

1 MS. KILLIAN: Good morning. Thank you for
2 coming. May I ask, how would you like to be timed, by
3 the panel or individually?

4 MR. VASQUEZ: Individually.

5 MS. KILLIAN: Individually? Okay. Thanks.

6 And please remember to speak directly into the
7 microphone.

8 PANEL 9

9 MR. FRANCO: Thank you. Thank you for the
10 opportunity to speak here today. My name is Rueben
11 Franco. I'm the President and CEO of the Orange County
12 Hispanic Chamber of Commerce. We represent the
13 interests of over 33,000 Hispanic-owned businesses in
14 Orange County.

15 I'm here to lend my support with the CIT
16 acquisition of OneWest Bank. We believe that their CRA
17 commitment is strong. We believe that the lending
18 practices of OneWest Bank coupled with CIT are going to
19 offer our businesses more opportunities for banking,
20 lending, for a global presence as well as we become
21 of a global economy.

22 So we are here in support of this merger.
23 Thank you.

24 MS. GARDINEER: Thank you.

25 MS. MARTINEZ: Good afternoon. I'm Theresa

1 Martinez, CEO of the Los Angeles Latino Chamber of
2 Commerce. We're located here on Spring Street in
3 downtown, and we serve over 200,000 Latino businesses
4 the greater Los Angeles area.

5 And we support the merger between CIT and
6 OneWest Bank and believe that by combining the
7 and the two banks, it would benefit our local small
8 business communities.

9 We value the outreach proposed within the
10 bank's CRA to create and implement a community advisory
11 board, one that is reflective of the communities to be
12 served and invested in as well as having a Latino on
13 their board of directors.

14 The opportunity to help shape the bank's
15 diversity programs, including vendor procurement
16 opportunities, will be a major step in the right
17 direction supporting several small businesses, which in
18 turn will spur economic growth for the region.

19 Based upon the bank's own CRA proposal, we
20 again know of no bank attempting to secure an
21 outstanding community reinvestment rating. Few commit
22 to being outstanding in lending to our community,
23 providing service to our community or investing in our
24 community.

25 OneWest has pledged to be outstanding in all

1 three categories. As the CEO of the Los Angeles Latino
2 Chamber of Commerce, I have met with over 20 banks in
3 the last 15 months, and most of them are happy with
4 their satisfactory rating and believe they are doing
5 just fine.

6 OneWest's CEO has already begun regular
7 meetings with minority business leaders and has pledged
8 to continue to have regular meetings with minority
9 leaders at their headquarters. This is a major plus
10 business leaders who help support our diverse
11 communities.

12 Sometimes it feels like I'm pulling teeth when
13 approaching banks for CRA funds. It is a breath of
14 fresh air to have a CEO of a bank reach out to us with
15 genuine sense of commitment to our communities as well
16 as their staff like Cindy Polito and Tony Ebers.

17 It is because of this commitment to be
18 outstanding, our organization supports CIT's
19 of OneWest Bank. I'd like to ask the audience now, if
20 you know of any bank that has an outstanding rating,
21 that has a Latino, African-American, an Asian-American
22 on their board of directors, if you do, please stand

23 The banks aren't perfect, and there will be
24 those that are unhappy, as we heard today. They can't
25 please everybody. That's something that's always going

1 to happen.

2 I encourage you to approve the merger. Thank
3 you very much.

4 MR. MCDANIEL: Good afternoon -- good morning.
5 My name is George McDaniel, and I'm kind of one of the
6 moneychangers on the steps of the temple today. I'm a
7 40-year banker, retired bank CEO.

8 I'm going to tell a little of a personal story
9 here, though, that's going to be unlike what you
10 normally hear from a banker.

11 The things I'm proudest of in life are being
12 the CEO of the first CDFI bank in the state of
13 California and the two tours I served in Vietnam, and I
14 left with a small disability pension, which I still
15 collect. I've been either a commercial or investment
16 bank or a buyout guy doing buyouts for most of that 40
17 years.

18 Despite that, or perhaps because of this
19 banking background, I generally oppose big bank mergers
20 because the services to the community usually diminish
21 after such consolidation.

22 I'm in favor of the proposed merger today
23 between OneWest Bank and CIT because of my personal
24 experience and that of several of my business
25 clients.

1 I found myself, after retirement, in a tough
2 situation and applied for a modification. I went
3 through the normal processes and suffered most of the
4 pain that we've heard described here today, most. And
5 then Mr. Otting was appointed CEO. Now as a former
6 banker, I notice such things. I know my way through
7 jungle, all of that, but that does you no good in these
8 circumstances, believe me.

9 Within 60 days of Mr. Otting being appointed
10 CEO, and I met him today for the first time in life,
11 there was a change in the tenor of the discussion, and
12 literally within about four or five months still a lot
13 of pain, I received my modification.

14 Subsequent to that, I had several other
15 that I took through the same process and much -- as
16 someone earlier, I think Ms. Bautista said -- all of
17 these clients that went through OneWest received the
18 same success in getting a modification. It was
19 astounding.

20 And then I want to add one thing to this. My
21 brothers and I had an opportunity, in the midst of all
22 this adventure, to achieve a lifelong dream and that is
23 to go into business together. At nearly the height of
24 the meltdown, nobody would help us. CIT stepped
25 and helped us. We went into business. Today we have

1 employees. We're about to expand, and I thank God
2 Sunday morning.

3 These are all facts, and facts are usually
4 incontrovertible. The facts don't change. The
5 about them are different. I have experienced the pain,
6 et cetera. But thank you, and I favor this merger.

7 MR. LIM: Ladies and gentlemen, my name is
8 Lim. I'm the founder and CEO of Island Pacific
9 Supermarket. Our locations are in Northern and
10 California. Thank you for having me here.

11 There's really just three points that I want
12 raise to this distinguished panel of Federal Reserve
13 Board and OCC. First I want to introduce who the
14 Filipinos are, why the Filipinos support the OneWest
15 merger, and what the Filipinos hope to accomplish in
16 this public hearing.

17 The Filipinos are the largest Asian-American
18 minority group here in California. Almost 50 percent
19 our population are found in Los Angeles and the San
20 Diego counties. But beyond the statistics, our
21 Filipinos, they're the nurses, they're the doctors. We
22 have some that are unemployed. We have some that have
23 lost their homes, but we are still here today to
24 OneWest.

25 And my second point is, why are we supporting

1 the OneWest merger? Our community here in the U.S. and
2 in the Philippines have benefited from OneWest, okay.
3 But we did not sell out, okay. We benefited from
4 OneWest because OneWest is one of the banks that
5 financed our importation of products like these.

6 These are dried fish from the Province of
7 Sarangani in the Philippines, okay. These dried fish,
8 they're caught, they're dried by fishermen in the
9 Philippines. They're not Americans, but they're still
10 citizens of this world.

11 And the merciful sea have not been very
12 merciful to our fishermen, okay. Most of our
13 if you ask them, they would say what we catch is too
14 valuable for us to eat. So what they do? They use sea
15 salt and rice as their meals. Our fishermen does not
16 need to go on a hunger strike. Our fishermen are
17 right now, okay.

18 And it's banks like OneWest that we should
19 support, banks that allow us, banks that finance
20 minority community like us to import products like
21 dried fishes, okay, just a simple product, dried
22 that creates jobs in the Philippines.

23 As we're able to create new distribution
24 channel for fishermen in our countries, it's just basic
25 economics that their standard of living will improve.

1 As more and more of us are competing for the products
2 that they catch, their standard of living will improve.

3 Just my last point. What do the Filipinos
4 to accomplish in this public hearing? The Filipino
5 community, we are sometimes referred to as the
6 minority. Despite the fact that we're the largest
7 Asian-American group in California, we are often
8 referred to as the invisible minority.

