

BY THE SENATE SPECIAL
COMMITTEE ON BANKING AND
ECONOMIC DEVELOPMENT

1 IN THE SENATE

2

SENATE CONCURRENT RESOLUTION NO. 12

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

Relating to Alliance Bank.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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WHEREAS the concentration of commercial banks in the state has been
8 affected during the past two years by the closing of six banks; and

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WHEREAS the legislature wants to ensure that a viable and competitive
10 banking system exists throughout the state; and

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WHEREAS at the beginning of 1987, the Federal Deposit Insurance Corpo-
12 ration determined that public policy considerations in the state required
13 the financial restructuring of what are now known as the Alliance Bancorpo-
14 ration and its wholly-owned subsidiary Alliance Bank; and

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WHEREAS these public policy considerations are still present in the
16 banking market and have become more acute due to the subsequent closing of
17 other commercial banks in the state; and

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WHEREAS increasing the banking costs of the Alaska consumer would have
19 a negative effect on the already ailing state economy and would slow its
20 recovery; and

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WHEREAS Alliance Bank provides a unique service in the state because
22 it operates an extensive network of branches in the remote, rural, and
23 southeast parts of the state; in several locations served by Alliance Bank,
24 there is only one other bank, and the next closest competitor is hundreds
25 of miles away; and

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WHEREAS if Alliance Bank were closed, most consumers north of the
27 Yukon River would be forced to travel long distances to find another bank;
28 and

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WHEREAS there has been vocal community support in rural Alaska for

1 Alliance Bank, and there have been requests for Alliance Bank to service
2 additional rural communities; and

3 WHEREAS Alliance Bank, in conjunction with the Alaska Department of
4 Community and Regional Affairs, handles over 50 percent of the outstanding
5 loans for rural borrowers of the state; and

6 WHEREAS Alliance Bank has been, and continues to be, the premier
7 provider of mortgage servicing in the state and is servicing over
8 \$1,500,000,000 worth of loans; the failure of Alliance Bank would severely
9 disrupt the servicing of these loans and would cause additional financial
10 strain on government agency loans, including loans from the state Depart-
11 ment of Community and Regional Affairs, the Alaska Housing Finance Corpo-
12 ration, the public employees' retirement system (AS 39.35), and the
13 teachers' retirement system (AS 14.25); and

14 WHEREAS throughout the liquidation process Alliance Bank has made a
15 significant effort to support real estate values for bank-owned real es-
16 tate, and this has helped improve the economic climate in the state; and

17 WHEREAS the failure of Alliance Bank would further delay the economic
18 recovery of the state, and the closure of the bank would result in a loss
19 of jobs for the 460 employees of Alliance Bank and a loss of \$20,000,000 in
20 wages;

21 BE IT RESOLVED that the Alaska State Legislature encourages the Gover-
22 nor to support a stable and competitive banking environment in the state by
23 working closely with Alliance Bank and the Federal Deposit Insurance Corpo-
24 ration to ensure that every reasonable approach is taken to continue the
25 operation of the bank.

26 COPIES of this resolution shall be sent to the Honorable Willis
27 Kirkpatrick, the Director of the Division of Banking, Securities, and
28 Corporations of the Alaska Department of Commerce and Economic Development;
29 to the Honorable L. William Seldman, Chair of the Board of Directors of the

1 Federal Deposit Insurance Corporation; and to the Honorable Alan Greenspan,
2 Chair of the Board of Governors of the Federal Reserve Board; and to the
3 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
4 the Honorable Don Young, U.S. Representative, members of the Alaska delega-
5 tion in Congress.