

JOINT PUBLIC MEETING

HELD BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE
SYSTEM AND THE OFFICE OF THE COMPTROLLER OF THE CURRENCY
RE: PROPOSAL BY CIT GROUP, INC. TO ACQUIRE IMB HOLDCO
LLC AND ONEWEST BANK, NATIONAL ASSOCIATION, AND TO MERGE
CIT BANK WITH AND INTO ONEWEST BANK, NATIONAL
ASSOCIATION

FEBRUARY 26, 2015

LOS ANGELES BRANCH OF THE FEDERAL RESERVE

BANK OF SAN FRANCISCO

950 SOUTH GRAND AVENUE, FIFTH FLOOR

LOS ANGELES, CA 90015

8:30 A.M.

REPORTED BY:

KIMBERLY S. THRALL

1 PROCEEDINGS

2 MS. KILLIAN: Good morning, everybody. We're
3 going to get started.

4 I am pleased to welcome you to this important
5 public meeting on the application by CIT Group to
6 acquire IMB Holdco and OneWest Bank.

7 My name is Suzanne Killian, and I am a Senior
8 Associate Director of the Division of Consumer and
9 Community Affairs of the Federal Reserve Board in
10 Washington, D.C.

11 I will serve as one of the Presiding Officers
12 for this public meeting. My colleague, Grovetta
13 Gardineer, of the Office of the Comptroller of the
14 Currency, will serve as the other Presiding Officer,
15 she will introduce herself in just a minute.

16 I'd also like to introduce our other
17 For the Federal Reserve, we have Mike Sexton, Associate
18 Director, Federal Reserve Board Division of Banking
19 Supervision and Regulation.

20 Gerald Tsai, Director of Applications and
21 Enforcement and Corporate Secretary of the Federal
22 Reserve Bank of San Francisco.

23 Alison Thro, Assistant General Counsel,
24 Reserve Board Legal Division.

25 And Ivan Hurwitz, Vice President, Bank

1 Applications Department of the Federal Reserve Bank of
2 New York.

3 For the Office of the Comptroller of the
4 Currency, we have: Barry Wides as Deputy Comptroller,
5 Community Affairs.

6 Donna Murphy, Director of Consumer and
7 Community Law.

8 David Reilly, Large Bank Lead Expert,
9 Licensing.

10 And James Bundy, District Director for
11 Licensing, Western District.

12 For today's meeting Mike Sexton, Gerry Tsai,
13 David Reilly and Donna Murphy are serving on the agency
14 panel during the morning session, and Alison Thro, Ivan
15 Hurwitz, Barry Wides, and James Bundy will serve on the
16 panel during the afternoon session.

17 When our agencies consider these applications,
18 we look at a number of factors under the Bank Holding
19 Company Act, which governs the application filed with
20 the Federal Reserve, and the Bank Merger Act, which
21 governs the merger application being processed by the
22 OCC. These factors include:

23 The convenience and needs of the communities
24 affected. In doing so, we particularly look at the
25 record of performance of the parties under the

1 Reinvestment Act. The CRA requires the Federal Reserve
2 and the OCC to take into account an institution's
3 of meeting the credit needs of its entire community.
4 also look at financial issues, managerial issues,
5 competitive issues and financial stability issues.

6 The purpose of the public meeting today is to
7 receive information regarding these factors and other
8 factual issues related to the CIT/OneWest applications.

9 We are very pleased that so many members of
10 public have been willing to come and present their
11 at this public meeting. We have many individuals and
12 groups represented.

13 With that, let me turn this over to Grovetta
14 for her opening remarks.

15 MS. GARDINEER: Thank you, Suzanne. As
16 mentioned, I'm Grovetta Gardineer, Deputy Comptroller
17 for Compliance Operations and Policy at the OCC. I
18 serve as co-Presiding Officer for this meeting.

19 I'd like to make a few remarks about the
20 procedures. This is what is called an informal, public
21 meeting. Members of the agency panel may ask questions
22 of those who are presenting. This is not a formal
23 administrative hearing, so we are not bound by rules
24 regarding evidence, cross-examinations, and some of the
25 formal trappings of that kind of a proceeding.

1 And because we have so many presenters, we
2 to stick to the schedule so that everyone who has asked
3 to offer oral remarks will have a chance to do so. We
4 are going to ask the presenters today to be mindful of
5 the needs of others and to help us stay on schedule.
6 Each panel will consist of six presenters, and each
7 presenter will have three minutes to give their
8 presentations. The panels of speakers will be expected
9 to keep within their allotted times.

10 We have a signal system with regard to timing.
11 The timekeeper will give you a signal when you have one
12 minute left to speak and another signal when your time
13 has expired.

14 Despite the tight schedule, we are all
15 operating under today, we want to be as flexible as
16 possible. In that light, we will permit each panel
17 is presenting today to choose to have their
18 timed as a panel so that the entire panel of six
19 individuals will get a single 18-minute block of time
20 present. This will permit individual presenters to
21 speak longer or shorter than three minutes so long as
22 the panel remains within the total allotted time. If
23 your panel would like your presentation to be timed as
24 panel instead of on an individual basis, please
25 so at the beginning of your presentation.

1 In addition, there may have been some
2 individuals who were unable to sign up in advance. And
3 to the extent possible, we want to give them a chance
4 speak as well. So at the end of the meeting today, we
5 will make the mike available to anybody who would like
6 to make a presentation, time permitting.

7 One more comment about the presentations.
8 Presenters may submit a written supplement to their
9 remarks but must do so by the end of the meeting, and
10 then the record will be closed. You may submit your
11 written supplement at the participant registration desk
12 or you can send it by following the instructions
13 included in the material you received at registration
14 this morning. It is important that we get this
15 for the record.

16 Finally, a copy of the official transcript of
17 the meeting will be made available on the Board's and
18 the OCC's public websites within a few days of today's
19 meeting.

20 With that, let us begin by recognizing the
21 applicant. I'd like to ask you please to state your
22 name and the organization prior to your making your
23 presentations. Thank you.

24

25

PANEL 1

1 MR. THAIN: Good morning. I'm John Thain, the
2 Chairman and Chief Executive Officer of CIT.

3 We greatly appreciate this opportunity to
4 discuss the merits of our proposal with you, our
5 regulators, as well as with the members of the public
6 and the community organizations represented here today.

7 We are excited about the many opportunities
8 that will be created for our institutions, our
9 and for the Southern California community as a result
10 this transaction.

11 We believe the proposed combination of OneWest
12 and CIT satisfies all of the factors the Board of
13 Governors and the OCC must consider in such
14 transactions. These include financial, managerial and
15 competitive dimensions, the benefits to the community
16 and the potential impact of the transaction on U.S.
17 financial stability.

18 The merger of CIT and OneWest combines two
19 institutions with highly complementary businesses, risk
20 management philosophies and customer bases. Since the
21 company's formation in 1908, CIT has provided financial
22 solutions to our clients. For decades CIT has been
23 focused on providing commercial financing, lending,
24 leasing and advisory services to small- and
25 middle-market businesses as well as companies of all

1 sizes in the transportation sector.

2 Our bank subsidiary, CIT Bank, currently
3 headquartered in Utah, offers a basic suite of savings
4 products through its Internet banking platform.

5 As you know, OneWest is a regional bank based
6 here in Southern California and offers a more robust
7 suite of deposit and lending solutions for consumers
8 small businesses. If approved, we would be able to
9 offer all of our customers a more diversified slate of
10 financial products and services and would have the
11 resources, scale and expertise necessary to deliver
12 those products efficiently to customers nationwide.

13 Additionally, due to the limited overlap in
14 businesses, the transaction will not adversely impact
15 reduce competition, nor will it result in any undue
16 concentration of resources in any product or geographic
17 market. In fact, it will create a stronger institution
18 with a greater diversity of financial products and
19 services. It will also enable us to compete more
20 effectively against our much larger competitors, which
21 will have clear benefits to the customers in the
22 in which we operate.

23 This merger will combine two management teams
24 that have proven records of success. Each institution
25 has achieved sound financial results, developed a

1 risk-management culture and maintained a disciplined
2 record of compliance.

3 Over the past year, I've come to know OneWest
4 management team and feel confident that CIT will
5 from their expertise in customer focus, which aligns
6 with our own philosophy and vision of the combined
7 institution.

8 Some have suggested that the transaction will
9 create an institution that is too big to fail.
10 specifically chose not to prohibit banking acquisitions
11 based upon the asset size of the combined
12 Instead it chose to continue to require the appropriate
13 federal banking agencies to evaluate proposed
14 acquisitions on a case-by-case basis.

15 The existing regulatory framework looks beyond
16 asset size in analyzing potential risks to financial
17 stability. It emphasizes the role of
18 interconnectedness, substitutability, complexity and
19 extent of international or cross-jurisdictional
20 activities.

21 Under this framework, it is clear that this
22 transaction will not result in greater risk to the U.S.
23 financial system. In fact, there are significant
24 discussions in Washington on raising the level at which
25 an institution is designated as a systemically

1 financial institution, or SIFI, from the current
2 \$50-billion level contained in the Dodd-Frank Act. We
3 would support this change. In sum, the combined
4 organization would not be too big to fail.

5 CIT's management team has worked closely with
6 our regulators to ensure that CIT has strong
7 risk-management practices, that we are well capitalized
8 and that we are prepared to comply with the regulators'
9 enhanced prudential standards.

10 CIT is well capitalized under both Basel I and
11 Basel III and has sufficient liquidity to withstand
12 significant market disruptions.

13 Upon completion of the OneWest transaction,
14 will have a stronger, more diverse balance sheet and
15 enhanced earnings capacity. The combination of CIT and
16 OneWest will create an institution that is better able
17 to withstand economic stress.

18 We are committed to support our communities
19 to meeting our CRA obligations. As previously
20 announced, the combined bank will continue to be
21 headquartered in Pasadena. The transaction will have a
22 positive impact on the community's access to financial
23 services in Southern California.

24 Further, it will significantly increase the
25 community investment activities of the bank. As Joseph

1 Otting will address, we have set forth aggressive goals
2 for community investment and development activities in
3 Southern California, including targeting \$5 billion of
4 community-related activities over the next four years,
5 which is a significant increase from what CIT Bank and
6 OneWest provide today.

7 Additionally, our goal is to achieve an
8 outstanding CRA rating for the combined bank. We are
9 committed to our communities, and there is no question
10 that the community will benefit from this merger when
11 compared to the status quo.

12 CIT Bank's current CRA efforts are primarily
13 focused on investments in the local Salt Lake City
14 community, its designated assessment area. The bank,
15 which submitted and received approval on a CRA
16 plan in 2013 with its stated goal of achieving an
17 outstanding rating is in the process of implementing
18 this plan. CIT believes its current activities would
19 satisfy the goals for an outstanding rating under its
20 CRA plan.

21 For example, we've arranged significant loans
22 through our key partnerships with the Utah Community
23 Reinvestment Corporation, and the Guadalupe Charter
24 School. We've provided grants to local nonprofit
25 organizations mainly focused on affordable housing,

1 education and financial literacy, and homebuyer and
2 foreclosure counseling.

3 We also provided the local Habitat for
4 chapter in Utah, a favorable line of credit to enable
5 them to buy properties they deem attractive without
6 having to wait to secure separate financing.

7 Let me be clear, our community involvement
8 efforts are not just focused in Utah. I'm extremely
9 proud of the efforts of all of our employees who've
10 shown a commitment to helping their local communities.

11 Through our annual company-wide food drive,
12 employees have supported community food banks at a time
13 when demand at these food banks has been historically
14 high. In the past two years, our employees have
15 collected more than 200 tons of food, which provided
16 more than 340,000 meals to those in need.

17 In addition to our annual food drive, each
18 our employees volunteer thousands of hours of their
19 for their local communities. In 2014 more than 1,200
20 employees volunteered more than 8,200 hours and
21 participated in 116 community-based projects from
22 tutoring students, delivering food to homebound
23 individuals, building homes and beautifying parks.

24 While not all of these initiatives are
25 under the Community Reinvestment Act, they do reflect

1 the importance we place in giving back and supporting
2 the local communities where our employees live and

3 Following the merger, we plan to further
4 our presence and involvement in the Southern California
5 community. We're pleased with the active dialogue we
6 have had with many local community groups and leaders
7 here. We believe there is an opportunity to create
8 additional partnerships that would impact and make real
9 differences in low- to moderate-income areas and
10 communities.

11 We appreciate this opportunity to share our
12 perspective on the transaction. We believe the
13 transaction satisfies all of the factors the Federal
14 Reserve and the OCC must take into account in their
15 consideration of our applications.

16 To the members of the Southern California
17 community here, we're looking forward to maintaining
18 enhancing our presence in your community and expanding
19 our working relationships with you. Thank you again
20 your time today.

21 MR. OTTING: Good morning. Thank you for the
22 opportunity to speak on behalf of OneWest Bank. My
23 is Joseph Otting, and I proudly serve as the President
24 and Chief Executive Officer.

25 As John mentioned, both OneWest and CIT are

1 excited about the opportunities presented by this
2 merger. OneWest is a relatively new bank that was
3 formed in March of 2009. Since inception, we have
4 committed to building a hometown bank for the
5 communities of Southern California.

6 We were fortunate to find a partner in CIT who
7 shares our commitment to Southern California. Indeed,
8 as John mentioned, we have chosen to keep Pasadena as
9 the headquarters of the bank following the merger, and
10 we are not closing any branches in the merger. In
11 we're looking at new opportunities for the number of
12 partners in the ethnic communities.

13 CIT brings a breadth of products and services
14 to our communities ranging from its leading factory in
15 business which supports local clothing manufacturers
16 right here in Southern California, to its direct
17 businesses that provides online direct leases and loans
18 to small businesses all throughout the country.

19 As a result of the merger, CIT customers will
20 be able to avail themselves of the full suite of
21 products and services that OneWest offers. And OneWest
22 customers can avail themselves of the full suite of
23 credit products offered by CIT.

24 We strongly believe that with respect to each
25 of the factors our regulators consider, the record

1 supports approval of our application.

2 I would like to focus my statement on
3 record under the Community Reinvestment Act and the
4 effect of the transaction on the convenience and needs
5 of the community. In addition, at the end, I would
6 to address two topics that have been mentioned by
7 commenters: OneWest Bank's reverse mortgage business,
8 Financial Freedom; and OneWest Bank's foreclosure
9 prevention efforts.

10 First let me address the CRA record. OneWest
11 Bank received a satisfactory rating on its CRA exam
12 a high satisfactory in both lending and service and a
13 low satisfactory in investment. Although we were
14 pleased with the OCC's recognition of our strong
15 and service records, we quickly took steps to improve
16 the low satisfactory investment rating.

17 We increased OneWest's CRA qualifying
18 investments in our assessment area right here in Los
19 Angeles from 7 million to \$74 million, and more
20 importantly, we increased the complexity of these
21 investments. This was an increase of over 1,000
22 since our last exam.

23 Even though we received high satisfactory
24 ratings in lending and service, OneWest did not simply
25 maintain the status quo in these areas. Since our last

1 exam, we've increased CRA qualifying community
2 development lending from 24- to \$266 million, again an
3 increase of over 1,000 percent.

