

V-RICH  
JIM  
ROB  
LISA  
ANTI-APARTHEID COALITION

Rec. Sept. 17, 1986.

SEPTEMBER 1, 1986

FOR IMMEDIATE RELEASE

Contact:

Catherine Blunt 747-1285

Patrick Bond (301) 243-1690

(Not for public dissemination)

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MELLON AND PROVIDENT STILL BANK WITH SOUTH AFRICA  
IN VIOLATION OF CITY ANTI-APARTHEID ORDINANCE

Mellon and Provident Banks continue to do business with the private sector in South Africa even though to do so makes them ineligible to be depositories for City funds, according to researchers of the Martin Luther King Anti-Apartheid Coalition.

Both banks have what are called "correspondent banking relationships" with banks in South Africa. The Coalition believes that this violates Section 19-201 (subsection 6iii) of the Philadelphia City Code, which states, "The City Treasurer shall not keep any City funds on deposit in any bank... providing any... financial services to... a bank or other financial institution domiciled in, or duly organized under the laws of the Republic of South Africa or Namibia."

According to Patrick Bond, who coordinated the monitoring project for the Coalition, "These two banks seem to have no regard for the anti-apartheid law -- not only are they breaking it by maintaining correspondent banking accounts, but they've both lied to the City Treasurer about it."

Both banks filed letters [attached] in June with Treasurer Eric Pookrum stating they were in compliance with the Philadelphia Code, which was amended on April 1 by the enactment of Ordinance 543a. That Ordinance was originally a bill sponsored by Councilmembers Ortiz and Clarke. It was passed 15-2 by City Council on March 20 and was signed into law by Mayor Wilson Goode on April 1. Penalty for filing a false statement is a \$300 fine and/or a 90 day jail term.



TEL. (212) 962-1210  
CABLE: AMCOMMAF

LISA A. CROOMS  
RESEARCH DIRECTOR

AMERICAN COMMITTEE ON AFRICA &  
THE AFRICA FUND

198 BROADWAY  
NEW YORK, N.Y. 10038

SA/US: STATE ACTIONS, PA 17.9.86  
CORPS: MELLON BANK

Martin Luther King

# THEID COALITION

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P.O. BOX 58730 PHILA., PA. 19102-8730



# Martin Luther King ANTI-APARTHEID COALITION

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[Research on compliance with the anti-apartheid law was conducted by the Coalition between July 10 and August 25, 1986. In the case of Mellon Bank, international teller customer service representatives at the Broad and Chestnut Streets main branch explained the range of correspondent banking services available to one researcher (see attached list of South African correspondent banks). In the case of Provident, Coalition members used the bank's office at Broad and Chestnut to actually sent money to the Standard Bank of South Africa (see attached documentation). Other Philadelphia banks which previously offered correspondent banking have discontinued them.]

[The legal offices of both banks were notified about the discrepancies between their June statements of disclosure and their ongoing correspondent banking relationships. On August 29, the chief legal counsel at each bank said he was unaware that the correspondent banking relationships had continued beyond July 1, when the law took effect. The Mellon Bank counsel, Mr. Martin McGuinn, stationed at the Pittsburgh headquarters, and the Provident Bank counsel, Mr. Harold Herman of Philadelphia, both said they would investigate the continuing correspondent banking relationships.]

[Mellon Bank's Mr. McGuinn also acknowledged that approximately one million dollars of two large trade-related loans that were granted to South African companies in 1978 was still outstanding, partly because of the moratorium on debt repayment declared by South Africa's Prime Minister Botha on September 2, 1985. However, since that moratorium was announced, the Philadelphia National Bank actually disposed of its own outstanding loans to banks in South Africa by selling them on the secondary loan market, according to the disclosure statement it filed with the Treasurer's Office in compliance with the new law.]

[The outstanding Mellon Bank loans to South Africa only recently came to light in a book, U.S. and Canadian Investment in South Africa, published by the Investor Responsibility Research Center in Washington, DC in May 1986. Mellon officials had not acknowledged the loans in either the previous study by the Investor Responsibility Research Center (Foreign Investment in South Africa, December 1984), which they declined to participate in, or in an October 1985 survey of Philadelphia bank ties to South Africa conducted by the Martin Luther King Anti-Apartheid Coalition.]

