of the Financial Services Modernization Act ("FSMA"), also known as the Gramm-Leach-Bliley Act of 1999, from March 1999 until the law's passage in November 1999, because of its harm to low-income and minority communities. By repealing the Glass-Steagall Act, which prohibited insurance companies from conducting banking business and the banking industry from getting involved in insurance, and making other changes, the Act allowed the financial services industry to become more concentrated. Even without such concentration, few banks have been living up to their responsibility to provide access to financial services in poor and minority communities. With the increasing concentration

allowed by the FSMA, the new conglomerates that have already been, and likely will continue to be formed will likely make fewer loans and services available in underserved communities and be even less responsive to the needs of those communities.

6. In addition, as part of the FSMA, Senator Gramm sought to eliminate or at least significantly roll back the Community Reinvestment Act, a law that is designed to address redlining by banks in poor and minority communities. The elimination of the CRA would severely hamper the ability of citizens in poor and minority neighborhoods to have fair access to quality financial services.

7. In my lobbying activities at the Senate in opposition to the FSMA, I was surprised at how few Senators would meet with me. Before working on behalf of ACORN, I had spent three years as a staffer on Capitol Hill (one year as a Legislative Correspondent and two years as a Legislative Assistant) and it was my experience that Members of Congress would often drop in on their staffer's meetings. From what I saw generally on the Hill, in order to determine whether and how much time the Member would spend with a visitor to the office, a judgment was usually made as to the importance of the visitor, including whether their name appeared on the contributor list. Although I do not represent a constituency that can make substantial contributions, I believed that Members of Congress would make an effort to meet with me because of the importance of the concerns I was raising.

8. Although I met with staff from the offices of almost all Senate Democrats and many Senate Republicans, plus many Representatives, in my lobbying in opposition to FSMA, only very rarely did the Senators or Representatives stop by the meetings to hear our perspective on the FSMA. In conversations with another advocate who had been

lobbying on the FSMA for several years before I became involved with the issue and had met with elected officials, on occasion he was told that the Congress Member would not devote any energy to supporting various amendments to improve the legislation – not on the merits of the issues but simply because the financial services (insurance, banking, and securities) industry would oppose such changes.

9. At one point, the dispute regarding the CRA held up agreement in the Conference Committee and therefore passage of the legislation. The rumor mill and subsequent news reports indicated that Sandy Weill, Citigroup's Chairman, broke the logjam with calls to the White House, then-Secretary of the Treasury Robert Rubin, and Senator Phil Gramm, among others, to urge FSMA's passage. The deal was reached shortly thereafter without elimination of CRA but with significant changes that were adverse to poor and minority communities.

10. In the last few months, I have lobbied against the Bankruptcy Bill, which has been passed out of a House-Senate Conference Committee. This bill harms low and moderate-income voters in a variety of ways.

11. To understand why the Bankruptcy Bill is so horrible for poor communities, it is necessary to understand why many individuals in these communities are forced to file for bankruptcy. In many poor and minority neighborhoods, predatory home loans are made in concentrated volumes and better loans are not readily available. The higher costs imposed by these loans, which often result from credit card debts being consolidated into mortgages, seriously weaken the borrowers' financial positions and undermine their ability to handle the three life events that cause 90% of bankruptcy filings – loss of job, divorce, or large medical bills. (Roughly speaking, predatory

lending means imposing unfair and abusive loan terms on borrowers that strip away equity and greatly increase borrowers' costs, frequently through aggressive sales tactics and outright deception, often taking advantage of borrowers' lack of understanding of extremely complicated transactions.) Predatory loans turn the dream of homeownership into a nightmare, in the worst instances ending in foreclosure. Notwithstanding the dire financial situation faced by such individuals, nevertheless they typically still receive an unending stream of offers for credit cards or live checks in the mail, frequently from the same institution that provided the original unsecured debts and then pressured them to consolidate those debts into their mortgages. The legislation will strengthen lenders' sales pitch for consumers to consolidate credit card debt into mortgages – the most common scenario for predatory loans – and removes judges' ability in the bankruptcy process to address problems with predatory home loans, such as loans that have been inflated by huge finance fees and other add-ons above the house's value.

12. The Bankruptcy Bill makes bankruptcy more expensive by increasing the court filing costs and by allowing credit companies, for example, to lodge more legal challenges than they have been able to do until now. For many low and moderate-income individuals whose debt has spiraled out of control, this law will create an insurmountable financial barrier to gaining the protections of the bankruptcy laws.

13. The Bankruptcy Bill also prevents individuals who earn more than the median income in a specified geographic area from filing for bankruptcy under Chapter 7, which does not protect many assets from sale but which does eliminate unsecured debt like credit card debt, and forces such individuals to file for bankruptcy under Chapter 13, which protects more assets (depending on applicable state law) but does not allow the

elimination of unsecured debt. That the law applies only to those who earn above the median income does not protect low and moderate-income communities because the median income is very low in many metro areas and most individuals just above the median income who are filing for bankruptcy will not have any assets to possibly be protected by Chapter 13.

14. In Pine Bluff, Arkansas, for example, I recently heard that the median income is around \$19,000 per year. Under the Bankruptcy Bill, anyone who earns more than \$19,000 in Pine Bluff will be unable to wipe out unsecured debt through the bankruptcy process and will therefore be denied access to the "fresh start" that bankruptcy laws are supposed to provide (even as a huge negative mark is left on the consumer's credit record).

15. Although the Bankruptcy Bill will have serious and severe consequences for low and moderate-income communities, effectively pushing individuals into a spiral of debt from which it will be nearly impossible to emerge -- precisely what the bankruptcy laws are supposed to prevent -- the bill nevertheless provides protection of the assets of affluent individuals who declare bankruptcy. The bill, for example, preserves the Homestead Exemption, which allows residents of several states who declare bankruptcy to protect their homes from seizure. This benefits mainly the very wealthy, who can shelter their luxury homes from seizure while those who rent would lose everything.

16. As with my lobbying against the FSMA, I have made many lobby visits to the offices of Members of Congress but only rarely have I been allowed to meet with the particular elected officials rather than with staff exclusively. I understand that many of

the industry advocates in favor of the Bankruptcy Bill have been able to meet directly with Senators and Representatives. I know from my prior experience on Capitol Hill that most Members spend one to two hours every day calling their hard money contributors, including those in the credit card industry who have been pushing for this legislation.

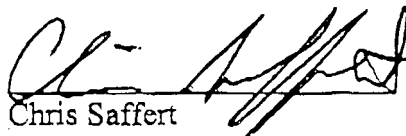
17. ACORN's membership cannot afford to make large hard money contributions to candidates for office.

18. The increase in the hard money limits in BCRA will further reduce the access of low and moderate-income people, and their representatives, to Members of Congress to the point that the Members become even less accessible and less responsive to the needs of low-income communities. The effect of the contribution limit increases will be to drown out the voices of people from low and moderate-income communities, which already too often go unheard, on issues that directly affect their families and neighborhoods.

19. Because the effect of the hard money increases will be to drown out the voices of low and moderate-income people, their interests will be represented in candidates' platforms less frequently and neglected even more often as legislation and regulations move through Congress and the Administration.

I declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct to the best of my knowledge, information and belief.

This 3rd day of October, 2002.


Chris Saffert