

## **Joseph R. Hunter, Sr. - Joe Hunter Real Estate**

My name is Joseph Hunter. I'm with Hunter Real Estate. I've been in the State twenty-eight years and I do one thing - lease office buildings. The reason I'm here is my great concern is over the last 4-5 months, I believe, we've lost 15 headquarter companies to Houston. In studying the movement of companies, Louisiana seems to have, in my belief, a major problem - it's called the flow of capital. We have never developed into a money center as Houston has. In studying - we were trying to study, in the last ten years, we were trying to figure out, Houston came out of the last recession quicker than Louisiana and how did they handle it and how did they come out faster and can we make the right steps so we don't end up dragging this out longer while we're still going down but figuring the steps necessary to take it, to move it out quicker. We also looked at Atlanta and we also looked at Miami. The reason that I'm here is that I believe that the answer to the State's major problem is the flow of capital. In studying Houston, we came back that they had 44 international banks. In Atlanta, they had 22 international banks. In Miami, they had 84 international banks. We took it a little larger and we didn't understand that - We looked at Los Angeles - 111; Frisco - 22; Chicago had 160 international banks; and New York, we couldn't even count them, it was as thick as the white pages of New York, probably 500 or more. What we came back out of this was that the State of Louisiana's strength has the 2<sup>nd</sup>, 3<sup>rd</sup>, 5<sup>th</sup> and 8<sup>th</sup> largest ports in America. Somehow the capital is flowing up to Pittsburgh, it's flowing up to Minnesota, but it doesn't stop here. In looking at this what we kept on coming back to is that it's coming back to the banking but it's not the banking problem. It is a problem that the banks are governed and domiciled and are ruled by the regulations of the State where they're domiciled within. In understanding the flow of capital, we were trying to look at the reverse investments of the global flow of cash which is taking place today. The U.S. is losing a billion dollars every day and 3/4 right now. That relates to 18,000 American jobs lost. Somehow they're being replaced with less productive paying jobs in the service industry. Somehow we need to look at and when we're studying we're trying to find out where the problem was lying and we're trying to nail it down specifically. It's attracting capital for venture - for mezzanine capital, for venture capital or equity capital for project-based financing versus acid-based financing. In the acid-based financing what we have is as you put \$10 million in a bank it will give you a \$5

million loan. The State of Louisiana has not attracted the flow of capital in the project-based financing end. This may sound stupid sitting here listening to all of these gentlemen and cuts, cuts, cuts and whether they're going to be here. What I'm trying to say is that until we can attract the capital to the State – but someone would say, well, what could you do with all of these men when you understand all of south Louisiana we have a five hundred mile long construction yard from Lafayette into our good friends and neighbors to the east in Pascagoula, Miss. through Houma, Thibodaux, Harvey canal, Peters Road, Michoud, Stennis, Pascagoula, Avondale – it's one construction yard, engineers and fabricators. We came across one little thing that may offset the loss of these jobs and that happens to be the following: When we were studying international trade, which I have studied a lot with the World Trade Center, you have the world bank projects, the inter-American development bank projects, the Asian development bank projects, the African development projects, the European construction projects. It's \$50 billion worth of work each year - \$50 billion worth of projects a year. What I'm trying – listening to all these gentlemen that some of these people who had 40 employees now only got 17 and they don't know if the 17 are going to be there. Whether you see Amoco on Poydras St. or you see LL&E on Poydras St. or the ones in Lafayette, you begin to wonder is there something to back-fill and the answer is, yes, positively. When we were studying Houston, again we came back with XM bank, the export-import bank of the U.S. of America. This was loan guarantees. We also came back with Overseas Private Investment Corp. These are loan guarantees because these gentlemen are finding it more and more difficult to attract capital for projects. The most important thing that we came across was the U.S.T.D.A. - United States government - this is a federal agency. TDA is Trade and Development Agency. The TDA filters these projects that are going around the world and they happen to fit Louisiana – their engineering and fabrication. We call them infrastructure projects. The infrastructure projects are energy, environmental. It's also industrial projects. And Louisiana happens to have the greatest engineers in the world right here and the greatest fabricators plus we've got the trade routes to the world. We have been more reliant on military contracts and more reliant on oil and gas. But is there something during these peaks and valleys which upset the whole world – can there be something done during these peaks and valleys? The answer, I believe, is yes. Those projects are available and filtered. The TDA which is the U.S. government and the XM bank which is U.S. government also – these are

