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Foxx tells Obama: Charlotte needs BofA

Local leaders hope to keep headquarters here, but it's unclear what they can do.

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Charlotte Mayor-elect Anthony Foxx said he spoke with President Barack Obama on Wednesday about the importance of banking to Charlotte's economy, and said Thursday he thinks the White House could play a role in whether Bank of America keeps its headquarters in Charlotte.

"The federal government has some skin in the game," said Foxx, who was receiving a congratulatory call from Obama after winning Tuesday's mayoral election. "I hope there is a conversation about stabilizing the communities they serve," he added.

Foxx is among local leaders concerned that Bank of America's search for a chief executive to replace the departing Ken Lewis could lead to the uprooting of the bank's headquarters. The Charlotte Chamber and other officials said this week they have been in contact with the bank about the issue, but it's unclear whether they will have any influence on a decision normally relegated to the corporate boardroom.

The bank's board has no directors with ties to Charlotte, except Lewis. Federal regulators are also expected to have a veto on the final candidate. The worry is that if the new CEO doesn't want to live in Charlotte, the headquarters could migrate to New York, Boston or another city.

Rep. Mel Watt, D-N.C., said he has talked briefly with House Financial Services committee chairman Barney Frank, D-Mass., about Bank of America and its jobs. "The essence of what he said to me is to assure me he's not out there to try to move Bank of America headquarters to Boston," Watt said.

Mayor Pat McCrory said he has an effort under way that involves a combination of strategies and includes players from business and government.

"The governor, the secretary of commerce, myself, the chamber and even our senators are working closely together to support Bank of America during their decision-making process," McCrory said this week. "Part of that is first respecting the process that they've got to go through ... while also selling our assets." He declined to be more specific.

Beyond public officials, two of the bank's most influential individual shareholders live in Charlotte - former CEO Hugh McColl Jr. and investor C.D. Spangler. Both declined to comment on whether they were reaching out to the bank.

"I think that whomever is made chief executive officer of the Bank of America is someone that Charlotte should welcome," McColl said in an interview. "And I would stop at the word 'welcome,' as opposed to 'welcome to town.' In other words, whining won't get us anywhere. We need to try to build a relationship."

But even the best efforts of a city and state might not be enough to dissuade a CEO who wants to make a move, experts said.

"The natural thing to do is to say, 'What changes do we need to make in our facilities? ... Maybe we can do something on the property tax side,'" said Steven Smith, director of the Weidenbaum Center on the Economy, Government and Public Policy at Washington University in St. Louis. "But with a company the size of Bank of America, and the size of its financial troubles, we know that property taxes are hardly a major concern."

N.C. politicians have a mixed record on banding together around issues affecting local companies.

In 2001, most of the state's congressional delegation, except then Democratic Sen. John Edwards, argued in favor of a merger between United Airlines and US Airways, which has its biggest hub in Charlotte. The plan was quashed by the U.S. Justice Department.

Last year, then-state treasurer Richard Moore was the only major political voice to speak out against Wells Fargo's purchase of Wachovia, saying that an independent company was better for the state. He urged North Carolinians to write letters to a Charlotte judge who ultimately rejected a lawsuit that sought to stop the deal.

Other regions have had more luck. Senators in Minnesota, Arizona and New York have successfully pressured General Motors, which has government loans, into not closing dealerships in their constituencies. Pittsburgh almost lost the headquarters of Westinghouse Electric last year, but local, regional and state leaders worked together to persuade the company to stay, said Dewitt Peart, president of the Pittsburgh Regional Alliance.

In 2004, Frank used his position on the House Financial Services Committee to pressure Bank of America into keeping a major presence in Boston following its purchase of FleetBoston Financial. After Frank and other local politicians questioned whether Bank of America was renegeing on its commitment to the region, the company moved 400 wealth and investment management executives to the city.

In an interview Thursday, Frank, chairman of the committee, said he thought it was inappropriate to try to influence the choosing of a private company's CEO. But he said he "will insist on a continued strong presence in Boston in particular and New England in general."

Some in Charlotte have worried about the influence of the bank's Boston-based leaders. Consumer banking head Brian Moynihan is a former Fleet executive who is considered a leading internal candidate to replace Lewis. Three former Fleet directors are on the search committee.

Frank said he talks with the bank's Boston-based marketing executive, Anne Finucane, and other bank officials, but he hasn't contacted the board. Frank said he and Watt, also a committee member, have discussed the importance of the bank to both of their communities. "I think it's a big enough institution that Charlotte and Boston can have a significant presence," he said.

Watt said that while he's been talking Charlotte up as a place to do business, Congress won't likely influence the outcome anyway. "Because it ain't our business. It ain't our decision to make," he said. "The board has to make that decision."

Rep. Larry Kissell, D-N.C., also has been talking with Watt about the issue, his spokeswoman said. Charlotte Republican Rep. Sue Myrick has not heard that Bank of America would move its headquarters, and so has not been working on the issue, her office said.

In addition to taking Obama's congratulatory call, Foxx said he also spoke Wednesday with Valerie Jarrett, Obama's political advisor, and David Agnew, a White House liaison to mayors, and reminded them of how important banking is to Charlotte. None of them offered specific assurances of help.

Foxx is hoping that a Democratic mayor in Charlotte will yield benefits for the city, because his party is in power in the governor's mansion and in Washington.

"I think Charlotte has the ear of a lot more people than we have had in a while," Foxx said. Barbara Barrett in the McClatchy Washington bureau contributed.



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