[Mellon Bank Corporation's lending policy, adopted in the mid-1970s according to Mr. McGuinn, is to "not make loans or other extensions of credit to entities that discriminate with respect to race, creed, religion or color..." Martin Luther King Anti-Apartheid Coalition leaders believe that the bank violated that policy with its 1978 loans to private corporations in South Africa, which must discriminate on the basis of race in order to obey many apartheid laws.]



# Martin Luther King ANTI-APARTHEID COALITION

## MELLON BANK TIES TO SOUTH AFRICA

Research conducted recently into the correspondent banking relationships between Mellon Bank (East), N.A. and South African banks revealed some disturbing facts. By allowing cable and wire money transfers between South Africa and its many Pennsylvania (and other U.S.) branches, Mellon continues to be involved in the economy of the apartheid state of South Africa.

These correspondent banking services, which allow South Africa access to the international financial community, make possible any number of important transactions -- from trade to capital flight.

Mellon appears to be in violation of Philadelphia's new anti-apartheid law, City Council Bill #543 (the Ortiz/Clarke Bill), which explicitly prohibits the provision of financial services to South African entities. Mellon was required to supply Philadelphia's Treasurer's Office with information on its relationships to South Africa. With such relationships continuing, Mellon would stand to lose many millions of dollars of Philadelphia public deposits.

(Research was conducted by Patrick Bond of the Martin Luther King Anti-Apartheid Coalition -- 215-747-1285 or 301-243-1690. On August 25, 1986 Mr. Bond was told by customer service representatives at Mellon Bank's Broad and Chestnut Street main branch about Mellon's links to South Africa.)

Mellon Bank offers correspondent banking services to the following South African banks:

Bloemfontein.....Volksas

Cape Town.....Barclays, French Bank of Southern Africa, Nedbank, Volksas

Durban.....Barclays, French Bank of Southern Africa, Nedbank, Volksas

Johannesburg.....Barclays, French Bank of Southern Africa, Nedbank, Standard, Volksas

Port Elizabeth.....Barclays, French Bank of Southern Africa, Nedbank, Volksas

Pretoria.....Bank of Lisbon & S. Africa, Volksas



PROVIDENT  
CHEQUE NO. P 63970 -

DATE	BRANCH NO.
JULY 11, 1986	12
TYPE OF CURRENCY	
SOUTH AFRICAN RANDS	
AMOUNT IN FIGURES	
508. 26	

by to the \_\_\_\_\_  
 Order of \_\_\_\_\_  
 The \_\_\_\_\_  
 in of ONE FIVE HUNDRED EIGHT AND 08/100

RAWEE BANK

STANDARD BANK OF SOUTH AFRICA  
P.O. BOX 9288  
2000 JOHANNESBURG, SOUTH AFRICA

AUTHORIZED SIGNATURE

CHEQUE NO. P 63970

CUSTOMER'S INSTRUCTIONS		WE DEBIT YOUR ACCT	WE HAVE YOUR CHECK	RATE	DOLLAR EQUIVALENT	COMMISSION	TOTAL
DATED	REFERENCE						↓
7-11-86			XX	.3935	200.00	6.00	
TYPED BY	ISSUING OFFICE	DATE			ACCOUNT NUMBER		
t	12	7-11-86			883057082		206.00

SOLD TO

PHILA. PA. 19104

Drawee Bank will be advised of issuance of cheque. Presentation for payment should not be made prior to Drawee Bank's receipt of such advice.

This transaction is subject to the conditions on reverse hereof.

**NOTICE TO PURCHASER: PLEASE FORWARD THIS CHEQUE BY REGISTERED MAIL AND RETAIN THIS COPY FOR YOUR FILES.**



# PROVIDENT NATIONAL BANK

BROAD AND CHESTNUT STREETS, PHILADELPHIA, PA/REPLY TO: P.O. BOX 7648, PHILADELPHIA, PA 19101

HAROLD C. HERMAN  
SENIOR VICE PRESIDENT  
AND GENERAL COUNSEL  
(215) 585-5174

June 19, 1986

Eric H. Pookrum, Esquire  
City Treasurer  
City of Philadelphia  
City Treasurer's Office  
1430 Municipal Services Building  
15th St. and J.F. Kennedy Blvd.  
Philadelphia, PA 19102-1681