9 I just want to put on record of the Federal
10 Reserve Board and the OCC that today we are not
11 invisible. Today we are all here to support the merger
12 of OneWest and CIT.

13 And, lastly, our request to the Federal
14 Board and the OCC, this May 2nd Filipinos everywhere
15 will celebrate when Pacquiao beats up Mayweather. But
16 before May 2nd, please grant us this victory. Please
17 support, please endorse the merger of CIT and OneWest.
18 Thank you.

19 MS. YACKO: That's a little bit hard to

20 My name is Mona Farraj Yacko. I am a small
21 business owner. Usually my voice carries. My kids
22 tell you that I have a very loud voice, especially when
23 I'm disciplining.

24 I was saying that my name is Mona Farraj
25 I'm a small business owner, and I'm here to lend

1 to the merger of CIT and OneWest Bank.

2 I basically want to come here and talk about
3 the American dream. I don't want that lost. And, you
4 know, our grandparents, us, our parents, you know,
5 anybody who you can talk to has a story about the
6 American dream. I personally am living it. And the
7 reason why I'm living it is because a bank financed me.

8 And, you know, you have your dream, you have
9 the ideas of what you want to do for the future and how
10 you want to benefit society, and you need funding to do
11 that.

12 I think that a lot of people and a lot of
13 testimony in here that you're hearing today is from
14 people who are disgruntled with the banks because we
15 were all shaken a few years ago. Everybody's
16 was shaken, but that doesn't mean that the trust is
17 gone.

18 And when you have a CEO like Joseph Otting,
19 is willing to come out and meet with a small business
20 owner to discuss their vision and support it, then that
21 trust doesn't just come back, it is reaffirmed and it's
22 put in stone. And I'm talking from personal

23 Not only did Joseph Otting, an outstanding
24 meet with me and my husband personally about our vision
25 and what we want to do with our small business, he took

1 the opportunity to also meet with my brother, who was
2 also an entrepreneur and living the American dream.

3 If we want America to continue to survive and
4 be one of the economic strongholds of this world, then
5 we need to have responsible funding. OneWest Bank
6 spearheaded by Joseph Otting is a responsible
7 outstanding, outstanding bank. And for that reason we
8 need more of that, a lot more so that America will
9 always be the leader of the economic, which I think you
10 know we can be, and the free world.

11 And for that reason me, my husband, my whole
12 family and all of the minorities that I know not only
13 support, but will do whatever we have to do to make
14 that this merger happens, because we want OneWest
15 and we want Joseph Otting to always reach out and have
16 an outstanding relationship, an outstanding,
17 ranking amongst all the banks because that is what the
18 foundation of America is and that is what the
19 of our future is. Thank you.

20 MR. STONE: Good morning, everybody. I'M
21 Aubrey Stone, president and CEO of the California Black
22 Chamber. And within the OneWest footprint, we have 11
23 affiliates that I would know would like to meet you
24 personally.

25 But I just want to take a moment and say that

1 was here from the very first panel, and I truly respect
2 the comments and the persons of everybody that made
3 comments here this morning. And those that were
4 positive, those that were negative, I still respect all
5 the comments that were made.

6 You know, Monday I was in San Francisco and
7 honoring Black History Week -- Month, and I had to make
8 some comments, and I said something that I had to
9 reflect upon, and that was the President Obama State of
10 the Union Address when they said that all is good in
11 America. The stock market is up, unemployment is down,
12 and we're taking our rightful place in the world as
13 world leaders.

14 If you got down into the weeds, he wasn't
15 talking about the African-American community. Our
16 unemployment is up. The nation is at 5.3. The average
17 in our community is 14, and young adults between 19 and
18 25, it's over 20.

19 Our businesses in the state of California
20 represent one-tenth of the majority-owned businesses in
21 the state of California -- small businesses in the
22 of California, one-tenth.

23 But the saddest thing about the one-tenth is
24 the large business/small businesses hire in excess of
25 seven people per business. African-American businesses

1 in the state of California hire an average of
2 1.2 percent.

3 Now I would say that I'm thoroughly in favor
4 this merger, but I will definitely look forward to a
5 relationship with One Bank -- OneWest as it tries to
6 create access to capital to change the dynamics in my
7 community because if we can create more and grow
8 African-American owned and operated businesses, we can
9 improve the unemployment rate in our communities.

10 So thank you very much.

11 MS. KILLIAN: Thank you very much.

12 I'd like to invite the next panel to come up,
13 please.

14 Good morning. Thank you for coming. May I
15 ask, how would you like your panel to be timed,
16 individually or as a group? Individually, okay, great.

17 And also, please remember to speak into the
18 microphone. Thank you.

19 PANEL 10

20 MR. RIDOUT: Thank you. Good morning. My
21 name's Joe Ridout. I'm here on behalf of Consumer
22 Action. Consumer Action has championed the rights of
23 low-income and under-represented consumers since 1971.
24 Over 40 years ago we published our first guide
25 banking services, and we continue to regularly provide

1 consumers through our trainings and publications with
2 the financial information they need to establish
3 positive banking relationships.

4 We are here opposing the merger. Among our
5 concerns is that OneWest does not offer an affordable
6 checking account for low- to moderate-income consumers.
7 The California Reinvestment Coalition of which Consumer
8 Action is an active member, has developed a model
9 "The Safe Money Account" to promote a set of standards
10 for affordable bank accounts.

11 Among the core attributes such an account must
12 have are free, mailed statements and no monthly
13 requirements for balance. None of the accounts
14 currently offered by OneWest meets these standards.
15 Although OneWest does allow consumers to open an
16 with as little as \$100, the bank charges customers who
17 wish to receive paper statements and visit a OneWest
18 branch expensive monthly fees for checking and even
19 savings accounts unless they maintain a \$1,000 balance.

20 Given that 80 percent of unbanked households
21 earn under \$30,000 a year, this can represent a
22 significant barrier to low-income depositors, many of
23 whom as a result may choose to remain outside the
24 banking system.

25 While nudging consumers into online statements

1 is surely more profitable for the bank, many consumers
2 prefer paper statements and, in fact, some evidence
3 indicates that limiting customers to E-statements can
4 detrimental to their financial literacy.

5 For example, a study released this month of
6 almost 2400 consumers found that 82 percent of those
7 receiving paper statements correctly identified how
8 money was in their account, whereas just 32 percent
9 receiving online statements could do so. In other
10 words, a consumer's desire for paper statements is not
11 necessarily anachronistic or unnecessarily costly, for
12 some it's integral to making sound financial decisions,
13 and they should not be penalized as a result.

14 OneWest's failure to respond adequately to the
15 foreclosure crisis has been well documented.
16 accusations from employees within OneWest alleged it
17 an unwritten rule that employees should reject as many
18 mortgage modifications as possible.

19 Meanwhile, in the last three years, from
20 February 26, 2012, to the present, consumers have filed
21 1132 complaints with the Consumer Financial Protection
22 Bureau, 441 from the state of California. More than
23 90 percent of these complaints center on problems with
24 mortgage modifications and foreclosure practices.

25 Furthermore, settlements by OneWest regarding

1 improper foreclosure and dual tracking of California
2 borrowers deepen our concern that a bank with an
3 apparent lack of interest in keeping people in their
4 homes will continue to ignore community needs and fail
5 to reinvestment in their customers' neighborhoods
6 this merger be approved.

7 Taken together, these issues to us strongly
8 signify that approving the merger would at least
9 maintain, quite likely amplify, the neglect that
10 has shown toward the low-income and under-served
11 communities that we represent.

12 Thank you for the opportunity to share our
13 views.

14 MS. LAVULO: Aloha. Thank you for the
15 opportunity to testify today. My testimony is in
16 opposition to the proposed merger of OneWest Bank and
17 CIT Financial.

