

Politics/  
Policy

July 27 — August 2, 2015

## The Most Important Bank in America

Accused of corruption? You might want to go to court

Spider van, spider van, does whatever a DOT can



▶ Republican presidential candidates love to stash their money at a Virginia bank with one branch

▶ “It’s... the super PACs. It’s not even a presidential year yet, and they’re out there raising furiously”

**Chain Bridge Bank**’s single location is next to a wine store and a cafe on the ground floor of a luxury condo building in suburban McLean, Va., about a half-hour outside downtown Washington. It looks like any small-town bank. Tellers keep bowls of candy at their windows, and staff members talk to customers about no-fee checking accounts. But right now, Chain

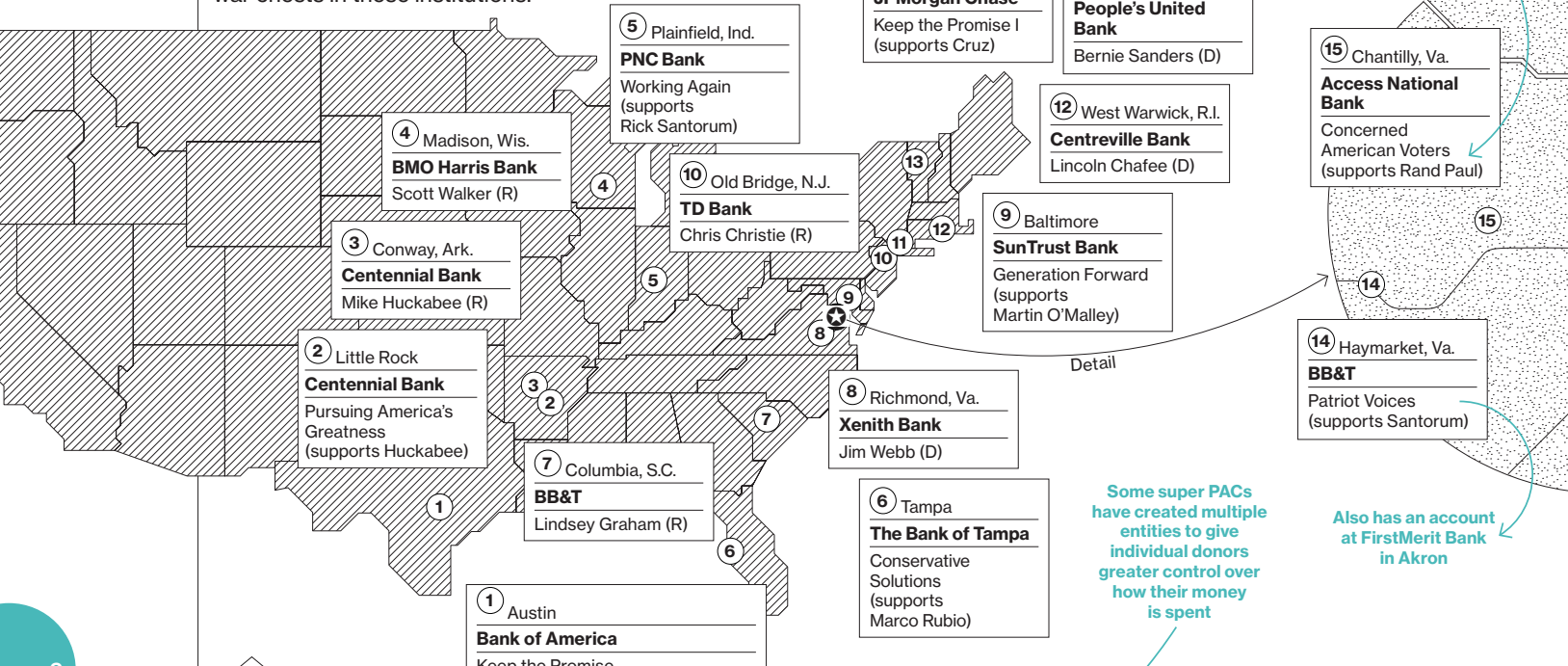
Bridge, which has about 40 employees, is responsible for more of the hundreds of millions of dollars flooding into the 2016 presidential race than any other bank in the country.

According to the most recent Federal Election Commission filings, Chain Bridge is the sole bank serving Jeb Bush’s presidential campaign, which reported raising \$11.4 million as of June 30, and

his allied super PAC, Right to Rise, which says it’s raised \$103 million. Donald Trump’s campaign banks at Chain Bridge, and it’s listed as the primary financial institution for the campaigns of Kentucky Senator Rand Paul and former Texas Governor Rick Perry. It’s also the only bank used by super PACs supporting neurosurgeon and author Ben Carson, South Carolina Senator

# Better Than a Piggy Bank

Presidential candidates and their allied super PACs have raised more than \$382 million so far this year, securing their war chests in these institutions:



Clinton has another campaign account at Bank of America in Washington

Super PAC names can't refer to specific candidates

Detail

Some super PACs have created multiple entities to give individual donors greater control over how their money is spent

Also has an account at FirstMerit Bank in Akron

◀ Lindsey Graham, former technology executive Carly Fiorina, Louisiana Governor Bobby Jindal, and Wisconsin Governor Scott Walker, all Republicans.

