

## People's Alliance PAC 2008 Questionnaire for North Carolina State Treasurer Candidates

As soon as possible, or at least by March 25, please return questionnaire to: Milo Pyne, 806 Vickers Ave. Durham, NC 27701-3143; or email to [liatris@mindspring.com](mailto:liatris@mindspring.com) (email preferred)

PLEASE NOTE: After candidate interviews have taken place, these responses will be placed on the People's Alliance website <http://www.durhampa.org/>

**Candidate's Name: Michael Weisel**

1. What is your vision for the office of State Treasurer? What do you hope to accomplish if elected?

North Carolina's State Treasurer manages the investment of \$77 Billion in pension funds for over 725,000 North Carolinians, while maintaining our critically important AAA bond rating. The office is not a place for on-the-job training!

I hope to serve in the long tradition of North Carolina State Treasurers being strong, forceful and independent voice for fiscal responsibility to keep politics and lobbying out of investment decisions, and to prevent politicians from raiding the state's pension fund. I will determine appropriate debt levels to maintain our vital AAA bond rating and make sure North Carolina, like each of us - lives within our financial means.

More information may be obtained by visiting our website:

<http://www.Weisel2008.org>

My commitment to serve and help provide opportunities to all North Carolinians is in my platform, *Blueprint for Change*:

- **Protect North Carolina's Current and Future Retirees' Pensions**

The Treasurer's primary responsibility is to invest North Carolina's pension monies wisely and prudently, to ensure our state's financial obligations to our retirees and future retirees are met. Michael Weisel is the only candidate with any actual investment experience in managing and protecting people's money. As an investment manager and pension fund advisor, he managed more than \$1.25 billion in pension fund assets with firms like Kemper Financial Services and Wells Fargo Bank.

- **Making Financial Literacy a Top Priority**

Educate all North Carolinians, both children and adults, to understand how saving and borrowing affects their everyday lives, basic financial skills such as checking accounts and responsible credit card use. Michael Weisel will accomplish this goal with a financial literacy education program for middle and high schools students through a public/private partnership. Adults will be educated through a similar program established at their local community college.

- **Fight Payday and Predatory Lending**

Continue his fight against payday and predatory lenders, which Michael Weisel began while fighting 36% interest rates as a member of the State Banking Commission. We have over 60,000 families losing their homes in North Carolina this year from foreclosure - this is unacceptable. Mortgage brokers and banks must be held accountable for misleading a borrower when making mortgage loans. We need full disclosure in simple language of the terms and conditions for all consumer and mortgage loans made in North Carolina.

- **InvestNC**

Establish InvestNC, a program allowing individuals to purchase small denomination North Carolina-issued bonds directly without the Wall Street middleman. Banks and certain State offices would provide outlets for average citizens to invest in State bonds while ensuring a fairer distribution of the investment benefits. This “savings bond” opportunity increases public awareness and support for every North Carolinian to invest in rebuilding our needed school, road and bridge infrastructures.

- **NC First**

Maintaining our pension fund’s investment integrity is paramount. We need to ensure the state’s investment management work is given to qualified firms based upon their records of performance without regard to political contributions or influence. *Michael Weisel is the only State Treasurer candidate who has not accepted any political contributions from banks, investment managers, their PACs or anyone else who invests the State’s pension funds.*

- **Create a Public Shareholders Board**

Michael Weisel will create a Public Shareholders Board for the retirement systems managed by the treasurer’s office to improve the transparency and

customer service of the office. Representatives of participant members (teachers, state and local government employees, police and firefighters) will serve on an advisory board to increase communication between the office and those directly impacted by it. Investment holdings, returns, managers, future trends and economic forecasts would be discussed at quarterly meetings held around the state at various community colleges.

- **NC Emerging Managers Program**

Michael Weisel will give women and minority money managers the chance to manage investment portfolios with escheats fund accounts (no pension trust funds). Women and minorities cannot manage public pension funds without having prior experience doing so - but they can't get public pension fund clients because they don't have any experience. As State Treasurer, Michael Weisel can break this circle and help deserving young investment management talent get a start, with the best investment performance as the benchmark.

- **Create Affordable North Carolina Multi-Family Housing**

Michael Weisel will continue investing our pension funds in federally-guaranteed Fannie Mae or Ginnie Mae mortgages, but allocate some of these investments to finance mixed-income, multi-family housing across North Carolina.