18 My name's Elizabeth Lavulo and my family
19 property is located in Salt Lake City, Utah. I'm a
20 marketing and PR executive, and my family comes from a
21 small little country 2,000 miles south of Hawaii.

22 When my grandmother passed away, she was sold
23 reverse mortgage before that. Her conditional
24 acceptance was based on her family's ability to retain
25 the property after her death. When she passed away, I

1 did everything according to HUD regulations to repay
2 loan. Beginning with the repayment letter to OneWest
3 Bank, did not provide a single point of contact or
4 anyone helpful.

5 OneWest Bank said they did not get any of my
6 documents time after time. They did. OneWest Bank
7 claimed I did not have legal authority to speak to them
8 or act on behalf of my grandmother's estate. I did.

9 OneWest Bank accelerated foreclosure four
10 months after my grandmother's death. OneWest Bank
11 refused to honor my letter of intent to repay the loan
12 and refused to grant the HUD-authorized time to obtain
13 new loan.

14 I provided proof of loan approval multiple
15 times. OneWest Bank's response was three attempts to
16 auction my property in six weeks, on September 17th,
17 October 17th, and October 31st of 2014. It was only
18 stopped with hours to spare by HUD intervention.

19 Escrow proceeded and certified funds were sent
20 per the OneWest Bank loan payoff statement. OneWest
21 Bank refused to accept the certified funds and demanded
22 additional legal fees because OneWest Bank chose to
23 the property for a fourth auction a fourth time.

24 OneWest Bank's statement to escrow, if the
25 additional fees for listing the property for auction

1 not paid immediately, OneWest Bank will return the
2 certified funds and auction the property. In order to
3 close the loan, I was forced to pay \$2,000 -- 2,015.60
4 in foreclosure-related costs and legal fees for the
5 decision of OneWest Bank to accelerate foreclosure and
6 auction four times.

7 My story is illustrative of OneWest Bank's
8 refusal to allow consumers to repay reverse mortgage
9 loans with certified funds, to accelerate foreclose and
10 violate all federal regulations and consumer rights.

11 I request an investigation, audit and review
12 OneWest Bank reverse mortgage loan files for the
13 servicing violation of federal regulations and consumer
14 rights; and, two, to ensure compliance with existing
15 laws and regulations. Thank you.

16 MS. REEVES: Thank you for allowing me to
17 to you today. My name Shawna Reeves, and I am Director
18 of Elder Abuse Prevention at the Institute on Aging in
19 San Francisco, California.

20 Our program provides education, outreach,
21 advocacy and strategic partnerships to prevent and
22 address the abuse of elders and dependent adults in the
23 San Francisco Bay area. In addition, we educate
24 of the community, legal services providers and local
25 senior programs about elder abuse trends, resources and

1 other services available to victims of elder abuse.

2 Our program regularly hears from low-income
3 elders and elders of color who are at risk of losing
4 their homes to foreclosure due to predatory loans that
5 they took out in the early to mid 2000s. Many of these
6 loans are now being serviced by too-big-to-fail banks
7 that these vulnerable elders erroneously believed they
8 could trust.

9 They trust these banks and servicers to make
10 good faith efforts to keep them in their homes by
11 modifying their loans. When an elder faces foreclosure
12 on his or her primary residence, it does not result in
13 just another move for that elder. The pain associated
14 with having to move out of the home an elder has owned
15 for 30, 40 or 50 years is devastating. It puts that
16 elder at heightened risk for psychological issues,
17 trauma, physical illness and even death.

18 In addition, our program is seeing an uptick
19 foreclosure rescue and loan modification schemes
20 targeting elders. Often elders with mortgage problems
21 who do not receive helpful or competent assistance from
22 their banks or servicers turn to scam artists. These
23 scam artists promise to act as intermediaries, but do
24 little more than take the elder's money and disappear.
25 More often than not these elders lose their homes.

1 In November I spoke with a 69-year-old woman
2 who was in technical default on her Financial Freedom
3 reverse mortgage due to her inability to keep current
4 her property taxes. Even though she was not officially
5 in foreclosure, the amount of stress caused by the
6 potential loss of her home cannot be overstated.

7 She told me that the stress had not only
8 exacerbated her physical symptoms, but that she was
9 constantly haunted by the fear that she would end up
10 homeless. She had no family she could turn to for
11 support. She had taken out the reverse mortgage to pay
12 for long overdue dental care, and now she faces the
13 prospect of not having a roof over her head.

14 OneWest's history of predatory lending in
15 vulnerable communities, irresponsible foreclosures and
16 poor loan servicing practices is why I oppose this
17 merger. Since the FDIC protects OneWest for losses
18 associated with these practices, the Federal Reserve
19 must hold and CIT and OneWest accountable to make sure
20 that moving forward these practices are not only not
21 repeated, but are remedied.

22 The only way this will happen is if the
23 Reserve requires CIT and OneWest to make a sizeable
24 commitment to foreclosure relief, assisting reverse
25 mortgage borrowers and their families, and to CRA

1 investment in the communities in which it takes
2 deposits. Elders' lives depend on it. Thank you.

3 MS. GAY: Good afternoon. My name is Lori
4 and I'm President and CEO of Neighborhood Housing
5 Services of Los Angeles County.

6 I want to first say I agree wholeheartedly
7 the testimony that was just given. Our main experience
8 was with OneWest during the foreclosure crisis. We
9 one of the groups that was called in pretty urgently
10 after it was clear that there were severe loan
11 and loan modification problems within the bank.

12 And we spent a good deal of time doing events
13 together, serving thousands of people that were their
14 customers with our NeighborWorks LA County Center for
15 Foreclose Solutions.

16 What I would suggest is that, in the thick of
17 things, people get busy and do what's right. When
18 things slow, there needs to be more attention paid to
19 the actions that are taken. We oppose the merger
20 because we want to hold up a stop sign and basically
21 pay attention.

22 I assume, like so many things that happened in
23 the financial sector, that the merger will take place.
24 But it's what happens once it does that we're focused
25 on.

1 We talk about the four A's in community
2 development: Accessibility, affordability,
3 availability, and appropriate products and services
4 being available in our communities.

5 I would suggest that OneWest/CIT once merged
6 can do the following: We'd like to see a public CRA
7 plan formed with significant community input.

8 I love seeing the Asian families that just
9 stood up and said pay attention and make the merger go
10 forward. Where will you be when the bank merges and
11 need products and services for your families? Make
12 that you get what you need. Whichever minority group
13 served, the key is to make sure that the bank is
14 responding.

15 On the accessibility and availability portions
16 of those A's, the banks need to have more branches in
17 the very low-income, high-minority census tracts that
18 they took the money out of when they didn't do loan
19 modifications and when they did not provide products
20 services that were best and highest use for the
21 consumers.

22 Right the wrongs. More aggressive home
23 that is affordable and appropriate. Small business
24 lending will be phenomenal. How do we make sure there
25 are home mortgage loans that are affordable for

1 available to them that have financial literacy and
2 financial education requirements with them?

3 Make CDFI investments that are long term and
4 sustainable and low interest. The biggest thing that's
5 going to hit Southern California that has started is
6 transit.

7 So how do we encourage the bank to be a leader
8 in transit-oriented development? In making sure that
9 they set up an investment fund, which is available for
10 groups that are building affordable homes;
11 who want to create small businesses to be able to
12 money at a very cheap rate to realize the dreams that
13 they want to make come true; working closely with the
14 faith-based organizations and community developers that
15 are already here. You don't have to start from
16 Work the plans that work well.

17 Lastly, I'd like to say that it's difficult
18 when bad servicing practices happen. The job of the
19 and other regulators is to monitor that. We'd like to
20 see that happen more aggressively with this bank and
21 others that plan to get bigger in our communities.