Founded in 2007, Chain Bridge served John McCain's presidential campaign in 2008 and Mitt Romney's in 2012. House Speaker John Boehner keeps fundraising accounts there; so does the Republican National Committee. It's also served political action committees for **Altria Group**, the National Association of Convenience Stores, and the Outdoor Advertising Association of America. "The largest issue that we would always have with people is that they'd be like, 'Why would we use this Podunk little bank in McLean, Virginia?'" says Bradley Crate, founder and president of the consulting firm Red Curve Solutions, who was Romney's chief financial officer in 2012. He routinely refers clients to the bank, including Trump and Florida Senator Marco Rubio, whose Senate PAC banks at Chain Bridge. The bank offers services tailored to the idiosyncrasies of campaigns, which deposit

and then spend enormous sums quickly, with no credit history to lean on. "I know I can call my contacts at Chain Bridge Bank and have an account open in, like, 15 minutes," Crate says. "If you go to a much larger bank, you have a bureaucracy you have to deal with."

The bank requires employees to list cell phone numbers on their business cards so clients can reach them after hours. It greenlights credit cards immediately for campaign staffers scattered across the country without waiting for credit checks, and it lets campaigns make large wire transfers as soon as their accounts are open. It will also send and receive wire transfers until the Federal Reserve window closes, usually around 5 p.m.—more than two hours later than most banks. That extra time can make a difference. "If you're a presidential campaign and you need to be up on the air in Iowa tonight, then you need your wire to go to television stations in Des Moines this afternoon," says Peter Fitzgerald, the bank's founder and chairman. "That's a big deal for campaigns."

Fitzgerald knows that from experience. A Republican, he was elected to

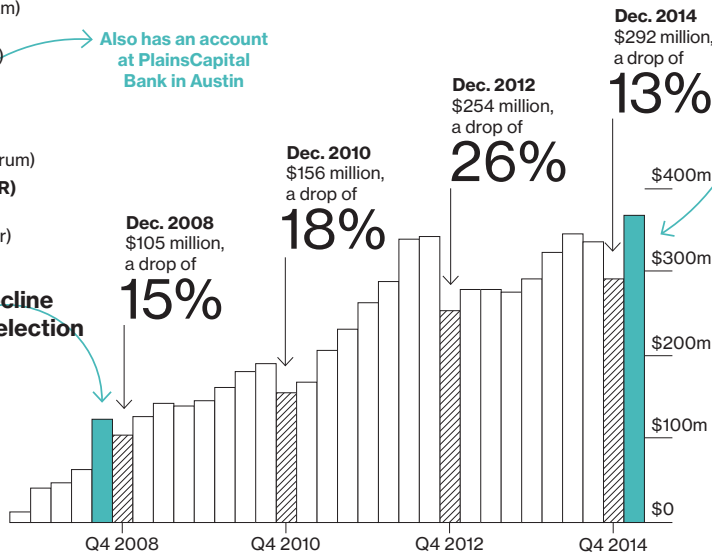
the Illinois state senate in 1992 and to the U.S. Senate in 1998. He declined to run for a second term, and in 2004 his seat was won by Barack Obama. Fitzgerald, the scion of an Illinois banking family, remained in the D.C. area and opened Chain Bridge—named for a nearby Potomac River crossing—with \$18.2 million in capital, about half of it from outside investors and half from his family wealth.

Chain Bridge initially focused on plain-vanilla customers, building deposits and making safe loans. Its shift to serving campaigns was an accidental byproduct of that cautious strategy. As the financial crisis developed in the summer of 2008, and larger banks showed signs of distress, compliance consultants working for McCain began looking for a haven for his campaign cash. The cash was then with Wachovia, which was having trouble borrowing enough money to fund daily operations—a problem for the campaign, which had to be able to withdraw millions on short notice to buy ads or pay canvassers.

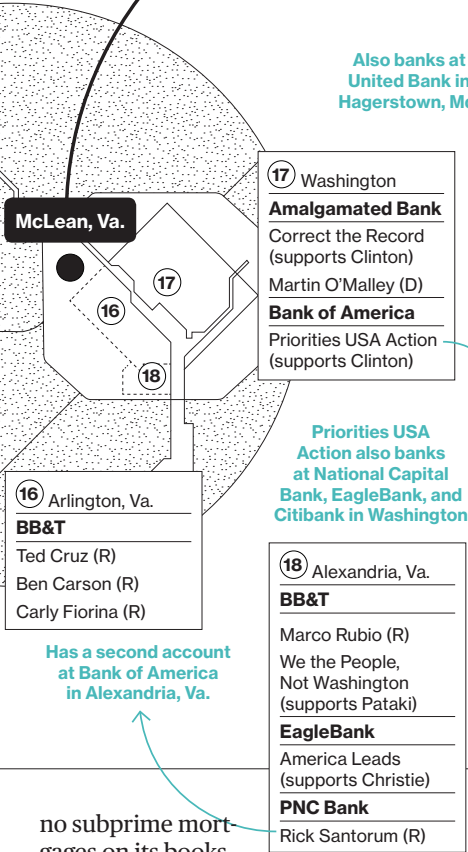
McCain had been friendly with Fitzgerald in the Senate, and his team looked at Chain Bridge as an alternative. The bank was small, with just \$62 million in deposits, but solid: It had