federal programs. You also have OPEC - Overseas Private Investment Corp. All of these organizations have met in Louisiana, all within the last two years, three years. The TDA brought to town one hundred project managers and all those projects were \$50 million or \$100 million and more. Most of them were all in the environmental, energy, roads, bridges, construction and Louisiana happens to have the talent to do exactly that. The engineering and fabrication projects are there. So somehow maybe someone could look at taking these. It would take me 3 hours time to sit with anybody and show them \$50 billion worth of work. Is it there? Yes. XM bank is there for the loan guarantees. OPEC is there. It's not only that, you have the private guarantees. What I'm trying to say is that, I think, we have to hurry up and do something quick because I can see some slowing down here and causing this whole State to slow down. It's there, I believe it's here, and I would give it to you, free, a 3-hour thing to show you how it could be done. I do appreciate your time. I think we've got the greatest engineers and fabricators in the world here and I think the projects are available. Maybe we just haven't looked at the availability. The federal agencies have set up these organizations; they're there. The USTDA, XM bank, OPEC, and you tie together not only the world bank, inter-American development bank, the African development bank, the Asian development bank, and, recently, just occurring, the North American development bank. These are all project banks, development banks. I am convinced that it fits the State of Louisiana's workforce in engineering and fabrication. I do thank you for your time and if anyone's interested, I will gladly spend 3 hours with them.

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*G To: Gus Rodemacher  
Stan Minner Body*

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RECEIVED  
JAN 1 1999

The Honorable Charles D. Landcaster Jr.  
State ReprThe Honorable Charles D. Landcaster Jr.  
State Representative  
Suite 200  
2201 Veterans Blvd  
Metairie, Louisiana USA  
70002

Phone (504) 837-4478  
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*1/13/99*

Dear Charlie,

In August 3, 1997 we wrote you a letter and you were kind enough to have the Committee on Civil Law and Procedure look into the topic. When you got the reply you mentioned it would take the Govonor to get it straightned out. So I called Govonor Foster's office and spoke to a Mr. Terry Ryder whose phone is (225) 342-8211. He mentioned that the Louisiana State University Institute law center would have to review it before anything could be done. Mr Terry Ryder refered me to Mr. Stan Raborn and Mr Stan Raborn refered me to Mr Symeon C. Symeonides who refered me to Prof William Crawford head of the Law Institute. Professor William Crawford phone is (225) 342-6360 said that I had to have a State Representative to request a number before he could proceed. So I called you. Would you please provide him with what it is that he needs to proceed with.

**FLOW OF CAPITAL**

When the oil prices dropped in approximately 1985, Houston came out of the recession quicker than Louisiana. Today January 12, 1999 the oil prices are low again. Some say wait till the oil prices rise again. Some say perhaps there is things we can diversify so we can average out the oil and gas prices with other things that the engineers and fabricators can do. But first, we have a challenge, to clean out the problem that people will not do business in Louisiana . We must attract Capital for businesses to stay in Louisiana and relocate to Louisiana.

**The Flow of Capital is complicated and I appreciate your patience.**

In studying Houston Texas it was discovered that there were 44 foreign Banks. In studying Atlanta, there were 22 Foreign Banks, and Miami Flordia there were 86 foreign banks. And when you look at Los Angeles there are 111 Foreign Banks, and in Chicago there are 160 foreign Banks and New York there are too many to count. Louisiana recently got one the National Bank of Canada because of NAFTA.

**Flow of Capital is Global and you can see the size of it each month when you read the trade imbalance between the United States and other countries. Every two days a billion dollars is leaving the United States. The flow of capital returns in several forms. One is reverse Investments and another is foreign banks.**

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Many can understand the reverse investments thru the major companies located between Metairie and Baton Rouge. There are over 131 major plants and many are foreign owned.

Flow of capital also appears in the form of loans. Many times there is wholesalers and retailers of capital. Foreign banks usually are making small loans of 100 Million dollars or more and they many times loan money to other banks and the local retail bank lends money out to that economic reigon. Wholesale banks usually lend fewer loans and retail banks have many smaller loans.

Flow of capital is an important ingredient to headquarter companies and these headquarter companies have better paying jobs and have hospitalization and other fringe benefeits. These headquarter companies are constantly in need of capital and at competitive rates. If the rates are not competitive they will not win the contracts.

Recently Louisiana has lost fifteen headquarter companies to Houston Texas (oil and Gas). Not very many headquarter companies move from Texas here. We are loosing the ball game. As to Internantional companies we generally loose them to Miami. National companies not in the oil and gas business generally relocate to Atlanta. Louisiana has the ability to start companies and watch them grow but when they need large sums of capital they relocate their headquarters and we get the small local branch office. Does anyone remember Delta Airlines which started in Louisiana?

Recently L L and E relocated to Houston. American Divers from Lafayette relocated to Texas. K and B became Rite Aid and relocated up north. Price Waterhouse which specialized in venture capital closed their office on Poydras street. Phillips Petroleum of Lafayette relocated to Texas. Fruit of the Loom relocated south. Popeye Fried Chicken Relocated the headquarters. Glazer Steel and Aluminum to Tripple S-Steel Supply to Houston, Moores pump to Houston, Ocean Energy formerly Flores and Rucks of Baton Rouge relocated to Houston. We could go on and this month there will be more.

