



**Judicial
Watch**TM

*Because no one
is above the law!*

VIA FEDERAL EXPRESS

July 8, 2008

Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: Northern Trust, Senator Barack Obama

Dear Sir or Madam:

Judicial Watch is a non-profit educational foundation that is dedicated to combating government corruption. As part of its educational mission, Judicial Watch regularly obtains and analyzes information gathered and maintained by the Federal Election Commission (FEC) and other agencies of the federal government, then disseminates its findings to the public through various educational and outreach programs, including Judicial Watch's website and monthly newsletter. The obtaining, analyzing, and disseminating of such information is a very important part of Judicial Watch's operations.

On July 2, 2008, *The Washington Post* reported that Sen. Barack Obama received a mortgage loan from Northern Trust at the below market rate of 5.625% for \$1.32 million.¹ According to the *Post*:

The freshman Democratic senator received a discount. He locked in an interest rate of 5.625 percent on the 30-year fixed-rate mortgage, below the average for such loans at the time in Chicago. The loan was unusually large, known in banker lingo as a 'super super jumbo.' Obama paid no origination fee or discount points, as some consumers do to reduce their interest rates.

Compared with the average terms offered at the time in Chicago, Obama's rate could have saved him more than \$300 per month.²

¹ See Exhibit 1, Joe Stephens, "Obama Got Discount on Home Loan," *The Washington Post*, July 2, 2008 (http://www.washingtonpost.com/wp-dyn/content/article/2008/07/01/AR2008070103008_pf.html).

² *Ibid.*

Documents related to the loan were released by Sen. Obama's campaign and confirm the interest rate of 5.625% for a \$1.32 million loan.³

Experts consulted by the *Post* documented the below-market benefit to Sen. Obama:

In Obama's case, he received a lower rate than the average offered at the time in Chicago for similarly structured jumbo loans. He secured his final mortgage commitment on June 8, 2005, and during that week, rates on similar loans for which information is available averaged 5.93 percent, according to HSH Associates, which surveys lenders. Another survey firm, Bankrate.com, placed the average at 6 percent.

'It's certainly safe to say that this borrower did better than average,' said Keith Gumbinger, an HSH vice president, noting that consumer rates vary widely. 'It's a good deal.'

...The Obamas had no prior relationship with Northern Trust when they applied for the loan. They received an oral commitment on Feb. 4, 2005, and locked in the rate of 5.625 percent, the campaign said. On that date, HSH data show, the average rate in Chicago for a 30-year fixed-rate jumbo loan with no points was about 5.94 percent.⁴

The *Post* also reports that the favorable interest rate would save Sen. Obama over \$300 a month, which over the life of the 30-year loan, would be at least \$108,000.⁵

The Washington Post report also suggests that Northern Trust gave Senator Obama special treatment because he is a United States Senator:

'**A person's occupation** and salary are two factors; I would expect those are two things we would take into consideration,' said Northern Trust Vice President John O'Connell. 'That would apply to anyone seeking to get a mortgage at Northern Trust.' He added that the rates offered to Obama were 'consistent with internal Northern Trust rates at that time.'

³ See Exhibit 2, *Obama 08*, "Explore the Answer Center"; **House Purchase Documents**; "Final Commitment dated June 8th, 2005" (http://answercenter.barackobama.com/cgi-bin/barackobama.cfg/php/enduser/std_alp.php?p_sid=NiCHJR7j&p_lva=&p_li=&p_accessibility=0&p_redirect=&p_page=1&p_cv=&p_pv=&p_prods=&p_cats=0&p_hidden_prods=&cat_lv1=0&p_search_text=home+loan&srch_btn_submit=%C2%A0%C2%A0%C2%A0Search%C2%A0%C2%A0%C2%A0&p_new_search=1).

⁴ See Exhibit 1, *supra*.

⁵ See Exhibit 1, *supra*.

‘The bottom line is, this was a business proposition for us,’ he said. ‘Our business model is to service and pursue successful individuals, families and institutions.’

O'Connell referred additional questions to the [Obama presidential] campaign.⁶

According to the Center for Responsive Politics, cited by *The Washington Post*, since 1990, Northern Trust employees contributed \$71,000 to Senator Obama's political campaigns (which include campaigns for the federal offices of U.S. Senator and President).⁷ More directly, the Northern Trust political action committee gave \$1,250 to Senator Obama's 2004 campaign for the United States Senate.⁸

This information suggests that Northern Trust's discounted mortgage loan is actually a disguised campaign contribution to Senator Obama of at least \$108,000. At the time of he secured the mortgage (on June 8, 2005), it appears that Senator Obama was raising funds for his previous 2004 Senate campaign (Obama for Illinois, Inc.) and his 2010 reelection (Obama 2010, Inc.) to the United States Senate.

A \$108,000 campaign contribution by Northern Trust to any of Senator Obama's campaigns would violate federal laws that prohibit corporate contributions for any local, state, or federal election.⁹ In addition, we do not believe that Senator Obama's campaigns or Northern Trust has filed or intends to file disclosure reports on its contributions, as required by law.¹⁰

Judicial Watch is harmed by Northern Trust, Senator Obama, his campaign committees and other covered parties for their failure to file required and accurate FEC disclosure reports, as it disseminates the information in FEC reports as part of its non-profit mission to educate the American people about campaign finance law and its enforcement.

⁶ See Exhibit 1, *supra* (emphasis added).

⁷ See Exhibit 1, *supra*.

⁸ See Exhibit 3 “Northern Trust Contributions to Federal Candidates – 2004 Cycle,” OpenSecrets.org (Center for Responsive Politics). ([http://www.opensecrets.org/pacs/pacgot.php?cmte=C00024935 &cycle=2004](http://www.opensecrets.org/pacs/pacgot.php?cmte=C00024935&cycle=2004)).

⁹ See 11 C.F.R. § 114.2(a).

¹⁰ See Exhibit 1, *supra*.

In conclusion, on behalf of Judicial Watch, Inc., I hereby request that the FEC conduct an investigation into this matter.

Judicial Watch will use the information uncovered by this investigation to educate the American people about the laws governing our nation's campaign finance system.

Thank you for your prompt attention to this matter.

Sincerely,

JUDICIAL WATCH, INC.



Thomas Fitton
President

I hereby swear that, to the best of knowledge and belief, that the foregoing is

true and correct.




Thomas Fitton

City of Washington)
)
District of Columbia) ss.

Signed and sworn to before me on this 8th day of July, 2008, by Thomas Fitton,

President of Judicial Watch.



Christopher J. Farrell
Notary Public for the District of Columbia
My Commission expires: 11/14/09