

Herbert Sandler, S&L magnate who also seeded ProPublica, dies at 87

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Herbert Sandler, who along with his wife built Golden West Financial, one of the largest savings-and-loan institutions in the United States, from a modest two-branch California bank and who used his fortune for philanthropic work that included the founding of the nonprofit investigative newsroom ProPublica, died June 5 at his home in San Francisco. He was 87.

His death was announced by the San Francisco-based Sandler Foundation, a charitable organization that he and his wife, Marion Sandler, founded in 1991. No cause was cited.

The Sandlers were for decades an eminence of the savings-and-loan industry. She was a securities analyst who had climbed the Wall Street ranks at a time when few women advanced beyond the secretarial pool. Mr. Sandler, who began his career as a lawyer, had risen from poverty on the Lower East Side of Manhattan.

Through her Wall Street work, Marion Sandler discerned the financial promise of savings-and-loans. Mr. Sandler, too, sensed opportunity, as he watched clients prosper in that sector. The couple left the East Coast for California, where in 1963 they paid \$3.8 million for the Oakland savings-and-loan that became Golden West.

Over their decades of ownership, the Sandlers transformed what was often described as a mom-and-pop operation — with Marion Sandler knitting during meetings — into a successful bank with 285 branches, about 11,000 employees and \$124 billion in assets, according to a statement from the foundation.

They served as co-chief executives and worked from side-by-side offices. Mr. Sandler told the San Francisco Chronicle that he focused on “strategy and policy issues,” while Marion Sandler described herself as “more active in the day-to-day management.”

The Sandlers gained a reputation over the years as responsible and cautious, so risk-averse that they initially resisted investing in the installation of ATMs. Considering the machines unuseful for many of their clients, they waited until 1999 to install one, thus managing to purchase the equipment at bargain-basement prices.

They also became known for their caution in lending. Mr. Sandler cited “old-fashioned” underwriting and scrupulous appraisals among their core principles. He also emphasized that, unlike at other financial institutions, Golden West did not sell loans to then “pass on to some other sucker.”

“We are team-oriented, highly ethical, extremely competitive, profit-oriented, risk-averse, consumer-focused, and we try as much as possible to squeeze out any ego,” the New York Times quoted Mr. Sandler as saying in 2005. “Hubris is the beginning of the end.”

In 2006, the Sandlers sold Golden West to the banking giant Wachovia for more than \$24 billion. The couple collected about \$2.4 billion from the deal, plowing half of that amount into their foundation. In 2010, they would join the Giving Pledge started by billionaires Bill and Melinda Gates and Warren Buffett, promising to give their entire net worth to philanthropy.

Two years after the sale, Wachovia's near collapse amid the financial crisis of 2008-2009 drew unfavorable attention to the "option ARM" loans, also known as Pick-a-Pay, that Golden West and other lenders offered. Under the terms of such loans, borrowers could choose how much to pay in a given month.

Critics contended that such forms of adjustable-rate mortgages risked miring borrowers ever deeper in debt by allowing them to make payments smaller even than the amount of interest they owed. Defenders noted that Pick-a-Pay loans allowed borrowers the flexibility to withstand temporary crises, such as job loss or medical emergency, without falling into default.

The Sandlers weathered bracing criticism for what detractors cast as lending practices that helped bring down Wachovia, which in 2008 was sold to Wells Fargo. A 2008 [report](#) in the New York Times, which the Sandlers [protested](#) as deeply flawed, cited a "broad and aggressive effort by their company to market risky loans at the height of the housing bubble" and described Pick-a-Pay as "the Typhoid Mary of the mortgage industry."

Amid the furor, "Saturday Night Live" parodied the Sandlers in a skit in which they were labeled "people who should be shot." NBC later removed the skit from its website, and producer Lorne Michaels apologized, confessing that in his "state of complete ignorance," he thought the actors were portraying fictional characters — not real people — and asserting that there was "absolutely no evidence" that the Sandlers had committed wrongdoing.

In 2010, the Columbia Journalism Review published a [report](#) that was critical of the characterization of the Sandlers in the news.

"The media's insistence on conflating the Sandlers with Countrywide, New Century, Ameriquest, and other notorious lenders — who sold products with short 'teaser' periods that would soon explode, made a joke of underwriting standards, and off-loaded their toxic paper into the secondary market — points up the difficulty journalists had understanding the mortgage mania and identifying the truly bad actors," wrote journalist Jeff Horwitz. "The press lumped the egregious with the unlucky."

Herbert Martin Sandler was born Nov. 16, 1931, in the Bronx and grew up in subsidized housing on the Lower East Side. He told the Chronicle that his father, a son of a Russian barber, entered the legal profession without ever receiving a university degree.

He also described his father as a gambling addict who nearly ruined the family's finances but also instilled in his son a belief in paying off debts, no matter how long it took, and not taking advantage of the vulnerabilities of others.

"He was always on the side of the underdog," Mr. Sandler said to the Los Angeles Times. "I am deeply opposed to wealthy people who exploit the poor, powerful people who prey on the weak, and government representatives who betray the trust of the people they supposedly represent." He said the tension and sadness of his upbringing led to a "hatred" of predatory lending.

Mr. Sandler graduated from City College of New York in 1951 and Columbia Law School in 1954. After two years of Army service, he joined his father in law and also served as a staff lawyer and then trial examiner on the Waterfront Commission of New York Harbor, an agency that polices corruption and organized crime along the New York and New Jersey waterfront.

In 1961, he married Marion Osher, whom he had met in the Hamptons. She died in 2012. Survivors include two children, Susan Sandler and James Sandler, both of San Francisco; and two grandchildren. An older brother, Leonard, became an appellate justice in the State Supreme Court of New York and died in 1988.

With this brother's death, Mr. Sandler and his wife deepened their involvement with philanthropic endeavors by endowing a fellowship in his honor at Human Rights Watch. They became significant donors to the organization as well as to the American Civil Liberties Union. They made medical research another focal point of their giving, founding the American Asthma Foundation and funding biomedical research projects at the University of California at San Francisco, and they spread their largesse to a range of environmental and social justice organizations.

Their charitable portfolio extended to the Center for American Progress, a left-leaning research and policy organization in Washington, and they provided critical seed money for ProPublica, founded in 2007 as the legacy print media was shedding jobs and accountability journalism was threatened by budget cutbacks.

A promised infusion of \$10 million a year from the Sandlers' foundation generated publicity for the Manhattan-based ProPublica and dwarfed the budgets of many similar organizations. It has gone on to win [five Pulitzer Prizes](#), among other awards.

Mr. Sandler "reminded us never to forget our core mission: to expose unreported abuse of power and failure to uphold the public interest," Paul E. Steiger, a former managing editor of the Wall Street Journal and ProPublica's founding editor and chief executive, said in a statement.

In his philanthropy, Mr. Sandler told the New York Times in 2008, he was motivated by "outrage."

"You go a little crazy," he said, "when power takes advantage of those without power."


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