4 And we've continued to demonstrate our strong
5 commitment to the community through community service
6 hours. Since 2012 OneWest employees have volunteered
7 approximately 6,000 hours of community service. We
8 believe our commitment to our local community is
9 attested by our community partners, and we are honored
10 to receive strong support from a number of community
11 groups, organizations in Southern California, some of
12 whom will speak today in support of the merger.

13 We believe our strong CRA record fully
14 approval of our application.

15 Next I'd like to talk about convenience and
16 needs. Our regulators will also consider the effect of
17 the transaction on the convenience and needs of the
18 community. One of the principal benefits of the
19 proposed transaction is to enhance our ability to serve
20 the convenience and needs of the communities to which
21 operate.

22 Prior to announcing the transaction, we
23 recognized that the combined bank would warrant
24 CRA and community goals. We prepared preliminary CRA
25 activity goals for Southern California in a draft CRA

1 plan, which we shared with community groups and leaders
2 on a Community Day that we held in September. We also
3 shared this plan with our regulators.

4 The Community Day was a productive first step
5 that has resulted in a lot of constructive dialogue and
6 feedback. And in addition, we had over 100 follow-up
7 meetings with community organizations. In addition to
8 informing our views about the community development
9 needs in Southern California, we learned more about the
10 programs and services currently being offered by
11 community groups in this area.

12 We also received important feedback on how the
13 combined bank can better partner with Community Group
14 and heard views on supplier diversity best practices.
15 As a result of this dialogue with the community, we
16 increased our plans from community activities to
17 activities beyond those that are just CRA related. The
18 broader set of goals is reflected in the document we
19 refer to as our Community Benefit Plan.

20 Let me be clear, our goal continues, as we
21 said from the beginning, is to establish a CRA program
22 at the combined bank that will achieve an outstanding
23 rating. We will do this with input from a community
24 advisory board. And our CRA goal in and itself should
25 be considered as a significant benefit to the

1 convenience and needs of the community.

2 That said, Community Benefit Plan demonstrates
3 our intention to engage in activities beyond those that
4 are CRA qualifying further demonstrating that this
5 transaction will significantly benefit the Southern
6 California community.

7 The Community Benefit Plan sets a target of
8 \$5 billion over four years in total community
9 activities, which we define as CRA-reportable lending,
10 investments, donations and diversity of vendor span.
11 Over 75 percent of this amount, approximately
12 \$3.8 billion, will consist of CRA-reportable lending
13 during that period.

14 Our targets for the combined bank also include
15 directing over \$200 million to maintain a balance of
16 approximately 350 million of CRA-qualified investments.
17 This represents more than 1 percent of our total
18 deposits.

19 We also plan to donate \$5 million each year
20 right here in Southern California to establish
21 organizations in the area of affordable housing,
22 education, financial literacy, work force development,
23 health and human services, programs for at-risk youth,
24 and technical assistance programs for small businesses.

25 As noted in our record, we also believe the

1 merger will provide benefits in the area of small
2 business lending, which we are targeting to increase as
3 part of the Community Benefit Plan I just outlined.

4 In addition, we will develop a small business
5 loan and technical assistance referral program so that
6 the businesses unable to qualify under our small
7 business programs can be referred to local community
8 development financial institutions and other nonprofit
9 providers to assist potential borrowers to better
10 prepare themselves to qualify for conventional
11 financing.

12 In addition, we expect the combined bank to
13 continue to apply an integrated approach where we
14 concentrate our resources, both time and dollars, with
15 few organizations to have greater impact on change.

16 Our relationship with Markham Middle School
17 located in Watts is an example of our approach that has
18 made a significant impact. Markham has more than 1,100
19 sixth- through eighth-grade students and is one of the
20 highest needs, lowest performing schools in the
21 Los Angeles Unified School District. That is why we
22 chose it.

23 Over the course of four years, OneWest has
24 donated more than \$750,000 to fund an integrated suite
25 of products and services ranging from healthcare to

1 technology to support the students and families of
2 Markham. As a result of this program funded by our
3 investment, students have seen an increase in English,
4 language arts, and math assessment performance, which
5 view as an essential building block to achieve
6 literacy and long-term economic freedom.

7 In addition to our CRA record and the
8 benefits in the merger, I would like to address two
9 points that have been raised previously. The first is
10 around Financial Freedom.

11 Financial Freedom, which is OneWest Bank's
12 reverse mortgage servicing division, has stated in the
13 record OneWest and Financial Freedom have not
14 a reverse mortgage since 2011. And the vast majority
15 reverse mortgages we serviced were inherited from
16 IndyMac.

17 In addition, 98 percent of Financial Freedom's
18 reverse mortgage service portfolio is owned by third
19 parties, and 95 percent are insured by the Federal
20 Housing Administration, or FHA.

21 I mention these statistics to highlight the
22 fact that our servicing practices related to the
23 mortgage loans in our servicing portfolio are
24 effectively set by regulators issued by the U.S.
25 Department of Housing and Urban Development, which

1 manages the insurance program for the FHA.

2 In our view, the vast majority of criticism of
3 our servicing practices are really criticisms of the
4 regulations governing how we are required to service
5 FHA-insured reverse mortgages.

6 In large part, we share the frustrations of
7 those who criticize the outcomes that are the direct
8 result of the HUD requirements. For example, there has
9 been a lot of criticism of HUD's regulations relating
10 the treatment of surviving non-borrower spouses, which
11 often lead to foreclosures on non-borrowing spouses.

12 Let me be clear, we urge and fully support a
13 moratorium on foreclosure of non-borrowing spouses.
14 However, HUD regulations do not permit it. Although we
15 would support a number of changes to alleviate aspects
16 of the HUD regulations, we cannot do so unilaterally.

17 I also want to spend a few moments and talk a
18 little bit about loan modifications and foreclosure
19 alternatives. Some public commenters have also
20 highlighted the number of foreclosures completed by
21 OneWest in California. It is important to provide some
22 context to this statistic.

23 First, prior to the sale of our third-party
24 servicing business, which we sold almost two years ago,
25 92 percent of the mortgages we serviced were for third

1 parties. This means that we did not own the loans, and
2 in fact, we were legally bound by contract and
3 agreements that governed how we serviced loans.

4 With that said, since inception, we have
5 implemented comprehensive loan modification and
6 foreclosure avoidance programs. In fact, FDIC Loan
7 Modification Program, which was first developed at
8 IndyMac, was the precursor for the Obama
9 administration's making home affordable program or
10 which the bank has also adopted. We were one of the
11 first servicers to adopt the principal forgiveness
12 program offered under HAMP.

13 In California alone we have completed more
14 58,000 modification and other foreclosure alternatives.
15 Since inception, on a national basis, we have modified
16 more than 27 billion loans, more than 86,000 loan
17 modifications and have agreed to forgive \$760 million
18 principal forgiveness.

19 Our processes have been extensively tested and
20 examined through the years. And while we always regret
21 any errors, the fact is that our loan modification
22 processes have performed extraordinarily well with very
23 low error rates. In fact, when the U.S. Treasury
24 reviewed the servicers in the country in connection
25 its oversight of the HAMP modification program, OneWest

1 Bank was the only servicer to receive the highest
2 or three stars for eight consecutive quarters prior to
3 us selling that third-party mortgage servicing
4 businesses.

5 Separately, in April 2014, a report issued by
6 the OCC indicated that results from the independent
7 foreclosure review, which included a review of
8 loan modification and foreclosure practices, with
9 to all of the modification related tested, OneWest's
10 errors rate, after testing over 27,000 loans, range
11 zero to 0.21 percent.

12 As I've said, we always regret any errors that
13 we made in connection with the OCC's independent
14 foreclosure review. We distributed remediation
15 to all those affected borrowers in accordance with the
16 OCC guidelines.

17 In conclusion, I would like to again thank the
18 Federal Reserve and the OCC for giving us the
19 opportunity to share our perspective at the public
20 hearing.

21 We remain committed to Southern California in
22 meeting the needs of our community by using our
23 resources to establish a CRA program at the combined
24 bank with a goal of achieving an outstanding record.

25 As both we and CIT have noted, the record of

1 the application fully supports its approval, and we
2 forward to completing our merger as soon as possible so
3 that we can begin working on all the exciting
4 opportunities we expect to result from this

5 We thank everyone who has contacted us or
6 written to our regulators to share their views, and we
7 look forward to working with community organizations to
8 make our community a better place. Thank you very

9 MS. GARDINEER: Thank you, gentlemen. We'll
10 ask our second panel to come up now.

11 MS. KILLIAN: Good morning. We would ask you
12 to let us know now whether you plan to speak
13 individually or if you would like your panel to be
14 as a whole.

15 MS. GONZALEZ: We're speaking individually.

16 MS. KILLIAN: Okay. Great. If you would,
17 identify yourself before you speak and the organization
18 that you represent. That would be helpful. Thank you.

19

20 PANEL 2

21 MS. GONZALEZ: Paulina Gonzalez with the
22 California Reinvestment Coalition.

23 Good morning. When discussing a proposed CIT
24 and OneWest merger, the Los Angeles Times quoted a
25 banking consultant who said, "The Federal Reserve has

1 never met a merger it didn't like."

2 Here we are with this merger poised to create
3 too-big-to-fail bank before you for your consideration
4 in which the public benefit is questionable and the
5 public subsidy unprecedented to the tune of \$5 billion,
6 including 2.3 billion in never to be repaid TARP funds.

7 The public subsidy dwarfs the measly CRA plan
8 offered by the bank and dwarfs the public benefit of
9 this merger.

10 We are looking to the Federal Reserve and the
11 OCC in asking, will you merely rubber stamp this merger
12 after today's hearing or will you require, as the Bank
13 Holding Act and Dodd-Frank requires you to do, a real
14 and true public benefit that outweighs the risk of a
15 too-big-to-fail bank?

16 OneWest has been around for five years in
17 Southern California, yet it was only after the merger
18 with CIT was announced last year that the bank has
19 any interest in community outreach.

20 OneWest's dismal five-year record in serving
21 the credit, investment and lending needs of the low-
22 moderate-income communities of Southern California and
23 CIT's own failure to meet the goals of its own CRA
24 strategic plan tell us more than we need to know about
25 where LMI communities rank in the bank's list of

1 priorities.

2 Some might say, but the bank is promising to
3 more. To that I say, ramped-up CRA activity, grant
4 making and vague promises to do more at the time of a
5 merger does not add up to a regulatory requirement for
6 public benefit.

7 Past experience has shown us that when the
8 media spotlight dims and the regulators turn their
9 attention to the next bank and the next merger, banks
10 tend to fall back to their old habits. And despite
11 their promises made under the pressure of a merger, we
12 are all too familiar with OneWest's old habits.

13 So today we are asking, where has OneWest been
14 for the last five years? What you will hear loud and
15 clear today from Southern California practitioners who
16 oppose this merger is that the bank has been largely
17 absent from LMI communities.

18 What all the recent promises and ramped-up
19 activity amount to is an effort by the bank, in the
20 of unprecedented opposition, to garner support at the
21 time of a contentious merger application.

22 Lastly, CIT Group and OneWest's current CRA
23 plan as proposed does not meet the public test the
24 Federal Reserve is bound to measure this application
25 Its plan to reinvest \$5 billion over four years amounts

1 to a mere 5 percent of deposits putting it at the
2 of half of all California banks in overall CRA

3 In comparison, during a recent acquisition,
4 Bank of California committed to 20 percent of its
5 deposits for overall CRA activity. Mechanics Bank, a
6 bank that, like OneWest, originates very few mortgages
7 recently signed a CRA plan with CRC that committed to
8 15 percent of its deposits to overall CRA activity.

9 I'm almost done. OneWest stands before you --
10 before all of us trying to convince us that it meets
11 public benefit test having only committed one-third to
12 one-fourth of what these much smaller banks have
13 committed.

14 Not only does this merger not meet the public
15 benefit test, I'm not even sure it meets the laugh
16 We ask you today to prove to a wary public that long
17 gone are the days of regulatory rubber stamps. This
18 merger doesn't meet the public benefit test; and,
19 therefore, should not be approved.

20 MR. BARRAGAN: Roberto Barragan, President and
21 CEO of Valley Economic Development here in Los Angeles.

22 OneWest claims that it has met with over 100
23 community groups in preparing the current version of
24 CRA plan. My question to the bank is, where have you
25 been before the merger was announced?

1 As the largest community-based small business
2 lender in Southern California, OneWest has never
3 out nor supported small business efforts by any
4 community development financial institution, nor small
5 business development center.

6 OneWest has been around for five years in
7 Southern California, yet it was only after the merger
8 with CIT was announced that it has shown any interest
9 widespread and diverse outreach -- community outreach,
10 and has pursued an aggressive approach to grant making
11 akin more to payoffs.

12 At CRC, we've seen this before. At VEDC,
13 seen this before and all too often during bank mergers.
14 In an attempt to buy its way out of having to put
15 forth -- having put forth an attempt to buy its way
16 out -- of having to not have put forth a strong,
17 substantial CRA plan, OneWest has taken advantage of
18 cash-starved nonprofits in under served communities and
19 begun an aggressive campaign of grant making and
20 making during this time of merger.

21 After huge profit making, now OneWest buys
22 support for the bank. We are all familiar with what
23 happened when there isn't a strong, transparent and
24 accountable CRA plan in place before the regulators and
25 media have turned their attention elsewhere. Banks go

1 back to the old ways when the spotlight dims.

2 Given the bank's aggressive and strong
3 to recruiting supporters, we ask the Federal Reserve
4 the OCC to give thoughtful consideration to the
5 for any groups who have received grants, loans,
6 investments, partnerships or promises of such from the
7 bank after the announcement was made. Thank you.

8 MR. VAN TOL: Good morning. My name is Jesse
9 Van Tol, and I'm the Chief of Membership and Policy of
10 the National Community Reinvestment Coalition.

11 NCRC and its 600 grass-roots member
12 organizations helped create opportunities for ordinary
13 people to build wealth. We thank you for holding a
14 public hearing. There are critical issues at stake in
15 this proposal. I hope you will take your duties
16 seriously and listen and ask questions.

17 My testimony will focus on one critical issue,
18 the legal requirement of bank regulators to ensure that
19 the merger will create a public benefit. The law
20 requires prudential regulators to consider the public's
21 interest when approving mergers and acquisitions.

22 In both the Bank Holding Company Act and Bank
23 Merger Act, the provision instructs the regulator to
24 deny a proposal that has adverse effects unless it
25 that the impact is "clearly outweighed in the public

1 interest by the probable effect of the transaction and
2 meeting the convenience and needs of the community to
3 served, a forward-looking standard."

4 What level of public benefit needs to be
5 created? The Federal Reserve Board Governor Tarullo
6 said in a speech in 2011, "The regulatory structure for
7 SIFI should discourage systemically consequential
8 or mergers unless the benefits to society are clearly
9 significant. There is little evidence," he said, "that
10 the size, complexity and reach of some of today's SIFIs
11 are necessary in order to realize achievable economies
12 of scale and scope."

13 CIT proposes to cross the \$50 billion
14 for a systemically important financial institution.
15 Still some people ask, is CIT systemically
16 enough to worry about. That's the wrong question.

17 Bank regulators should not wait to act for
18 crises or for a larger threshold to be crossed. But in
19 real time, when the opportunities arise, now is that
20 opportunity. Rather than arguing about where to draw
21 the line for systemically consequential institutions,
22 regulators should act as growth happens to ensure that
23 public benefit is created appropriate to the size of
24 institution.

