

Remarks by
Thomas J. Curry
Comptroller of the Currency
On the
150th Anniversary of the Freedman's Savings and Trust Company
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Thank you. It's a pleasure to be here with you today to commemorate one of the truly noble experiments in American financial history—the founding of Freedman's Savings and Trust Company, better known as Freedman's Savings Bank—150 years ago today.

I suspect most of you are familiar with at least the general outlines of Freedman's history, and know something about its purpose and the cause of its failure. You probably know that it was created in 1865 through an act of Congress to provide newly-freed slaves with a safe depository for their money. And you may also know that it failed in 1874, costing tens of thousands of African-American depositors some or all of their life savings.

What you are probably less familiar with, however, is the role that the Office of the Comptroller of the Currency played in Freedman's history, both in trying to save the bank and in trying to help its depositors once it became insolvent.

According to an article written by OCC economist Abby L. Gilbert and published in 1972, the OCC not only discovered the bank's insolvency, but a succession of Comptrollers spent four decades pleading with Congress to compensate the freedmen who had lost their savings in the bank's collapse.

I'd like to spend a few minutes today recounting some of that history. I'd also like to suggest how we can further the work that was intended by the sponsors of Freedman's.

Freedman's functioned smoothly for the first five years of its life, but Congress amended its charter in 1870 giving it authority to invest half its deposits in riskier assets, and those new powers opened the door to fraud, speculation, and mismanagement. Those lessons in speculation and concentration ring true today. Of course, political and business corruption was also part of the story, and Jay Cooke and Company, a major bank that helped underwrite the Union Civil War effort, virtually controlled the bank from 1870 to 1873.

The OCC was not the bank's supervisor in those early years, although our agency was also established during the Lincoln Administration. As some of you may know, we concluded our own Sesquicentennial Anniversary observance just last year.

Eight years after Freedman's was founded, Congress gave the OCC authority to examine the bank, and Comptroller John Jay Knox appointed National Bank Examiner Charles A. Meigs to evaluate Freedman's. Meigs examined the bank twice, making recommendations after the first examination that he thought could save it.

However, the second examination on February 14, 1874, showed that the bank was insolvent. So, by the time Frederick Douglass was elected president of the bank a month later, the situation was nearly hopeless. In fact, the OCC examination report convinced Douglas that the bank was no longer a safe place for African-Americans to deposit their savings, and he said it should be closed.

Although clearly necessary, that outcome was tragic. However, while Freedman's ultimately failed, its spirit lives on. Freedman's was created as a minority depository institution, and that's been a significant focus of attention at the OCC. These institutions service

communities that are often ignored by larger, majority institutions, and so their viability is very important to us and to the communities they serve. We've tried to make it easier for minority depository institutions to raise capital, and we created a Minority Depository Institutions Advisory Committee to advise us in this area.

Freedman's was all about saving and, at least implicitly, about financial literacy. Those are values that are very important to the OCC, and they're values that have been particularly prominent in the work of John Bryant and Operation HOPE. In fact, John has said that "financial literacy is the new global civil rights issue of and for this generation."

At the OCC, we've undertaken a number of initiatives focused on financial literacy, including organizing and teaching classes at the George B. Thomas Sr. Learning Academy's "Saturday School" in Montgomery County Maryland.

But what I think has been particularly important is the way that the OCC and the other bank regulatory agencies have used the Community Reinvestment Act, or CRA, to engage the private sector. Through the CRA, we've encouraged banks and thrifts to undertake financial literacy activities, both on their own and in concert with other community organizations.

We have much more work to do in this area to ensure that all Americans, particularly those who are struggling to make ends meet, have the financial knowledge they need to buy homes, support their families, and generally improve their lives. CRA and Operation HOPE are playing important roles in that effort.

But before there was CRA, and before there was Operation HOPE, Freedman's Savings Bank gave hope to thousands of the nation's most vulnerable that they could secure their own financial future.

Our task is to build upon that work and make the dream that Freedman's bank kindled a century and a half ago a reality today.