

## RALPH NADER RADIO HOUR EPISODE 492 TRANSCRIPT

**Steve Skrovan:** Welcome to the *Ralph Nader Radio Hour*. My name is Steve Skrovan, along with my co-host, David Feldman. Hello, David.

**David Feldman:** We got a great show and you can bank on it.

**Steve Skrovan:** That is correct. And joining us is of course, the man of the hour, Ralph Nader. Hello, Ralph.

**Ralph Nader:** Hello, everybody. The new *Capitol Hill Citizen* features the satiric skills of Steve Skrovan. He wrote a piece on Congress as a gated community. It's hilarious. The *Capitol Hill Citizen* is just out with its latest edition, 40 pages packed with material you won't see not only in the mainstream media, but in the independent media. You can get a copy, first class mail, by going to [capitolhillcitizen.com](http://capitolhillcitizen.com). Spread the word. People are very excited, who read this wonderful new newspaper focused on Capitol Hill in order to make more of us Capitol Hill citizen activists.

**Steve Skrovan:** And if you want a little comic relief, turn to page 12. That's where my piece is. And that's also enhanced by the graphic genius of our very own Jimmy Lee Wirt.

And on today's show, we welcome Casey Fannon, who is the CEO of National Cooperative Bank. NCB, as it's known, was one of the many victories of the consumer rights movement. Before NCB, many cooperatives weren't eligible to use the existing cooperative finance system. So a coalition of cooperative leaders, civil rights leaders, and consumer advocates, including, of course, our very own Ralph Nader, set out to provide the dependable source of financing. National Cooperative Bank was chartered by Congress in 1978 to serve the financial needs of cooperatively owned organizations that operated for the benefit of their members, not outside investors.

We'll speak to Mr. Fannon about National Cooperative Bank's mission, their history, their plans for the future, and their cooperative successes over the last 45 years. Then Ralph has a couple of things to get off his chest, and then he's going to also respond to some listener feedback. And as always, somewhere in the middle, we'll check in with our steadfast corporate crime reporter, Russell Mokhiber. But first, let's talk to Casey Fannon about cooperative banking. David?

**David Feldman:** Casey Fannon is President and CEO of National Cooperative Bank, a leading financial services company dedicated to providing banking products to cooperatives and socially responsible organizations nationwide. Welcome to the *Ralph Nader Radio Hour*, Casey Fannon.

**Casey Fannon:** Thank you so much. It's a pleasure to be on.

**Ralph Nader:** Yeah, welcome indeed. Our listeners, they might be interested to know that one in every three Americans is a member of a co-op. Maybe you don't know that, but it's the case. Co-op is as American as apple pie—not just farmer co-ops, consumer co-ops, housing co-ops, all kinds of different co-ops, even moving into the Internet age in terms of potential co-ops surrounding the concept of the commons. And the biggest membership probably is in credit

unions. Over 70 million Americans belong to credit unions all over the country. It doesn't matter whether it's blue state or a red state; co-ops are everywhere, especially in farm country.

Just to give the framework, Casey, I want to read from your description of the National Cooperative Bank, which we worked assiduously with the Cooperative League of the USA and others to get through Congress in 1978. And we attended a signing ceremony in the White House in August of 1978. I remember how hot a day that was, but it was a very celebratory day.

Anyway, the National Consumer Cooperative Bank is now called the National Cooperative Bank (NCB) a name change that was controversial, which we'll get into. I'm quoting from your materials, NCB "provides comprehensive banking products and services to cooperatives and other member-owned organizations throughout the country. What makes NCB unique is that the bank was created to address the financial needs of underserved market niche people who join together cooperatively to meet personal, social, or business needs, especially in low-income communities." So the traditional definition of cooperative is an economic organization that provides goods and services to its customers and is owned by its customers. Like a food co-op in a locality, say, in Berkeley or Saint Paul, Minnesota, would be owned by the consumers who go there and buy, and then the co-op gets some dividends. It is not a profitmaking organization. It's cooperative. If they have money left over, it either goes into reinvestment to maintain the premises, et cetera, or is sent out in dividends to the consumer owners.

Now, whether fortunately or unfortunately, Casey, the definition of a co-op that is able to get loans from the co-op bank has been expanded in considerably controversial directions. And we'll get to it. But to give people a sense of quantitative descriptions, tell our listeners, where is the co-op bank, how many employees does it have, what are its assets, and how much did it loan out last year?

**Casey Fannon:** NCB is we're headquartered in Washington, D.C. We have a few different primary offices, one being in the DC area, which is where we have about 150 people or so. Another operations center is in Hillsboro, Ohio, with roughly an equal amount of people. NCB's New York office is where I sit today, and it covers one of our larger markets, which is housing cooperatives in New York City. Collectively, we have roughly 340 wonderful employees. In terms of asset size, we're about \$3.4 billion. And last year, we originated roughly \$1.6 billion in loan products. And that's a pretty high number for a \$3.4 billion bank. And I think that's a testament to our expertise in the capital market space, bringing the power of the capital markets and lower-cost financing to our co-ops and our co-op members through NCB. We have about 3600 cooperative members of the bank. As you mentioned, NCB is a cooperative itself. So just like you described what a cooperative is, NCB fits that description.