25 CIT has failed to demonstrate a significant

1 public benefit. And to be blunt, the bank regulators'
2 track record of ensuring public benefit in the lexicon
3 of CRA needs improvement.

4 By way of comparison, in the airline industry,
5 a recently challenged merger included a section on
6 public interest that ran dozens of pages and addressed
7 pricing and convenience and needs in great detail.

8 CIT's public benefit statement in contrast in
9 the application is basically six bullets, promising
10 won't close branches, some small increases in access to
11 products and services for OneWest customers, and
12 "enhanced loan capacity," whatever that means. Their
13 proposed CRA plan is not significant, disingenuous and
14 promises less than their strategic plan with the
15 regulator.

16 The California Reinvestment Coalition, NCRC
17 our allies have demonstrated a fact pattern about this
18 application that is extremely troubling. Your duty to
19 resolve these issues and verify that a clearly
20 significant public benefit will be created, your duty
21 to do that. And until you have done that, the merger
22 should not go through. Thank you.

23 MS. GARDINEER: Thank you.

24 MR. BANNER: Good morning. I'm Michael
25 I'm the CEO of the Los Angeles LDC and a prior graduate

1 of Markham, so if you value the opinion of people who
2 went to that school, I'm going to share it with you.

3 We're a nonprofit commercial finance company,
4 and as small as we are, we've been able to deliver over
5 \$300 million of loans and investments to LA's low-
6 and distressed neighborhoods.

7 The proposed combination of two failed
8 institutions, OneWest and CIT, requires your regulatory
9 approval to create a SIFI. I believe that takes
10 extraordinary actions on your part. Most banks, you
11 can't file bankruptcy and come in and get credit again.
12 This should be considered the same way.

13 As a banking regulator, your role is to
14 and ensure the public does not experience another
15 regulatory oversight process which could belabor the
16 recovery that's going on today. And I believe Chairman
17 Yellen talks about this ad nauseam now about the
18 disparity that's going on in our economy.

19 The OneWest/CIT transaction really only exists
20 because of bailout money, taxpayers being on the hook.
21 Otherwise, we wouldn't even be here today. So if you
22 use that as the underpinning of this, you really need
23 slow down and think about this.

24 To date only billionaires and probably bank
25 management have benefited while the taxpayers in

1 low-income communities have been shortchanged. Based
2 my 25 years of experience in working in low income and
3 communities of colors, I now call them LIFO markets,
4 place where last place capital is placed or invested
5 the first place it will exit, LIFO for those of you who
6 have any kind of accounting background.

7 Now, you hear frequently characterized as
8 deserts, most recently capital deserts is the
9 nomenclature that's being used. We've all heard about
10 food deserts.

11 If you look at the distribution network of
12 OneWest Bank as it exists today, it's pretty clear to
13 that they do have the capacity or have not really
14 demonstrated any kind of innovative solutions to serve
15 low-income communities.

16 Weren't able to use graphics. I would have
17 shown you a map that shows the desert in Los Angeles
18 right outside this door and a \$400 million billboard
19 from OneWest where they put up a billboard instead of
20 having a branch.

21 In my opinion, you should not allow this
22 transaction to proceed without a few of the following
23 requirements: A five-year written community
24 reinvestment plan or community benefit plan that
25 requires an investment by the bank in low-income

1 communities in concert with the appropriate and
2 soundness protections. That amount of resources
3 in my opinion, mirror where poverty is in LA right now.
4 That's about a 20 percent number, and it's actually
5 higher in low-income areas. You really need to take a
6 look at that if you want to proxy for this.

7 This written commitment secondly should --
8 combined entities, they need to open branches in
9 low-income communities. It's that simple. How do you
10 serve the community if you're not there? Okay?
11 to me as a nonprofit community-based organization,
12 that's fine. That's not your fundamental business.

13 Finishing, they should invest annually \$500
14 million in new qualified CRA lending in LA and Long
15 Beach NSA. Of that \$500 million, at least 60 percent
16 it should go into small business economic development
17 and affordable housing. And affordable housing should
18 cover both single family and multi family. All this is
19 targeted to low-income census tracts.

20 Finally, they should report, and the vehicle
21 that's out there now, they should use the same
22 requirements that the City of Los Angeles passed with
23 its responsible banking ordinance. So there's -- some
24 banks are doing it already. If they want to be part of
25 the crowd, they can adopt it.

1 And so there's an annual process where the
2 community gets to understand what they've done relative
3 to the goals and requirements that have come out of the
4 written agreement. Thank you.

5 MS. GARDINEER: Thank you.

6 MS. MURRAY: Good morning. My name is Liz
7 Murray. I'm the Policy Director at National People's
8 Action.

9 NPA is a network of city- and state-based
10 community organizing groups representing low- and
11 moderate-income families in 18 states. We're about to
12 celebrate our 43rd year of fighting for banks and the
13 financial industry to be accountable to the communities
14 they are chartered to serve.

15 For us that began fighting for the passage of
16 the Home Mortgage Disclosure Act and the Community
17 Reinvestment Act. We continued fighting when Wall
18 Street crashed the economy by demanding financial
19 and foreclosure relief for those hardest hit.

20 We fundamentally believe that banks in the
21 financial system exist to serve the people that work
22 live in this country. That belief is not a
23 pie-in-the-sky idea. It is codified in our laws and
24 regulatory structure. Your job as regulators reflects
25 this.

1 Your responsibility is to ensure the financial
2 sector serves communities while doing no harm to the
3 economy. This proposed merger fails on both counts.
4 I'm here today to urge you to deny the application for
5 merger, and I bring with me the signatures of an
6 additional 6,500 people to add to the 15,000 signatures
7 you already have who joined me in that call.

8 I know there are many people here today who
9 will eloquently speak to the failures of these two
10 institutions to serve their communities, so I'd like to
11 stress today, while allowing the creation of another
12 too-big-to-fail SIFI institution from these two is
13 particularly problematic.

14 One of the key factors in evaluating systemic
15 risk is the level of interconnectedness an institution
16 has with the economy and with other players in the
17 national and international community.

18 CIT filed bankruptcy in 2008 precisely because
19 it was too interconnected, and that has not changed.
20 Allowing CIT to merge without addressing this issue is
21 downright reckless.

22 What does this merger promise? A more risky
23 financial system, a bigger payout to the already
24 inflated CEO and board share compensation and
25 shareholder dividends made possible in part from unpaid

1 TARP loans and FDIC foreclosure payments.

2 Your job as regulators is not and never has
3 been to ensure a payout to bank shareholders and CEOs,
4 but to ensure the safety and stability of the system
5 the needs of communities, all communities. That duty
6 requires you to deny this application.

7 One final note I feel compelled to make. In
8 the years preceding the financial crisis that
9 communities and wiped out billions in wealth from
10 communities in color, NPA and our allies, including
11 folks like NCRC and CRC and countless others warned the
12 Fed, the OCC, the FDIC, and the dearly departed OTS,
13 about the dangers coming from the flood of toxic
14 the disappearance of responsible credit, the dangerous
15 intermingling of insured funds and speculation, and
16 the creation of these behemoth banks.

17 Many, in fact, of these same issues you will
18 hear about in regards to this merger. My purpose is
19 to say we told you so; it's to say please listen this
20 time.

21 MR. STEIN: Good morning. My name is Kevin
22 Stein. I'm with the California Reinvestment Coalition.
23 Thank you to the Fed and the OCC for holding this
24 hearing and for the opportunity to testify.

25 I have been at CRC for 15 years, and I've seen

1 many mergers, and this is the most problematic and the
2 most outrageous merger I've ever seen.

3 The last time we were here in this very room
4 talking about a merger was in 2008 when Bank of America
5 bought Countywide. We opposed that merger and argued
6 that B of A would be left processing numerous
7 foreclosures and harming families without any
8 commitment to the community.

9 The regulators approved that merger with no
10 significant conditions. Nothing changed. B of A kept
11 foreclosing on Countrywide loans and inadequate
12 reinvestment failed to mitigate harms.

13 Six years from now people will look back on
14 this hearing and this merger to see if the regulators
15 got it right this time. Here there is much private
16 gain, much public subsidy, but no public benefit.

17 Based on the limited data provided by OneWest,
18 our analysis finds that they are towards the bottom of
19 the pack and below their peers in meeting community
20 credit needs and reinvesting in neighborhoods.

21 The bank's CRA performance has been poor and
22 its promises not much better. As one example,
23 to the bank's own CRA strategic plan, which the bank
24 sought to keep confidential, affordable housing is
25 identified as a critical need, but what has the bank

1 done to address this need? It has devoted only
2 7 percent of its already small pool of contributions
3 affordable housing.

4 Its home lending record is weak and disparate.
5 It does not offer a multi-family loan product, and it
6 may participate only in a limited way in the Low-Income
7 Housing Tax Credit program.

8 With the strong nonprofit capacity in its
9 assessment area here, the bank's performance is
10 and represents a wasted opportunity to address critical
11 housing needs.

12 The bank appears not to have met all of its
13 goals, except for itself in its secret strategic plan.
14 Without a clear public and strong CRA plan, how can
15 communities hold the bank accountable, and why would we
16 expect things to be different this time around?

17 It would be bad enough if OneWest merely did a
18 poor job meeting community credit needs. But, in fact,
19 OneWest helped create community credit needs through
20 mass foreclosures that inflicted great harm on families
21 and communities.

22 We estimate that OneWest processed over 35,000
23 foreclosures in California alone. In addition, the
24 has foreclosed on 2,000 reverse mortgage borrowing
25 seniors, their widows and heirs in our state and

1 continues to do so, as you will hear more from others
2 later. In fact, the main way in which OneWest engages
3 in -- with low-income communities is through
4 foreclosure.

5 Joseph Otting testified earlier as if this was
6 a passive endeavor on the part of OneWest, that they
7 somehow inherited a whole bunch of loans that were
8 subject to rules that they wish were different. But in
9 fact, this is exactly what OneWest signed up for. They
10 bought a foreclosure machine and they profited
11 handsomely by doing so. They negotiated a sweetheart
12 deal with the FDIC for loss share payments to cover the
13 losses of the foreclosures that they are perpetrating.

14 What are we asking the regulators to do? The
15 foreclosure practices need to be reviewed and approved.
16 OneWest should not be allowed to foreclose on borrowers
17 without third-party review.

18 OneWest and Financial Freedom should cease all
19 foreclosures on surviving spouses until the law on this
20 issue is settled. No decision on the merger should be
21 reached until an audit is done of OneWest's servicing
22 practices, and, in fact, we know the FDIC is scheduling
23 a loss share audit of OneWest in May. There should be
24 no decision on this merger until after the results of
25 that audit have been made public.

1 Further, the OCC and the Feds should not
2 approve the merger without substantial conditions
3 imposed requiring the bank to first develop a clear,
4 strong plan to meet affordable housing and economic
5 development needs of its communities with clear
6 benchmarks established and significant resources
7 to achieve that purpose.

8 The bank has shown its unwillingness to do
9 on its own. Without this, the merger provides immense
10 private gain, outrageous amounts of public subsidy,
11 great systemic risks, but no public benefit and the
12 merger should be denied. Thank you.

13 MS. GARDINEER: At this time we would like to
14 invite Panel No. 3 to come up, please.

15 MS. KILLIAN: Good morning. I'd like to ask
16 this panel what your preference is in terms of being
17 timed. Do you want to be timed as a group or
18 individually?

19 MS. BAUTISTA: Timed as a group, please.

20 MS. KILLIAN: Okay. Thank you. And please
21 state your name and your organization.

22 MS. BAUTISTA: Yes.

23 MS. KILLIAN: Thank you very much.

24

25

PANEL 3

1 MS. BAUTISTA: Thank you. Good morning,
2 everyone. My name is Faith Bautista. I'm the
3 and CEO of National Asian-American Coalition and part
4 the National Diversity Council.

5 Paulina just told me a while ago, do not sell
6 the community. I will sell the community to the good
7 banks. I will sell the community to the good
8 corporation. The community need help from the banks,
9 from the regulators.

10 We are the organizations that works with
11 communities from the Asian community, the Latino
12 community, the black community. We serve the under
13 served and the people that have no voices. Community
14 leaders should represent them.

15 This public hearing is giving me a nightmare,
16 and I'm shaking right now because it's not worth the
17 time for us to be here fighting, arguing when there's
18 many people out in the street right now needs our help.

19 As a HUD-approved counseling agency, we do not
20 have enough staff to help homeowners. This is why we
21 appreciate OneWest Bank because they give us a one
22 of contact. When this person cannot help us, they also
23 give Tony Ebers to us where we can expedite and where
24 can really talk to him why is the homeowner being
25 denied.

1 Of all of the homeowners that we've helped,
2 60 percent were modified by OneWest Bank. I understand
3 some of the research. I understand all the
4 In fact, 4 million were foreclosed. And this is why
5 more nonprofits can work with the bank, the more result
6 we can get.

7 The regulators are regulating the banks that
8 you never imagine. They are spending so much money
9 already placing the regulators because they are
10 protecting the bank. So, therefore, for us, we need to
11 help the bank to help us. Let's make easy for the

12 Joseph Otting said they have a community
13 development plan to give \$5 million to the nonprofits.
14 That's a lot of money for nonprofits that can do so
15 work to increase the community development investment
16 5 billion. Sure we want 10 billion, we want 25
17 but the bank also has to make money. We need to
18 recognize that we cannot ask too much that they cannot
19 do.

20 And I think if we cooperate with each other,
21 with the bank, with the regulators, all of us can help
22 more people. The bank, I have never seen a CEO that's
23 in the meeting for three hours and four hours talking
24 the black, Latino pastors because they have not known
25 about the resources out there.

1 That alone we should already be thankful for
2 OneWest Bank. And this is not just about the OneWest
3 Bank. This is about the whole Southern California. We
4 have 1,700 people in Southern California supporting
5 OneWest Bank. When there's a commitment from John
6 Thain, Joseph Otting, other executives to do good,
7 let them. Let them do good. Because if we stop them
8 not to do good, they will not be doing good.

9 I think all of us here, if you can pass this
10 around, let's hold each other's hand. The economy in
11 the United States, especially in California, is doing
12 much better. When we allow this merger, you wouldn't
13 believe how many homebuyers will be qualified to buy a
14 home, how many micro businesses can become a small
15 business, how many small businesses can access to small
16 business loans. But if we fight the system, we're not
17 going to help the people. Thank you.

18 MR. VASQUEZ: Good morning. My name is
19 Vasquez. I'm the Chairman of Los Angeles Latino
20 of Commerce here in Los Angeles. We represent over
21 200,000 Latino business owners.

22 And having heard all the testimony so far,
23 daunting. There's a lot to do. No one is perfect.
24 we'd like to look at the future. First of all, we have
25 met with OneWest/CIT banks, and they have committed to

1 us that they're going to be looking for and maintaining
2 an excellent CRA rating, not excellent, but
3 That's very important to us.

4 We can talk about the past, but let's talk
5 about the future. We need more small business lending.
6 It's crucial to our community. You hear about it every
7 day. Loans are tough to get. We feel that through
8 merger, through a strong bank, that we're going to be
9 dealing with partners that are going to be able to
10 assist small business, Latino business here in Southern
11 California.

