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## **An Ayn Rand-Loving Banker Huddles With Donald Trump**

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John A. Allison IV built one of the largest U.S. regional banks in the years leading up to the financial crisis. Since then, he has remained a fierce champion of free markets and a vocal opponent of new government regulations intended to stave off the next meltdown.

Now, Mr. Allison may find himself with greater opportunity to influence policy. The 68-year-old North Carolina native met Monday with President-elect Donald Trump, though it is unclear if he is being formally interviewed for a role in the administration, possibly as Treasury secretary, or is providing advice.

Until recently the CEO of libertarian think tank Cato Institute, Mr. Allison is a frequent quoter of Aristotle and a devoted fan of author Ayn Rand, who argued for minimal government and self-interest. As chief executive of **BB&T** Corp., he distributed copies of Ms. Rand's "Atlas Shrugged" to senior officers and influenced BB&T's charitable arm to fund classes about the moral foundations of capitalism at a number of colleges.

Mr. Allison previously has said he would be in favor of getting rid of the Federal Reserve, which he blamed for fueling the housing bubble by driving interest rates too low. He also has said that bank regulations that came out of the 2010 Dodd-Frank Act are too onerous, and proposed significantly raising capital levels as a way to weed out bad banks.

Mr. Allison wasn't immediately available for comment.

During his time atop BB&T from 1989 to 2008, Mr. Allison nursed a small Carolinas farm bank into a regional powerhouse that weathered the financial crisis better than many peers. Over that time, a string of mergers helped BB&T grow to \$152 billion in assets as of the end of 2008, from \$4.5 billion when he started, making it the 14th largest bank in the U.S. then, according to S&P Global Market Intelligence.

Yet Mr. Allison instilled a conservative lending culture. BB&T avoided negative-amortizing loans and complicated structured products that Mr. Allison called “esoteric” and “illogical.”

That meant BB&T was often overshadowed by North Carolina rival Wachovia Corp., whose risky mortgage loans fueled huge growth before the crisis—only to then cause its downfall. **That bank was purchased** during the height of the crisis by **Wells Fargo** & Co.

Mr. Allison was unafraid to criticize his rivals or his regulators. In an interview during his final weeks as BB&T CEO, he complained that “til really very recently, we were told over and over that if we just had as good a risk management (model) as Wachovia, then we would do very well.”

While less known than his peers at big banks, Mr. Allison ranks as one of the most legendary bank CEOs in recent history, said Christopher Marinac, director of research at FIG Partners LLC. “He’s head of the class,” said Mr. Marinac. “A lot of folks didn’t understand the conservatism of BB&T until the crisis, but they appreciated it after.”

Mr. Allison’s worldview was shaped when he was a college student at the University of North Carolina-Chapel Hill and stumbled across a collection of essays by Ms. Rand.

Mr. Allison joined BB&T out of college in 1971 and became CEO in 1989. As CEO, he penned a 30-page handbook, “The BB&T Philosophy,” to give to employees on their first day of work. The first maxim was reality. “The existence of the law of gravity does not mean men cannot create an airplane,” he wrote. “However, an airplane must be created within the context of the law of gravity. At BB&T, we believe in being ‘reality grounded.’”

In 2006, Mr. Allison made headlines when he declined to lend money for commercial projects on private land seized by eminent domain—a government practice that Mr. Allison believed was an affront to individuals’ property rights.

As the federal government bailed out struggling banks during the crisis and tried to stem waves of foreclosures, Mr. Allison—in his final year as CEO—maintained that bad banks should fail and bad borrowers should lose their homes.

BB&T took a loan from the government’s Troubled Asset Relief Program, but Mr. Allison said it was largely because of government pressure. He was also wary of government stimulus spending, which he believed might provide a short-term boost but reduce long-term growth.

Speaking to a Tea Party club at Harvard in 2011, Mr. Allison said the “financial crisis was primarily caused by government policy,” citing, among other factors, the Community Reinvestment Act, which encourages lending across income groups, and mortgage giants Fannie Mae and Freddie Mac.

Mr. Allison said the government’s response to the crisis “will reduce the quality of life and our standard of living forever.” During his final weeks as CEO, he said many regulators are “academics who are detached from reality.”

Mr. Allison retired from BB&T at the end of 2008, the coda of a long-term transition that installed another North Carolina native and BB&T lifer, Kelly King, as CEO. Under Mr. Allison, BB&T's shares outperformed the S&P 500 by 100 percentage points.

The stock has underperformed the broader market by about 80 percentage points since Mr. Allison's departure, though key profitability metrics remain higher than those of peers.

Since leaving BB&T, Mr. Allison has taught at Wake Forest University and remains involved at the Cato Institute, including at its Center for Monetary and Financial Alternatives. Last year he joined the board of investment bank Moelis & Co., where former House Majority Leader Eric Cantor is a board member and executive.