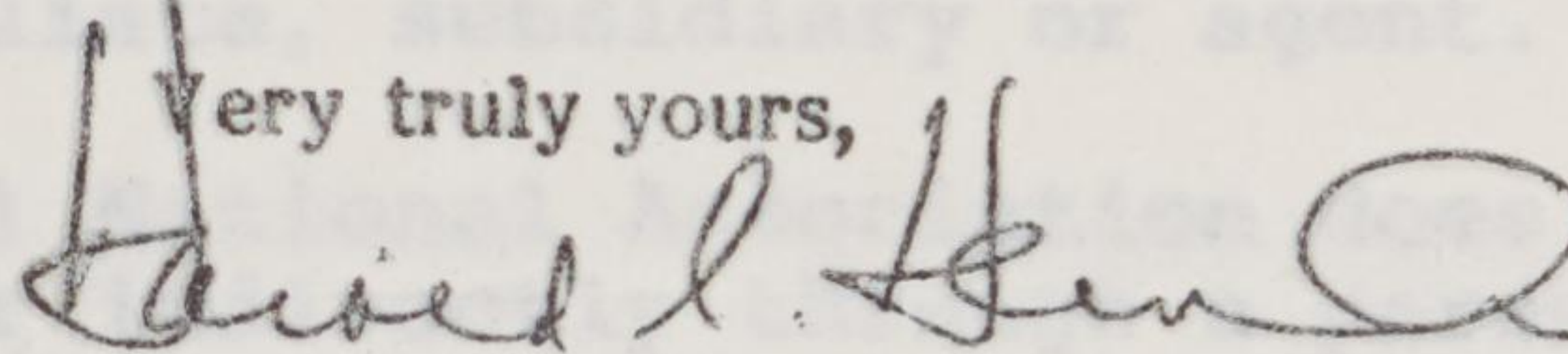
Dear Mr. Pookrum:

On behalf of Provident National Bank, I hereby certify

1. that I am Senior Vice President and General Counsel of Provident National Bank;
2. that in such capacity I have asked the officers in charge of the various bank departments who are responsible for the services outlined in Section 19-201, subparagraph (6) of The Philadelphia Code to advise me if any such services have been provided to either South Africa or Namibia; and
3. that I have been informed that Provident National Bank does not, either directly or indirectly, provide any of the services outlined in the foregoing statute.

Should you require anything further, please advise.

Very truly yours,



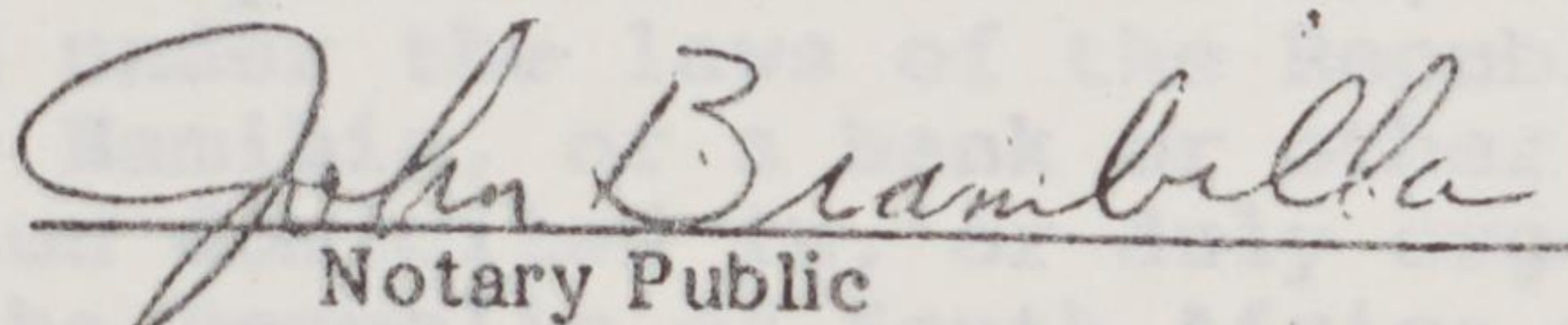
Harold C. Herman

HCH:mrl

COMMONWEALTH OF PENNSYLVANIA) SS:  
COUNTY OF PHILADELPHIA )

On the 19th day of June, 1986, before me a notary public, personally appeared Harold C. Herman, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained

In witness whereof I hereunto set my hand and official seal.