*(Avondale Industries)*

Louisiana - Flow of Capital- was crippled by the fact many banks could not cross parish lines and because of that they could not grow. Almost all of the banks in Louisiana cannot make a loan over \$1½ Million dollar. Why because they cannot loan over 5% or 10% on a very rare basis of any one loan to any one customer in the event the loan defaulted that would cause the bank to possibly fail. Now that they can cross the parish lines they are far behind and it will take alot to catch up.

Louisiana - Has six banks that can make a loan over \$1½ Million dollars and some are reluctant to go beyond \$4 million. However, some of those six big banks are either being purchased by bigger banks or even yet bigger bigger banks are purchasing the big

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banks. This leaves the bank employees extremely cautious to make any loan. Many are no longer with the bank and are looking for a new job.

Louisiana - Flow of Capital- Asset Based Banking vs Project based Banking. Many banks in Louisiana believe if you put your gold bars, silver ingots, certificate of deposits and pledge other real estate as collateral up in the amount of \$7 Million dollars to get a \$5 million dollar loan. Project based banking is they put up money for the project and there is no collateral but they just look to the building to recover. That is a non recourse loan. Seldom will you find this type of loan in Louisiana. It is important that you understand the difference between Asset Based Banking and Project Based Banking.

Louisiana - Flow of Capital - Loan guarantees. Recently trying to get a \$5 million dollar loan for an office building and finding under certain circumstances that a loan guarantee could be obtained up to \$10 million dollars by guaranteeing 80% of the loan amount still did not help. They the United States of America only guaranteed 80% of the loan amount and therefore the banks still wanted the 100% of the loan guaranteed. I was shocked that I still could not get the loan.

Louisiana - Lack of the flow of capital keeps many companies from moving ahead because of lack of capital.

Don't give up start calling around the entire United States of America.

After contacting by phone or letter over 250 companies it was unanimous that the State of Louisiana was redlined and businesses did not want to bring any flow of capital to this State.

Basically if you need capital above \$1½ million or you don't have Asset Based Banking and need Project Based Banking you would be better moving to another state because of the lack of understanding of the way business is done in Louisiana that being under Napoleonic code for the remaining Article 2, 2a and 6 that were not accepted or the portion of the law that effects commercial transactions. Some of those comments were: We don't do business in Louisiana, Tell Napoleon I said Hello, Tell Napoleon to turn his hat around, Its time someone knocks Napoleon off his horse. We are able to operate in all 49 states but not Louisiana.

Your the state with the funny laws, Sorry, Tell your legislature to get with it. If he doesn't know about Uniform Comercial Code have him call up an attorney and he will explain it to him. Your from what state? Louisiana the phone goes click. Finally I demanded one to stay on the line because I wanted to know Why they RED LINED LOUISIANA. He said we just moved from Louisiana to Houston and we are not coming back to Louisiana. I asked, What would it take for your company to come back to Louisiana to loan money in this state? There was a long pause. Ok, You tell your representative to put a lock box on the rents form the lease of the building so after 30 days we can collect

P3 of 5 *[Handwritten signature]*

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at least a part of the money so your Bonapart attorneys don't pocket part of the money and the building owner pockets the balance and after six months extended another six months up to 4 and  $\frac{1}{2}$  years and then finding the owners phone disconnected and he is someplace in the Bahamas with no new address. We can seize the rents and live with a partial situation in some cases if we can collect some of the money until the building is able to get up on its feet. Mortgage companies don't like to go out and operate buildings. We have to pay someone to do that. The owner usually the most knowledgeable of the property and may need a little more time.

Another man put it this way for \$125 million dollar loan we will come down to Louisiana and deal with your Napoleon Attorneys, for five million dollars it an't worth dealing in Louisiana.

Out of 250 mortgage companies all 250 have the same basic comment of not coming back to do business here. But you can write the contract that way to seize the rents. They just don't know about it. Either we bring all attorneys in the United States and show them how it can be done or we find the problem law and change it to what the rest of the 49 states are doing. I always found Louisiana to be a great State but for 29 years wondered what kept this state from moving ahead. We found the problem. Do we have the courage to stand up to the challenge and correct the problem. Several years ago the First National Bank of Commerce in Orleans Parish went to Baton Rouge and waged war with the politicians and said they had to do business with Houston, Chicago and New York and had to have the commercial paper on the same rules and regulations. The politicians realized it had to be corrected.

Louisiana is at the right location, right place with the 19,000 mile river highway, the right moment in history with all the changes going on in the world with the trade agreements being made. Can we seize this golden moment or will we be layed back and do nothing? The trade agreements are the European community, the Andean Trade Agreement, the G-3 Trade Agreement, The Mercosuer Trade Agreement, the Carribean Trade Agreement, the integrated Central and South American Trade Agreement, the North American Trade Agreement, and The Western Hemisphere Trade agreement by 2005. Louisiana has the 2nd, 3rd, 5th, and 8th largest ports in America and is a port city with trade routes to the world. Cargo just passes thru here because we can't attract the Flow of Capital.

