

March 16, 2023

Honorable Andrea Stewart-Cousins, Majority Leader  
NYS Senate  
Albany, NY 12247

Honorable Carl Heastie, Speaker  
NYS Assembly  
Albany, NY 12247

Dear Majority Leader Stewart-Cousins and Speaker Heastie:

We write to express our alarm over recent reports that hundreds of millions of dollars in public deposits belonging to New York local governments are held at failed Signature Bank.<sup>1</sup> Our coalitions, which include dozens of community and labor groups representing hundreds of thousands of New Yorkers, strongly urge you to pass the New York Public Banking Act (S1754/A3352) this session and give local governments a sorely-needed “public option” for holding public deposits.

The New York Public Banking Act creates a safe and appropriate regulatory framework for public banks – financial institutions created by local governments and chartered to serve the public interest. Passing the bill this session will demonstrate the legislature’s commitment to addressing inequities in our financial system and economy while helping to promote stability in New York’s banking sector.

The sudden meltdown of Signature Bank – a New York State-chartered financial institution – should serve as a wake-up call for the state. Across New York, billions of public dollars are deposited in banks that engage in risky and abusive activities that run counter to the state’s public policy objectives.

Signature Bank is a case in point. For years, advocates have sounded the alarm bell over the bank’s deliberate and widespread multifamily lending to landlords that unlawfully evict tenants and systematically deregulate apartments, fueling speculation and displacement in low-income communities and communities of color.<sup>2</sup>

Signature is not just a bad apple. Many of the banks entrusted with holding public money are notorious for engaging in harmful practices, from predatory lending and redlining to fossil fuel finance. Five of the biggest banks holding New York City’s public deposits, for example, pumped \$1.2 trillion in financing to the fossil fuel industry, between 2016 to 2021 alone.<sup>3</sup>

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<sup>1</sup> <https://gothamist.com/news/nyc-has-60m-in-signature-bank-accounts-fueling-calls-for-more-scrutiny>;  
<https://libn.com/2023/03/13/nassau-county-has-95m-with-failed-bank/>;  
<https://www.newsday.com/opinion/the-point/the-point-newsday-signature-bank-alfonse-damato-donald-trump-dan-can-tor-working-families-party-o7kc32fw>

<sup>2</sup> <https://www.vice.com/en/article/m7bqzp/signature-bank-collapse-nyc-housing-predatory-landlords>

<sup>3</sup> [https://www.publicbanknyc.org/\\_files/ugd/1833d2\\_c4f9f3ce82bc400caed6b7efea75ec4e.pdf](https://www.publicbanknyc.org/_files/ugd/1833d2_c4f9f3ce82bc400caed6b7efea75ec4e.pdf)

The New York Public Banking Act would pave the way for publicly accountable banks that engage in equitable and responsible lending, following strict financial principles that ensure safety and soundness. Unlike commercial banks, public banks do not seek to maximize profits and therefore eschew the kind of rampant risk-taking that reportedly contributed to the collapse of Signature Bank and Silicon Valley Bank. In a particularly “fateful decision,” Signature had “opened its doors to taking deposits of crypto assets,” according to the *New York Times*.<sup>4</sup>

By leveraging public money to fund affordable housing, small businesses, renewable energy and other projects, public banks will build diverse loan portfolios that generate reliable returns, minimize risk, and maximize local economic impact. Successful public banks exist around the world, and studies show they frequently outperform commercial banks in terms of safety, accountability, and profitability.<sup>5</sup> For example, here in the U.S., the century-old public Bank of North Dakota helped the state weather the 2008 financial crisis better than other states.<sup>6</sup>

Public banks would also raise the bar for New York’s banking sector by promoting responsible lending and providing key support to community development credit unions and other mission-driven financial institutions that responsibly serve historically-redlined communities. In fact, when the Assembly passed legislation in 1975 creating a framework for public banking in New York, a chief rationale was to “provide a yardstick for measuring the performance of private banks.”<sup>7</sup>

As in 2008, the federal government has once again taken extraordinary measures to effectively bail out reckless banks, in the process incentivizing further risky and speculative behavior. New York must lead with forward-thinking policies, like public banking, that promote safety and soundness, racial equity, and public accountability.