22 Home matters, families matter, our
23 neighborhoods matter, all lives matter. And I think we
24 need to be about the business of saying that as often
25 we can to the banks that want to get bigger in our

1 neighborhoods. Thank you.

2 MS. GARCIA: Good morning. My name is Norma
3 Garcia. I'm a senior attorney -- is this on? Is that
4 better?

5 MS. GARDINEER: A little bit closer.

6 MS. GARCIA: Good morning. My name is Norma
7 Garcia. I'm a senior attorney with Consumers Union,
8 policy and advocacy division of Consumer Reports.

9 A very important issue in these proceedings is
10 whether the proposed merger between OneWest Bank and
11 will yield a public benefit and whether the merger will
12 promote or put at risk the policy protections for the
13 public that are provided through the Community
14 Reinvestment Act.

15 Consumers Union believes that no merger should
16 be approved where there is insufficient showing that it
17 will result in a strong public benefit. And that
18 benefit must be arrived at through a robust public
19 community benefit and reinvestment plan developed with
20 meaningful public input.

21 In analyzing the likelihood of a public
22 resulting from this merger, it's essential to consider
23 the entities to be merged for their reputation, for
24 serving the convenience and needs of the communities
25 that would be affected by the proposed action.

1 It is this area of concern which I will
2 in my testimony, particularly as it applies to older
3 consumers, 62 years of age or older, who are reverse
4 mortgage borrowers served by OneWest Bank.

5 Consumers Union has a long history of
6 advocating for reverse mortgage borrowers and wants to
7 make sure that their interests are given serious
8 consideration as this proposed merger is being
9 considered.

10 There are compelling reasons to protect
11 mortgage borrowers. First of all, reverse
12 mortgage-eligible borrowers are equity rich, though
13 of them may be cash poor. Unfortunately, these same
14 borrowers are at risk of being sold aggressively a
15 reverse mortgage which may not be in their best
16 interest. And sadly, reverse mortgages have a very
17 default rate of almost 10 percent, which is higher than
18 the default rate for regular mortgages.

19 In October we alerted you to some statistics,
20 that OneWest Bank had generated a significant number of
21 reverse mortgage complaints with the Consumer Financial
22 Protection Bureau. Since then, and in fact just
23 this month, the CFPB issued a new study with details
24 about reverse mortgage complaints its received
25 multiple reverse mortgage lenders, including OneWest

1 Bank.

2 And in examining the CFPB's complaint
3 we determined that OneWest Bank is the subject of 146,
4 slightly over 12 percent, of all the reverse mortgage
5 complaints received by the CFPB within the time period
6 of December 2011 through December 2014.

7 Though all the details of the complaints
8 against OneWest Bank are not publicly available, there
9 is sufficient publicly available information that shows
10 that OneWest Bank's reverse mortgage complaints fall
11 under a number of important categories and involve
12 significant consumer protection issues such as problems
13 with loan servicing, payments, collection actions, and
14 aggressive foreclosures, as you've heard others testify
15 to today.

16 The CFPB has expressed serious concerns about
17 the impact on consumers, and we ask you to carefully
18 investigate the complaints that are on file with the
19 CFPB. A number of them have been closed with
20 explanation, but a number of consumers have contested
21 those conclusions.

22 There is a rich amount of data for you to look
23 at. And before proceeding, we respectfully ask that
24 do a thorough investigation. Thank you for the
25 opportunity to testify.

1 MS. GRACIAN: Good morning, and thank you for
2 hosting this hearing. My name is Isela Gracian, and
3 the Vice President of Operations with the East LA
4 Community Corporation or ELACC.

5 ELACC is an economic and social justice
6 organization serving the east side of Los Angeles for
7 years. We serve over 5,000 working-class Latino
8 families annually through our different programs and
9 services.

10 ELACC provides quality, affordable housing to
11 over 2,000 individuals in affordable housing
12 developments. And through our work, we have leveraged
13 over \$124 million in investment for affordable housing
14 and community assets in the east side of Los Angeles.

15 For decades the neighborhoods and residents we
16 have served have lacked the needed investment to keep
17 with the housing needs. In February of last year, the
18 California Housing Partnership Corporation released a
19 study highlighting how the housing market is failing to
20 meet the needs of low-income families in California.

21 In Los Angeles County alone, we have a deficit
22 of nearly 400,000 homes for extremely low-income
23 renters. These are the most vulnerable residents in
24 neighborhoods. The families able to secure an
25 affordable housing rental unit go from being rent

1 burdened to spending an average of 70 percent of their
2 monthly income for rent to paying just 30 percent of
3 their income to rent.

4 Affordable housing provides stability to
5 families while enhancing the assets of the
6 neighborhoods.

7 While we believe that large banks have failed
8 to do their fair share of investment for affordable
9 housing development, at least some have made the
10 to improve access to capital and be partners in closing
11 the affordable housing gap for low-income families.

12 In these efforts one player has been absent,
13 and that player is OneWest. In their portfolio of
14 products, OneWest does not have a multi-family loan
15 product. And CIT already has plans to phase out their
16 low-income housing tax credit product.

17 OneWest and CIT were saved by U.S. taxpayer
18 subsidies and they have failed to return the investment
19 to communities they are required to serve. With so
20 families on the brink of homelessness because they are
21 severely rent burdened, we need every large bank to be
22 part of the solution.

23 Therefore, we oppose the merger as opposed and
24 urge the Federal Reserve to require that CIT and
25 develop a comprehensive and public CRA plan with

1 commitments proportionate to the size of the new bank
2 and that it is informed by broad community input.
3 you.

4 MS. GARDINEER: Thank you, panel.

5 I'd like to invite the next panel to come up,
6 please.

7 MS. KILLIAN: Thank you for coming. Just
8 checking to see how you would like your panel to be
9 timed, individually or as a group?

10 MR. SALINAS: Individually.

11 MS. KILLIAN: Okay. Thank you. And remember
12 to speak close into the microphone. Thank you.

13 PANEL 11

14 MR. SALAZAR: Good afternoon. My name is Mike
15 Salazar with the Bell Gardens Chamber of Commerce. And
16 I'm here to lend our support for the merger of the
17 OneWest Bank and CIT for the following reasons: They
18 have outstanding community outreach. A couple of
19 ago we had a meeting with a lot of the Latino Chambers
20 within the southeast city's area, and they offered to
21 help develop the business in the Latino community.

22 Myself, working with some of the major banks
23 the area have not really made that effort. This is the
24 first bank that I came across that has actually taken
25 the time to help out the businesses in the area.

1 Also another thing that really impressed me is
2 there's a commitment to opening up their opportunities
3 for small businesses to bid on some of their products
4 and services, like to become vendors. That was another
5 great thing that I really liked about the OneWest Bank;
6 their culture, their willingness to commit hours to the
7 community, have some of their -- they spoke about their
8 commitments to working with the schools, taking their
9 resources and educating the public and community about
10 what they can do to help the public. Thank you.

11 MS. GARDINEER: Thank you.

12 MR. SALINAS: Good afternoon members of the
13 panel. My name is Raul Salinas. I'm here representing
14 the Los Angeles Latino Chamber of Commerce. I should
15 say that I'm a lawyer here in the downtown area. I'm a
16 partner at a law firm called Alvarado Smith. Our firm
17 is the largest minority-owned law firm in the state of
18 California, and we believe in diversity and inclusion
19 does the Los Angeles Latino Chamber of Commerce.

20 We are in support to this proposed
21 But I would like to say that no large bank has a good
22 record in small business lending, even for the SBA, and
23 no bank can be all things to all people. Each bank has
24 its own product lines and its own niche it needs to
25 carve out.