**Ralph Nader:** When a co-op gets a loan from the bank, it becomes an owner of the bank.

**Casey Fannon:** It can, yes. Customers can purchase, if they are a cooperative, can purchase stock in NCB, and many do. And we've been paying dividends. We just paid our largest dividend ever in 2022, and we just paid out last month our dividend for 2023. It's been a good investment for the cooperative members.

**Ralph Nader:** Well, as you know, because you've been with the bank since 1996, most of your banking career, it had a turbulent beginning. After it was passed by Congress and signed by President Carter in 1978, Carter lost the election to Reagan. And one of the first moves Reagan made was he wanted to abolish the bank. He thought it was not capitalistic enough. And there were back and forth negotiations with the Reagan administration and the bank and its supporters, which included organized labor as well as cooperatives around the country. And a compromise was reached so that the bank was privatized. And it was not only privatized, it changed its name to just National Cooperative Bank. In the process of privatizing, the issue of taxpayer subsidies arose because obviously, to get underway, it had to have a taxpayer subsidy; it had to be capitalized.

**Casey Fannon:** That's right.

**Ralph Nader:** Will you please clarify that history? Are you still receiving any taxpayer subsidies, like Wall Street does all the time, at a much higher order of magnitude?

**Casey Fannon:** No, hardly. Back in 1981, as you mentioned, when National Consumer Cooperative Bank converted from a government sponsored entity, basically, on the budget of the government, to a privately-owned cooperative, we needed that initial capital to be successful as a new bank. So at the time, the capital that had been delivered to NCB while it was on the government's watch converted to sub (subordinated) det. At the peak period, I'm going to guess we probably had \$200 million or so of sub debt that we owed to the United States Treasury Department. For many years, we carried, serviced, and slowly chipped away at that debt. Probably 2005-ish we paid off all of the debt that we owed to the United States Treasury Department.

So I don't know if I'd say subsidy, Ralph. I would say that that initial capital provided to NCB by the government was an investment. Looking back at the history of that investment, it turned out quite well for the US taxpayer.

**Ralph Nader:** I think you're right. It not only turned out quite well, but in contrast to government guaranteed big capitalism today, where large corporations get in trouble because of mismanagement, corruption, and bad marketing decisions, go to Washington for bailouts. Only small businesses have to face the bankruptcy. So the co-op movement should never feel defensive about this because their reliance on government is very minimal.

**Casey Fannon:** Absolutely. We still have the tie back to the original Bank Act but we have no financial obligations to the government anymore.

**Ralph Nader:** One of the problems with co-ops is the lack of membership engagement. And some co-ops have failed because the members who own the co-op don't show up for the meetings, they don't get engaged and the co-op institution falters. One reason why a small percentage of your loans is devoted to traditional consumer co-ops like food co-ops, which are owned by what is called in the statute "ultimate consumers," is the lack of requests for loans from around the country. In other words, you have more loans available over the years to these food co-ops than you were requested to extend. What are you doing about that, especially in low-income areas where there

are food deserts and a lot of commercial exploitation of the poor? Are you making speeches, firing people up about the cooperative tradition of self-reliance and durability and responsiveness or do you have any bank policies that are trying to rev up more loan requests?

**Casey Fannon:** As you can imagine, we're always looking for cooperative lending opportunities across the country, a second or two on participation. The University of Wisconsin put together a really nice research piece last year on the engagement of cooperative members. And you're right, there are certain categories of cooperatives that don't have very high levels of participation, and consumer cooperatives tend to have higher participation at times of crisis or major decisions, but outside of that it can vary. I think purchasing co-ops have the highest percent of participation.

We have made loans in all 50 states aside from the three main offices that I described earlier. We have employees across the country working from their home or from small satellite offices to generate loan opportunities across the co-op ecosystem. And we do that by supporting grassroots-led organizations that promote the creation of cooperatives and cooperative development. We work very closely with NCBA, National Cooperative Business Association, and support their efforts. We just completed a full year P6 initiative, which means the sixth cooperative principle of cooperation among cooperatives. And so that effort was to promote growth and research why there are not a huge number of co-ops being created, and linking what needs to be done to create those new co-ops. And access to capital, as you well know, is one of the major stumbling blocks for any small business, but particularly small cooperatives and new young cooperatives.

**Ralph Nader:** Well, that was the reason for the passage of the Cooperative Bank Act; the commercial banks didn't want to extend loans to co-ops. They thought it was an alien kind of economic ideology. It wasn't capitalistic. Again, from your materials, you say "Co-ops operate for the benefit of their member owners. They take advantage of economies of scale, combined buying power and strength in numbers to save money and return profits to their members. In the process, co-ops provide millions of jobs, support businesses and personal needs, enhance the quality of life."

I would add that they also have, for example, voted to ban the sale of cigarettes or other products that they don't like in the food store that they own. And they were in the vanguard of that ahead of the supermarkets and commercial stores. So when we were lobbying the bill through Casey, we had a wonderful young lobbyist lawyer, very savvy, Mitch Rofsky, who unfortunately passed away recently. And he would go up on Capitol Hill day after day and we would be involved in the drafting of the bill, beating back some weakening amendments, strengthening it, making it more definitional about what a co-op is.