Fifteen headquarter companies left Louisiana in the last six months. When students graduate from college where are they going to get a job? In Louisiana or in Houston-Dallas, Texas. Please I need some help, the graduating students need a job when they graduate and I want to lease them some office space in Louisiana. Project Based Banking and Venture Capital or Mezinene Capital or Equity Capital is non existant in Louisiana because of this unusual law that people in 49 other states don't understand and arn't going to take the time to understand it. If you don't change the law have the Louisiana State University Law Institute

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send a letter to all attorneys in the entire United States explaining how to do business in Louisiana. I would like to hear some of their responses.

Sincerely,

Joseph R. Hunter Sr.  
Real Property Administrator

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1209 High Ave Metairie, Louisiana USA 70001-3207-22

P.S. Carole M. Mosely's letter of October 6, 1997 from the Committee on Civil Law and Procedure in Baton Rouge will probably save the Law Institute some time.

*85 of 5 of [unclear]*



Louisiana House of Representatives

*Ly To Gms Rademacher  
- STO-M. MINN. BOB*



DATE: \_\_\_\_\_

09 MAR 1 10:20

F. Charles McMains, Jr.  
Chairman

Committee on Civil Law and Procedure  
P. O. Box 44486 Baton Rouge, LA 70804-4486  
(504) 342-5105

Kyle M. Green  
Vice Chairman

RECEIVED

October 6, 1997

The Honorable Charles D. Lancaster, Jr.  
State Representative  
2201 Veterans Memorial Blvd. No. 200  
Metairie, LA 70002

Re: Mr. Joe Hunter's letter dated September 3, 1997

Dear Charley:

Pursuant to your request, I have reviewed Mr. Joe Hunter's letter dated September 3, 1997. Mr. Hunter suggests that the reason major banks will not come to Louisiana is because this state has not adopted the Uniform Commercial Code (UCC). Louisiana has, in fact, adopted all but three articles of the UCC.

*Im/epi*

In 1974, Louisiana enacted UCC Articles 1 (General provisions)[R.S. 10:1-101, et seq.], Article 3 (negotiable instruments)[R.S. 10:3-101, et seq.], Article 5 (Letters of credit)[R.S. 10:5-101, et seq.], and Article 7 (Warehouse receipts, etc.)[R.S. 10:7-101, et seq.]; in 1988, enacted Article 9 (Secured transactions)[R.S. 10:9-101, et seq.]; and in 1992, enacted Article 4 (Bank deposits and collections)[R.S. 10:4-101, et seq.]. Louisiana has not enacted Article 2 (Sales), Article 2A (Leases), nor Article 6 (Bulk sales). As you recall, when Article 9 was enacted by the legislature in 1988, the proponents suggested that its enactment would finally bring us in line with the rest of the country and would encourage out-of-state businesses to do business in this state.

The UCC applies only to personal property and does not apply to real property or assignments of leases and rents involving real estate nor foreclosures affecting real property. *Bartlett Bank & Trust Co. v. McJunkins*, 100 Ill. Dec. 420, 497 N.E.2d 398, 147 Ill. App.3d 52 (1986). *Ford & Viahos v. ITT Commercial Finance Corp.*, 86 Ca.Reptr 2d 464, 8 Cal. 1220, 886 P.2d 877, (Cal. 1994), rehearing denied. *Garbutt v. Southern Clays, Inc.* 894 F.Supp. 456, MD.Ga.(1995). I have cited California, Illinois, and Georgia cases because Mr. Hunter cited in his letter San Francisco, Los Angeles, Chicago, and Atlanta as money center cities for loans.

The UCC does provide for some exceptions for fixtures attached to immovable property, and standing crops and for rents under certain mineral rights, although revenues derived from the operation of a hotel are personalty and not "rents". The majority of courts have distinguished the interest of a lessee who possesses an estate in land and a hotel guest who possesses only a license

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October 6, 1997

The Honorable Charles D. Lancaster, Jr.

and who has no interest in the realty. In certain instances, rent proceeds can be considered "personalty" and subject to the UCC, but not to the mortgage lender/landlord situation which Mr. Hunter described in his letter.

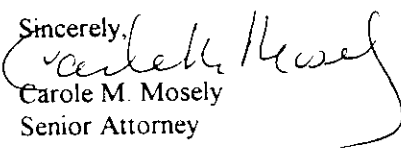
As I mentioned in my letter of August 6, 1997, Louisiana, does provide for conditional assignment of leases and rents, R.S. 9:4401 (copy enclosed). The assignment of leases and rents is subject to negotiation between the lender and mortgagor or assignor. Any creditor wanting to secure the payment of an obligation could make such an assignment a condition of the loan. California [West's Ann. Cal. Civ. Code §2938], Florida, [F.S.A. §697.07], Georgia [O.C.G.A. 44-14-325], New York [NY Stat. Real Property Law §294-a], have statutes providing for the assignment of rents, which are Texas has a statute providing for a general assignment for the benefit of creditors, [Bus. & Com. Code §23.01]. None of these state statutes are a part of the UCC laws of the respective states. I am enclosing copies of these statutes for your information.