1 A vast majority of the banks provide 1 percent
2 or less of the total business loan volume to black-
3 businesses, far less to Filipino-American or
4 Vietnamese-American-owned businesses. And although
5 there are over 3 million Latino-owned businesses,
6 Latino-owned businesses receive only 3 percent of the
7 dollar amount of small bank business lending.

8 For us, when it comes to small minority
9 businesses, the problem is even worse, virtually no
10 directly provides micro business loans or loans of
11 \$50,000 to minority-owned businesses. That was the
12 subject of an acquisition that was in today's Los
13 Angeles Times.

14 We support OneWest because it is committed to
15 developing innovative micro business lending programs
16 that are so needed in our community.

17 Virtually no bank is willing to commit to
18 securing outstanding community reinvestment rating.
19 I think it's important that we do push and encourage
20 those banks who are willing to step out on the ledge to
21 make that commitment. OneWest has pledged to be
22 outstanding in all the areas relating to community
23 reinvestment.

24 Today very few CEOs agree to meet with
25 community or minority small business leaders on a

1 regular basis. OneWest's CEO has already begun those
2 regular meetings with business leaders and has pledged
3 to continue to have those regular meetings and to
4 establish an advisory board that reflects the community
5 that it serves.

6 We encourage OneWest Bank to develop
7 relationships also with community banks, particularly
8 minority banks through loan participation agreements
9 through other programs that would rise the tide for
10 community banks as well as for OneWest as well.

11 So on behalf of the Latino Chamber of
12 we strongly endorse this acquisition. Thank you.

13 MS. ROCHA: Good afternoon. My name is Lily
14 Rocha. I am on the board of directors of the National
15 Latino Business Women Association, and I'm also the CEO
16 of the Sabor Latino Food Industry Trade Show.

17 I'm here in support of the merger. My story
18 a little bit personal. I agree with everything that
19 just been said. But, again, that commitment to the
20 Latin community, especially small business owners like
21 myself, is something that, yeah, I will definitely be
22 looking to OneWest to fulfill that commitment because
23 it's something that is so greatly needed in our
24 community.

25 I started my business a few years ago from my

1 life savings, and I'm completely grateful that it's
2 successful. But at the same time, we need to have
3 resources because it's been very, very difficult to get
4 to where I am now. And like I said, it's that kind of
5 commitment that we look for in our community because we
6 just don't have that support.

7 And banks that are actually stepping out and
8 making that commitment is something that we as a
9 community, the Latino community, it's something that
10 we're looking forward to because we strongly need that
11 in the community.

12 So as I said, as a small business owner, we
13 looking at OneWest to fulfill that commitment, and
14 that's something that I will be monitoring as a small
15 business owner, but I am in support of the merger.
16 Thank you.

17 MS. YACKO: So they say, once you get married,
18 you and your husband become one. So I'm Rod Yacko now.

19 So based on that thought, you know, it starts
20 at the head of a household. It takes accountability.
21 When the head is strong, when the parents are strong
22 they filter that to their kids, those values, they take
23 them into the world.

24 The same thing works for business. If your
25 head is strong, then the accountability goes through.

1 And the head of OneWest Bank is an outstanding man.
2 Joseph Otting is an amazing man who sticks to his word
3 and who wants to help minorities and who wants to help
4 small business owners, because he's accountable and he
5 takes that accountability to heart and he goes out and
6 he meets with small business owners to make sure that
7 their vision will become a reality. That means that
8 OneWest bank will be a responsible and outstanding
9 because that's his commitment. And for the type of man
10 that he is, we can take his word.

11 When you have a strong head, then the rest
12 follow. You know, we've heard some sad stories today,
13 and my heart goes out to them. But a lot of it has to
14 do with self-reflection. It starts at home. You know,
15 my husband and I are homeowners, and we experienced a
16 strong equity in our house, but we didn't refinance and
17 take out the money and do what we wanted to do, and we
18 didn't lose our home.

19 So you can't keep pointing to the banks and
20 saying the banks did this to us, the banks did this to
21 us. There was a lot underlying, but there's a lot that
22 needs to be looked at from within.

23 To that end, when you have a bank like OneWest
24 Bank who acquired a struggling bank and turned it
25 and made it an unbelievably profitable bank that

1 supports minorities and supports small business owners,
2 that's something that you want to support for the
3 because you have a responsible head there.

4 You have responsible ownership there. And to
5 that end, I know that Joseph Otting has committed not
6 only that he's going to make sure that his bank has an
7 outstanding rating, but he himself is going to be
8 outstanding, and I'll testify that he already has that
9 and he's already complied with his word. For that
10 reason we need to support this merger. Thank you.

11 MS. KILLIAN: Thank you.

12 MS. GARDINEER: All right. At this time we're
13 going to break for lunch. I think we have a 45-minute
14 break. I'd like to remind everyone that you are
15 to go back through the elevators to go downstairs and
16 back through the elevators on this floor to the
17 cafeteria here at the Federal Reserve if you'd like to
18 do that, and we will reconvene at about 1:20.

19 (The luncheon recess was had.)

20 MS. KILLIAN: Good afternoon. Thank you for
21 coming. Would you let me know whether you would like
22 be timed as a panel or individually? Individually.
23 Okay, great.

24 Also please speak very -- have the microphone
25 very close to you when you speak. It's really -- they

1 need that to pick up for the audio. Thank you.

2

3

PANEL 12

4 MS. DUONG: Good afternoon. My name is Jane
5 Duong, and I'm the Director of Programs and Advocacy
6 with National CAPACD, the Coalition for Asian Pacific
7 American Community Development.

8 Our organization represents a coalition of
9 nearly 100 communities, organizations and HUD-approved
10 housing counseling organizations throughout the
11 including many members here in Southern California.
12 They serve hundreds of thousands of low-income,
13 Asian-Americans and Pacific Islander households to
14 effectively access fair and safe affordable mortgages,
15 small business loans, financial products.

16 Our network develops other community assets,
17 including affordable housing and community spaces that
18 have historically been disinvested by bank

19 We would like to raise several major concerns
20 about the OneWest/CIT merger. First, OneWest and CIT
21 has failed to adequately invest in and lend to
22 low-income Asian-American, Pacific Islanders as
23 demonstrated by their mortgage lending and micro
24 business lending track record and historic failure to
25 support homeowners in San Francisco -- or Southern

1 California. Excuse me.

2 In addition, OneWest has failed to
3 through any publically available community reinvestment
4 plan, how it will adequately meet the gap in their
5 lending and investment -- gap in their lending and
6 investment record to our communities.

7 At 5.6 million, California is home to one-
8 of the entire nation's Asian-American population. Less
9 discussed is the growing population of Asian-Americans
10 living in poverty here in California, which is roughly
11 equal to the number of people living in the city of
12 Washington, D.C. As such, the failure of the bank to
13 develop a plan to affirmatively meet the needs of a
14 significant and growing part of California's population
15 should be pause for major concern.

16 Second, OneWest has failed to locate adequate
17 bank branches in low-income neighborhoods where
18 communities of color live, despite their assessment
19 including a high percentage of low-income households.
20 Instead the banks has shifted to an online banking
21 strategy for reaching our communities.

22 Research that our organization published with
23 the National Counsel of La Raza and the National Urban
24 League have found that low-income communities of color,
25 including Asian-Americans, Pacific Islanders, Latino

1 African-American households, continue to rely heavily
2 the bank branch network. They prefer in-person banking
3 relationships and are far less likely to use online
4 banking services unless complemented by a relationship
5 built through their bank branches.

6 Given this, the bank's plan to reach low- and
7 moderate-income households through online banking is
8 disingenuous and should be reconsidered.

9 We ask that the Federal Reserve and OCC
10 that CIT and OneWest develop a more comprehensive
11 community reinvestment plan that affirmatively states
12 how they will lend, invest and provide meaningful
13 services to low-income, Asian-American and Pacific
14 Islander communities as well as other communities of
15 color.