- **DreamStart Mortgage Loan Program**

Michael Weisel will continue to invest our pension funds in federally-guaranteed Fannie Mae or Ginnie Mae mortgages, but allocate some of these investments to finance North Carolina single family homes, enabling people to receive lower mortgage loan rates, with the same rate of pension investment return by cutting out Wall Street's fees.

2. What are your primary qualifications for managing the North Carolina Retirement Systems and other public funds?

My attached resume outlines my qualifications in detail.

Working over thirty years in the financial and legal worlds, I have the experience and qualifications to be North Carolina's next State Treasurer. I am the only candidate with actual pension fund investment experience.

- As an investment manager and pension fund advisor, I managed more than \$1.25 billion in pension fund assets with companies such as Kemper Financial Services and Wells Fargo Bank.

Since 1992, I have served on nearly every state board and commission the State Treasurer serves, including:

- Trustee for the Teachers' and State Employees' Retirement System
- Trustee for the Local Governmental Employees' Retirement System
- North Carolina State Banking Commission
- The State Board of Community Colleges

Currently, I practice corporate and finance law with the Raleigh firm of Bailey and Dixon, L.L.P., with other lawyers ranking me at the highest level of professional excellence and standards of conduct and ethics.

3. In addition to your obligation to manage public funds to earn a consistent return, what other principles, if any (such as social return, green impact, etc.), will you apply?

The paramount consideration for investing North Carolina's pension funds is earning the best possible rate of return while balancing the investment risk on a portfolio basis.

While I would be mindful of other investment considerations such as social return and sustainability, making any kind of investment decision based primarily on those concerns is poor investing and does not comport with the fiduciary obligations of the State Treasurer.

Another important consideration is the precedent created with "social" or "targeted investments." One individual's idea social investing might violate another person's sense of fairness. For instance, a State Treasurer might believe investing in a company that runs for-profit private schools would be an excellent "socially targeted investment." Other people might believe a free public educational system would be undermined or destroyed by such an investment.

A recent example was an investment in a conglomerate holding company comprised of tobacco products and national brand consumer goods. If the decision was made not to invest in the company because of "social" health concerns about the tobacco industry, the investment portfolio return is harmed because the tremendous performance of the consumer goods component creating a substantial return is missing from the portfolio.

Who draws the line or determines what is good social investing once you introduce this concept into investment decisions? Wrong decisions lead down a slippery slope.

4. As Treasurer, will you use the state's position as a sizable investor to take an aggressive stand on corporate social responsibility?

Throughout my investment and legal career, I have taken a strong stand for corporate responsibility and stewardship. This issue is very different from "targeted investing."

As the representative of North Carolina shareholders (the pension funds), insisting on corporate transparency, ensuring reasonable (not excessive) executive and equitable worker compensation levels, and proper accounting treatment are fundamental stockholder rights.

Another aspect of this question is the ability as a shareholder/owner of a company to use that position to help promote North Carolina's responsible economic growth. North Carolina's \$77 billion pensions funds represent enormous potential to leverage our ownership positions to help direct companies to move their plants, distribution facilities, divisions and headquarters to North Carolina. I will use our sound investment portfolio to help promote continued good economic growth.

5. Given the large number of state employees expected to reach retirement age over the next decade, how will you manage the state's pension funds so as to meet the state's obligations to these employees without creating a burden on future generations?

Future obligations will be met by continuing to stay the course charted to date – wise and prudent investing, good asset allocation, maximizing returns while minimizing risk. Also of great importance is to ensure the legislature continues to fully fund the State's retirement contribution – by opposing all efforts to raid or divert this contribution. The portion of the State's "diverted" several years ago still remains unrepaid!

Keeping politics out of investment decisions and being an independent voice for fiscal responsibility are impossible if you are already running for your next political office or worried about "getting along" with other politicians. I am only interested in serving as North Carolina's State Treasurer, and have publicly pledged never to run for a higher political office, unlike any other candidate for State Treasurer.

6. How will you use your office and your visibility as State Treasurer to promote financial security among all residents of North Carolinians?

The major component of my platform is to promote financial literacy allowing people to plan their financial futures and security. Educating all North Carolinians, both children and adults, to understand how saving and borrowing affects their everyday lives, basic financial skills such as checking accounts and responsible credit card use, begins with a financial literacy education program for middle and high schools students through a public/private partnership. Adults will be educated through a similar program established at their local community college.

As a member of the State Board of Education, I will work tirelessly to continue our tradition (and legal obligation) to provide an education for everyone in the state. Our cycle of poverty and economic disenfranchisement can only be solved through education – the great equalizer in providing a level playing for everyone to create a better life for themselves and their families. Economic self-sufficiency and financial security can only be truly achieved through education.