15 min 20 sec

And I remember meeting with Senator Proxmire who we had to get to support it—he was head of the Senate Banking Committee—and he raised some doubts. He said, "Well, how do you know there's going to be enough demand by enough co-ops to make it worthwhile?" I said, "Well, you have a lot of co-ops in Wisconsin and Eau Claire and other places, and the two work together. If there's a bank offering loans, it'll catch the attention of people, make it more likely they can sign up people to start a food co-op or a housing co-op."

Well, obviously it's been a difficult process and I have a good example for you. In Winsted, Connecticut, from which I hailed, they're trying to start a food co-op. And this was just before the COVID-19 pandemic. They signed up about 350 people. They gave between 250 or up to \$1000. And then the COVID pandemic stalled the process. And I said to them, "Are you in touch with the National Cooperative Bank?" They said, "Yes." They said, "Well, why don't you file a loan application? You've got the papers, you're a legal entity." And they said, "Well, we were told we really had to get up to 1000 members to show demonstration of support." The town is 11,000 people and it serves smaller adjacent towns in Connecticut. What would you tell them to get them moving again?

**Casey Fannon:** Well, we are always doing food co-ops across the country. We just did a big one in Detroit which was being constructed right now. We're working on some in Chicago and other parts of the country. Getting that initial group of members not only to provide capital, which is obviously important, but just to ensure the success of the co-op once the doors open, is critical. The food co-ops being a pretty well-established group in the co-op space, there are playbooks that lay out the things to do to make a food co-op successful. And hitting that 1000-member target is clearly one. It has to differ by market, it has to be bespoke depending on the situation. But having that group of member owners that will support the store is critical.

So I would say to that co-op, continue to talk to NCB and some of the other CDFIs that are focused on co-ops, and that have technical assistance. CDFI stands for Community Development Financial Institution. There's plenty of them all around the country and they do wonderful work. They're outside of the banking system directly, but they provide to communities that aren't well-served who need financial services. CDFIs serve a very important role in this country. Some of these small business where you don't have necessarily one driving leader but several technical assistants is critical. And there are some groups like FCI out there that do a lot of great consulting with young and developing food co-ops.

I will note, Ralph, that linking this discussion with the early lobbying efforts and the difficulty in communicating the need of cooperatives and the importance of cooperatives, we still do that today and we still deal with some difficulty like you did in 1978. The Small Business Administration for decades did not allow cooperatives to be borrowers for an SBA loan. So NCB, along with many of the other cooperatives in the space, have lobbied long and hard to allow co-ops to be eligible borrowers under SBA programs.

**Ralph Nader:** Listeners should know that the size and range of cooperatives in Europe, especially Western Europe, are far, far greater than in the US. And credit unions were brought to the US by Canadians from Quebec. They went down to New Hampshire over 100 years ago and helped start the first credit union, which is basically an alternative to commercial banks. And we did a report for the Marshall Fund called "Making Change?: Learning from Europe's Consumer Cooperatives". It came out in 1985 by the Center for Study of Responsive Law. We sent people to various countries – Norway, Sweden, Germany, France, Italy, England to study their co-ops to find out why are they so much larger and vigorous. In Switzerland, they have two giant food co-ops. One of them is called Migros, M-I-G-R-O-S. It has an adult education, a big food co-op, it has a

newspaper, one of the leading newspapers in Switzerland, and it brings a lot of benefits to its owners. Why do you think the tradition in Europe was so much more robust to this day?

**Casey Fannon:** I had the benefit of visiting Italy last year in the Emilia-Romagna region outside of Bologna and went there with a number of us co-op leaders. That is the most concentrated area really in the world of cooperatives. And there are some very large ones, particularly in the agricultural space, but there's a lot of small ones too. A lot of social cooperatives that help those in need, disabled people, and they serve the needs of the communities where these people live. So what drives that? I think culturally, businesses in Italy, for example, tend not to be as large as American corporations. I think that there's not this strive and drive goal to be bigger and better and get larger and larger. There's a culture of smaller businesses and that has allowed many small cooperatives to prosper.

On the other hand, you've got the Spanish Mondragon system, which is a hybrid co-op that is the largest worker-owned co-op in the world. And Mondragon, as opposed to the smaller Italian co-ops, is wildly successful in Spain. The Basque region of Spain has always outperformed the rest of the country in large part because of the strong cooperative system. And despite Mondragon being so large, they too have it broken down into many smaller entities. They've been at it a little bit longer than us in the States, and culturally they were tuned in quite well. Ralph, maybe we'll catch up someday.

**Ralph Nader:** As you may know, back in 1989, our center issued a report by Seyoum Haregot, critical of the bank in its first 10 years, called *The Failed Promise of the National Cooperative Bank*. The nub of the criticism is the expanded definition of what is a co-op. I'll just read a short paragraph from the report.

“In sum, the National Consumer Bank claims to be fulfilling the mandate of the Bank Act by providing services to business cooperatives, to federations of bank cooperatives, to credit union service corporations, to business members of cooperatives, and to others that might confer benefit on cooperatives and their members. Ralph Nader characterizes NCB's lending priorities as, quote, "An unbelievable repudiation of NCB's original mission 10 years from birth in terms of the co-op ideal." In a way the whole scheme makes a mockery of the cooperative ideal, says the author Seyoum Haregot, who is a Harvard Law graduate from many years ago, a very smart man.