12 We're looking at the upper mobility of
13 professionals. Most banks in California do not have
14 across-the-board employment of ethnic groups. We know
15 that OneWest Bank is committed to that. We know that,
16 through the upper mobility of people, the chances of
17 getting loans to minorities improved.

18 We know that they're committed to having a
19 diverse board of directors, very important. In terms
20 procurement opportunities, the bank has pledged that to
21 the Latino and minority business community.

22 We're constantly looking at grant making for
23 our communities, and they're very committed in that
24 area. I sit on a bank board myself. I've sat on four
25 different bank boards in my business career, so I'm

1 familiar with bank's promise, what banks can do and
2 banks will do. And having met with both Mr. Thain and
3 Mr. Otting, we are very confident, we feel very
4 comfortable that they want to meet and exceed the
5 expectations of the community.

6 Upper mobility, success, working as a partner,
7 keeping a good relationship with the banks with a good,
8 strong healthy bank is important. We're committed to
9 working very closely, making sure that they meet their
10 commitments.

11 They're going to have an advisory group that's
12 going to allow us to monitor this effort. They're,
13 obviously, regulated very heavily, as you know, more
14 regulated than any industry in the United States.

15 So we're confident that our relationship with
16 them, we're confident their commitment to the
17 we're confident the laws are in place today such as the
18 one that's coming in place, the Section 342 of the
19 Dodd-Frank Act regarding the Office of Minority and
20 Women Inclusion, they're going to have monitors. These
21 are all there to protect, to motivate, to drive the
22 to work with the community.

23 So we wholeheartedly support this merger.

24 Again Gilbert Vasquez, Los Angeles Latino
25 Chamber of Commerce. Thank you.

1 MS. SUNG: Good morning. My name is Jin Sung,
2 and I serve as the Executive Director of Oasis Center
3 International.

4 Oasis is an arts nonprofit organization that
5 exists to positively impact the at-risk youth through
6 implementing a replicable arts mentoring program and we
7 also enhance the skills of the local artists through
8 community engagement.

9 But today I sit before you as a minority
10 female, Asian-American, and also to be a voice for the
11 constituents that Oasis serves. And we are a strong
12 supporter of the CIT/OneWest Bank merger.

13 OneWest Bank targets to achieve an outstanding
14 rating from OCC, which demonstrates the commitment of
15 excellence of the bank from executive team to the
16 employee rank.

17 OneWest is a socially responsible bank where
18 the CEO and the leadership team is willing to work with
19 community groups to understand the needs of the LMI
20 community and implement creative solutions to the
21 complex mix of the community activity.

22 One example that I can give you as to how they
23 understand the landscape of this LMI community is that
24 in their target point, they also have a program where
25 people can open up their checking accounts at \$25. We

1 just had a tap dance class in our organization serving
2 the low- to moderate-income families, and these
3 cannot afford \$30 tap shoes. It's heartbreaking.

4 But I do see from their efforts as a bank is
5 that they understand the landscape and they want to do
6 something about it to -- to serve the under banked and
7 the banked and the unbanked.

8 Another area of excellence is the reflection
9 diversity and the ethnic makeup of the OneWest
10 and the employees. Minorities represent over 50
11 of the employee makeup and over 35 percent of the
12 executive officers.

13 In addition, the bank also seeks an ethnically
14 diverse board of directors. Such diversity initiatives
15 are what makes a difference in the lives of the at-risk
16 youth that one day when they grow up to become
17 economically responsible, they have hope to become a
18 strong, contributing force through companies like
19 OneWest and CIT.

20 I would like to personally endorse and
21 corporately endorse and support the merger of
22 CIT/OneWest Bank. Thank you.

23 MS. ORIEL: Good morning. My name is Cora
24 Oriel, and I'm the publisher of the Asian Journal. The
25 Asian Journal is a Filipino-American newspaper. And my

1 company is one of several thousands California ethnic
2 media organizations that reach out to 90 percent of the
3 state's Latino, African-Americans, and Asian-American
4 consumers.

5 A study conducted by the New America Media
6 showed that 40 percent of ethnic consumers polled
7 generally pay more attention to companies that support
8 them in their respective community publications.
9 OneWest Bank has committed to working with ethnic media
10 to reach the minority communities within their
11 footprints, and the campaign has been discussed, which
12 will be finalized once the complementing grass-root
13 projects are finalized.

14 It has been discussed, and Mr. Vasquez had
15 articulated it as well, but let me reiterate this
16 question, should the past continue to be the basis for
17 our future?

18 The efforts by OneWest Bank should have been
19 sooner, but than we had deci- -- than we would have
20 deserved, but aren't there other things in our past
21 we wish we had done? Unfortunately, we cannot turn
22 time, but we can only move forward. And I think this
23 one of those instances that we just have to move
24 and start working together in order to resolve and
25 implement the issues that we wish to address. Thank

1 you.

2 MS. WATSON: Hi, my name is Crystal Watson,
3 I'm here representing the Latino Coalition for
4 Leadership. We are a national intermediary and work
5 with disadvantaged communities and small marginalized
6 communities. We actually work with the nonprofits that
7 are in those communities and we provide technical
8 assistance and capacity building to help build them up
9 to create change from the inside of those communities.

10 I'm here to support the CIT/OneWest merger.
11 The reason I do this is because of opportunity. I
12 actually feel that this whole process is very
13 I'm glad that the Fed and OCC are providing this
14 opportunity for the community to speak. I think today
15 is a very important part as well very important for
16 community members and for community organizations to
17 work with the bank in order to get commitments and
18 provide opportunities for growth in the way that the
19 community desires.

20 And so we are very excited that OneWest has
21 committed to hiring minorities, having minority voices
22 on the board, providing more CRA ratings for
23 and more grants and lending in small businesses. And
24 think that it's very exciting and it's a very exciting
25 opportunity to help form it.

1 The other thing I want to say is that the work
2 that we do right now for the Latino Coalition is
3 with reentry offenders, young adult offenders. And
4 seen time and time again how preemptive policing in the
5 sense of young men being arrested for just standing on
6 street corner or wearing the wrong colors or doing
7 things might be beyond anything what you experience.
8 But it's out there and it happens and broken-windows
9 theory and preemptive policing is really destructive to
10 that community.

11 And for the opposition side to discuss how
12 too-big-to-fail banks and things are a form of
13 preemptive policing, right? We're scared to change.
14 fear change. And so a lot of the opposition is
15 against that in the sense that they're scared of change
16 and they don't want OneWest and this merger to become
17 something that they've seen in the past.

18 And so I would urge the committee to look to
19 the future, to look at the opportunities that are
20 presented, to look at the commitments that OneWest has
21 made in this merger and to judge from there. Thank

22 MR. MIRANDA: Good morning. Jack Miranda. I
23 am a local pastor in Southern California representing
24 the Jesse Miranda Center for Hispanic Leadership.

25 We're advocating this morning for over 40,000

1 Hispanic Evangelical churches nationally directly
2 related to, in this community, over 300 churches,
3 adherents, Wow.

4 You have a task. In my line of work, I'm a
5 little tickled by the phrase "too big to fail." I
6 a God who's too big to fail. And there's righteousness
7 and justice issues. And the opponent's extraordinarily
8 articulate and I don't think there's a motive -- an ill
9 motive in their words.

10 What I think I'm hearing from the panel, and I
11 support this panel, and our National Diversity
12 is, can we find solutions? Can we move forward? And
13 this the opportunity for our organizations to move
14 forward? Is there penance and retribution, which again
15 is my line of work. That is the regulators. God bless
16 you.

17 I represent folks who have lost. There's
18 There's anger in this room. Foreclosure, I don't think
19 there's an innocent bank, if I can be honest. And if
20 want to use OneWest as a whipping boy, this is the
21 opportunity.

22 To move forward, I also represent people who
23 the only home ownership is an El Dorado for them. The
24 closest they get to a home is when they're invited to
25 clean it or to garden around it or to take care of the

1 children inside of it. And we're looking for
2 opportunities for them to build wealth.

3 And so we see this as an opportunity. Are we
4 being self-serving? We'll let the regulators decide
5 that. But very simply, it's about people. I think
6 about people. And is this best for the public
7 Is this best for people? And personally I'm willing to
8 take a risk on what I'm hearing with Joseph Otting and
9 OneWest.

10 The coalition we belong to is in
11 relationship -- personally the Jesse Miranda Center has
12 not received anything. There's no compensation here.
13 We look forward to helping people, and we think this is
14 an opportunity in moving forward and providing
15 solutions.

16 And the faith community at this point would
17 yes to the merger between OneWest and CIT. Thank you.

18 MS. GARDINEER: Thank you, panel.

19 At this time, I'd like to ask the next panel
20 come up, please.

21 MS. KILLIAN: Good morning. Thank you for
22 coming. I'd like to ask this panel, how would you like
23 to be timed, as a group or individually?

24 MR. AGUILAR: As a group.

25 MS. KILLIAN: Okay. Thank you very much.

1 MR. AGUILAR: And is it okay if I stand?

2 MS. KILLIAN: Yes, sir.

3 MR. AGUILAR: I just feel like it's the right
4 thing to do, given the importance.

5

6 PANEL 4

7 MR. AGUILAR: First of all, my name's Orson
8 Aguilar. I'm the Executive Director of the Greenlining
9 Institute.

10 I want to first thank the regulators for
11 holding this hearing. How about a round of applause
12 the regulators for actually putting this hearing today,
13 right?

14 (Applause.)

15 MR. AGUILAR: We always ask the regulators to
16 listen to the community, and they've done it today.
17 know, we wish Chair Yellen was here, right, because
18 Chair Yellen hardly ever speaks to a group that's this
19 diverse.

20 We wish OCC Curry were here, but I'm sure
21 they're doing very busy things. So you've heard a lot.
22 You know, there's nothing today that's going to be new,
23 right? I know you're writing down notes. So I'm
24 to figure out, you know, what can I tell you today
25 that's new.

1 And first of all, both sides are right.
2 The opposition is right. The supporters are right. I
3 think there's consensus around one thing, that's Joseph
4 Otting is a great guy, right? And a round of
5 applause -- if you agree with me on that, round of
6 applause. Is he a great guy? He is a great person.

7 (Applause.)

8 MR. AGUILAR: And one of the things that we
9 for is that the bank, a Southern California bank,
10 reflect the diversity found in this room, which is
11 what's incredible today. Look at the diversity, look
12 the folks that are in this room.

13 So here are some things that you haven't heard
14 that we want you to consider, because frankly everybody
15 thinks that you're going to approve this merger.
16 Greenlining is not opposed to mergers per se. We just
17 want to make sure that banks do what's right for the
18 community.

19 That said, I want to be consistent with some
20 other speakers. So first, why shouldn't this bank be
21 the leader in hiring ex-offenders and boys and men of
22 color? How about a round of applause if you believe in
23 that?

24 (Applause.)

25 MR. AGUILAR: Should this bank be the leader

1 hiring ex-offenders, as a young lady just said.

2 Also this bank wants to put Latinos on its
3 board because it doesn't have any. You don't need to
4 look too far. Those Latinos are in this room. Why not
5 put Gill Vasquez on the board of directors? A round of
6 applause if you agree with that.

7 (Applause.)

8 MR. AGUILAR: Also, the bank should do
9 something that has never been done, put a Filipino or
10 Filipina on your board of directors. Given the support
11 from the Filipino community, why shouldn't this bank
12 a Filipino or Filipina on the board of directors? A
13 round of applause if you agree with that.

14 (Applause.)

15 MR. AGUILAR: And finally, to be consistent
16 with Joseph Otting's spirit of doing good for a
17 community, get somebody that's not a Wall Streeter on
18 your bank. Get somebody that truly knows the
19 cares about the community. And, again, that person is
20 here. Why not put the Reverend Mark Whitlock on the
21 board of directors if you really care.

22 And so that is our message to you. Everybody
23 thinks that you're going to support this. Some people
24 would say that you're going to rubber stamp it. I have
25 more faith. I think you're going to urge the bank to

1 more, to be consistent with Joseph Otting's great
2 character traits, and that's to do and reflect -- to
3 create a bank that reflects the diversity in this room.

4 And we think Joseph Otting has the capacity to
5 do that. We think that there's still a lot of room for
6 negotiation so that this bank can do more. And that's
7 what we're saying today is we think this bank with the
8 billions of dollars that it has can do a lot more.

9 Both sides are right. Everybody is right
10 today. And the question is what can you do to make
11 that this bank truly serves low/moderate-income
12 communities. I agree we shouldn't reflect on the past.
13 We know that the bank hasn't served well, right? When
14 bank says, we've done a high satisfactory, that means
15 that they haven't done well, right?

16 I have kids. If my kid came home one day and
17 said, Dad, I was at a high satisfactory today, I would
18 be really disappointed in that, right?

19 So how do we get a bank to come here and say
20 five years from now, I have a high outstanding? And so
21 that's what we're striving for. That's what
22 is trying to do. That's what CRT is trying to do.

23 So thank you for putting this hearing on. You
24 all deserve a round of applause. And thank you for
25 everybody that actually came out today. It really

1 a lot. So thank you.

2 MS. WERBLIN: Thank you. My name is Sasha
3 Werblin, also with the Greenlining Institute.

4 I also would like to thank the Fed and the OCC
5 for giving the public a chance to weigh in on this
6 proposed merger. So I will say I share in some of the
7 concerns that were heard, the disbelief that this
8 is pending and still have a gleam of hope as well.

9 Clearly our nation is still recovering from
10 depths of an economic crisis. Families harmed by these
11 banks and others are still ailing. And the Fed is
12 supposed to keep our nation safe from creating
13 firms big enough to threaten the financial system.

14 Too big to fail conveys an unfair, unintended
15 competitive advantage upon large banks, since it
16 de facto ensures their liabilities at no cost. It is a
17 moral hazard.

18 The evidence shows that increased
19 in the banking industry has not benefited bank
20 customers. The economies of scale that supposedly
21 justify large bank mergers either do not materialize or
22 are not passed on to customers.

23 Bank mergers have an adverse effect on
24 deposit's pricing. Evidence also suggests that the
25 optimal size for a bank in terms of economies of scale,

1 profitability and efficiency is between 100 million and
2 1 billion.

3 Further, a Harvard study showed that instances
4 of improved operating results after a merger were due
5 primarily to higher pricing, not economies of scale,
6 suggesting the use of increased market power to raise
7 prices.

8 Approving this merger would once again remove
9 the risk from investors and place it back onto the
10 taxpayer who has already spent over \$3 billion to save
11 these companies.

12 This pending merger has no competitive merits,
13 no public benefit, especially for California's majority
14 of color, and certainly no CRA integrity. Instead it
15 only runs the risk of less competitive options for
16 consumers of color and huge reputational risk for
17 regulators.

18 This pending merger is about a fast track to
19 growth for a west-side bank, not the public and
20 certainly not to low- to moderate-income consumers and
21 consumers of color.

22 There are enough banks serving high-wealth
23 individuals. Adding another serves no public benefit.

24 So these are my brief comments, but my
25 testimony will primarily discuss the potential for

1 public benefit, as one would think that a
2 too-big-to-fail union at least would lead to a
3 respectable community benefit commitment from these
4 banks.

5 In its current form, the combined banks
6 proposed benefits plan falls short. First, as it
7 stands, the banks post-merger plans do not provide a
8 substantive public benefit. For example, a 2013 OCC
9 exam noted that in the LAMD, OneWest's only full-scope
10 assessment area, home prices and poverty rates are
11 at above California's average.