The New York Public Banking Act has the support of more than 30 Senators and 60 Assemblymembers. Additionally, more than 100 local elected officials representing 33 local governments from Western New York to Long Island have endorsed the bill. We urge you to heed their calls and pass the New York Public Banking Act this session.

Sincerely,

NYS Community Equity Agenda  
Public Bank NYC  
Rochester Public Banking Coalition

cc: NYS Senate Banks Committee Chair James Sanders Jr.  
NYS Assembly Banks Committee Chair Pamela J. Hunter

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<sup>4</sup> <https://www.nytimes.com/2023/03/12/business/signature-bank-collapse.html>

<sup>5</sup> [https://www.eurodad.org/public\\_development\\_banks\\_towards\\_a\\_better\\_model](https://www.eurodad.org/public_development_banks_towards_a_better_model)

<sup>6</sup> <https://www.motherjones.com/politics/2009/03/how-nations-only-state-owned-bank-became-envy-wall-street>

<sup>7</sup> [https://www.globalurban.org/Pension\\_Investments.pdf](https://www.globalurban.org/Pension_Investments.pdf)

**Members of the above coalitions include:**

- 350NYC
- A Bookkeeping Cooperative
- Action Center on Race & the Economy (ACRE)
- Action for a Better Community
- Association for Neighborhood & Housing Development (ANHD)
- Banana Kelly Community Improvement Association
- Brooklyn Cooperative Federal Credit Union
- Brooklyn Legal Services Corp. A
- Brooklyn Stone & Tile
- Camba Legal Services
- Capital Region Mothers Out Front
- Carroll Gardens Association
- Center for Family Life
- Center for NYC Neighborhoods
- Chhaya CDC
- Citizen Action of New York
- City Roots Community Land Trust
- Coalition for Economic Justice
- Communication Workers of America - District 1
- Communities Resist
- Community Service Society of New York
- Consumer Reports Advocacy
- Cooper Square Committee
- Cooperation Buffalo
- Cooperative Federal FCU
- Cooperative Fund of the Northeast
- Cooperatives United for Sunset Park
- DC 37, AFSCME
- East New York Community Land Trust
- Empire Justice Center
- Ethical Humanist Society of Long Island
- Food & Water Watch
- For The Many
- Freedom to Thrive
- Fruit Belt Community Land Trust
- Genesee Co-op Federal Credit Union
- Green Worker Cooperatives
- Hopewell Care Child Care Cooperative
- Housing Conservation Coordinators
- Inclusiv
- LatinoJustice
- Legal Aid Society
- Legal Services NYC
- Legal Services Staff Association - LSSA 2320
- Long Island Housing Services
- Long Island Jobs With Justice
- Long Island Progressive Coalition
- Lower East Side People's Federal Credit Union
- Metropolitan Council on Housing
- Minkwon Center for Community Action
- Mobilization for Justice
- Multicultural Solidarity Long Island
- Neighborhood Trust Federal Credit Union
- New Economy Project
- New York City Black Chamber of Commerce
- New York City Network of Worker Cooperatives (NYC NOWC)
- New York Communities for Change
- New York Immigration Coalition
- New York Public Interest Research Group (NYPIRG)
- No New Jails NYC
- NYC-DSA
- PathStone Enterprise Center
- People's Climate Movement NY
- Picture the Homeless
- Pratt Center for Community Development
- Retail, Wholesale, and Department Store Union (RWDSU)
- Sane Energy Project
- South Bronx Unite

- Strong Economy for All
- Sunrise Movement NYC
- Take Root Justice
- The Black Institute
- The Bushwick Food Cooperative
- The Debt Collective
- The Drivers Cooperative
- The Working World
- TIMBER
- United Auto Workers - Region 9A
- University Neighborhood Housing Program
- US Federation of Worker Cooperatives
- WESPAC Foundation
- West Side Neighborhood Alliance
- Westchester Cooperative Network
- Western New York Law Center
- Western Queens Community Land Trust
- Westminster Economic Development Initiative (WEDI)