This is a very intricate area. Before you even entered the bank in 1996, they were starting to give loans to cooperative networks between Dunkin' Donuts stores and that kind of thing, probably because they didn't have enough loan demand except for housing co-ops. Tell us about this whole eligibility. Why in the world would the co-op bank extend a multimillion-dollar loan to NPR, National Public Radio? Tell us about the eligibility beyond co-ops owned by the ultimate consumer, like a traditional housing co-op or a traditional food co-op.

**Casey Fannon:** NCB has absolutely served its mission for the 45 years it's been around. We continue to serve consumer cooperatives across the country and that's where we put most of our dollars, both deposit dollars and lending dollars. It's really a duly mandated bank. One is to serve America's cooperatives, and the second is to serve low- and moderate-income communities. And

we continue to hold 39% of our portfolio in low- to moderate-income communities, which is above the Bank Act's original best efforts goal.

The Bank Act requires that members and shareholders of NCB be cooperatives. We are a second tier co-op, meaning that individuals cannot belong to NCB as a member, but rather cooperatives made up of individuals and corporations can become members of NCB. I would argue that NCB has expanded the lending beyond just consumer cooperatives to the benefit of all cooperatives, including consumer cooperatives. We have gained expertise in many markets that have helped us provide better products and lower cost financing to consumer cooperatives and other cooperatives across the ecosystem. We fund worker cooperatives. We work with purchasing co-ops. You mentioned Dunkin' Donuts: I have walked a Dunkin' Donuts cooperative kitchen, and the smell alone of that facility would convince you that it's a loan worth making. And that's an example of small business owners chipping in to have a cooperative kitchen to make donuts serving, say, 100 different Dunkin' Donut sites. And if you're looking at solving poverty and helping the community, you have to look at ownership. Small business ownership is a critical element in building wealth and narrowing the wealth gap.

**Ralph Nader:** Let me ask you to tell our listeners the percentage of loans in various categories. How much did you loan out, for example, last year and what percent went to housing co-ops, what percent went to business type co-ops, to consumer co-ops?

**Casey Fannon:** Housing co-ops, which are consumer cooperatives, is regularly and annually the biggest category of our lending. I don't have those numbers at my fingertips, but I think of our \$1.6 billion of loan production last year, about \$1 billion of that was in consumer housing cooperatives. Outside of that, we've loaned to food cooperatives and independent business owners that are members of cooperatives. And I bet you that's probably \$100 million or more in and of itself. We have many lines of business that serve different co-ops across the country and in different industries. Consumer cooperatives, I can say with absolute certainty, are consistently the highest percent of our origination and have been as long as I've been at the bank, which will be 27 years next week.

So my personal opinion is that there's the small and the large tent view of cooperatives. There's more people under the big tent. P6 cooperating with cooperatives allow for a better NCB. I think NCB is better, and our consumer cooperatives are better off that we are tied into the cooperative ecosystem in a more fulsome way.

**Ralph Nader:** It also makes you more politically formidable in Congress when you have small businesses lobby not being antagonistic to you, up against larger companies that have tried to undermine the cooperative institutions from time to time, sometimes a pitched battle in Congress. Let me ask you this before we go to Steve, David and Hannah. The consumer cooperative borrowers have a pretty good record of repayment. You don't have a very bad loan record, do you?

**Casey Fannon:** We do not, no. We've been successful, as have our customers.

**Ralph Nader:** Listeners should know that the bank doesn't just loan money. As technical assistants, it can go out and really help answer your questions if you want to form a new co-op. Let me give you a hypothetical. Let's say teachers want to start a school at the community college level and they want to attract students to be trained in three majors. One, how to work at the municipal level – staff, cities and towns, villages, how to work in the voluntary charitable world – foundations, and how to work in civic groups, all of which require skills. And it's a good idea to give them a running start rather than trying to recruit them as not having any background in their formal education. So let's say a group of teachers wanted to get underway in a cooperative manner. They have the premises and they know they can get students for these job openings - that are yawning - for these job openings, and would like students to come with some background, some field experience in their majors at community college. Is that a possible co-op?

**Casey Fannon:** Yeah. I think any company can be structured as a co-op. In that hypothetical, there's a lot of demand for that hypothetical co-op. Most business schools focus on the corporate structure, and they don't focus as much on the co-op, municipal, and foundation areas. So if those teachers were to combine and put together a business plan and a capital plan, that's exactly where to start to define how this business would operate and how it would fund. There are groups that can provide startup capital in that intermediate capital and also long-term capital. There is a rich ecosystem of lenders in the space that work together to try to start those new co-ops.

I started to touch on earlier, the SBA allows now, through many years of lobbying, co-ops to be eligible SBA borrowers, but there's still work to be done on eliminating the need of a personal guarantee for cooperatives. And we are lobbying and pushing hard, and have been for a while, to make that change, because so many small businesses in this country get their first start through a Small Business Administration loan. That's a very common way for a small business owner to start their company. And co-ops, despite changes allowing them to borrow, structurally have a difficult time doing it, because it requires a personal guarantee. And as you know, co-ops could have several or even hundreds or thousands of members and no one individually is going to sign personally. So that's an area that we continue to lobby for.