12 Affordable housing and support for those in
13 poverty were a top community need. Neither OneWest nor
14 CIT currently offers mortgage-related products, and
15 their plans to meet the home-lending needs of its
16 largest service area is sparse and unclear.

17 Second, given the bank's poor track record of
18 meeting the community's financial needs, the bar both
19 dollars and substance is set far too low. Compared to
20 the merged banks' peers, the community benefit
21 commitment is literally a drop in the bucket and will
22 have no additional public benefit to communities.

23 Third, the plan does not substantively address
24 issues of foreclosure or the billions of dollars in
25 wealth stripped from communities by OneWest predecessor

1 IndyMac.

2 And finally, the plan has no commitment to
3 diversifying its work force. Just one line that rings
4 basic EEO language or nondiscrimination language. To
5 date the bank has not been willing to share its
6 diversity data nor commit to a robust diversity and
7 inclusion plan for ethnic minorities.

8 For us to be satisfied with a new bank, we'd
9 like to see the following: An overall higher ceiling
10 dollar commitment; a robust effort to serve
11 minority-owned businesses consistent with CIT's TARP
12 promise; a stop to foreclosures and a commitment to be
13 leader in advocating for surviving spouses and orphans
14 at HUD -- and I appreciate that I heard Mr. Otting
15 to that today -- and a robust effort related to
16 diversity and inclusion.

17 So I'll conclude with this. Both banks can do
18 more and they must for a true public benefit to
19 communities. Deep down I want to believe in good faith
20 that this marriage is right for California's
21 of color.

22 So we, Greenlining, will continue to walk on
23 faith and keep the lines of communication open with the
24 bank in hopes that we come to a shared understanding
25 agreement.

1 Both Greenlining and the California
2 Reinvestment Coalition want to make it very clear.
3 We've tried and will continue to try to work with the
4 bank. As many know, we're willing to work with banks
5 and have a great track record of doing so with many
6 banks in California and we look forward to further
7 dialogue on creating a robust community reinvestment
8 plan for California's communities.

9 MR. TURNER: As a representative of the
10 faith-based community, I too believe that God is too
11 to fail, but I also believe that God is a God of
12 and that he is on the side of the weak, the poor, and
13 the oppressed.

14 MS. GARDINEER: I'm sorry. Could you state
15 your name.

16 MR. TURNER: Paul Turner, Disciples of Christ.

17 MS. GARDINEER: Thank you.

18 MR. TURNER: And also Founding Economic
19 Development Director at West Angeles Community
20 Development Corporation.

21 And because God is on the side of the widows,
22 the poor and the oppressed and the dispossessed and the
23 people who have lost their homes, it is incumbent upon
24 us to do justice, which is found in Micah 6:8.

25 I'm here today to say how woefully inadequate

1 the OneWest/CIT CRA commitment is in light of the fact
2 that this merger will create the fourth largest bank
3 based in California. This regulatory body should
4 withhold approving this merger until the respective
5 present a CRA commitment that will actually result in
6 outstanding CRA ratings.

7 The current pledge is an abiding commitment to
8 a satisfactory or needs-to-improve rating. What
9 communities in South and East Los Angeles need are
10 genuine partnerships with financial institutions to
11 extend financial services into the community and foster
12 competition through the development of new branches.

13 We need partnerships with financial
14 institutions that will work with community-based groups
15 to devise innovative financial products and tools that
16 build personal savings and assets. We need financial
17 institutions to be flexible in their underwriting
18 criteria, to extend credit to small businesses in
19 desperate need of working capital to grow and hire
20 workers.

21 What we do not need is financial institutions
22 that engage in tokenism merely to placate community
23 voices and regulators without offering any real
24 partnership or active engagement in addressing poverty.

25 We appreciate this hearing today because it

1 lives up to the regulators' responsibility to give
2 deference to the public's only recourse in this process
3 to ensure that the investment lending and service tests
4 are being met, that ending discrimination against
5 low-income people as consumers is a priority.

6 A good, detailed CRA commitment by OneWest and
7 CIT should mean \$1 billion over ten years commensurate
8 to the size of the bank and its asset size. Such a CRA
9 commitment would be consistent with the commitments
10 by other banks of similar size in California.

11 For the last 20 years a precedent has been
12 established in California whereby financial
13 engaged in mergers and acquisitions have made
14 significant and detailed CRA commitments prior to the
15 regulator's approval with specific goals covering cash
16 philanthropy, supplier diversity, minority small
17 business lending, home mortgage lending for LMI
18 families, affordable housing and neighborhood
19 revitalization.

20 OneWest and CIT are attempting to buck this
21 positive trend that has been advantageous to banks and
22 the communities they are obligated to serve. Let's not
23 send the wrong message to the communities that have
24 grown weary of Wall Street inside deals using taxpayer
25 money to enrich the banks leading to little or no

1 consumer choice.

2 The economic recovery we are supposedly
3 experiencing is not lifting all boats. To give this
4 merger a pass in this climate without a serious
5 reinvestment commitment will not restore the confidence
6 the public should have in its financial institutions
7 in the regulatory framework that is supposed to hold
8 these institutions accountable to the communities they
9 serve.

10 MR. FIGUEROA: Steven Figueroa, President of
11 the Inland Empire Latino Coalition.

12 And basically we're here seeking very cautious
13 approval. The last time I spoke here, as this reminds
14 me, we had a full room of the Bank of
15 America/Countrywide merger. We all know how that went
16 and is going. It seems like they want a divorce, you
17 know.

18 But our concern is OneWest stories for us have
19 been nothing but nightmares. There has been nothing
20 positive in the IE. I don't know Mr. Joe Otting. I
21 would love to meet him, but he doesn't reach out to the
22 IE, so I want to invite him to come to the IE.

23 And with cautious approval, I would just like
24 to say, to support this, I would like a full-scope CRA
25 assessment in the Inland Empire to ensure that OneWest

1 is doing its outreach and giving back to our community.

2 MR. HERNANDEZ: Yes, good morning. I'm Howard
3 Hernandez. I'm the Commander with the state of
4 California GI Forum. Also I represent Disabled
5 Business Enterprise Advisory Council for the state of
6 California, also the Interagency Council on Veterans
7 Affairs with the state of California.

8 I represent the other 1 percent, that 1
9 being the 1 percent of veterans who actually give you
10 the opportunity to invest, give you the opportunity to
11 be here as a free market. And my primary concern is
12 making sure that our veterans are transitioning
13 properly.

14 For those of you who are not aware of the
15 the state of California has the largest number of
16 veterans in the entire United States. Of all those
17 veterans in the state of California, 75 to 80 percent
18 them live in Southern California. And of that 75 or
19 80 percent, Los Angeles County has the largest number
20 veterans than any county in the state of California.

21 These veterans, because they are volunteers,
22 because they are National Guard and Reserves, and they
23 had families here, they were very, very hard hit by the
24 meltdown, and what we have to do is we have to
25 transition and get them going back into our community.

1 We have to establish programs.

2 I presented a program to OneWest and made sure
3 that they had a program that was going to be all
4 inclusive. We don't want partitioned programs for
5 military veterans. We want them not only to have
6 transitional housing, temporary child care, we need
7 to have mental and health care in addition to
8 employment, employment training and placement.

9 And we have to have some transparency in your
10 plan because every disabled veteran business enterprise
11 statistic that I've seen throughout the state of
12 California has been either insufficient or nonexistent.

13 And I would suggest that you get a plan that's
14 going to make -- if this board is going to plan to
15 them to merge, then let's get a transparent plan and
16 let's get some results back because they are not being
17 produced or provided for the state of California.
18 you.

19 MS. GARDINEER: Thank you very much.

20 MS. KILLIAN: We'll invite our next panel to
21 come up, please.

22

23 PANEL 5

24 MR. WHITLOCK: Thank you very much. We have
25 brought a few of our friends, and you see them in the

1 middle aisle. We promise that they will be peaceful
2 they will sit down once we are finished.

3 I am Reverend Mark Whitlock with the Christ
4 Redeemer African Methodist Episcopal Church and I also
5 serve as President of the Orange County
6 Interdenominational Alliance.

7 MS. KILLIAN: Excuse me, sir. Do you wish to
8 be timed as a panel or individually?

9 MR. WHITLOCK: As a panel.

10 MS. KILLIAN: Thank you.

11 MR. WHITLOCK: Thank you so much.

12 And serve as President of the Orange County
13 Interdenominational Alliance.

14 Our church has 3,000 members and the Orange
15 County Interdenominational Alliance has over 80

16 We have Rick Reed who has brought reflection
17 the community where we live, work and worship. These
18 are young men and women who will benefit from the
19 that is proposed today.

20 We also have the presiding elder for African
21 Methodist Episcopal Church, Roosevelt Lindsey, who is
22 responsible in part. And I think a couple of our
23 pastors are in the crowd. If you're here, come on and
24 make some noise.

25 (Applause.)

1 The African-American community, which makes up
2 11 percent of the state of California, indeed we still
3 are suffering in part much like the movie Selma
4 reflected. We still have an unemployment rate that is
5 twice the national average, a poverty rate that is
6 the national average.

7 We have over 30 percent of African-American
8 either in the criminal justice system or moving through
9 the criminal justice system within the state of
10 California.

11 Michelle Alexander, who talked about the new
12 Jim Crow-ism would suggest that the present criminal
13 justice system has created a permanent second-class
14 community or certainly country for those who are
15 arrested for crimes that are now -- that are activities
16 that were crimes then are now legal now have created a
17 major schism within our community.

18 The African-American community certainly
19 suffers from the poverty of safety where in South
20 Central Los Angeles and other low- to moderate-income
21 communities we feel unsafe on the street. And that
22 of safety is primarily due to the lack of jobs,
23 opportunities and such.

24 We suffer from a lack of -- we suffer from a
25 poverty where we, unfortunately, don't have the

1 opportunity to find our way into a job that pays a
2 living wage, where banks, unfortunately, look at us and
3 often see our color and not the opportunity and the
4 character of who we are.

5 But our greatest poverty that we suffer from,
6 and that's what we wish to share with you today on this
7 panel, is the poverty of opportunity. The poverty of
8 opportunity suggests that we don't have an offer that's
9 acceptable to the marketplace. And that extra analogy,
10 that which Milton Friedman would suggest is a major
11 challenge in our community.

12 We understand the benefit of corporations and
13 their undying blind desire to serve their corporate
14 board and their shareholders. But the truth is
15 does have the opportunity to make social change within
16 our community. Often those extra analogies don't
17 provide positive opportunities for the people who live, work
18 and worship in the communities where our churches reside.

19 We have met with Joseph Otting. We have met
20 with the company that he is merging with or the company
21 that is the proposed merger. We have listened to their
22 heart. We have watched their eyes and their behavior.

23 Just yesterday we met and had an opportunity
24 to listen to the plans offered. Yes, board seat
25 opportunity, advisory board opportunities, lending

1 opportunities that include small business as well as
2 home loan opportunities. We don't believe that they
3 creating an opportunity that will just feather their
4 nest or benefit their shareholders.

5 We believe, as the African-American Episcopal
6 Church, that this partnership will give birth to a new
7 reality in communities of color, particularly those
8 and moderate-income communities. Therefore, we support
9 the merger that is proposed today. Thank you for these
10 opportunities.

11 MR. LINDSEY: My name is Roosevelt Lindsey.
12 I'm the presiding elder of the Los Angeles South Las
13 Vegas District of the AME Church. My colleague on the
14 end, Allen Williams, he's also a presiding elder of the
15 Los Angeles North District. We superintend over 54
16 churches and 50,000 members.

17 We're here to support the merger because we
18 believe that with the merger, there's opportunity
19 not there now. We do believe that the future depends
20 banks like OneWest and CIT to come into the market
21 we are, where our churches are, where our members are
22 that they can provide services that are not being
23 available for them now.

24 So I do want to thank you all for this
25 opportunity, the Federal Reserve, to give us an

1 opportunity to come in and just share with you that we
2 believe that even with the past, some of the things
3 I think that you've -- other panelists have shared with
4 you, that things have not gone as well with all the
5 banking institutions if you look in the past history,
6 that the minority communities have been neglected.

7 But as Mark said, we believe now is the right
8 time, it is a good time for this merger and that the
9 opportunity that it presents for us not only as the
10 faith-based community, but also -- also as a community
11 in general, not just for African-Americans, but for all
12 minorities within the community.

13 So we're here to support and we're going to
14 continue to do that. And we really want to just thank
15 you for the opportunity that you've given us to hear
16 concerns. Thank you.

17 MR. DORSEY: Good morning. My name is Charles
18 Dorsey. I serve as the Executive Director at COR CDC.
19 Thank you guys so much for being here.

20 It's quite crowded in the room now. The
21 temperature is starting to increase. People are
22 starting to get uncomfortable as we rub shoulders.
23 We're finding ourselves having to look at the very
24 people that we say we are trying to serve.

25 It's interesting that oftentimes we come into

1 these rooms and we have these conversations and people
2 do not show their faces. I'm here to say that we're
3 here. Our presence matters. And I believe that our
4 recommendation is supported by our presence.

5 So we thank you for letting us in the room.
6 But we're also here to show that when we commit to
7 something, when we give you our word, when we say that
8 we're going to show up, we show up. That's evident
9 today.

10 We're also a people of faith. What are we if
11 we do not have faith; that is, to believe that
12 is going to occur. So as we talked about the meetings
13 that we've had, we've heard and we've been given
14 someone's word and we believe that that is going to
15 place. We have more to say about that as we connect to
16 the leadership.

17 So as you sit and you represent your
18 organizations, we believe that the notes that you're
19 taking and the time that you put aside to be in this
20 room will actually translate into something inside the
21 organizations that you serve. You take all of that
22 information and you synthesize it and that becomes the
23 reason why we support this merger.

24 We know, and I've had a conversation with
25 bankers just yesterday, reminding us that typically

1 organizations similar to OneWest really don't come to
2 the table with faith-based organizations, and they have
3 reasons why they don't do that.

4 Well, if a person comes and says that they're
5 willing to build that bridge and amend that reputation,
6 then I think it's incumbent on us to give them that
7 opportunity.

8 So we sit here at the bridge of opportunity.
9 We need your help, because as we give our
10 recommendation, we need your help to help us hold them
11 accountable. But we believe that the leadership will
12 follow through with what they say that they were going
13 to do.

14 And as we promise to continue to show up in
15 these rooms and you believe that we're going to show up
16 in these rooms, because you'll send the invitations and
17 you'll give us enough notice, we still believe that
18 Joseph Otting and his leaders like Cindy Tran and
19 others, will continue to do what they said that they
20 would do.

21 And more than that, as that produces results
22 and data, this model we believe will move throughout
23 banking industry and give more data and give more
24 information to regulators like yourself to be able to
25 more of these.

1 So we give our recommendation. We support the
2 merger, and we expect to see some fruit in the future.
3 Thank you.

4 MR. de LEON: Good morning. My name is Lee de
5 Leon. I'm a pastor in the city of Santa Ana, pastor of
6 Temple Calvario Church, very proud of our work. We're
7 church that is for over 90 years have been very
8 committed to our community. It's a 90-year history of
9 compassion. I'm also the president and CEO of Temple
10 Calvario Community Development Corporation.