16 The plan should include strategies that
17 increase culturally and linguistically relevant
18 by high and qualified staff developing safe and
19 affordable products that allow low-income communities
20 have access to the financial mainstream and increase
21 investments to community-based organizations that are
22 building neighborhoods and communities.

23 It is not enough that OneWest works with a
24 handful of community groups in an effort to cover up
25 dismal record. We demand a more comprehensive and

1 genuine plan to address the needs in our community.

2 Thank you.

3 MR. MASAOKA: Good afternoon. My name is Mark
4 Masaoka. I am the Policy Director for the Asian
5 Policy & Planning Council or A3PCON. We're an
6 association of over 45 Asian-Pacific-American community
7 nonprofit organizations in Los Angeles County. We have
8 emphasis on serving a lower-income immigrant, refugee
9 and other disadvantaged populations.

10 Our member agencies work in teams and
11 committees that include housing and economic
12 development, older adults, mental health, children and
13 families, substance abuse and environmental justice.

14 The question before the Reserve is whether to
15 really strongly use the regulatory tools and authority
16 that you have to require a seriously comprehensive plan
17 by CIT and OneWest to meet both the spirit and the
18 letter of the Community Reinvestment Act.

19 We see that you have the opportunity to use
20 this process to review the grievances that have been
21 raised and require -- and look at the kinds of remedies
22 and require remedies to some of the grievances that
23 been raised.

24 These are some of the lessons from the
25 recession that we've seen. We know that in this past

1 recession, because there was a bailout that involved
2 billions -- hundreds of billions of dollars of public
3 funds. And within this process, the CEOs of financial
4 institutions were making salaries as much as \$1 billion
5 per year.

6 And I don't believe that the CEOs who were
7 making hundreds of millions in salaries were evil in
8 intent. But what they did have was a wide-open field,
9 weak regulation and a view that their good intentions
10 and the markets themselves would regulate -- would
11 regulate the system. And we know now that was not the
12 case.

13 We've already seen, from some of the initial
14 pushback, some of the initial opposition by many of the
15 organizations raising objections today that CIT and
16 OneWest have already made substantial improvements to
17 their initial presentations. And we believe that they
18 can go much further. We believe that if you look at
19 tools that you have, you should not be afraid to say,
20 no, this is inadequate and you need to see more.

21 I won't go into depth on some of the other
22 matters that many others have spoken to. The need for
23 better accounting and an improved rate of loan mortgage
24 modifications. Amongst our agencies, five of our
25 members provided foreclosure assistance in five

1 different Asian-American languages.

2 There is also the importance of small business
3 loans, and it's been mentioned by many. But for many
4 our community, the best path towards economic
5 self-sufficiency is through those loans.

6 And finally, the need for loans for the
7 developers of multi-family housing. Thank you.

8 MR. FONG: Thanks, Mark.

9 Good afternoon. My name is Ron Fong. I'm the
10 Executive Director of the Asian Pacific Islander Small
11 Business Program. We're a nonprofit collaborative
12 formed 15 years ago here in Los Angeles, by five
13 community-based organizations that sought to assist
14 mostly low-income Asian immigrants here in Los Angeles.

15 We're an SBA Women's Business Center serving
16 all of Los Angeles County. We are very good at that.
17 In 2011 we were the district, state and sole national
18 Women's Business Center Award of Excellence. And in
19 following year one of my staffers was honored as the
20 National Women's Business Counselor of the Year.

21 We serve all of LA County, but most of our
22 clients are, again, low-income Asian immigrants. And
23 the two things that most of them need are money and
24 assistance in language.

25 We've worked with a lot of CDFIs to help them

1 gain access to capital. VEDC has been a great partner,
2 CDC's Small Business Finance. We've worked with also a
3 lot of banks to help us bridge that language barrier.
4 Banks like Cathay Bank in particular who have helped us
5 with the translation of the Money Smart for Small
6 Business curriculum. Citibank has been a great
7 supporter as well. And Wells as well.

8 We find OneWest's track record in these areas
9 in terms of small dollar loan amounts and support for
10 technical assistance to be abysmal. According to my
11 colleague Robert Villarreal at CDC Small Business
12 Finance, OneWest has made zero loans for under \$100,000
13 in 2013. And in that same year, here in Los Angeles,
14 they made eight loans of less than 250,000, less than
15 half of the dollar amounts in low-, mod-income
16 neighborhoods.

17 We believe OneWest has done little or nothing
18 to really assist those organizations that serve micro
19 business owners in low/mod areas, and we believe that
20 they can do much better in their plan to support CFIs
21 that fill a much-needed niche in terms of lending small
22 dollar amount loans to small and micro entrepreneurs.

23 We don't believe -- we believe OneWest and CIT
24 has not demonstrated a commitment to the communities we
25 serve or the small business owners that we work with.

1 And, therefore, we implore the Federal Reserve to
2 require that OneWest and CIT expand their commitment to
3 lend to small businesses, particularly in low/mod
4 communities and communities of color. Thank you.

5 MR. CHAN: Thank you, Ron.

6 My name is Michael Chan, and I'm the President
7 of Asian, Incorporated, a nonprofit, tax-exempt
8 corporation that has been providing over the past 43
9 years development services.

10 We developed a thousand affordable housing
11 units. We've assisted over 15,000 low- to
12 moderate-income persons with limited English
13 proficiencies in securing homebuyer education,
14 foreclosure counseling and financial literacy training
15 throughout Northern California.

16 We also operate three minority business
17 development agency business centers in San Francisco,
18 San Jose and Fresno where we have helped hundreds of
19 minority business enterprises secure hundreds of
20 millions of dollars in contracts and access to credit.

21 With this track record of ours, we really feel
22 that we have achieved a deep understanding of the broad
23 community reinvestment issues that are being discussed
24 here today.

25 Now, based on this, Asian, Inc., is compelled

1 to currently oppose the CIT bank merger due to what we
2 see are significant structural flaws and limitations in
3 the CIT Bank/CRA benefits plan, which in our opinion
4 and should be remedied by CIT.

5 Now, we understand that this is a unique
6 of a retail bank, OneWest Bank based in Southern
7 California, and of an Internet, CIT Bank, which has
8 deposits anywhere. So this poses some unique CRA
9 challenges, particularly regarding the basic
10 CRA tenet that deposits collected from a community need
11 to be reasonably reinvested back into that community.

12 Yes, it is good to know that CIT will
13 Internet deposits in Southern California for a
14 reasonable reinvestment in Southern California. That's
15 a good start. But it also says that CIT can track
16 Internet deposits are coming from not only in Southern
17 California, but anywhere else in and outside of
18 California. So that CIT can track where the deposits
19 are taken and where those deposits could conceivably be
20 reasonably reinvested.

21 So the burden of proof is on CIT to show that
22 their CRA benefits plan can address the reinvestment of
23 deposits received outside of Southern California back
24 into reinvestments that impact disadvantaged low-,
25 moderate-income communities from where these deposits

1 came from.

2 Now, the reinvestment needs are just as severe
3 in Fresno, Stockton, Sacramento, Oakland, East Palo
4 Alto, San Jose, and any other California localities as
5 they are in Southern California.

6 So, otherwise, endorsement of the CIT CRA
7 benefits plan as is with these presumed flaws would
8 a wrongful message that conditions that may lead to
9 de facto redlining via the Internet cannot be
10 This would be a tragic precedent for CRA rankings of
11 Internet banks.

12 Their CRA plan needs to be revised to address
13 this systemic imbalance between the location of
14 and where community reinvestments are made. This is
15 where CRA regulations are maybe a step behind Internet
16 banking, but need to protect the intent and integrity
17 the CRA Act.

