

For Immediate Release
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Independent
Community Bankers
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ICBM Condemns Department of Justice Lawsuit Against KleinBank

The Independent Community Bankers of Minnesota (ICBM) has strongly condemned a lawsuit recently filed by the United States Department of Justice (DOJ) against KleinBank, a community bank headquartered in Chaska, MN. The lawsuit alleges discriminatory mortgage lending practices.

“This misguided action is an attack on one of our members, but it is also a serious threat to all community banks in Minnesota and across the country,” says Jim Amundson, ICBM President/CEO.

“Banks are not required to provide home loans,” Amundson explains. “In fact, many have avoided the business entirely or have exited the business due to excessive regulatory requirements. Lawsuits like this increase the risks in mortgage lending and will only serve to drive more banks out of the business and ultimately reduce choices for consumers.”

“Making loans to consumers and businesses based on local decision-making and personal relationships is the core of community banking,” Amundson adds, “but community banks are no different than any other business in that they need to make business decisions and allocate finite resources to certain products, services and markets. Seeing the DOJ try to circumvent the role of management and shareholders and exert its will through the courts is quite disturbing.”

Furthermore, banking is a highly regulated industry, and the level of trust and accountability between banks and their primary regulator is critical to the existence of the industry. In July 2016, the FDIC released its public disclosure of KleinBank’s Community Reinvestment Act (CRA) Performance Evaluation. In that disclosure, the FDIC stated KleinBank “... has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods.”

Most importantly the report stated that examiners “did not identify any evidence of discriminatory or other illegal credit practices.”

“A very dangerous precedent is set if banks can’t rely on reports from their primary regulator,” Amundson says, “and if other government agencies are free to view the very same information with an activist mindset, without accountability for the damage they cause and without regard for safe and sound banking practices, an unsustainable operating environment is the only likely outcome.”

Amundson adds that ICBM will serve as an advocate on behalf of KleinBank and all of its members to stop this overreach and will urge Minnesota’s members of Congress to pressure the DOJ to dismiss the lawsuit.

“KleinBank is a 110 year old community bank with a clear history of serving the needs of their communities and doing so with integrity,” Amundson says. “I commend them for having the courage to stand up to this baseless attack, and I pledge the full support of ICBM to preserve and restore their trustworthy reputation.”

ICBM, headquartered in Bloomington, represents more than 600 community bank locations with assets exceeding \$35 billion and is dedicated to keeping community banks competitive for the benefit of their customers and the communities they serve. The association offers education, legislative advocacy, member networks for compliance, technology resources, marketing, human resources, CEOs, and liquidity, plus an annual convention, a technology tradeshow, and an array of products and services tailored to the needs of independent community bankers.