11 I mentioned Santa Ana. Santa Ana, California,
12 in 2004 was recognized as the hardest city to live in
13 America. It's ranked among the top 100 in this
14 It's a city with many, many challenges, a city that has
15 wonderful people. It's a wonderful community, but it's
16 challenged in many ways. 80 percent of our city is
17 Latino.

18 We've had many people come our way that have
19 promised to work with us, to join with us in bringing
20 change to our city. Many have not fulfilled their
21 promise. It takes a long-term commitment to our city
22 see change.

23 I'm grateful that recently we invited a group
24 of banks to come out. We only had one or two. One of
25 those banks that came out was OneWest and Joseph

1 I was really impressed with that. Just to see the CEO,
2 not the local branch manager, but the CEO of a bank to
3 come out and listen to our concerns, listen to the
4 challenges that we have in our city. It was

5 Now he's not made just one visit, but he's
6 other visits, and not only him, but leadership of his
7 bank.

8 We -- before me I have hundreds of letters
9 were signed by members of our congregation in support
10 this merger. You know, I was concerned to take letters
11 to them and ask them to sign those letters to join with
12 us in this -- in this endeavor.

13 I wanted to do my due diligence, so I made a
14 call to the opposition, to those that are opposing. I
15 wanted to hear from them, why are you opposing this
16 merger. I talked to our leadership of our coalition,
17 had a very frank conversation with them about the
18 merger. We talked to Mr. Otting. He came our way.
19 I've done a lot of reading. And there was a peace
20 all that that I should continue and support this work.

21 As I said earlier, what stands out is
22 there's -- there's a CEO that came our way, not many
23 have, that has made that long-term commitment to our
24 city. Our city needs that. We believe in our city.
25 We're working on a ten-year plan to revitalize our

1 And I'm very grateful that we have some partners that
2 are willing to join with us.

3 I want to encourage you to approve this
4 And thank you so much for this time.

5 MR. MEZA: Good morning. My name is Pastor
6 Ariel Meza, and I'm pastor at West Coast Christian
7 Tabernacle in Santa Ana. I'm also a member of the
8 Apostolic Assembly, which is -- we have over 300
9 churches in Southern California, Hispanic churches,
10 serving the Southern California region.

11 I serve on the board of various nonprofit
12 organizations working with education and with youth.
13 And one of the things that has been shared, the
14 community has great trust in -- well, two institutions,
15 educational and the spiritual institutions more than
16 government entities. But we're working on that.

17 And so we -- being here, we don't take this
18 lightly. We have our members, our congregates that
19 trust what we do. They come and disclose many of their
20 personal challenges that they have at home, their
21 financial questions. They come to the church. We
22 become a one-stop site for counseling.

23 And so we're here because OneWest is just one
24 of the very few banks that works directly with a
25 faith-based community and with our parishioners to

1 receive financial literacy, homebuyers counseling.
2 going to work with our business owners and provide that
3 technical assistance that our Latino community needs.

4 So this is to us an important and
5 commitment by OneWest's CEO to make churches a partner,
6 to reach the unbanked and the under banked in Southern
7 California.

8 So we believe that the faith community is a
9 key, of course, in the growth. Over 50,000 young
10 turn 18, Latino young people turn 18 every month. And
11 financial literacy is a big piece of what we're
12 on with our families.

13 Churches, we're not looking for a handout, but
14 we're looking for a hand-up partnership. And that's
15 what OneWest is willing to do. So I'm here to support
16 the CIT and OneWest merger. Thank you.

17 MS. KILLIAN: Thank you.

18 MR. GNAIZDA: Good morning. I'm Bob Gnaizda.
19 I'm the co-founder of Greenlining Institute and Public
20 Advocates and have been their general counsel in the
21 past, with Public Advocates since 1971 when it brought
22 the first suit in the nation against the bank merger.

23 And pastors de Leon and Whitlock have asked me
24 to put this merger in perspective in regard to what
25 other banks have done and are promising to do.

1 But before I do that, I wanted to commend the
2 executive director of Greenlining Institute, Orson
3 Aguilar. He is correct. It's time for a leading
4 community leader or church leader from the Latino
5 community to be on the board. It's time -- such as
6 Vazquez that he mentioned.

7 It is time that every bank have a
8 Filipino-American on its board, the largest
9 Asian-American minority in this country, such as Faith
10 Bautista. And it's time to have community leaders on
11 boards. And I believe that if there is any bank that's
12 going to do this, particularly once they establish the
13 Community Advisory Board, it will be OneWest Bank.

14 This is perhaps the most important public
15 hearing since the Wells Fargo public hearing of 1995
16 when Wells Fargo changed the dynamics of community
17 reinvestment positively; when Wells Fargo changed the
18 dynamics of small business lending, particularly to
19 minorities.

20 Here's the issues simply, and it's very
21 No bank, no bank that's large has done a good job over
22 the last six years, by my standards. And I think very
23 few have done so by Tom Curry's standards or Janet
24 Yellen's standards, based on our meetings with them.

25 Are we to stop the banking industry however

1 from doing good? I don't think so. So I think we
2 should use this proceeding to encourage banks that want
3 to go from need to improve to outstanding or want to go
4 from satisfactory to outstanding to do so if they
5 to it and, as CRC said, are audited by the regulators,
6 which I have every confidence you will do.

7 But you can also have confidence that all five
8 pastors up here are going to be auditing it on a more
9 regular basis and reporting to you.

10 MS. KILLIAN: Mr. Gnaizda, I'm sorry. Your
11 panel's time is up.

12 MR. GNAIZDA: May I just close?

13 MS. KILLIAN: Yes, please.

14 MR. GNAIZDA: Okay. What I believe is we
15 should reward any bank that goes from good to great.
16 Thank you.

17 MS. KILLIAN: Thank you.

18 MS. GARDINEER: Thank you.

19 I would like to invite the next panel to come
20 up, please.

21 MS. KILLIAN: Good morning. Thank you for
22 coming. May I ask how you'd like to be timed this
23 morning?

24 MS. JOLLEY: By group.

25 MS. KILLIAN: By the panel?

1 MS. JOLLEY: Yes.

2 MS. KILLIAN: Okay. Thank you very much.

3 MS. JOLLEY: Shall we begin?

4 MS. KILLIAN: Yes, please. And please
5 yourself and the organization that you represent.

6 MS. JOLLEY: All right.

7 MS. KILLIAN: Thank you.

8

9

PANEL 6

10 MS. JOLLEY: Thank you, panel, for having us
11 here today.

12 MS. GARDINEER: Can you pull the mike closer,
13 please.

14 MS. JOLLEY: Thank you for having us here
15 and allowing us this opportunity to share our
16 experience.

17 My name is Sandy Jolley. I'm a reverse
18 mortgage and suitability abuse consultant and a
19 certified HUD counselor.

20 MS. KILLIAN: Can I ask the audience to please
21 be quiet and respectful of the panel. Thank you.

22 MS. JOLLEY: Thanks. My testimony today is
23 a criticism of HUD regulations designed to protect
24 consumers, but rather an illustration of OneWest Bank's
25 consistent and deliberate failure to comply with

1 regulations, state laws and consumer protections in the
2 servicing and foreclosure practices of reverse
3 mortgages.

4 The most common maturity event is the death of
5 the borrower. The family is grieving when they get a
6 repayment letter that is confusing, contradictory,
7 deceptive and, frankly, no consumer could understand
8 what it means to them.

9 This makes a single point of contact
10 imperative. All OneWest Bank documentation state they
11 supply a single point of contact to guide this consumer
12 through the process. In fact, there is no single point
13 of contact for consumers at all. There is no customer
14 service at all.

15 The customer support reps obstruct consumer
16 efforts to repay the loan balance or the 95 percent
17 option. They refuse to grant HUD-authorized

18 OneWest Bank makes a legal determination as to
19 the validity of consumer documents. They refuse to
20 speak to heirs without proof of legal authority.

21 And recently OneWest Bank has required the
22 consumer to record their trust documents. This is a
23 violation of consumer privacy laws, state laws and
24 federal regulations.

25 OneWest Bank accelerates foreclosure and

1 auction. They do that by initiating foreclosure as
2 as 60 to 90 days after the death of the borrower. They
3 use state laws to violate HUD regulations to accelerate
4 foreclosure. They auction property when the consumer
5 has provided proof of funding and a contract for sale
6 or a contract for sale. They claim the non-borrowing
7 spouse has fewer rights than other heirs.

8 The non-borrowing spouse issue, I just want to
9 speak to this for a minute, because this is a mess.
10 it's not the fault of the consumer that this is a mess.
11 Look, no couple thinks on their own let's get a reverse
12 mortgage and take one of us off title so when the other
13 one dies, the surveyor can be evicted. That's
14 ridiculous.

15 The problem is caused by HUD and made worse by
16 OneWest Bank's practice of accelerating foreclosure.
17 Mortgagee Letter 2015-03 virtually excludes all
18 surviving spouses from relief or being able to retain
19 their property.

20 I urge HUD, OneWest Bank and regulators to
21 together in a responsible way, put a moratorium on
22 foreclosures of non-borrowing spouses until HUD has a
23 policy that is a clear solution for surviving spouses
24 dictated by the District Court in Washington, D.C.

25 I urge regulators to deny the application of

1 OneWest Bank and CIT Financial. The servicing
2 are determined solely by OneWest Bank. They're not
3 determined by federal regulations. Everything I've
4 is determined by OneWest Bank.

5 I urge an investigation audit and review of
6 individual OneWest Bank reverse mortgage loan files for
7 the servicing and foreclosure deficiencies I've put
8 forward today to ensure compliance with existing laws
9 and regulations, and I've submitted a supplemental
10 documentation to prove my points. Thank you.

11 MS. CHENEY: Good morning. Thank you very
12 for the opportunity to allow me to testify today and
13 tell my testimony.

14 I am in opposition of the proposed merger of
15 OneWest Bank and CIT Financial. My name is Julie
16 Cheney. I live in Simi Valley, and I am an IT
17 professional.

18 I was a successor trustee of my parents' trust
19 when they were sold the Financial Freedom reverse
20 mortgage that they did not need. At the time of the
21 signing of the reverse mortgage documents, my father
22 in the last month of his life with terminal cancer and
23 on narcotic pain medication. My mother had Alzheimer's
24 disease and was unable to complete a sentence.

25 A month after my father's death, we, the

1 surviving trustees, found the Financial Freedom loan
2 documents and discovered that my parents received a
3 sum of \$80,000 that sat untouched in their bank
4 Upon this discovery, we tried to give the money back to
5 OneWest Bank, but they refused. Over the course of a
6 year, we tried to repay the \$80,000 three times, and
7 OneWest Bank refused each time.

8 OneWest Bank knowingly and wrongfully
9 foreclosed on my parents' home three times. The first
10 notice of default in 2010 falsely claimed that my
11 did not occupy the property as her primary residence,
12 when OneWest Bank had verified the evidence that she
13 did. This notice of default was rescinded with HUD
14 intervention.

15 The second notice of default in 2012 cited the
16 same 2010 occupancy default letter. On the second
17 defective notice of default, we appealed to the court
18 for an injunction, and OneWest Bank voluntarily agreed
19 to rescind the second notice of default.

20 But then a third notice of default was
21 the very same day the second notice of default was
22 rescinded. At this point, OneWest Bank cut off all
23 communication with us.

24 Finally we received a letter from Gale
25 senior vice president of reverse mortgage operations,

1 acknowledging our intention to retain the property but
2 demanding certified funds within two business days
3 before the scheduled auction. The payoff included an
4 unverified loan balance, unauthorized legal fees and
5 other foreclosure-related fees for OneWest Bank's three
6 wrongful foreclosures.

7 Our parents' home was wrongfully auctioned by
8 OneWest Bank on April 2nd, 2013. All violations of
9 federal regulations, consumer rights and protections
10 were knowingly directed from the senior vice president
11 level or higher.

12 I request that the regulators investigate and
13 perform audits of all reverse mortgage loan files for
14 servicing and foreclosure violations and deficiencies
15 I've outlined above.

16 OneWest Bank must be held accountable for
17 consistent and deliberate failure to service elderly
18 borrowers and their communities. Thank you very much.

19 MS. HUNZIKER: Thank you for the opportunity
20 testify today. My testimony is in -- my testimony is
21 opposition of the proposed merger of OneWest Bank and
22 CIT Financial.

23 My name is Karen Hunziker. I'm a 19-year
24 homeowner of the home I shared with my husband in
25 Pollock Pines, California. I'm an artist craftswoman.

1 I'm considered a non-borrowing spouse of Financial
2 Freedom and OneWest Bank reverse mortgage.

3 I was 60 and my husband was 65 when the
4 originating salesperson told us to remove my name from
5 the title. Although we were both very concerned that I
6 would be giving up my property rights, the salesperson
7 assured us that I would be protected until 62 when I
8 put on title.

9 On my 62nd birthday, my husband and I met with
10 our trust attorney who informed us the only way I could
11 be put back on title was to refinance into a new
12 mortgage and bring \$60,000 to close the loan. That was
13 impossible because of the first reverse mortgage.

14 My husband passed away in May 2014, and ten
15 days later OneWest Bank sent me a repayment letter and
16 pre-foreclosure letter saying they would initiate
17 foreclosure in 30 days.

18 OneWest Bank denied all HUD rights and
19 protections. OneWest Bank claimed I had less rights
20 than other heirs because I'm a non-borrowing spouse.
21 OneWest Bank made a legal determination to the validity
22 of my legal authority as successor trustee.

23 OneWest Bank demanded my trust be recorded in
24 violation of my privacy rights and California law.
25 OneWest Bank refused to communicate with me directly.

1 OneWest Bank used the California Homeowners Bill of
2 Rights to accelerate foreclosure and violate federal
3 regulations and my consumer rights.

4 My story illustrates the consistent pattern
5 practice of OneWest Bank to aggressively foreclose and
6 evict non-borrowing spouses from their homes. I
7 an investigation, audit and review of OneWest Bank's
8 reverse mortgage loan files for servicing violations of
9 federal regulations and consumer rights and to ensure
10 compliance with existing laws and regulations.

11 Thank you. And I do have documented evidence
12 of my testimony if it needs to be provided.

13 MS. KILLIAN: Thank you.

14 MS. MEHLSAK: Good morning. My name is Rachel
15 Mehlsak, and I'm an attorney with Bet Tzedek Legal
16 Services in Los Angeles.

17 Bet Tzedek pursues equal justice for all by
18 providing free legal services to low-income, disabled
19 and elderly people of all racial and religious
20 backgrounds. We use direct legal services, impact
21 litigation, community outreach, and legislative
22 in the areas of consumer rights, employment rights,
23 elder law, Holocaust reparations, housing, public
24 benefits and real estate to serve more than 20,000
25 people every year.

1 Bet Tzedek is also the lead agency of the
2 California Consumer Justice Coalition, a group of five
3 legal aid agencies in Southern California funded by the
4 California Attorney General with proceeds from the
5 National Mortgage Settlement. The coalition provides
6 legal services and housing counseling to individuals
7 facing foreclosure and other consumer debt issues.