18 I think we all want to avoid redlining as an
19 unintended consequence. That is why it is so very
20 important to require CIT Bank to develop a more
21 transparent, realistic and comprehensive CRA benefits
22 plan that will benefit all of California's
23 disadvantaged, culturally diverse and limited English
24 proficient LMI communities that have deposits with CIT.
25 Thank you.

1 MR. GAYTON: Good afternoon. My name is
2 Fernando Gayton. I'm an attorney on the front lines,
3 and I'm going to explain what that means. I work with
4 the Legal Aid Foundation of Los Angeles, which has been
5 on the front line providing legal services to poor and
6 low-income people in Los Angeles County for over 85
7 years, with --

8 MS. GARDINEER: Mr. Gayton, can you get closer
9 to the mike, please.

10 MR. GAYTON: -- with six neighborhood offices
11 located in some of the most vulnerable neighborhoods
12 some of the hardest hit neighborhoods during the great
13 recession, Legal Aid Service diverse communities, and
14 it's often the first place thousands of poor people
15 to for legal assistance for a crisis that threatens
16 their shelter, health and livelihood.

17 Since the onset of the foreclosure crisis in
18 2007, Legal Aid attorneys have been at the forefront in
19 the fight against predatory lending practices, against
20 lenders who keep desperate homeowners spinning in an
21 endless cycle of loan modifications while quietly and
22 simultaneously foreclosing on their loans, and scammers
23 who steal precious home equity from vulnerable elderly
24 homeowners.

25 When the foreclosure crisis first hit in

1 California, California was an epicenter in the national
2 foreclosure crisis. Even at its early stages, it was
3 well known that the impact would be borne -- would not
4 be borne evenly across all communities. Indeed the
5 crisis had a disproportionate effect on the city's most
6 economically vulnerable.

7 In Los Angeles, the top ten most affected ZIP
8 codes are found in South Los Angeles where my office is
9 located and northeast San Fernando Valley, home to a
10 large number of low-income African-Americans and
11 Latinos.

12 Even as most reports show, the rate of
13 foreclosures has fallen as the economy improves. The
14 recovery has been far from even. In neighborhoods such
15 as South Los Angeles, the rate of homes being
16 on still continues to hover well above the county
17 average.

18 Even more troubling is a trend of private
19 equity firms and investors amassing large portfolios of
20 foreclosed homes and converting them into rentals for
21 the sole objective of taking as much profit from the
22 ventures as possible. This has left scores of
23 households especially vulnerable to abuse and neglect
24 from corporate landlords.

25 The impact of the great recession has had a

1 significant long-term impact on poor and low-income
2 communities throughout the city. It's impossible,
3 however, to ignore the realities of the racial
4 disparities in this context as the hardest hit
5 neighborhoods are also neighborhoods with residents
6 are predominantly Latino, African-American and
7 Asian-American.

8 The wealth-stripping effects that waves of
9 foreclosures have had on communities is staggering.
10 Some have estimated that nearly half of the collective
11 wealth of African-American families has been stripped
12 a result of the great recession.

13 So what does that mean? You've heard plenty
14 statistics. I can go on and on and on. I offer you
15 perspective from an attorney from the front lines,
16 someone who sees every day folks coming through my door
17 asking for assistance desperate to save their homes.

18 Many of our clients are elderly, victims of
19 fraud. We ask you to consider that this merger -- for
20 this merger to take place, there have to be commitments
21 to be part of the solution.

22 We urge the Board and the Federal Reserve to
23 withhold approval of the application and implore the
24 Federal Reserve to require that CIT and OneWest develop
25 comprehensive and publically written CRA plans with

1 commitments applicable to the size of the new bank that
2 also take into consideration errors of the past and the
3 benefits that it would receive from the public trust.

4 Thank you.

5 MS. GOLDEN: Good afternoon, everyone. My
6 is Dolores Golden. I'm in for Sherri Jackson, and we
7 are with the Multicultural Real Estate Alliance for
8 Urban Change, which is a community-based organization
9 here in Los Angeles. We were formed in 1992 after the
10 Rodney King riots.

11 Our mission is to stop redlining in real
12 practices. And we are on the front line. Our members
13 are brokers and agents and real estate related service
14 providers, and they knock on our door and ring our
15 when they're losing their house.

16 We also want to make sure that the mortgage
17 holders -- make sure that the homeowners know and are
18 properly noticed that their home is in foreclosure,
19 because that's part of the problem. People do not get
20 the notice that their home is in foreclosure, and the
21 next thing they know somebody is knocking on their
22 So we want to make sure that that happens.

23 The other thing is short sales. We need to
24 make sure that the banks respond in a timely manner to
25 us real estate people when we're trying to help a

1 homeowner get a short sale, because sometimes it can
2 take -- I know people that have horror stories of a
3 or two years with a short sale trying to get an
4 approval.

5 The other thing is, when it does go to
6 foreclosure and it is an REO sale, we want to make sure
7 that brokers and agents that live in the community that
8 the property is in get to list that property. They're
9 using major lenders and major real estate offices that
10 do not service the community. You pass ten of us that
11 look like me to get to one of them, and the house is
12 right around the corner. It doesn't make any sense.
13 want to make sure that we have equality.

14 We want to make sure that the community
15 nonprofits are given grants so that they can enrich the
16 community with financial literacy beginning in the
17 schools and for the adults that are trying to be
18 homeowners and are homeowners.

19 We want to make sure that you use the CRC
20 of community organizations that are throughout
21 California that can provide these services. They're
22 already in place. We want to make sure that marketing
23 and techno knowledge is given for the small business
24 people so they so that they can maintain a
25 community-based small business.

1 they are Latino, low-income earners. So our churches
2 and our members need a friend, a bank that is willing
3 work with them.

4 So our Latino Assembly of God churches would
5 like to speak in favor of this merger for the following
6 reasons: Number one, unlike most banks, the CEO of
7 OneWest Bank has pledged to meet with our pastors, our
8 members, on a regular basis. And he has already met on
9 several occasions with our pastors and members in our
10 Latino churches.

11 In fact, the CEOs of OneWest and the company
12 acquiring it, CIT, will -- will meet with us this
13 afternoon at 4:00 p.m. right -- right after the hearing
14 to discuss how we can continue working together.

15 Also OneWest has committed to doubling its
16 philanthropy to the poor and needy. If every bank will
17 follow this, an additional 900 million a year will be
18 available to nonprofits and to our Latino churches.

19 We find in Proverbs 19:17, "Whoever is
20 to the poor lends to" -- "to the Lord."

21 So in closing, I would like to state that
22 OneWest has also committed to being in the forefront of
23 banks working with our Latino businessmen and our
24 pastors and our members and to help our youth graduate
25 from high school, from graduate -- and also from

1 universities.

2 This include being a lead sponsor in the
3 Evangelical Church Immigrant Youth Conference that is
4 coming soon in our city of Santa Ana on April 28. So
5 our Hispanic Assembly of God Churches, we speak in
6 of this merger.

7 MS. VALENZUELA: Hi, good afternoon. My name
8 is Marisa Valenzuela and I'm a housing counselor with
9 the National Asian American Coalition, a nonprofit
10 organization. I work at the San Diego office since
11 as a counselor, and I'm responsible for processing and
12 submitting the loan modification packets to the
13 appropriate servicer.

14 After receiving the files for the loan
15 modification, I have to communicate with the servicer
16 follow up on this needed file. It is very helpful when
17 the servicer assigns a point of contact for each
18 submitted file for the follow-up.

19 In my experience, communicating with all of
20 servicers, OneWest Bank has always been very responsive
21 from confirmation of a submitted file to a prompt
22 response on any of the follow-ups for any status
23 updates.

24 My single point of contact for several years
25 with OneWest Bank has been Francis Mack, and he has

1 always provided excellent and outstanding professional
2 service for all the communications.