**Chain Bridge Bank**

1Q 2015 deposits:  
**\$369m**



DATA: FEC, FDIC, BLOOMBERG



- Jeb Bush (R)**  
Right to Rise USA (supports Bush)
- One Vote** (supports Carson)
- CARLY for America** (supports Fiorina)
- Security Is Strength** (supports Graham)
- Believe Again** (supports Jindal)
- Rand Paul (R)**
- Rick Perry (R)**
- Patriot Voices** (supports Santorum)
- Donald Trump (R)**
- Unintimidated** (supports Walker)

**Deposits decline after every election**

**Pioneer: John McCain transferred funds from Wachovia to Chain Bridge in 2008, increasing its deposits 98%**

no subprime mortgages on its books and didn't rely on borrowing to fund its operations. The campaign made the switch. By October, Chain Bridge's deposits had doubled to \$123 million, according to FDIC filings. "It really is by happenstance that it all started," Fitzgerald says.

Other banks have made inroads into the campaign market. **BB&T**, a Southeastern regional bank with headquarters in Winston-Salem, N.C., holds campaign accounts for Texas Senator Ted Cruz, former New York Governor George Pataki, Carson, Fiorina, Graham, and Rubio—all Republicans. (Its former president, John Allison, became president of the libertarian Cato Institute.) Some Democratic candidates also favor small banks—Vermont Senator Bernie Sanders is at the **People's United Bank** in Burlington, Vt.; former Secretary of State Hillary Clinton and former Maryland Governor Martin O'Malley have accounts at **Amalgamated Bank**, founded in 1923 by the Amalgamated Clothing Workers of America in New York. The largest majority union-owned bank in the U.S., it also does business with the Democratic National Committee and other partisan groups.

No bank is as dependent on political business as Chain Bridge. Its deposits tend to swell in election years and dissipate as soon as ballots are cast. Its 2013 annual report made reference to the phenomenon to explain one reason its earnings fell 3 percent that year: "Average earning assets in 2012 were inflated due to seasonal deposit balances." The bank's recovery comes earlier and earlier with each campaign cycle. In the fourth quarter of 2014, deposits fell 13 percent. By March the bank had more deposits and had grown larger by assets than at any point in its history. "It's the rise of the super PACs," says Fitzgerald, who was one of only a dozen Senate Republicans to vote in favor of McCain's 2002 campaign finance reform. Co-authored with former Wisconsin Democratic Senator Russ Feingold, the legislation barred corporations and wealthy individuals from making large contributions to party committees.

The Supreme Court upended the McCain-Feingold law with its 2010 *Citizens United* ruling, which allowed unlimited donations to super PACs, as long as they don't coordinate with candidates. "It's not even a presidential year yet, and they're out there raising

furiously," Fitzgerald says. Republican candidates and outside groups raised more than \$293 million in the first half of 2015. That doesn't include figures for all super PACs, which have until the end of July to report their fundraising totals, or most nonprofit issue-advocacy entities, which don't have to reveal fundraising at all.

Chain Bridge reported \$369 million in deposits at the end of the first quarter of 2015. That includes the proceeds of Bush's whirlwind fundraising tour in the early months of the year for Right to Rise but doesn't reflect money raised by the official Bush campaign or recent fundraising by other candidates and super PACs. (Fitzgerald is a Bush supporter, a fact he says he's made clear to his other clients.)

The bank puts most of the money it receives from campaigns into its excess reserves account at the Fed, where it earns interest. "Knowing that campaigns might need to take money out at any time, we more or less have to keep the deposits in cash," Fitzgerald says. The bank profits from the spread between the interest it earns from the Fed and what it pays depositors—lately about a quarter of a percentage point. ▶

## Politics/Policy

◀ To diversify its portfolio, the bank has in recent years made a concerted effort to expand its mortgage lending business. It also serves medical businesses in and around McLean. But Fitzgerald's commitment to serving his campaign business well has made Chain Bridge the preferred destination for compliance specialists

whose job is to refer new candidates to banks. "They made my life easier," says Red Curve's Crate, who estimates he's opened hundreds of campaign accounts at the bank. "They understood what my end goal was, and they were happy to help me get to that goal." —*Phil Mattingly*

**The bottom line** As campaigns raise more money than ever, Republican candidates have gravitated to a small Virginia bank.

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