  
Notary Public

JOHN BRAMBILLA  
Notary Public, Phila., Phila. Co.  
Commission Expires Sept. 17, 1987



**Mellon Bank**

Mellon Bank (East)  
National Association  
Mellon Bank Center  
Philadelphia, PA 19102

June 27, 1986

Eric Pookrum, Esquire  
Treasurer  
City of Philadelphia  
Municipal Services Building  
Philadelphia, Pennsylvania 19102

Dear Mr. Pookrum:

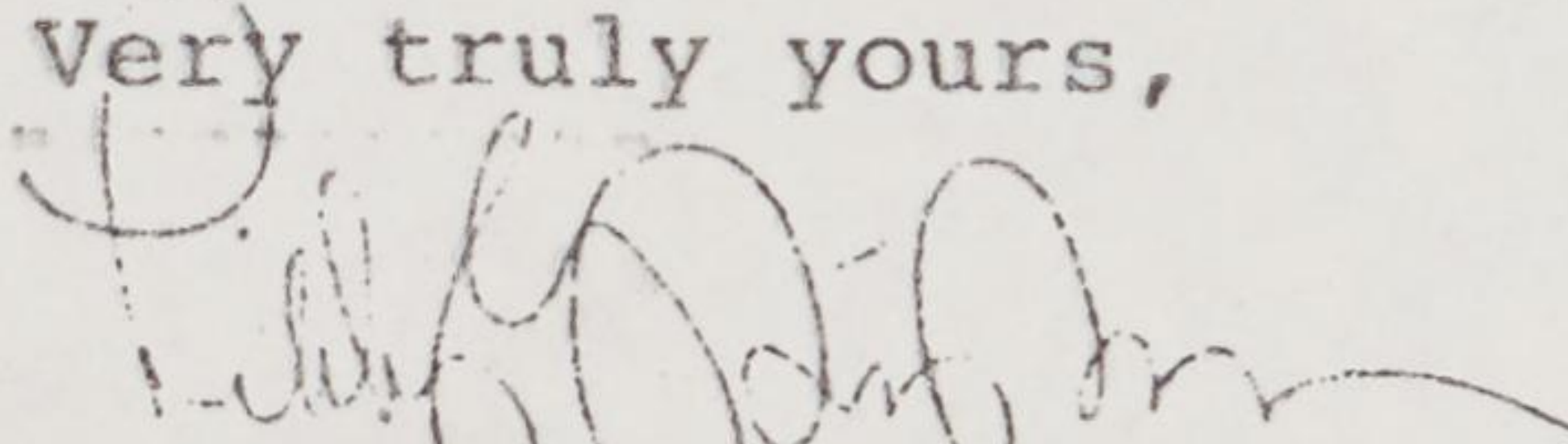
Mellon Bank (East) National Association hereby provides the following certification pursuant to Section 19-201 of the Philadelphia Code:

1. Mellon Bank (East) National Association currently does not provide, and has not provided at any time during the year ended June 30, 1986, any services to the Republic of South Africa or Namibia, either directly or through a parent corporation, affiliate, subsidiary or agent.
2. Mellon Bank (East) National Association does not provide, either directly or indirectly through a parent corporation, affiliate, subsidiary or agent, any of the following services:
  - a. Selling, advertising or promoting the sale of krugerrands or other coins minted in the Republic of South Africa or Namibia.
  - b. Underwriting any securities of either the government of the Republic of South Africa or Namibia, a corporation owned (to the knowledge of Mellon Bank (East) National Association) in whole or in part by the government of the Republic of South Africa or Namibia a corporation domiciled in, or duly organized under the laws of the Republic of South Africa or Namibia, or a bank or other financial institution domiciled in, or duly organized under the laws of the Republic of South Africa or Namibia.



- ⇒ c. Making any loans or providing any other financial services to either the government of the Republic of South Africa or Namibia, a corporation owned (to the knowledge of Mellon Bank (East) National Association) in whole or in part by the government of South Africa or Namibia, a corporation domiciled in, or duly organized under the laws of the Republic of South Africa or Namibia, or a bank or other financial institution domiciled in, or duly organized under the laws of the Republic of South Africa or Namibia.
- d. Providing any trade related, credit or non-credit services to either the government of the Republic of South Africa or Namibia, a corporation owned (to the knowledge of Mellon Bank (East) National Association) in whole or in part by the government of the Republic of South Africa or Namibia, a corporation domiciled in, or duly organized under the laws of the Republic of South Africa or Namibia, or a bank or other financial institution domiciled in, or duly organized under the laws of Republic of South Africa or Namibia.

Very truly yours,

  
Libby G. Fishman  
General Counsel

LGF:kmr