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Testimony: Donal Hummer, Jr.

Good Afternoon Mr. Chairman and distinguished members of the legislature. My name is Donal Hummer, Jr. and I am Vice-President and General Counsel of Harley-Davidson Financial Services and a Director of its Nevada Thrift, Eaglemark Savings Bank. As many of you know, HDFS has its national operation located here in Carson City with over 500 employees and a satellite office in Reno that currently has 30 employees with ability to expand to 150.

I am here to today to testify against AB389, for its passage will make it unlawful for HDFS to operate its thrift in the state of Nevada. Not only would its passage force all the other major Thrifts in Nevada to close their doors and move some place else, but it will ever foreclose the possibility of other finance companies from coming to this state.

The Major misconception is that Thrifts hurt Community Banks. That statement could not be farther from the truth.

A. MISCONCEPTIONS:

1. HDFS makes 99.95% of its revenue from loans outside the state of Nevada. This means that the money we pay in salaries and benefits to Nevadans is from income imported into this state. Last year alone, HDFS paid in salaries and Benefits, 19.96 Million dollars to Nevada Residents.
2. With those salaries and benefits our employees (your constituents) were able to build up their credit, open savings and checking accounts and, buy CD's at: Community Banks. With their stable and well paying jobs they were able to buy homes with loans from: community banks.
3. HDFS like so many of the other thrifts are not in competition with Community Banks and never will be. We finance motorcycles in all fifty states from our one location in Carson City. We have no tellers, or checking accounts. Other Thrifts like us, USAA in Las Vegas, soon to Open Toyota Financial Savings in Henderson and John Deere Savings Bank are also not traditional banks. Thrifts are part of the solution, not the problem.
4. In the last six years there have been three thrift charters approved while at the same time the state has approved 15 De Novo community bank charters and 24 branches for those community banks. You will hear from the Nevada Department of Financial Institutions, the department that is responsible for regulating both thrifts and Community banks in this state, and to oversee the financial condition of these institutions, that there is no evidence what-so-ever that thrifts pose a threat to Community Banks.

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B. DIVERISTY:

5. Currently Nevada is in its worst economic shape since 1980. What the Governor and many in the legislature have publicly stated is that Nevada needs to diversify its economy and its job base. Thrifts allow the state to do just that. Nevada has the ability to be the Delaware of the west even overshadowing Delaware itself. All of the thrifts that would have to close their doors because of AB389, all have one thing in common. We earn our money from outside the state to provide challenging and high paying jobs to Nevadans.
6. Our thrift business is not dependant on gambling, on tourism, travel restrictions or concerns. It is the diversification this great state desperately needs.
7. Community Banks, which I might say I have no issue with and always considered a complementary relationship, make their money off of Nevadans and do not import dollars into this state.

C. QUALITY OF JOBS AND OPPURTUNITIES:

8. HDFS as well as other Thrifts provide above market Jobs. Not a single Job at HDFS is at or near minimum wage. Our starting wage alone is over 11.00 per hour. All jobs at HDFS in Nevada have:

401 K Matching

Medical, Dental, Optical, Ortho, and even Lasik surgery

Life insurance

Short term and Long Term Disability

College education reimbursement program: we pay to send those employees that want to get a higher education to college, no strings attached

Paid time off for Community involvement.

Companies and jobs like this keep our best Nevadans in this state, working and prospering. And furthermore attract other high caliber people to this state.

D. COMMUNITY BENEFITS:

9. HDFS is greatly involved in the community on numerous fronts.
10. Many of the officers including myself donate time and expertise sitting on the board of many local organizations including but not limited to WNCC, the Boys and Girls Club, the Boy Scouts and the Advocates to end Domestic Violence.

11. In addition to the physical involvement HDFS provides economic help:

Advocates to End Domestic Violence
American Lung Association Tahoe
Boys and Girls Club
Carson Advocates for Cancer Care
Carson City High School
Carson Homeless Advocates
Friends in Service Helping
Children in Transition Program
Citizens for Affordable Housing, Inc.
Race for the Cure Northern Nevada

We have provided numerous Donations to WNCC for a scholarship fund along with sizable donation to help with the completion of the new astronomy complex.

Last year alone we donated over \$200,000 in the community in which we live and work.

I truly love this state and in my humble opinion the passage of this bill in *any form* will forever compromise the ability of this state to prosper and diversify. But I don't expect you to just take my word for it. I am now going to let the rest of the panel testify from their perspective as to why AB389 should be killed.

PHIL LACHAPELLE – A ten year director of the Independent Community Bankers Association and President of Security State Savings Bank

DICK CULLEN – Assistant Vice President of Operations of John Deere Capital Corp, parent of the proposed John Deere Savings bank

SCOTT WALSHAW – Commissioner Nevada Financial Institutions Division
LARRY HICKMAN - Deputy Commissioner

HELAINÉ JESSE – Vice-President Institutional Advancement WNCC

LARRY OSBORN – CEO Carson City Chamber of Commerce

RON TRUNK – Executive Director Citizens for Affordable Housing (CAHI)

KATHY BLANKENSHIP – Executive Director Boys and Girls Club

HONORABLE RAY MASAYKO – Mayor of Carson City

I do want to end with one sobering thought: California passed a bill modifying its ILC law, and now they are out of the game. If AB389 passes that only leaves Colorado and Utah. While it is questionable what Colorado may do in the future, one thing is certain that Utah will not ever modify its law. Their whole state banking model is predicated on the viability of Thrifts or ILC as they call them, and they would like nothing better than to be the only player in potentially a 500 billion dollar game with literally tens of thousands of jobs at stake. I do not think I like Utah that much and I would rather see that prosperity end up in this great state.

THANK YOU for your time.