**Ralph Nader:** That's good. And tell our listeners how they can reach you, the website for the bank and for the technical assistance, low-income part of the bank.

**Casey Fannon:** The National Cooperative Bank's website is [ncb.coop](http://ncb.coop). And the Office of Self-Help Development and Technical Assistance that you're referring to is known as Capital Impact Partners ([capitalimpact.org](http://capitalimpact.org)), does a wonderful job and they just raised a significant amount of money to fund the Equitable Prosperity Fund, which also provides preferred equity for startup cooperatives in addition to technical assistance and technical assistance partners.

**Ralph Nader:** I like your interest in co-ops on university and college campuses—food co-ops, housing co-ops, book co-ops. You've made some loans in that direction and I applaud you for that.

Now, do you consider yourself a tribune for the cooperative philosophy, like some of the forebearers in the history of cooperatives in America? I mean, do you go around making speeches,



educating people about the cooperative philosophy, cooperative practices? And if so, how can they get a hold of those speeches?

**Casey Fannon:** Sure. I've done a lot of these types of podcasts and I'll make speeches wherever I can. I consider myself a learner and an educator. I love to learn from those around me. And I feel like I've been blessed to have great cooperators in my circle and I hope to provide that same teaching to others in my circle. I think that co-ops play a critical role in the United States. I think, as you mentioned, one out of every three consumers are members of a co-op. And in addition to that, you can't walk into a grocery store or a hardware store and really not touch something that has passed through a cooperative. So I think that it is a critical component of the ecosystem in this country. And I think that it helps the little guy. In sticking with the hardware example, you go into the big box stores and it's not so personal. If you walk into a small hardware store that is a member of a cooperative, it's part of the community. It's building wealth in the local level and it serves the customers, and it's more of a niche delivery system for the consumers.

**Ralph Nader:** Well said. That's one of the additional advantages of cooperatives in our country. You must not be entirely satisfied with the rate of growth of the bank. What ideas do you have to really expand the bank's capitalization and loan portfolio?

**Casey Fannon:** Yeah. Well, we grew our loan portfolio 18% last year. We're in the midst of a strategic plan that sees growth as a critical element. It's really the foundation of the three-year strategic plan. So I can't say I'm unsatisfied with the growth of the bank. I think that we have successfully used the capital markets to securitize many of our loans. So I think that we're a pretty complex and clever bank, so we don't necessarily have to see the portfolio growth to measure our success. I think we consider our success lending but also providing value to our customers. We can provide value to customers and bring in other loan participants or securitization strategies that deliver the best value to our customer while not necessarily growing NCB's balance sheet. I do think growth is very important, but I don't think it is the only way to measure our success.

In terms of our growth capital, we've stayed true to our cooperative roots. We have not raised outside capital to fund growth, and our growth capital comes from retained earnings. We walk that balance of delivering our 3600 shareholders a nice annual return through patronage dividends, while retaining some portion of our earnings to fuel growth and just to provide a safe and sound bank to make sure we have a strong capital position. We've done an excellent job over many decades in achieving both.

**Ralph Nader:** We have often called David Thompson Mr. Cooperative USA. One of the things he likes about cooperatives is they meet with people in real time. And do you and your colleagues go out to invitations to speak and advise to areas that are thinking about going cooperative in one area after another?

**Casey Fannon:** Absolutely. Up & Coming conference is a popular one for consumer cooperatives and food cooperatives across the country and we're present every single year. We are a big sponsor of Impact Conference, which is a big co-op event across industries and across cooperative types, and can be seen very much on panels in both of those, and many others. We're in all 50 states;

we're across the whole co-op ecosystem. We spread ourselves across the country and see ourselves as technical experts. I just presented to a number of independently owned grocery store operators who are members of cooperatives and walked through the ABCs of financing to those small business owners. So yes, we are trying to put ourselves in the way of co-op creation, so we are a part of the discussion and can help these co-ops, and we've done a good job doing so.

**Ralph Nader:** The farmers pioneered that area. They got Congress to establish banks for cooperatives. These are pretty giant financial institutions. And I remember during the oil embargo in the mid-70s, I came across an oil company that was owned by the farmers. They actually had wells, they had gas stations, they had pipelines and they accounted for about 1% of the oil industry as a co-op. Does that still exist?

**Casey Fannon:** I think the largest co-op on the Co-op 100 is CHS (a diversified global agribusiness cooperative). I know that they have a fuel component of their business. It's much more vast than just fuel, but it's that purchasing power that a co-op can attain by having so many members and can drive down the cost of those commodity prices. You mentioned earlier that co-ops typically aren't on the cutting edge of risk taking. Co-ops are generally formed when there's a need by a group of individuals. Sticking with the food co-op, if you're in a community that's a food desert, you're looking around with your neighbors saying, "Hey, there's a problem here. We need to solve this." Or if there's a home health care cooperative, it's because there's a need in the community to serve elders that need help. Co-ops generally are focusing on the core facets of living – healthcare, finance, food, power. These are all things that are... It's no surprise that “rural electric,” “credit union” and “ag” (agriculture) are the three largest categories in the co-op space.