Under R.S. 9:4401, a lender can effect a "lock box" on rents in the mortgage instrument or under a collateral assignment agreement. The "lock-box" could provide for direct payment to the assignee or mortgagee within a specified time period, such as after a thirty-day period or after default. In this regard, I am enclosing a copy of a memo and statutory information that I received from Mark Folse, General Counsel to the Louisiana Bankers' Association. As you will note the materials indicate that the UCC (Article 9, secured transactions) does not apply to assignments of real estate rents, leases, and profits. Mr. Folse notes that R.S. 9:4401(F)(2) was specifically enacted to take advantage of §552 of the Bankruptcy Code.

I have researched the laws of California, Texas, Florida, and New York regarding foreclosures - none have a limitation on the time for foreclosures. A six-months time limitation on foreclosures and judicial sale might be unworkable in view of the notice requirements and duties ascribed to the sheriff in effecting the seizure and sale, particularly, if other creditors intervene. In addition, the filing of a bankruptcy petition and the automatic stay provisions of the U.S. Bankruptcy Code, 11 U.S.C. §362, would preempt any statutory time limitations on foreclosure proceedings. The UCC (Article 9, secured transactions) does not impose a time limitation on foreclosures, even though it is applicable to personalty and generally less complicated transactions than real estate transactions.

I will look forward to hearing from you after you have reviewed this information.

Sincerely,

  
Carole M. Mosely  
Senior Attorney

Enclosures  
CM

To:

*GRUS Rodomachen  
STATE MINNEAPOLIS BOARD*

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*DTG 2/25/99*

Reference: International Flow of Capital.

The Global flow of capital is constantly moving around the world. The international banks are constantly looking to place the money somewhere. Many people confuse a national bank with an international department with an international bank. So lets begin there to correct that misunderstanding.

There are four types of International Banks:

**Representative Bank:** which usually is in another nation to keep an account from going to another nation's bank.

**Edge Act Banks:** Has a little higher classification  
**Foreign Bank :** Has an even higher classification that can do additional items.

**Foreign Agency Bank:** Has an even higher classification: The federal Reserve bank could give you a better description. Some banks make loans and other banks make loans and receive deposits. Many International Banks are handling companies which have operations all around the world. Some examples of those banks are:

- ABN AMRO closest branch is in Houston
- ING Bank
- HSBC
- Japan has many many banks

Other Cities have a quantity of Foreign Banks and branches.

Some examples of the Money Centers:(Cities - foreign banks)

- Houston-Dallas has 44 Foreign Banks
- Atlanta 22
- Los Angeles 111
- San Francisco 22
- Chigago 160
- Miami 86
- New York Too many to count
- Louisiana 1

So what is the importance of this? An old man close by the Customs House in a four story old building who is in the Import Export business a Customs Broker explained it to me. Take Chicago



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for example there is the Trade mart and many buyers and sellers are doing business on the floor. If a salesman has a buyer and he wants twenty pieces of expensive equipment at 30,000 dollars each piece, the seller quickly goes in the back room and talks to the accountant which calls the credit department which calls his American bank which runs across the street where there are 160 international banks and ask about a certain individual who wants to purchase the expensive equipment and he checks to see if he is a customer and if his payments are good. If good-they arrange a collection schedual between banks and he runs back to the salesman and says ok to make the sale. Because the foreign banks are there to facilitate the sale the sale goes thru.

The global flow of capital can be seen in the United States by the trade imbalance each month which is \$1 Billion dollars every two days. Other countries are selling us more goods and services than what we are selling to them. There are usually five debtor nations. Japan is a very large portion followed by China and at the rate China is growing they will soon surpass Japan. Canada is usually a debtor nation also. There are several smaller one but those three nations contribute aproximately 80% of the trade imbalance. The amounts differ each month. The global flow of cash could go from Japan to other Asian countries. If they as a group purchased an amount from that area it could balance from a reigon and not just a certain country but it isn't at the moment.

**International Money centers:**

These international money centers as mentioned above provide a reverse flow of capital. It usually is in several forms

Loans of major amounts

Wholesalers of money to retail banks

Major investments of capital in industrial projects.

**National Banks**

There are national banks.

**National banks with international departments**

An example of that is :

Hibernia National Bank

Whitney National Bank

Bank One (First Chicago)

**State Banks**

They usually operate within a state.

**Homestead**

Great local financial institutions for home and car loans and school loans.

**Size of the loan:**

Louisiana has six banks that can make a loan above 1½ Million dollars. All the rest cannot make a loan above that because they can only make a loan of 5 or 10% of the total assets



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of the bank. Why? in the event the loan isn't repaid the bank could fail. That is because the banks for many years could not cross parish lines and the assets of the banks did not grow very much.

**Domestic loans:**

All banks will make a local loan.

**International loans:**

Not all banks will do an international transaction. Some have an international department but the question to ask is what percentage does the international department have in relation to the size of the assets of the bank 20% or 1%. Many will only protect existing accounts and are not in the international banking business.

