

February 17, 2009

Dear Sirs:

As a 25 year employee of World Savings, I was shocked and disappointed to hear the accusations leveled against that institution and its CEO's, Herb and Marion Sandler. Shocked because the nefarious deeds the company is accused of committing, misleading customers, falsifying loan applications, and the like, couldn't be further from the way the company conducted business during my tenure there. Disappointed because I know how hard all of us, from tellers and loan processors to the highest levels of management, worked to live up to our reputation of ethical behavior and fair dealing. It is beyond comprehension that we could be blamed for playing any significant role in the failure of Wachovia Bank, let alone the collapse of the real estate market and the economy in general, especially when we are blamed by the likes of questionable characters like former loan rep Paul Bishop in his statements on a recent episode of 60 Minutes.

For most of my 25 year career with World Savings, I worked closely with the senior leadership there and witnessed first hand their commitment to ethical treatment of customers and employees, clear and complete communications, including disclosures about savings and loan products, and openness with auditors and regulators. We often went through seemingly endless revisions of customer and employee communications to make sure that the information we were trying to convey was clear, concise, and easily understood by the intended audience. Product disclosures not only met the letter of the law, they went well beyond to help customers really understand how their loans and checking/savings accounts would be administered. We didn't do that for altruistic reasons; we did it because it made good business sense to ensure customers knew how their products and services worked and so that we didn't surprise or confuse them when we made changes. In the case of our adjustable rate mortgages, we made outreach calls to customers at key times in the lives of those mortgages to make sure the customers understood how loans functioned, how the interest rates on those loans were computed, and the impact on loan balances of the various payment options. To say that we somehow tricked customers into applying for evil ARM loans they didn't understand and couldn't afford, and that we encouraged borrowers to make minimum payments, and that we are, therefore, somehow responsible of their total loss equity in the real estate downturn is patently absurd.

The quality that comes to mind when describing the people I worked with at World Savings is "integrity." We tried very hard to do things the right way, even when it wasn't the easiest way, and we were proud of it. We treated customers and employees with respect and we didn't cheat or take short cuts. Of course, we were a big company, with thousands of employees and there were times when customers and employees were misinformed and treated badly and in those cases we admitted our mistakes, did our best to set things straight with those who were impacted, and we rooted out and corrected the problems. We willingly opened our operations to auditors and regulators and admitted our shortcomings (usually after a good healthy debate about their findings) and made the necessary changes to bring ourselves in line with regulations and good business practices. The fact that the regulators regarded World as a standard to be emulated by other institutions is a testament to our commitment to doing things the right way.

In terms of World's role in causing Wachovia's demise, I think it's pretty clear that the real blame lies elsewhere. Sure, the precipitous decline in housing prices in many of our old markets led to higher than normal default rates and will, no doubt, lead to loan losses in the World loan portfolio, but whether or not the losses come anywhere close to the reserves that were established for them remains to be seen and seems highly unlikely. Problems in Wachovia's own mortgage portfolio, in addition to write downs in the values of its Mortgage Backed Securities and commercial loan portfolios seem like much more likely culprits in that institution's failure. It's discouraging that those who have reported on this story have taken the easy way out and blamed World, but I think those with half a brain know better.

In summary, I feel fortunate to have been able to work with all the great people at World over my 25 years there. We really cared about our customers and our employees. We took great pride in doing things the right way and had fun doing it and, oh yeah, we had integrity, lots and lots of integrity.

Tom McBroom