7. How will you use your authority as chair of the state's Banking Commission to eliminate unscrupulous and/or fraudulent banking practices?

As the attached materials demonstrate, I have a long history of fighting payday and predatory lenders. I will continue my fight against payday and predatory lenders, which began while fighting 36% interest rates as a member of the State Banking Commission. We have over 60,000 families losing their homes in North Carolina this year from foreclosure – this is unacceptable. Mortgage brokers and banks must be held accountable for misleading a borrower when making mortgage loans. We need full disclosure in simple language of the terms and conditions for all consumer and mortgage loans made in North Carolina. The State Treasurer can take the lead in accomplishing these goals.

8. What is your vision for assisting local governments to finance the investments in infrastructure necessary over the next 10-20 to maintain our state's competitiveness?

The foundation for financing our critical infrastructure needs, and we have crumbling bridges here in North Carolina as well, is sound fiscal management. Local governments with oversight from the Local Government Commission (overseen by the State Treasurer), accomplish this.

There will be competing needs in the future as there is now, and the State Treasurer must be a strong voice for fiscal responsibility for the entire state's indebtedness as well.

I have also proposed **InvestNC**, a program allowing individuals to purchase small denomination North Carolina-issued bonds directly without the Wall Street middleman. Banks and certain State offices would provide outlets for average citizens to invest in State bonds while ensuring a fairer distribution of the investment benefits. This "savings bond" opportunity increases public awareness and support for every North Carolinian to invest in rebuilding our needed school, road and bridge infrastructures.

However, these matters alone will not finance our critical infrastructure needs. Creative, but responsible, alternative financing structures must be studied and implemented. Private/public partnerships, sale-leasebacks and other "out of the box" ideas need to be examined. Experience in dealing with Wall Street, understanding they are not our "friends" is key to ensuring financing deals benefit North Carolina and not investment bankers. I am the only candidate with actual experience in dealing with Wall Street.

**For all the reasons outlined in my responses, I ask for the People's Alliance support, vote and endorsement in our Democratic May 6<sup>th</sup> primary.**

# NORTH CAROLINA

## Here's a deal for you: How about a loan at 36 percent?

**B**va Robinson knows a lot about cleaning other people's houses, helping raise other people's children and cleaning up for sick people in the hospital.

But she doesn't know much about borrowing. That's why the consumer finance companies just love her.

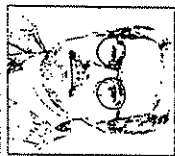
When she needed to borrow money to help rear her four children she went to the local finance company, not a bank. The finance company, after all, was just a block and a half from her house in Smithfield.

"I don't own a car," explains Mrs. Robinson, 72. "If I got sick, they'd come out and pick up the money."

For more than 15 years, the finance company loaned Mrs. Robinson money, usually in amounts of \$300, \$500, \$150. She'd never get out of hook. As soon as one loan was paid off, the finance company would offer her another loan. And she'd take it.

"I had to feed my family," she explains. "Just when I get it paid off, they be calling me to borrow more."

And why wouldn't they lend money to Mrs. Robinson? They were charging her 30 percent interest.



**Rob Christensen**

Banking Commission this week will consider whether to begin regulating what finance companies can charge.

The commission's hearing should be an eye opener.

"The average middle-class homeowner who has just refinanced at 7½ percent would be shocked to find that people are still borrowing money at 25 to 30 percent, especially in this era of low interest rates," says Rob Schofield, an attorney with the N.C. Legal Services Resources Center.

"The typical borrower is a low-income person who has a limited understanding

In an age of cheap money, there are thousands of Mrs. Robinsons across North Carolina still borrowing from finance companies at rates that no resident of North Ridge would touch, unless they were borrowing from a loan shark to settle a gambling debt.

That's why the State Banking Commission regulating what finance companies can charge.

The state Banking Commission has the power to regulate the consumer finance companies, but it never has. But last year two of the young turks on the banking commission — attorney Charles Mercer and investment manager Michael Weisel — began pushing for regulation.

It occurred to them that with the prime rate at 6 percent, charging people from the wrong side of the tracks 36 percent might — just might — be a tad high.

That's how this week's banking com-

mission hearing came about.

The finance companies, of course, are fighting for the right to continue to charge the poor lofty interest rates.

The stakes are high. Finance companies lend \$1.1 billion per year in North Carolina, so a 1 percent swing can mean \$11 million in somebody's pockets.