**Wholesale banking or retail banking**

Many international banks are not interested in making 1,000 home loans or 5,000 car loans. They operate on a small margin and they loan the money to local retail bank and the local retail bank makes many smaller loans. But the capital came to the community for the local retail bank to be able to make the loans that they would not be able to make otherwise. Remember \$1 billion dollars is leaving America each two days.

**Banks and mergers:**

Each week you pick up the newspaper it list which bank is merging. Examples of this are--The American bank became the Aleron Bank which became the Premier Bank which became Bank One which Acquired The First NBC bank First Chicago Bank but kept the name Bank One.

**Availability of loans above 1½ Million dollars or the next catagory above 3½ million dollars.**

Only six banks will do a deal in Louisiana above 1½ million dollars. I think three will do a loan above 3½ million. perhaps more on a rare occurance.

**Bank Participation**

Many banks do not do bank participation. Some do which is rare for Louisiana and they purchase a tranche of the loan.

**Mezinene capital, Venture Capital or equity capital:**

Usually banks loan 80% and others put up 20% as a safety factor in case something goes wrong the bank is better protected. In Louisiana it is simply non existant because of the Napoleonic law on the books. See explanation later. *OR EXTREMELY L.M. not.*

**Asset Based Banking:**

Mr. Joseph R. Hunter Sr. you bring your gold bars, silver ingots, certificates of deposit and other real estate as collateral of \$10 Million dollars and we will lock it up in the vault and then give you a \$5 million dollar loan. That is Asset based banking and thats Louisiana. But there is a reason for it. The



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lack of flow of capital and a competitive nature because there is so little capital in Louisiana it is not a MONEY CENTER. Why because of the law see later.

**Project based banking;**

Looks to the project only and is a non recourse loan. In Louisiana it is non existant.

**Loan guarantees:**

This is where it gets interesting. Hold on to your seats. Upon discovering under certain circumstances you can get a \$10 million dollar loan guarantee by the United States Government. With this it should get you the loan without gold bars and silver ingots. No. Why not, there is only 80% of the loan amount and 20 % isn't covered. Even if the landowner puts up the land you are still short 20% of the loan amount.

**Export Import Bank of the United States (EXIM BANK)**

This is great for export financing to increase exports from the United States to other Countries to reduce the trade imbalance.

**Overseas Private Investment Corporation (OPIC)**

Same as above.

**Private Export Financing Corporation (PEFCO)**

Same as above

**Headquarter Companies:**

In the last five months 15 HQ companies went to Houston. This week its the fate of Avondale Industries. Several months ago it was K and B Drug store. LL and E was a major headquarter company on Poydras street. Amoco was a major space user on Poydras Street. Flours and Rucks in Baton Rouge was a major HQ. Houston is cleaning out Lafayette. Loss of a major helicopter company. The list goes on.

Why? Major Headquarter companies need capital above \$1½million dollars. There are six possibilities. Some of the major rigs in the Gulf of Mexico are far above 3½ million dollars. But there is another problem not mentioned but there. Many employees of acquired banks are reluctant to make loans unless they are the surest loan possible because they don't want to loose their job because of all of the mergers and acquisitions. So, Move your headquarter company to a money center. Where does that leave Louisiana?

**Headquarter Companies relocation to what areas:**

Oil and gas relocate to the money center of Houston. International companies relocate to Miami's money center Domestic not in oil and gas go north to Atlanta. Ship Building company relocating to Unknown. We end up with the construction yard and the branch office not the Headquarter company's executive office because of the FLOW OF CAPITAL. Louisiana is not a Money Center and there is little



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money to share so the bankers do the best they can. Hopefully they will settle down and get back to banking.

**Why isn't it a Money Center?**

**UNIFORM COMERCIAL CODE VERSES NAPOLANIC CODE LAWS.**

Having lived here for 28 years I see all great potential surrounding this state. But it just isn't taking off from first gear to third gear it is always in first or second gear if the price of oil is high or low. **WHAT IS THE PROBLEM?**