**Ralph Nader:** Your bank is moving into solar energy co-ops, right?

**Casey Fannon:** Yeah. We've done some community solar projects, which I'm really excited about. It serves a couple of different needs. One is climate change. But also all of the community solar projects we've done have resulted in a guaranteed savings for the consumer. There are usually state and federal subsidies within these deals that allow for consumers to have lower cost of energy, and they get particular credit if they're in low-income areas. That's so important because if you save \$20 a month, an affluent family might enjoy that \$20 a month, but it may not be as impactful as a \$20 savings a month for a low-income community or low-income family. So we've done several of these community solar deals, and I'd like to do a lot more, because they're helping achieve our low-income goals. We feel that our solar business is aligned perfectly with the seventh co-op principle, Principle Seven, concern for community.

**Ralph Nader:** We've been speaking with Casey Fannon, F-A-N-N-O-N, CEO of the National Cooperative Bank. The Board of Directors are largely from cooperative or nonprofit origins. They're not commercial bank executives. And we hope that this program will interest the *New York Times*, *Washington Post*, and *Wall Street Journal*. AP in paying more attention to what you're all doing and the cooperative movement in America. Before we go to Steve, could you give the website again slowly for our listeners?

**Casey Fannon:** The two websites I direct listeners to is [ncb.coop](http://ncb.coop) and [capitalimpact.org](http://capitalimpact.org).

**Ralph Nader:** Okay. Steve?

**Steve Skrovan:** Casey, from your point of view, is the co-op movement declining? Is it holding steady? Is it growing? Where is the co-op movement in general in the United States?

**Casey Fannon:** There's a lot of energy with young people in particular who are disenchanted with Silicon Valley and venture funds and things like that. And there's been a growing interest in using the co-op form to start new businesses. There's a business here in New York City called The Drivers Co-op, which is sort of a competitor — it's called a platform co-op, so it's really utilizing some of the technology that you'd expect from Uber and Lyft, but it's owned by the drivers. That's an example.

Right now, I am spending some personal time coming up to speed on the community land trust structure, which are community groups trusts that own land to preserve affordable housing and oftentimes build limited equity housing cooperatives on the space, on the land that they own. We see a lot of co-op development in two categories of housing. One is senior housing. So a lot of senior housing cooperatives are being formed. It's a way for seniors to sell their single-family detached home, move in to a co-op that they own, they govern, and they design specifically to their needs. And it's really a wonderful social enterprise, when you visit these properties.

Another area in the housing space is manufactured housing. We've done a lot of conversions of privately held rental manufactured home communities, converting them to housing cooperatives. And when you think about that community, that's usually the lowest income community group in an area. And they have been exploited by many property owners by raising rents, because once you move your home there, the term mobile home is very much a misnomer. They're not very mobile. And so once the home is on site, owners have historically taken advantage of those renters. We've converted many of those to cooperative ownership, and it delivers the land back to the owners of the homes, and once again, they govern and control the economics of the co-op.

So I see opportunities across the co-op space. NCB and many of our financing partners need to lean in. As we get bigger and some of our partners get bigger, we need to make sure that we are focused on the small cooperative development. In 2021, following a very good year, we delivered on a goal that my predecessor, Chuck Snyder, had dreamt up, and that was the creation of what we now call Rochdale Capital. We have since contributed \$6.5 million of equity to Rochdale Capital, and we're intending to donate 3 million more, for a total of 9.5 million.

Rochdale Capital, led by John Holdselaw, is an aspiring community development financial institution. In addition to all the work NCB is doing, Rochdale will continue to serve our collective goal of working with small cooperatives and importantly, outside of the regulated banking system. So they can be a little bit more friendly; they can be a little bit more bespoke and risk takers, fueled by NCB's capital, with a particular focus on BIPOC (Black, Indigenous, People of Color communities). We're trying to seed the ecosystem and the financing space of the cooperative market with Rochdale, NCB and others to ensure that these young entrepreneurs can finance themselves.

**Ralph Nader:** David?

**David Feldman:** Let me ask you about the tension between purity tests and compromise. This is a capitalist country and compromise is essential. It's easy to stay pure if you never do anything. So you mentioned working with Dunkin' Donuts, and until recently, Dunkin' Donuts was co-owned by Mitt Romney's Bain Capital, and David Rubenstein's Carlyle Group. Bain is one of America's leading predatory venture capitalists. They buy perfectly fine companies and destroy them by saddling them with the debt that they incurred buying the company. Carlyle Group is, perhaps one of the biggest weapons investors in the world. So all of us are trying to do good in this world by spending our money wisely. At what point do the purity tests end and when do we have to compromise?

**Casey Fannon:** Working with small business owners, store owners that own one store or five stores or maybe ten stores, to me feels like the right thing to do. We are creating wealth at the individual level, at the family level, by working with these small business owners. Would I prefer to have all of my loans to perfectly structured cooperatives? Yeah, sure. Is that practical? Not always so compromise has to be factored in. I mentioned earlier, big tent, small tent. I definitely like to view the world as big tent. The more people you can put under the tent... clearly, there are certain businesses we will not touch. There are certain lines in the sand.