8 As part of my work in Bet Tzedek's real estate
9 unit and through the coalition's foreclosure prevention
10 efforts, I've worked with many homeowners, mostly
11 seniors trying to save their homes from foreclosure.
12 colleagues and I have seen firsthand the distress
13 by OneWest Bank in its rush to pursue foreclosure,
14 particularly against elderly clients with reverse
15 mortgages serviced by its Financial Freedom division.

16 One elderly Bet Tzedek client was threatened
17 with foreclosure by Financial Freedom for not making
18 repairs to her home, but the client's original lender,
19 IndyMac, had refused to release the funds that were set
20 aside for the repairs, effectively preventing the
21 from making the repairs, and then punishing her for not
22 doing it.

23 Moreover, Financial Freedom had let the
24 client's affordable hazard insurance lapse and then
25 forced placed her with a OneWest-affiliated company at

1 an exorbitantly higher rate.

2 Another client I worked with had lived in her
3 home for over 40 years. She's elderly, disabled and
4 supports her daughter and four minor grandchildren on
5 just her monthly social security income. After her
6 husband died, she had trouble maintaining her property
7 tax payments, and OneWest, the parent company of her
8 reverse mortgage lender, Financial Freedom, threatened
9 to foreclose.

10 Eventually OneWest initiated foreclosure
11 against the client's home one month sooner than HUD
12 guidelines required. OneWest did so, even though HUD
13 had just announced a 60-day extension of its
14 time frames for surviving spouses like my client, and
15 even though I had asked Financial Freedom multiple
16 to postpone the foreclosure proceedings.

17 I was able to help the client obtain a
18 one-month extension of the foreclosure, an outcome she
19 wouldn't have received without legal representation.
20 But ultimately OneWest went through with the
21 sale. Three generations of my client's family were
22 kicked out of their home for less than \$1,300 owed to
23 Financial Freedom.

24 Bet Tzedek's name is a reflection of its
25 mission, the pursuit of justice. We think it would be

1 particularly unjust to the clients and communities we
2 serve to permit the CIT/OneWest merger to proceed
3 without a much stronger comprehensive and public CRA
4 commitment.

5 These banks are receiving tremendous financial
6 support through public subsidies and guarantees. It is
7 only just that they make a substantial reinvestment
8 commitment to the communities from whom they've already
9 taken so much before they're allowed to grow even
10 and take even more. Thank you.

11 MR. SOKHOM: My name is Namoch Sokhom. I'm
12 director of business development center of Pacific
13 Consortium in Employment.

14 PACE is the most recently established SBA
15 lender and certified CDFI in Los Angeles County in 15
16 years. Those serving more than 40 percent Latino, PACE
17 focus on serving immigrant refugee -- from Laos,
18 Cambodia, Vietnam, China and other Asian Pacific island
19 or country.

20 The small and micro business that PACE serve
21 remain devastated now six years into the great
22 recession. Example include a Cambodian donut shop
23 that saw his credit card limit reduced from 35,000 to
24 7,500 and to the elimination of SBA community express,
25 small office, home office program providing micro loan

1 less than \$50,000 to small business, under which PACE
2 help to fund over 500 loan value in more than 10
3 a year before 2008. Now we only manage to get less
4 30 micro loan funded in value less than 500,000.

5 Here whether in African-American, Latino or
6 Asian community, the micro loan and credit market there
7 is no sighting of the return of any bank soon. And the
8 great recession continue in full force. Demands for
9 goods and service are still very depressed.

10 We call, we e-mail to banks and we repeat,
11 however, we generally get silence in return. It is so
12 hard for a new SBA micro lender like us and a small
13 FI like PACE to get any attention.

14 That is why I would like to thank the Federal
15 Reserve and Office of the Comptroller so much for
16 conducting this public hearing. It is unfortunate
17 facts, isn't it, for our community that this is the
18 way to get any attention from OneWest and CIT.

19 Now OneWest and CIT has aggressively refused
20 make their CRA plan known publically. I believe such
21 big banks need to be more accountable, especially in
22 light that they got bailouts by the U.S. taxpayer.

23 Therefore, I wish to see a comprehensive CRA
24 plan written in collaborations with the California
25 Reinvestment Coalition with an inclusion of support for

1 SBA micro loan revolving funds and also the loan loss
2 reserve. Thank you so much.

3 MS. THRASH: Hi, my name is Tunua Thrash
4 I'm the Executive Director of the West Angeles
5 Development Corporation located in South Los Angeles,
6 but with a footprint in Los Angeles County, Riverside
7 and San Bernardino counties.

8 Our organization, a 21-year -- has a 21-year
9 history in economic development small business as well
10 as housing. And there are two areas that I really want
11 to focus on to make sure that we amplify based on this
12 panel and others before. And that is, one, we are a
13 HUD-certified agency. So much like other agencies that
14 have been here today, we have stood in the gap on
15 of many homeowners in this community seeking justice,
16 opportunity and understanding about their products.

17 What we have seen and experienced from a bank
18 like OneWest is that their history and legacy with
19 IndyMac has devastated our communities. We see people
20 in products that they don't believe in. We see people
21 in products that they don't understand. And what we
22 find is that even without strategic partnerships with
23 Fannie Mae, Freddie Mac, and other servicing companies,
24 there still isn't an opportunity to intervene as well
25 we'd like on behalf of those clients.

1 We believe that OneWest Bank in its
2 determination that selling off a huge part of their
3 housing portfolio to other companies serves as a moral
4 hazard and they should not be able to wipe their hands
5 clean of their history with IndyMac Bank.

6 Then the second part that I want to make sure
7 we bring up is also small business. The credit markets
8 have dried up considerably for the very small business,
9 for the micro small business, particularly those in
10 and moderate-income communities and particularly for
11 those people of color who own businesses.

12 Our organization, much like those that are
13 across this table, are the only source of capital and
14 credit for these small businesses. The banks have not
15 been there. And we're asking that a bank like OneWest
16 that purports that it is a bank for businesses make
17 that all businesses in California have an opportunity
18 have access to credit. Thank you.

19 MS. GARDINEER: Thank you. I'd like to thank
20 the panels that we've heard from this morning.

21 At this time we're going to take a ten-minute
22 break. We'll reconvene at five of. Thank you.

23 (Recess.)

24 MS. GARDINEER: At this time we'd like to
25 resume the meeting and welcome the next panel for

1 presentations. Thank you.

2 MS. KILLIAN: Thank you for coming. I just
3 wanted to mention that we have been told that it's
4 really hard to hear the panelists, so when you speak,
5 could you speak right into the microphone. Thanks very
6 much.

7 And also may I ask whether you would like to
8 timed individually or as a panel?

9 MR. HERNANDEZ: Individually.

10 MS. KILLIAN: Okay. Thank you very much.

11 MS. GARDINEER: All right. Please start.

12 PANEL 7

13 MR. HERNANDEZ: Thank you for the opportunity
14 to speak here today. My name is Daniel L. Hernandez,
15 the President of the Hollenbeck Police Business Council
16 and founder of the Inner-City Games. I also served my
17 country as a United States Marine being awarded the
18 purple heart and silver star for combat in the jungles
19 and rice paddies of Vietnam.

20 For the past four decades, I have been in
21 charge of two highly successful nonprofit organizations
22 that worked to change at-risk youth from dangerous
23 into good productive citizens through after-school
24 sports, education and enrichment programs.

25 Our success can be largely attributed to our

1 unique collaboration between law enforcement, community
2 and business. Because of this, the Hollenbeck Police
3 Business Council is often referred to as a pioneer in
4 community policing.

5 This unique style has created a house of
6 champions in sports, education and beyond. It is the
7 partnerships that we create with outstanding companies
8 like OneWest Bank that allows us to exist and serve our
9 inner-city community.

10 This partnership has provided much needed
11 resources to our community members. Throughout the
12 years, as a direct result of OneWest Bank's generosity,
13 over 10,000 of our youth and family members have been
14 able to participate and benefit from our Miracle on
15 First Street holiday program. This program consists of
16 a Thanksgiving turkey giveaway, tree lighting
17 and Christmas toy giveaway.

18 OneWest Bank and its representatives are
19 hands-on in their involvement. For example, their
20 employees serve as miracle workers during the holiday
21 event distributing toys to our kids, and key
22 like their chairman Steve Mnuchin, also participates in
23 our fund-raiser and as a spokesperson for our
24 organization.

25 Furthermore, OneWest Bank is responsible for

1 our state-of-the-art, professional-style hardware
2 basketball court and support many of our summer
3 activities and programs.

4 The impact that OneWest Bank has on a
5 organization like ours speaks volumes about the great
6 need they fill. That is why I'm here today in support
7 of OneWest Bank and CIT. I am confident that the
8 would result in an even greater contribution to our
9 inner-city community. Thank you.

10 MS. McCARTY: Hi, my name is Ariel McCarty,
11 I'm here with National Asian American Coalition.

12 Mr. Joseph Otting attended NAC's conference
13 spoke to over a hundred students on how OneWest Bank
14 will help students like me. I currently attend Cal
15 State University, Northridge, and take an active role
16 encouraging the other students in money-management
17 skills because of OneWest Financial literacy programs.

18 With the internships they provide and
19 scholarships they offer, I think when the merger
20 happens, they will be able to double their
21 contributions.

22 Federal Reserve and OCC, please approve this
23 merger. For what I see, this is a bank for the
24 millennials. Thank you.

25 MR. RECHLIN: MY name is Charles Rechlin, and

1 I'm a retired attorney. I live in Thermal, California.

2 Got it? Okay.

3 For many years I was a partner of the law firm
4 of Sullivan & Cromwell where I practiced business and
5 financial law. Currently I am an independent freelance
6 blogger. I blog on the subject of deposit products.
7 And my blog postings appear on the website
8 bankaholic.com.

9 I am also an investor in certificates of
10 deposit. I have numerous accounts at banks and credit
11 unions throughout the United States.

12 I -- as an investor, I'm not sure this will be
13 a great deal for me, because I like Internet banks. I
14 like to chase rates around the Internet, and CIT's been
15 a great bank in that regard. But I see they want to
16 reduce funding costs, and I'm a funding cost, so I'll
17 reduced I guess.

18 But I think -- as an analyst, I think this is
19 very beneficial merger for savers, particularly savers
20 who are senior citizens. And I say that on the
21 assumption that in addition to the strong branch
22 of OneWest, that the combined bank will have the --
23 I consider to be a very innovative and a very saver
24 friendly culture, which exists at CIT Bank at the
25 present time.

1 First, CIT has probably, in my experience,
2 one of the most, if not the most innovative creators of
3 deposit products on the Internet, and I hope that
4 carries over with the combined banks.

5 Secondly, CIT has been a particularly saver
6 friendly bank, and there aren't that many friendly
7 banks around, but they do things like promote deals for
8 existing customers. They try to develop customer
9 loyalty in a very impersonal setting.

10 But if you take the two banks together with
11 branch network of OneWest, with the expertise and
12 atmosphere of CIT, I think overall savers here in
13 Southern California will benefit. The senior citizens,
14 many of them are not comfortable dealing with the
15 Internet like I am, and this would be a good deal for
16 them.

17 So I hope that the regulators' view of this
18 take this favorably, and thanks for your time.

19 MS. GARDINEER: Thank you.

20 MS. SOTOMAYOR: Hello, I'm Karina Sotomayor,
21 and I'm here to speak on behalf of OneWest Bank and in
22 particular to their diversity supplier efforts.

23 Our firm, Sotomayor & Associates, is a CPA
24 located in Pasadena, California. We provide accounting
25 and auditing services to both public and private

1 companies as well as government agencies. Our
2 vary in industry. We serve city, state, countywide
3 agencies as well as utility companies and financial
4 institutions such as OneWest Bank.

5 We have had the privilege to work with OneWest
6 Bank and provide auditing services for their 401(k)
7 for the past two years.

8 As a minority-owned business, we are
9 marketing our services to companies, and government
10 agencies give us a preference for our designation and
11 MBE certifications. However, it was OneWest Bank that
12 sought out our services and gave us an opportunity to
13 one of their auditors.

14 From the beginning of the proposal process and
15 to the end of the engagement, we have had positive
16 experience with OneWest Bank as a client.

17 The proposal process was uncomplicated yet
18 thorough where we found it easy to collaborate with
19 of their management there. We also were able to
20 negotiate our contracts with the contract administrator
21 and agree to terms that satisfied both parties very
22 easily.

23 We find that working with the bank's
24 procurement department, financial management and staff
25 has been highly rewarding in many aspects. Not only do

1 we benefit financially by performing services to the
2 bank, we gain further credibility within our industry
3 having a banking institution of its stature as our
4 clients.

5 The professionalism, integrity and
6 responsiveness of OneWest Bank's financial management
7 has allowed us to conduct our audit in an efficient
8 manner, and in return we were able to meet and exceed
9 their expectations and provide a high-quality audit
10 report.

11 We are proud to have OneWest Bank as a fully
12 satisfied client. And through their recommendations,
13 have gained other audit engagements.

14 We are in support of the merger with CIT and
15 hope to continue to provide services and look forward
16 further supporting the needs of the bank. Thank you.

17 MS. GARDINEER: Thank you.

18 MR. CARUSONE: Good morning. My name is L.J.
19 Carusone. I'm with the Partnership for Los Angeles
20 Schools. And I'm here today to express support for the
21 merger.

22 The organization where I work, we're turning
23 around some of LA's most challenging schools in an
24 effort to bring high education to every child in the
25 city. We work with public schools, particularly 16

1 across Boyle Heights, Watts and South Los Angeles, so
2 some of the highest need communities.

3 And OneWest Bank has been a huge supporter of
4 ours. They actually helped us with a matching grant
5 that enabled us to bring computers to over 900 of our
6 teachers across our network of schools. This was
7 enormous because it helped us really lift academic
8 performance across our network that year, which was in
9 2012 and 2013.

10 We're in talks now to bring financial literacy
11 support to our thousands of parents in these highest
12 priority communities where we serve our children.

13 And we hope this merger goes through because
14 would like to continue this partnership with the bank
15 that's been doing some incredible community work over
16 the past few years. We've been with them since 2011.
17 Thank you.

18 MR. FLORES: Hello, my name is Paco Flores.
19 I'm with City Year Los Angeles, actually a close
20 of the partnership. And I'm here to express our
21 for OneWest Bank and for the merger, as they've been a
22 very strong partner since we first met them in 2011.

23 OneWest has generally supported -- or
24 generously supported a team of city or AmeriCorps
25 members wearing bright yellow jackets like this one at

1 Markham Middle School in Watts since 2011.

2 When we first got with OneWest Bank, they
3 us specifically that their financial support be put
4 towards a school and community that needed it most.
5 There was no agenda other than providing, you know,
6 really outstanding philanthropic support to a community
7 that they recognized really needed that support.

8 We selected Markham as one of the highest
9 lowest performing schools in LA. Markham has over a
10 thousand students. 73 percent are Latino. 26 are
11 African-American. Over a quarter of the students are
12 English language learners, and over 80 percent qualify
13 for free-introduced lunch, so obviously a school that
14 could use extra support.

15 Since 2011, we've had teams of AmeriCorps
16 members serving there as tutors, mentors and role
17 for students who are at risk of dropping out. I think
18 we've all heard about the implications of dropouts, and
19 you know that dropouts can earn over a million dollars
20 less in their lifetime. We're really working to help
21 prevent that.