The companies already have won one battle. The Attorney General's office issued an opinion last year that the banking commission can legally regulate only finance companies that make loans of \$3,000 or less. (Lacy Thornburg's office ruled that it could regulate larger finance companies, but Mike Easley ruled they couldn't.)

If the attorney general's opinion sticks, the hearing will examine whether the commission can regulate \$108.5 million in loans. But that's still 115,766 loans each year averaging \$937 per loan.

There is, of course, another side to this dispute. The finance companies provide money to people who can't get in the front door of the bank. They make small loans that banks won't touch. Their loans carry more risk and therefore their return should be greater. Many are friendly

places that make their customers feel at home.

The companies argue that the rates charged by North Carolina's finance companies are not out of line with those charged by firms in other states. The rate structures are so complicated, they're difficult to compare.

But 36 percent? If it's so risky, how come finance companies keep pushing loans on people like Mrs. Robinson, lending them money year after year?

Mrs. Robinson said she religiously made monthly payments on her finance company loans for more than 15 years. But last year she became ill and missed several payments.

The company threatened to sue the sheriff on her. The company ended up winning a judgment in small claims court against Mrs. Robinson for the \$200 she owed.

Mrs. Robinson still doesn't seem to think that her 30 percent loan was a bad deal. Maybe the banking commission members will.

**Got a suggestion or just want to talk about Tar Heel politics? Call Rob Christensen at 829-4432.**

Under  
the  
**DOME**

# Boyles, Weisel spar over hiring

State Treasurer Harlan Boyles, under attack by a political foe for not hiring and promoting blacks to key jobs, has hired a well-connected black man to work as one of his chief staff assistants.

Boyles, who faces a Democratic Primary challenge from Michael Weisel on May 7, hired Joseph M. Sansom, 52, a retired IBM financial analyst.

Sansom is also chairman of the board at Mechanics and Farmers Bank of Raleigh and a member of a prominent family with ties to southeast Raleigh.

At the treasurer's office — where he takes the place of Tom

***'It could be political or it could be the right thing to do.'***

Joseph Sansom  
retired analyst

make Boyles or Weisel their nominee.

Campbell — Sansom will earn \$35,000 and work part-time. He started Monday, three months after Campbell departed and 16 days before Democratic voters decide whether to

Boyles says the hiring had nothing to do with his political campaign. His staff tried to make do without replacing Campbell but found it impossible, he says.

Sansom's "30 years of experience in corporate finance and his many years of community involvement bring the right combination of experience and public service that will enable the treasurer's office to better serve the people," Boyles wrote in a press release he sent out Monday. A photo of Sansom accompanied the release.

Weisel, who has been endorsed by many of the state's top black leaders, contends Boyles hired Sansom to score points with voters.

Recently, Weisel started airing radio ads criticizing Boyles for not doing more to hire and promote blacks and women.

In February, Weisel called a news conference and gave out data that indicated virtually all the top-paying jobs in Boyles' department were held by white men. Boyles countered that he had worked hard to put a state-approved, affirmative action plan into place.

"It took 20 years and a political opportunity to draw attention to Harlan Boyles' discriminatory hiring and promotion practices for women and minorities," Weisel says. "His timing in doing so, two weeks prior to the election, makes his motive suspect."

Boyles says Sansom will represent him at various board and commission meetings and handle other duties.

Sansom says he welcomes the chance to work for Boyles and serve the state's citizens. He does not think he was hired because of political concerns.

"You've got two things it could be," he says. "It could be political or it could be the right thing to do. Just because the right thing to do is political, why not do it, if it is the right thing to do?"

# State treasurer opponent blasts hiring practices

JOURNAL STAFF AND WIRE REPORT

RALEIGH — A challenger to state treasurer Harlan Boyles called yesterday for new hiring practices in the treasurer's office, charging that Boyles has hired no blacks and only two women for top positions over the past 19 years.



"There appears to be a clear pattern of bias against women and minorities in management positions in the treasurer's office," said Michael Weisel, a Raleigh accountant who is challenging Boyles in the Democratic primary this spring.

Citing records from the Office of State Personnel, Weisel said that Boyles has hired no blacks and only two women to fill the top 16 administrative positions in his operation since he took office in 1977. Though 62 percent of the 233 employees in the office are white females and 10 percent are minorities, a 1994 review found that those workers are concentrated in the lowest salary grades.

Boyles said that the Office of State Personnel commended his hiring practices in its review last year. But he said that he, too, sees room for improvement.