**Ralph Nader:** What are they?

**Casey Fannon:** We stay out of gambling, we stay out of vices, things like that. Most cooperatives are squarely in the space of day-to-day needs, and we turn down deals. A lot of different co-ops, with the legalization of marijuana coming, we've said no to a lot of those. We've tried to stay true to making the world a better place.

**Ralph Nader:** Hannah?

**Hannah Feldman:** I'd like to shift away from the larger scale to the more personal finance aspect of what you guys do. I was surprised to find so many resources for financial education on your website. I guess it fits with the mission, now that I think about it. But could you tell the audience about the financial education resources on your website? I'm very impressed, and it's probably going to teach me more than I learned in my high school econ class about personal finance.

**Casey Fannon:** Sure. We do it on a couple of different levels. I mentioned we have an Ohio organization with about 125 people. And we support financial literacy in the county that we employ about 150 people in, thereabouts. We go to the local high schools and provide a competitive environment for local high schools to compete to see how many students can take these financial literacy classes. And we create an environment where winners get a check to buy new computer equipment for the students, and even the runner ups do. In addition to that, we have a lot of how-tos – how to start a co-op, how to start a food co-op, how to work with a housing co-op. We partner with different groups, too. FCI does a great job on the food co-op space. National Association of Housing Cooperatives does a great job on the housing cooperative space. The CUNA Foundation

does a fantastic job with financial literacy and the consumer side. We work very closely with these credit unions. I haven't mentioned yet that we work with certified low-income designated credit unions. We provide sub debt to those credit unions to fuel their growth. In so many of those low-income credit unions, financial literacy is at the center of everything they do in their community. You mentioned education. Another way to say education is technical assistance (TA), which is critical to any co-op development project no matter what space you're in. Co-ops are unique, and not everybody has the experience of self-governing and starting a new business. So TA is critical. And it's hard work; it's not easy work. It takes time and a lot of effort, but so many of us try to get it done.

**Ralph Nader:** For sure. Listeners might be interested to know that the co-op bank in Washington, D.C. often gets rated as one of the best places to work in Washington, D.C. Before we close, any comments you want to make that we didn't cover?

**Casey Fannon:** I will say that NCB and its partner, Capital Impact Partners, have really led an initiative called the Cooperative Innovation Awards. And these last couple of years, Rochdale Capital, National Co-op Grocers, CUNA Mutual and Local Federal Credit Union have also contributed. It's a program that we solicit requests for grants from young and small cooperatives across the country, typically urban areas, and we give out awards. We've given out \$900,000 of grants to these small co-ops, and they can be grants of \$35,000, \$50,000. And it's really that seed capital, that \$900,000 has really developed into \$10 million of debt financing on top of it. So that early capital is so important in these small businesses and these small co-ops. And once you've got organizations like NCB and our partners contributing into these small organizations, it gives them a little bit more clout, a little bit more validity, and a little bit more capital, and they're able to grow that into a larger financing. That's something that we're very happy to continue to grow each year. We're in the midst of looking at applications now and we've got so many wonderful groups that are applying and doing great work.

**Ralph Nader:** Well, we're out of time. We've been speaking with Casey Fannon, the CEO of the National Consumer Bank in Washington, D.C. with a couple of offices in New York and elsewhere. Can you give slowly the website? Listeners, huge number of opportunities for you here. The website once more before we close.

**Casey Fannon:** Yeah. I'd like to direct the listeners to NCB's website. It is [ncb.coop](http://ncb.coop). N-C-B, dot, C-O-O-P.

**Ralph Nader:** There you have it, listeners. Go for it. Thank you very much, Casey. To be continued.

**Casey Fannon:** Thank you very much. It's a pleasure. And once again, thanks for all the work that you've put forward in the '70s to put NCB on the map. We're still trying to make you proud.

**Ralph Nader:** Oh, yes. Well, it's one of our proudest moments. So we wish you the best of luck in quality expansion as well as quantity. Thank you.

**Casey Fannon:** Thank you so much.

**Steve Skrovan:** We've been speaking with Casey Fannon. We will link to the National Cooperative Bank at [ralphnaderradiohour.com](http://ralphnaderradiohour.com). Up next, Ralph has a couple of things to get off his chest, and he's going to respond to some of your listener feedback. But first, let's check in with our corporate crime reporter, Russell Mokhiber.

**Russell Mokhiber:** From the National Press Building in Washington, D.C., this is your *Corporate Crime Reporter* "Morning Minute" for Friday, August 11, 2023. I'm Russell Mokhiber.

Hours after Democrats in the Senate last week blocked an effort to install greater oversight over the billions of dollars the United States is spending in Ukraine, the watchdog who oversaw US spending in Afghanistan issued a warning. That's according to a report in *The Intercept*. "Spending too much too fast with little oversight would lead to unanticipated consequences," said John Sopko, the Special Inspector General for Afghanistan Reconstruction, or SIGAR. "The US has sent more money to Ukraine in one year than it spent in Afghanistan over 12 years," Sopko pointed out. "I'm not opposed to spending that. I just want to make sure it's done correctly and that there's oversight," he said.

For the *Corporate Crime Reporter*, I'm Russell Mokhiber.

