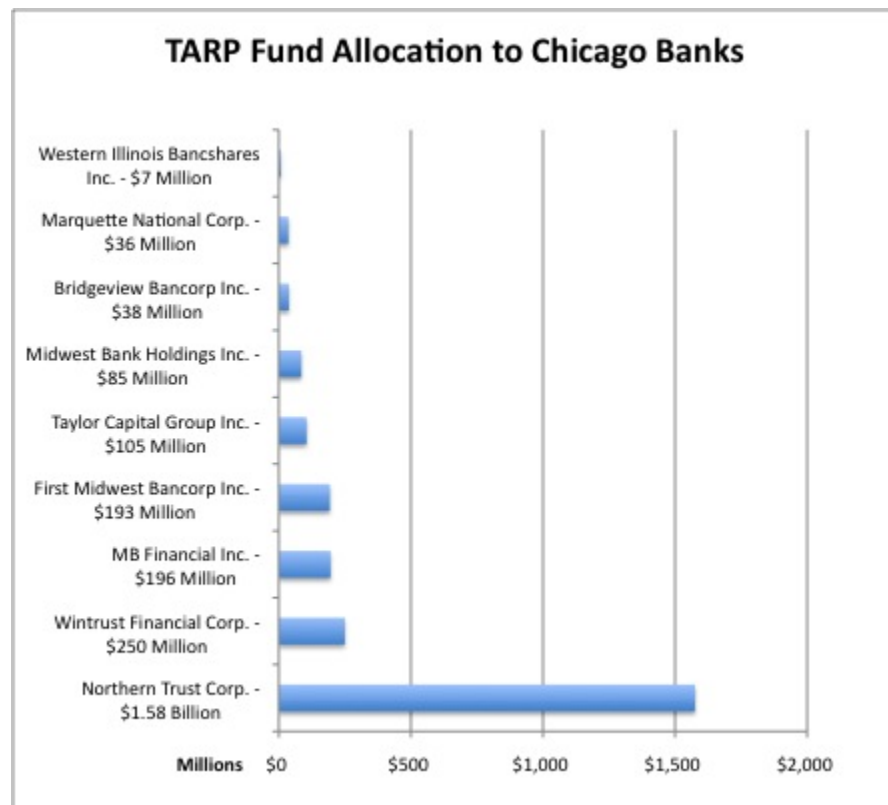




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Chicago bankers ask for more time while Fed demands action

by [Stefan Maisnier](#) and [Tom Elliott](#)

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Federal Reserve Board Chairman Ben Bernanke was in London Tuesday expressing the need for lenders to stop sitting on federal bailout funds, but Chicago banks are urging patience.

"Tell the politicians: 'Guys, you don't just make these loans overnight,'" said Wintrust Financial Corp. CEO Ed Wehmer.

Wintrust applied for \$250 million of the \$250 billion in funds from the Troubled Asset Relief Program under the massive \$750 billion economic bailout passed by Congress last fall. Wehmer said Wintrust only received the funds around Christmastime.

Northern Trust Corp. has received \$1.58 billion in TARP funds, the most of any bank in the Chicago area. "The investment by the U.S. Treasury will contribute to Northern Trust's already strong capital base relative to regulatory guidelines and the industry," Northern Trust said in a statement. "Northern Trust will also use this capital to continue to support high quality loan growth, benefiting consumers and institutions."

Bernanke said in a speech Tuesday that it is imperative to release \$350 billion more from the bailout, but that it has to come with the condition that the banks are more transparent in letting the public know what they're doing with taxpayer money.

"Banks are choosing to leave the great bulk of their excess reserves idle, in most cases on deposit with the Fed," Bernanke said.

MB Financial Inc. Chief Marketing Officer Karen Perlman said the bank has never stopped lending money during the crisis but added that it does keep excess liquidity at the Fed to take advantage of a "good return" on investment along with the stability the government provides.

"You still have to lend prudently," Perlman said. "There are other arms of the government looking at what you are doing." Perlman added that MB Financial looks to use TARP funds to invest in mid-sized businesses in the Chicago area.

Taylor Capital Group Inc. took out \$105 million in TARP funds and says they are using the money properly.

"The bank has pledged to make loans," Taylor Spokesman Mark Nystuen said when asked how the bank was using its TARP money. But Nystuen said he could not be more specific.

Wintrust, however, said the TARP program was improving the bank's strategic position.

"It has allowed us to expedite our strategy to have excess assets and liquidity," Wehmer said, noting that Wintrust had just invested \$100 million dollars in a mortgage company.

Wintrust's investment is counter to the proposal by Federal Deposit Insurance Corp. Chairman Sheila Bair to use relief money to cut mortgage payments and extend mortgage terms.

But Wehmer and Wintrust feel they know best how to use the money, insisting that they can leverage it ten-to-one instead of having the government buy individual assets.

As Washington debates new guidelines for the next round of bailout money, Wehmer said he's concerned lawmakers may attempt to apply new standards retroactively to funds that have already been dispersed, something that has been gaining traction.

"We need stronger supervisory and regulatory systems under which gaps and unnecessary duplication in coverage are eliminated..and oversight powers are adequate to curb excessive leverage and risk-taking," Bernanke said.

"The program has been implemented with too little transparency and in a manner inconsistent with the way it was presented to Congress last fall," said House Minority Leader, John Boehner.

Outside Washington, consensus has not been as easily reached.

"I am not sure the answer will be in more regulation," said Adolfo Laurenti, senior economist for Mesirow Financial Holdings Inc., "I am in the minority, rather than adding more regulation, we need more effective regulation."

Here in Chicago, the last word goes to Ed Wehmer. "What do you call a regulator?" he asks. "Someone who rides in after the battle and shoots all the survivors."

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