Having given up in trying to get a \$5 Million dollar loan for an office building in Louisiana I started calling Houston, Dalas, Los Angeles, Chicago, New York, Atlanta, Miami and I even tried 75 banks that are considered off shore banks. After two hundred and fifty phone calls or letters the answer came to me. Tell Napoleon I said hello. Tell Napoleon to turn his hat around. Tell someone to knock Napoleon off of his horse. Its time Louisiana get with it. Your the state with the funny laws. Louisiana the phone goes click. For five million dollars it isn't worth it but for 125 million dollars we will come down to do business with your Bonepart attorneys. Give my regards to Bonepart. We just moved from Louisiana and we are not coming back to Louisiana. After 250 no's I became upset to say the least. **DON"T HANG UP THE PHONE WHAT IS THE PROBLEM DON"T HANG UP THE PHONE TELL ME WHAT IT IS THAT IT WILL TAKE YOU TO COME BACK TO DO BUSINESS IN LOUISIANA.** There was a long pause. You get with your legislative representative and tell him what I am telling you. The United States 49 States has the Uniform Comercial Code. They **HAVE THE SAME RULES AND REGULATIONS THAT WE KNOW HOW THE BALL GAME IS PLAYED.** You have a different set of rules and regulations and are not the same as what we are accustomed to and our attorneys don't understand your attorneys. When we make a \$10 million dollar loan and the owner does not make break even and Napoleonic attorneys tie it up six months without a penny maybe we could have gotten 70 cents on the dollar which is not good but its something and then you Napoleonic attornies tie it up another six months and soon it is four and a half years and the Napoleonic attorney gets his share and the owner's phone is disconnected and we send someone over to find an empty office with no furniture or no lights on and the cleaning lady says he went to the Bahamas for a vacation and there is no new address we are upset. If we could seize the rents until such time as the building is up to break even and pay the operating bills we would have something. But nothing for four and a half years hurts. So When you get your legislative people to accept Uniform Comercial Code like the other 49 states. We refuse to do business in Louisina. When it is changed we will flood your state with capital until that time-good by. We now know why the **STATE OF LOUISIANA HAS BEEN RED LINED BY ALL THE FINANCIAL PEOPLE IN THE WORLD AND THE ENTIRE UNITED STATES OF AMERICA'S FINANCIAL PEOPLE.** **THAT IS WHY THE HEADQUARTERS ARE MOVING OUT OF THE STATE AND WE ARE NOT HAVING THEM MOVE INTO THE STATE. SO WE HAVE TO HAVE THE ECONOMIC DEVELOPMENT PEOPLE GIVE THEM INCENTIVES TO COUNTER THE PROBLEM. THE FLOW OF CAPITAL IS LIMITED TO THIS GEOGRAPHIC**



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**AREA AND THE LAW HAS KEPT THIS AREA THAT WAY.**

**CALL YOUR LEGISLATIVE REPRESENTATIVE.**

So I called The Honorable Charles Landcaster Jr. and explained in the best way that I could this problem. He tells me he will research it. Charlie has several people research it. The wheels of motion move slowly. There are more government offices than you can believe. A letter finally comes back. The State of Louisiana accepted part of the Uniform Commercial Code and three years later they accepted another part of the UCC and five years later The First NBC bank went and waged war in Baton Rouge because they had to do business with Houston, Atlanta, Chicago, New York and Miami. Louisiana is not an island. First NBC finally got another Article Approved. However Article 2 and 2a and 6 were not approved. Sales, Bulk Sales and leases are the topics.

The Money people are interested in a set of Rules and Regulations that their attorneys in 49 states know and understand. They are not going to send all attorneys in the United States to study Napoleon's laws. What we need to do is send representatives to all forty nine states and train the attorneys in the 49 states. I don't think that will work either. So, What is in Article 2, 2a and 6 that needs to be addressed to attract more money so the banks will have more money to give Joe Hunter Real Estate \$5 million dollars per building to build office buildings. The irony of this whole thing is it can be done. But the attorneys in 49 states don't know how to do it. And they are not interested in learning our way of doing business. But yes it can be done. But they arn't going to do it so what is the use.

**Office Building Supply and demand.**

Yes I know there is office space available down town but in the suburbs it is 99 % occupied and the parking cost down town cost more to park your cars than the cost of office space in many cases where in the suburbs it is free. Also the banks can do business in the suburbs and there are fax machines and E mail and cellular phones. The advancement of banking, telecommunications and computers are changing the way we are conducting business. It was Location, Location and Location. Joe Hunter says that old rule does not always apply now. Location, free parking, advancements in banking, telecommunications and computers are replacing the old rule. But the cost of new construction-will the rents support it? Look around 15 new office buildings. But one and two stories which is under the \$1½ million dollar financing.

Is this just for Joseph R. Hunter Sr and his office buildings? No. It is for all businesses needing capital above 1½ Million dollars and below 125 million dollars, the middle market, and need Project financing not asset based financing.



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**PORTS<sup>"</sup> TRADE ROUTES TO THE WORLD.**

Louisiana has the 2nd largest port in the United States  
Louisiana has the 3rd largest port in the US  
Louisiana has the 5th largest port in the US  
Louisiana has the 8th largest port in the US  
Louisiana has 46 other ports not in the above figures.  
Louisiana is an international city which looks to the world  
for international business. It is strange that there is only  
one international bank in Louisiana.  
Panama has 131 banks representing 31 different nations.  
Please see above for International banks in US cities.  
Port cities usually have international banks.

**Price of oil and Gas and military contracts.**

Louisiana is dependant on oil and gas and military contracts.  
We are loosing alot of Headquarter companies in both areas.

Houston Texas came out of the last oil and gas crunch because  
they had the money center to diversify because they had the  
capital to do it.

Alot of shipbuilding is military related. They have closed 130  
military bases in the last 4 years.