**Steve Skrovan:** Thank you, Russell. Welcome back to the *Ralph Nader Radio Hour*. I'm Steve Skrovan, along with David Feldman, Hannah, Ralph and the rest of the team. Ralph, you've got some things you wanted to talk about.

**Ralph Nader:** One aspect of the cooperative movement is that it has great potentials in the healthcare industry. There can be healthcare co-ops treating healthcare workers much better, owned by the healthcare workers. Daycare co-ops, much better than the commercial daycare chains around the country. So that's another area for listeners to contact the National Consumer Bank about.

We have perverse incentives in the way the corporations have structured our economy. People who produce the necessities of life are often paid the least, and people who produce the speculation and the avaricious activities of our economy are paid the most. For example, the people who grow and harvest our crops are often paid the least, respected the least, work in the most hazardous workplaces in the rural farm areas. Same is true for healthcare workers, whose average pay now is about \$13 an hour, giving life, sustaining help to elderly people, for instance. On the other hand, we have people who make entertainment products and services hugely paid, not to mention Apple CEO, Tim Cook, who last year made \$833 a minute, on a 40-hour week.

So the co-op movement is one of equitable respect for workers and consumers and deserves far more media attention, which we hope to foster. Okay, that's one. The other is, I have to point out, a few days ago in the *New York Times* Sunday edition, it happened again. A reporter, Adam Liptak said that in the US, a sitting president cannot be prosecuted. That's completely false. And Bruce

Fein, our constitutional law expert, has explained that in an email to the reporter, and I just want to briefly read that.

Reporter Liptak said, "In the United States, sitting presidents are immune from prosecution." Bruce responds, "That has been the non-legally binding opinion of the Department of Justice speaking through the Office of Legal Counsel since 1975. The Office of Legal Counsel opinion was issued outside any adversary process and no court decision has ever affirmed it. The predicate of the appointment of Special Prosecutor Archibald Cox by Attorney General Elliot Richardson during the Watergate scandal was exactly to investigate and prosecute crimes committed by sitting President Richard M. Nixon. So this was not reflecting this kind of presidential immunity." Bruce goes on to say, "Sitting members of the US Supreme Court and sitting members of Congress can be criminally prosecuted. Nothing in the Constitution's text suggests sitting presidents should be treated differently. To do so would contradict the hallowed hallmark of the American Revolution elaborated by Thomas Payne. In America, the rule of law is king; the king is not law," says Bruce Fein, constitutional law expert.

This *NYT* reporter is not the only one who has said this. It has been appearing again and again in the last four or five years in major newspapers and on radio and TV. A sitting president can indeed be prosecuted criminally in the USA. Period.

**Steve Skrovan:** Thank you, Ralph. Now let's respond to some listener feedback. This first one comes from Roxanna Marinak, who's responding to our program last week on digital addictions.

And she says, "Thank you again, Ralph, for another informative program. I think we are at this juncture because of the underfunding of public education with diverse programs that help create curiosity in young people rather than the push to simply fit in. I enjoy my time alone. I'm never bored as I am always curious to know more things. Also, as our planet continues to shrink, understand, we are all connected on this small planet. The driving need of capitalism for more profit is undercutting and destroying our democracy. My faith is in young people." That's Roxanna Marinak off of YouTube.

Well, certainly we agree with you because we have no alternative to young people. We've got to wean them, more time off that iPhone and internet addiction that the companies like Facebook and Google are so skilled in intensifying at a very young age, I might add. And we hope this program will be listened to by more young people. And we hope that more of our listeners will try to get more radio stations to carry this program. And of course, you can always get a free transcript of the program to use in classes or civic circles in your living room or in your neighborhood. So do spread the word, listeners. Thank you. And thank you, Roxanne.

**David Feldman:** This comes to us from TJJ. "Talk about techno capitalist regime. Let us not forget all the dead or dying people of color extracting cobalt for our AI devices."

**Ralph Nader:** Most of the cobalt is now produced in the Democratic Republic of the Congo in West Africa, and the workers are not exactly protected. Some young workers are actually digging out in the ground with shovels in their bare hands. There is some protection under the government's

law, but it doesn't go far enough. And of course, there is the lithium miners and miners of other rare metals that go into the production of electric car vehicles that have similar lack of protections in developing countries, much less developed countries. The *New York Times* just had a big article on the cobalt workers in the Congo, if you want to follow up on that.

**Steve Skrovan:** I want to thank our guest again, Casey Fannon from the National Cooperative Bank. For those of you listening on the radio, that's our show. For you podcast listeners, stay tuned for some bonus material we call "The Wrap Up", featuring Francesco DeSantis and "In Case You Haven't Heard."

**David Feldman:** The producers of the *Ralph Nader Radio Hour* are Jimmy Lee Wirt and Matthew Marran. Our executive producer is Alan Minsky.

**Steve Skrovan:** Our theme music "Stand Up, Rise Up" was written and performed by Kemp Harris. Our proofreader is Elisabeth Solomon. Our associate producer is Hannah Feldman. Our social media manager is Steven Wendt.

**David Feldman:** Join us next week on the *Ralph Nader Radio Hour*. Thank you, Ralph.

**Ralph Nader:** Thank you, everybody. Get active. That's what it's all about.