22 So just, you know, through the support, we've
23 been able to partner with teachers, with school
24 networks, and most importantly with the students to
25 provide them with support throughout their day,

1 throughout their year so that they can not only improve
2 as students, but also show marked academic gains.

3 And we're just really thrilled with how
4 Bank has supported our core work and allowed us to do
5 what we do best and that's help students. We really
6 look forward to a continued relationship with the
7 and better new bank and are here to voice support for
8 the merger.

9 MS. GARDINEER: Thank you.

10 I'd invite the next panel to come up and take
11 your seats, please.

12 MS. KILLIAN: Good morning. Thank you for
13 coming. Again, please remember to speak right into the
14 microphone.

15 And would you please let me know how you'd
16 to be timed, as a panel or individually?

17 PANEL: Individually.

18 MS. KILLIAN: Individually. Okay. Thank you
19 very much.

20 MS. GARDINEER: Please feel free to start.

21

22 PANEL 8

23 MS. COLEBROOK: My name is Tina Colebrook, and
24 I am a victim of OneWest Bank's continuous violations
25 the 2011 consent order. I represent IndyMac complaints

1 and thousands of verifiable victims all with the same
2 story as mine.

3 I was told in January of 2010 that I had to be
4 three months behind to be considered for a loan mod.
5 OneWest Bank sent me foreclosure notices within 30 days
6 of following their instructions to get behind. I sent
7 papers in multiple times and was told I had to then
8 reapply with IndyMac as my account was now being
9 transferred. The process starts all over again.

10 In May of 2010, I received a call from a
11 Ms. Lee Guzman who tells me, I quote, You are legible,
12 yes, very legible -- her words, not mine -- for the
13 program based on 2 percent interest rate. I am to send
14 in a new payment amount. However, they won't put
15 anything in writing and will not rescind the
16 notice. They lose two of those payments sent via
17 certified mail. Then they tell me it was all a
18 I wasn't legible or eligible after all.

19 Over the next four years, I was turned down
20 five more times. They ignored my notices to rescind
21 mortgage in 2011 and 2012. They refused my offers to
22 pay in 2013, including one that was a full-price sale
23 offer based on the amount that OneWest had recorded on
24 the notice of trustee sale dated November 18th, 2013,
25 and presented at the Pasadena office by a mortgage

1 broker.

2 They have added thousands of dollars in fees,
3 which they refused to account for. To this date, they
4 point blank refuse to give me a complete, detailed and
5 verifiable accounting of the alleged debt they state I
6 owe, an amount which has gone up and down like a yo-yo
7 over the last two years varying by as much as \$153,760.

8 What are they trying to hide? If a banking
9 institution can't get simple math correct, why do they
10 have a bank charter? To this date, I can document with
11 specificity multiple violations of the 2011 consent
12 order in regard to my situation alone.

13 It should be jail time, not sale time with
14 bonuses for them so they can live in their \$30 million
15 mansions like Mr. Mnuchin while stealing the equity and
16 the homes of ordinary folk like me and thousands of
17 others.

18 I appeal to you regulators to help mitigate
19 losses of the people instead of increasing the profits
20 of the bank. Please stop this sale. This is one
21 example of the violations. This -- imagine getting 81
22 phone calls from a debt collector in one day. This is
23 81 notices from a debt collector of OneWest Bank's
24 choosing sent to me in one day.

25 And I have six folders like this at home. I

1 invite Mr. Mnuchin and Mr. Otting to meet with me
2 personally and settle this man to woman.

3 MS. ISAAC: Hi, my name is Rebecca Isaac. I,
4 like Teena, was a victim of IndyMac Bank.

5 There are so many reasons why IndyMac and
6 OneWest -- IndyMac is part of OneWest Bank -- so
7 Bank should not be allowed to be sold because of all
8 victims from all the violations of the laws that
9 committed and is still committing years later.

10 I am a victim of their violations and so many
11 of the laws. I started a website to help the other
12 victims of OneWest Bank called IndyMac complaints. I
13 have 450 individual complaints that are exactly like
14 Teena's and exactly like Helen's and like mine.
15 just repetitive.

16 We all have documented proof of what OneWest
17 has done. We can prove it, if anybody wants to see
18 that. There are thousands of more victims in the
19 country.

20 The Attorney General, when I met with her in
21 Los Angeles, she said there were thousands -- thousands
22 and thousands of complaints.

23 We have complained about OneWest repeatedly
24 over the years for violations of so many laws, even
25 after the consent order was put in place, they just

1 recklessly still violated all the laws. I sent so many
2 complaints in personally to the OCC, Office of the
3 Comptroller of Currency, after the consent order was
4 placed. They don't care about the consent order at
5 in my opinion.

6 I personally am a victim of these illegal acts
7 by OneWest Bank. Continually the bank refuses to fix
8 their wrongs. The bank still does not resolve the
9 wrongs they did to me. Years later, as of today, they
10 still owe me money because of things they did not do
11 correctly.

12 OneWest sold my loan to Auckland, which is
13 another monster that continually violates the laws. So
14 I'm real happy about that too.

15 OneWest has tried to get rid of evidence of
16 their criminal acts by selling the loans, and now
17 OneWest wants to sell the bank to make all the evidence
18 go away and cover up the wrongs they committed by
19 burying or losing documents as they have done in the
20 past.

21 To sell OneWest Bank to another party is just
22 forwarding the fraud to someone else for the burial of
23 our evidence of both criminal and civil violations.
24 This is a huge injustice in our country, very huge.

25 The massive corruption must be stopped right

1 now. The government must protect the people it
2 represents. Instead this government has failed the
3 people. The complaints made to the Justice Department,
4 the Office of the Comptroller of Currency, the FBI, the
5 President of the United States and the State Attorney
6 Generals have all done nothing to bring OneWest and the
7 criminal enterprise to justice.

8 I demand justice for all of the victims of
9 OneWest Bank and insist that the bank not be sold or
10 transferred. I demand a thorough investigation be made
11 into the records and actions and complaints against
12 OneWest Bank. Criminal charges should be filed right
13 now. Thank you very much.

14 NMS. KELLY: My name is Helen Kelly, and I am
15 member of the group of 450 victims. Because of
16 Rebecca's preparation of the site, I saved my home when
17 I realized the massive corruption set forth by OneWest
18 Bank.

19 I come to this table and this meeting as a
20 former criminal prosecutor for state attorney general's
21 office. I come to this meeting as a former chief
22 counsel to the banking commissioner of a state in the
23 midwest, and I have been shocked to see five years of
24 perpetual violations of all the laws that all of you
25 should be enjoying, defiantly violated by OneWest Bank.

1 And no one's paying attention to it.

2 The only reason I got a HAMP is because I
3 scared them outside of the legal system, and all of a
4 sudden I got a call from the secret department of the
5 United States Department of Treasury, HAMP Level 2 from
6 Kenneth, and said -- he said to me out of the blue, I
7 have been instructed to get you a HAMP modification no
8 matter what it takes. I said, who instructed you? He
9 said, I'm not at liberty to say.

10 This happened after I wrote to the chairman of
11 Sears Holding Company owns Sears Roebuck and Kmart.
12 after I wrote to Mike Dell of Dell computers telling
13 them both of them of the corruption by Steve Mnuchin as
14 to how he's running OneWest Bank.

15 This is my proof of one person's, one person's
16 defense of a 20-year family home. It's inexcusable in
17 our nation of laws, absolutely inexcusable. My soul is
18 not for sale. My nation of laws is not for sale. Laws
19 are to be applied to everybody equally. OneWest Bank,
20 just because it is founded by Goldman Sachs is not
21 the law. They are criminals. They should be in jail.

22 When I was a prosecutor, I would have had them
23 in jail the first year before they spread like an Ebola
24 virus and contaminated all of us in this room.

25 This is the remedy. Not being sold out to

1 different interest groups. Instead prosecute,
2 investigate, Watergate Commission, then have
3 where you have a reparations fund. Billions of
4 far bigger than what you folks have been divvying up
5 today, this morning. Billions and billions is what the
6 criminal process will give you. Then you can apply for
7 your Hispanic groups, your legal aid groups, all of
8 which I care deeply about as a lifetime volunteer.

9 So please appoint a Watergate commissioner --
10 commission, criminally prosecute, jail Steve Mnuchin,
11 demand a reparation fund and then revoke the bank
12 charter of OneWest.

13 In my midwestern state, we would have never
14 permitted them to be in business for all the violations
15 of laws just involving one person.

16 And then put this on top of it, two days ago I
17 got a statement from OneWest Bank. It is a statement
18 dated February 1st, February 1st, but I get it regular
19 mail on the 24th, and it advises me that I am two
20 payments late. I'm not. I'm current.

21 But do you think I can get this fixed. I
22 to CEO Steve Mnuchin. His assistant laughed at me to
23 think that the chairman of OneWest Bank would care
24 whether or not he's running an illegal enterprise.
25 Shame on all of you for selling us so short. Get a

1 reparations fund worth billions like the BP spill in
2 Gulf.

3 MS. AMADOR: Good morning. I'm Cynthia
4 I'm with Azul Management Systems Institute. I'm a
5 consultant to --

6 MS. GARDINEER: Ms. Amador, can you get closer
7 to the mike?

8 MS. AMADOR: Sorry. Hi, I'm Cynthia Amador.
9 I'm with Azul Management Institute. I'm a consultant
10 with small businesses and nonprofits. In particular,
11 I'm a small business advocate and consumer advocate.

12 Not to belabor some of the points that have
13 been made today, I would like to pay particular
14 attention to the CRA plan that was presented. In
15 particular, there's several statements I wanted to
16 cover. But just in essence of time, I'll just cover
17 where the bank states the bank inherited it's branch
18 footprint from its predecessor bank.

19 "As the bank expands, it will look to increase
20 retail services to LMI people through online and mobile
21 banking capabilities as well as increased availability
22 at ATMs and LMI tracts."

23 My question to the bank is, there has been
24 changes, well maybe not since the announcement of the
25 merger. According to the FDIC Summary of Deposits

1 report dated June 30th, 2010, OneWest Bank had 82
2 branches. As of the OneWest today, it now has 74
3 branches. During this time, LA has gone from 56 to 53
4 branches. Orange County has gone from 14 to 11
5 branches. Ventura has gone from 5 to 3 branches.
6 Riverside, San Bernardino and San Diego have remained
7 the same.

8 What has happened in these closing of branches
9 and while OneWest has chose to consolidate a few
10 branches in the high-end communities of Encino,
11 Huntington Beach and Newport Beach, OneWest Bank has
12 disproportionately affected people of color in closing
13 some of their branches, particularly the Latino
14 community and in one case the Asian community.

15 The OneWest branch in North Hacienda Boulevard
16 in La Puente had 85 percent population Latino. That
17 branch was closed. The branch on Eastern Avenue in
18 90040, that was the 94 percent Latino. That was
19 The branch in Monterey Park, which had 66 percent Asian
20 population serving it, that was closed. Additionally
21 the branches in Torrance and Bueno Park which had 42
22 47 percent Latino populations it served.

23 My statement essentially is I would like
24 OneWest Bank to do more to ensure that they are not
25 disproportionately affecting the Latino community and

1 communities of color in particular. They have brought
2 in two new branches serving Latino communities industry
3 and commerce; however, we lost four branches.

4 Just in going forward, I do ask that OneWest
5 Bank do more to ensure that it is serving the Latino
6 communities and communities of color. Thank you.

7 MR. PINA: Good morning or good afternoon.
8 also going to be representing John Gamboa, my partner,
9 who's unfortunately his wife died and he's busy taking
10 care of that issue, so God bless. Our prayers are out
11 to him and his family.

12 We are here today not to oppose or to agree
13 with it because we've been in this game long enough.
14 know it's going to pass. We know that. You know,
15 there's just a lot of jockeying and positioning going
16 like a chessboard. So be it.

17 But what we're here today is to talk about
18 setting a tone with this merger. And let me begin by
19 sharing with you a few words by a great leader. "There
20 is discrimination in the world, slavery and starvation.
21 Governments repress their people. Millions are trapped
22 in poverty while the nation grows rich. And wealth is
23 lavished on armaments everywhere. These are different
24 evils, but they are the common works of man. They
25 reflect imperfection of human justice, the inadequacy

1 human compassion and our lack of sensitivity towards
2 suffering of our fellows."

3 It sounds very familiar like a leader could
4 have wrote that. Yeah, sure. That was Bobby Kennedy,
5 my hero. And that was part of a speech that's over 45
6 years old. And this is about setting a tone because
7 that speech is more relevant and it has become more
8 relevant in our lifetime, particularly the last 15
9 that we have seen. And the data says it all.

10 This merger must become more -- you must set a
11 tone that is race relevant that will be heard by all
12 banks in the nation. And let me give you some data to
13 share this race relevancy.

14 Even from your own Reserve board study 2010 to
15 2013, white medium net worth rose 2 percent to about
16 142,000. For minorities in that same period, decreased
17 17 percent to a whopping \$18,000. You know, and what
18 drives that is housing and small business. The racial
19 wealth gap and the racial income inequality we now
20 and most economists agree, they're intertwined.

21 But housing and small business ownership drive
22 two-thirds of household income and household wealth.
23 if housing is so important, let me give you this stat.
24 And by the way, in San Diego, for instance, you know, I
25 represent a coalition in San Diego and in Florida, the

1 household minority income -- the minority household
2 income, median income levels are around 42,000. In
3 Tampa it's about 48-, so it's actually, you know, a
4 higher household income in Florida -- in Tampa than it
5 is in California, but it's much more expensive.

6 The Hunda datum for FHA conventional VA in
7 2012, it was around 11 percent for minorities. And
8 remember most of that was refi. 2013, that went down
9 7 percent. And again mostly refi.

10 From our data, as we extrapolated it,
11 97 percent of people of color who are not homeowners
12 will never ever, ever become a homeowner in the state
13 California.

14 And regarding small business, we're really
15 anxious to see the small business minority data that
16 comes out of Section 71 of Frank-Dodd. And it's going
17 to be the same. It's going to be pretty atrocious.

18 So between the housing data and the small
19 business data, again, we're seeing what is the result
20 that. And about 71 percent of poverty in this state in
21 urban centers are people of color. This is a
22 race-relevant issue.

23 So this is about setting the tone and making
24 CRA more race relevant and placing focus with this
25 merger to create some race relevancy to it and to show

1 the importance of this in our commitment. And my
2 commitment, I'm going to do -- because we saw the same
3 thing in Florida when I first went to Florida. And --
4 which is really outrageous because this is a
5 majority/minority state, but not economically.

6 If we see that there is no race relevancy in
7 the merger agreement, because we know it's going to
8 pass, we will then schedule -- I will then schedule a
9 hunger strike on the doorsteps of the Federal Reserve
10 Board in San Francisco. And I will tell you, because I
11 told the chairman of SunTrust Bank in Florida, either
12 body will be in a grave or you will give us some race
13 relevancy.

14 This is important. Our children's lives and
15 our country are at stake here. So let's set the tone.
16 Let all the games be played. But let's set the tone
17 the state of California and the rest of the nation.

18 By the way, we are getting race-relevant
19 programs in Florida, which again is kind of ironic when
20 this is a majority-minority state.

21 So we wish -- you know, we're hoping to avoid
22 hunger strike, but please know that we are committed to
23 building our children's future. Thank you.

24 MS. GARDINEER: I'd like to invite the next
25 panel to come up, please.