



CALIFORNIA  
**community**  
BUILDERS

*Florida Minority Community Reinvestment Coalition (FMCRC)*  
*San Diego Minority Community Reinvestment Coalition (SDMCRC)*  
*California Community Builders*

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March 6, 2015

Janet Yellen  
Chair, Board of Governors  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Ave. NW  
Washington DC 20551

Thomas Curry  
Comptroller  
Office of the Comptroller of the Currency  
Independence Square 250 E. St. SW  
Washington DC 20219

RE: CIT One West Merger-CRA Race Relevant Conditions & Investigation of CIT/Mr. Otting

Dear Ms. Yellen and Mr. Curry:

At the recent CIT-One West merger hearing it was disturbing to see that there was more focus on grant giving rather than banking and CRA investments made by One West or CIT. But this is no surprise after Mr. Joseph Otting made threats against Greenlining and its members that those opposed to their merger would not receive grants. We are calling on both the Federal Reserve Board and Office of the Comptroller of the Currency to set a “new tone” towards the CRA by financial institutions and set race relevant CRA conditions on this merger along with conducting an investigation of CIT-One West and Mr. Otting’s attempt to extort and intimidate minority leaders across California.

What is most disheartening is the realization that like money in politics, the promise of grant money, can purchase votes or support from community organizations. These organizations are often desperately in need of financial support to better serve their constituencies. Often these grants are more a form of charity or a PR opportunity than a substantive investment in communities. What is unfathomable is that the Fed has allowed banks, which have deplorable “community serving” track records, to become larger. This is especially so, in light of the reality that banks too large to fail inevitably become too large to regulate; more banks are needed to increase competition to better serve consumers not fewer.

The fast rising racial wealth gap is driven by the lack of minority home and small business equity. What is critical is that when placing conditions on approval of this merger, it provides an opportunity for the regulators to “set the tone” for all banks as it relates to increased focus on race relevant CRA investments and adequate infusions of capital for increased minority home and small business ownership (and expansion of current minority small businesses). Minorities account for over 70% of all poverty in California and in most urban cities across the United States and the focus with CRA must be on addressing the capital needs of low moderate income communities to create the jobs and tax bases that battle poverty and racial wealth and income inequality.

The Racial Wealth Gap and Racial Income Inequality are now out of control across the United States but more so in California. It is capital, not charity, which will reverse this negative economic trend that hurts the future of our country. A Brookings Institute study found that minorities account for an average of 42% of all urban city populations yet they contribute less than 5% of the local GDP. It is capital for home and small business ownership (or expansion) and race relevant CRA investments targeting minority low moderate income communities that will be most effective.

This merger is an opportunity for the Federal Reserve Board and the Office of the Comptroller of the Currency (OCC) to “set the tone” for a paradigm shift in CRA. We and the communities we represent are requesting that you place conditions on this merger targeting increased capital for minority home and small business ownership (and expansion), capital investments into funds to provide access to capital for minority led and focused nonprofits to engage community development projects (that provide income streams for minority led and focused nonprofits) and targeted CRA investments into minority low moderate income neighborhoods.

We thank you for your consideration on this important matter. For questions, please contact John Gamboa at (510) 367-9111.

Cordially,

Al Pina  
Chair  
FMCRC  
SDMCRC

John Gamboa  
Chair  
California Community Builders  
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