**Manufacturing**

Over 28 years every tom dick and harry says Louisiana is not  
a manufacturing center. That is true. The 5,800 light weight  
manufacturers when added together probally does not equal one  
Crysler motor company. Many manufacturing plants require capital  
above 1½ million dollars. May be that is the reason for so little  
manufacturers.

**LOUISIANA'S PEOPLE AND ABILITIES AS ENGINEERS AND FABRICATORS:**

Louisiana has the greatest Engineers and Fabricators in the  
world. A five hundred mile long construction yard and the trade  
routes to the world are impressive.  
How so. Start at Lafayette and realize the oil and gas  
businesses and they have developed the industry that the rest  
of the world looks to Louisiana and now with three D seismic  
and directional drilling will develope this technology around  
the world. Swing over to Lockport and see Bollinger building  
Coast Guard vessels. Swing over to LaRose and see North American  
and Halter Marine. Swing over to Golden Meadow and see  
Couest. Swing to Houma and Thibideau with McDermoth building  
offshore platforms for oil and gas. Swing over to Avondale where  
shipbuilding is employing 6,000 people. Swing over to Harvey  
canal for ship repair and barge construction and Stewart and  
Stevens with desile engines. Swing over to Plaquemens parish  
with river markers construction and coating on Engineers road.  
Swing along there and in Baton Rouge and see pipe construction  
at Shaw and Stup and Tube Scope in Harvey for pipe inspection  
and Hunting tubular for pipe threading and on Peters road with  
Bredaro pipe for pipe coating and Packard pipe for pipe  
consolidation. Swing over to the industrial canal in New Orleans



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East and see Trinity and Textron for ferries and high speed hover ships. Swing over to Michou for Space tank boosters and swing over to Stennis for rocket engines and swing over to Pascagoula for ship building and off shore platforms. Yes the finest engineers and fabricators and construction yards in the world and the trade routes to the world are here.

**Trade Agreements forming around the world**

Louisiana is in the right place at the right time with the right location and the equipment, people and engineers and with the trade routes to the world. **However it needs capital and needs to add infrastructure projects to diversify the product lines so as not to be dependent only on oil and gas and military contracts.**

**The Trade Agreements:**

- Western Hemisphere Trade by 2005
- North American Trade Agreement
- G-3 Trade Agreement
- Mercosur Trade agreement
- Andean Trade Agreement
- Integrated Central and South American Trade Agreement
- Asian Trade Agreement
- European Union Trade Agreement.
- Other

**The world's development banks**

The \$50 billion dollar per year contracts of the development banks fit Louisiana very well. It fits its engineers and fabricators and the construction yards of South Louisiana.

- |  |                       |
|--|-----------------------|
| World Bank   | \$20 Billion per year |
| Inter American Development Bank                            | \$8 Billion per year  |
| Asian Development bank                                     | \$4 Billion per year  |
| European Development for<br>Reconstruction and Development |                       |
| African Development Bank                                   |                       |
| North American Development Bank                            |                       |

There is \$50 Billion dollars of Infrastructure projects per year that fits Louisiana so it can diversify.

**Infrastructure projects**

- Energy and transmission lines
- Transportation road, port, airport
- Communication
- Industrial
- Health and Hunger
- Education
- Environmental

There are three major United States organizations that could assist Louisiana in the infrastructure projects.

U.S. Agency for international development

Don't  
Lay People  
off  
Have them  
Do these  
Projects



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The above three organizations when working together can be a big help in bringing the infrastructure projects here to Louisiana.

General Contractors - subcontractors and just supplying the materials.

Sometimes just getting the materials is a major contract.

**Two bid envelopes**

The World bank believes in two bid envelopes. The first is the Statement of Qualifications and the second is the price. If you don't pass the first envelope of qualifications they don't open the second envelope. Why. If you build a dam and two years later it washed down the stream what good is the price. You must be qualified. Prepare a good statement of qualifications.

Sincerely,



Joseph R. Hunter Sr.  
Real Property Administrator

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P.S. In Conclusion, We must Have The Same Rules  
And Regulations As The Other 49 STATES, So  
The Financial Markets Will Bring Capital  
To Invest In This State. The Reverse Flow  
Of Capital From Around The World Is  
Landing In Houston/Dallas Not In Louisiana.  
\$1 Billion In Loans The US Every 2 Days. Over  
The Last 19 Years \$1 Trillion Left In Trade Imbalance.  
Is Louisiana Getting Its Share Of Reverse  
Investments? Is It Being Blocked By Napoleon's  
Old Law? We Need The Flow Of Capital To  
Diversify Because Of Low Oil Prices And Downsizing  
And Many Military Contractors Are Moving  
We Need To Attract Capital To Retail Banks  
In This Area. Businessmen Need The Capital  
To Operate. We Need To Keep The H.Q. Here  
To occupy Office Space. We Need To strap Companies  
moving out of state To find Capital. We need  
up with The Small Business Oppress.