3 OneWest Bank approved for a loan modification
4 100 percent of our files. That is in my opinion as a
5 counselor. And what I mean is that these 100 percent
6 approval is that every single file that I submitted or
7 that we submitted from our office for the loan
8 modification that met the criteria such as a high APR,
9 high monthly payment or sufficient income to maintain
10 the mortgage payment has been approved, thus helping
11 homeowner to keep their home.

12 Unfortunately, not every single file submitted
13 can be approved for a loan modification, and some of
14 files have been denied. But the reasons for the
15 were just, in my opinion, because they -- the DTI was
16 very high, there was a lack of income, or the default
17 loans were extremely high due to nonpayment of mortgage
18 for several years.

19 I'm here to help OneWest Bank to merge. Thank
20 you.

21 MS. GONZALEZ: Good afternoon. My name is
22 Yanet Gonzalez, and I'm with Templo Clavario Community
23 Development Corporation. Thank you so much for your
24 time. I know it's after lunch and it's a long day, so
25 thank you for being here to hear all of our opinions.

1 Before I begin, I would like to ask if I can
2 hand these letters to one of you. These letters are
3 from the hundreds of supporters that were not Latino
4 supporters from the city of Santa Ana that were not
5 to be here today, but they are in favor of the merger
6 and they have stated that in these letters. May I do
7 that?

8 MS. GARDINEER: If you would, provide them to
9 the registration desk, and then they will be a part of
10 the record.

11 MS. GONZALEZ: Wonderful. Thank you.

12 Like I mentioned, my name is Yanet Gonzalez
13 I work with Templo Calvario CDC, that's short for
14 Community Development Corporation. We focus in three
15 main areas in Santa Ana, and that's education, home
16 ownership and financial literacy.

17 And although Templo Calvario is a church of
18 over 6500 member, the nonprofit -- the CDC is a
19 nonprofit that operates in the city of Santa Ana. It's
20 been there for over ten years, and we are very deeply
21 involved with the city. We know the problems there.
22 know the needs there. And we have programs that speak
23 to the needs.

24 I myself grew up in Santa Ana, so I know
25 personally the hardships of growing up in the city.

1 that is one of the reasons why I am thrilled to be here
2 to support the OneWest and CIT merger.

3 Santa Ana was designated as one of the poorest
4 and hardest cities to live in in America. And like I
5 mentioned before, I grew up there. I know what it's
6 like to be in the middle of trying to go to college and
7 parents not being financially literate and enabling us
8 and supporting me to do that.

9 And OneWest, one of the things that I am just
10 excited about that OneWest is doing is they are fully
11 supporting financial literacy. They are committed to
12 working with youth in Santa Ana and communities like
13 Santa Ana.

14 There are many characteristics that Santa Ana
15 has that a lot of other communities face, and financial
16 literacy, the unbanked, the under served. And so I
17 think when I speak for Santa Ana, I speak for a lot of
18 the under-served communities. And I truly believe that
19 OneWest has committed and will keep their word when
20 they've said that they want to work with the community,
21 that they want to make a difference.

22 Joseph Otting has committed to working in the
23 city of Santa Ana, but has personally also invested
24 to help bring awareness about the different ways the
25 community of Santa Ana can benefit from CRA as well as

1 programs that OneWest has to offer.

2 OneWest is already at work in many of our
3 communities through programs that promote financial
4 literacy, education, home ownership and small business
5 development. These are programs and resources that
6 Santa Ana needs, that LMI communities like Santa Ana
7 need. And OneWest is willing to work with these
8 communities.

9 They are willing to work with us, so I urge
10 to please allow them and give them the opportunity to
11 so by approving this merger. Thank you.

12 MS. GARDINEER: Thank you.

13 MS. CARREON: Good afternoon. I'm Bella
14 Carreon, Housing Counselor for National Asian American
15 Coalition. I'm also the housing program manager for
16 Southern California, Nevada, and Daly City office.

17 As a counselor, helping a homeowner keep their
18 home is the most ardent part of our job. What is more
19 gratifying is knowing that the lender like OneWest is
20 there to support you in any way that they can. I say
21 this because we have one point of contact for general
22 inquiries and submission, Francis Mack, and one point
23 contact for escrow issues like trustee sales.

24 They always respond to our calls. Once we
25 submit, they confirm receiving them, making sure that

1 documents are lost. So for our present stage of loan
2 approvals, we have about approximately 60 percent.
3 make sure that the 40 percent that were denied are not
4 modifiable due to nonaffordability where the lender has
5 no control of it. They also communicate to us reasons
6 for the denial in a timely manner.

7 My overall experience with OneWest has been
8 very positive. It makes our job easier because they do
9 everything that they can to help me help the homeowner.
10 We need more lenders to help -- to follow the examples
11 OneWest Bank has set. I would like to read a letter
12 from one of the homeowners.

13 "To whom it may concern, I Eugene De Leon and
14 wife Ursula De Leon would like to share our experience
15 with OneWest Bank during our loan modification process.
16 We are behind for almost a year. We didn't think our
17 loan would ever be modified. My wife and myself are
18 both retired and almost in our 70s. We did not know
19 what to do with our son who is disabled if we were to
20 lose our home.

21 "We were blessed just working with National
22 Asian American Coalition who was very patient with us
23 putting together the documents. The process was very
24 smooth with Frances Mack with OneWest Bank. They
25 approved us for the permanent loan modification. Our

1 monthly payment was lowered including taxes, insurance
2 which made it affordable for us. This means a lot to
3 us. We are able to keep the home we that we worked so
4 hard for our family.

5 "Our country needs banks like OneWest Bank.
6 Without their support and the assistance of NAAC we
7 would have been homeless. Thank you. Respectfully
8 years, Eugene and Ursula De Leon."

9 MS. GARDINEER: Thank you.

10 MR. LE: Good afternoon, my name is Eric Le.
11 am a Marine veteran and a small minority business
12 I'm also the CEO of 2 Brothers Construction. I support
13 this merger.

14 Someone said earlier we need banks that serve
15 the communities and regulators that ensure mergers
16 provide community and public benefit, not just investor
17 enrichment. Well, one OneWest is that bank. They are
18 the one that are doing that.

19 This whole merger thing, I'm not really sure
20 about, but I do know that one thing. I know that
21 OneWest Bank has a hero amongst them. That's Joseph
22 Otting. He has provided more opportunities for a
23 minority business like myself, a Marine veteran who's
24 been on the streets, back in the work, giving us the
25 chance and opportunity to not only provide us with

1 right, but provide the finances where I can support my
2 community.

3 We just had a festival, a Tet festival where
4 over 80-, 90,000 childrens, families showed up.
5 of OneWest and their opportunity they have given me, I
6 was able to give that back to the community around me.

7 No direct relationship, just the fact that we
8 know that OneWest has been that institutional element
9 my life that has been able to move not only myself, but
10 for all the community around me.

11 If you think about what a hero is, Joseph
12 Otting is my hero as of today. Why? Because he stood
13 up. He gave me opportunity. He gave me the
14 to thrive, to be a business owner, to overcome all the
15 fear that can -- a minority business like myself,
16 somebody that has nothing, somebody that comes from
17 nowhere, can barely understand the concept of contracts
18 and negotiation. He gave us an opportunity. "Us"
19 meaning my community. The Vietnamese community of
20 California really appreciates the fact that we have a
21 hero amongst us today.

22 If you approve this merger, that would be
23 making you the heros of today as well. Being a hero
24 only is for yourself, but it's for your children and
25 everybody that's around you. Your children will see

1 fact, because my children see that I see a pic- -- when
2 they see a picture of Joseph Otting on my phone, they
3 say, Dad, who is that? You know that really touches me
4 when I tell them, that is the person that puts food on
5 our table. That is the person that puts a roof over
6 head. When all is lost, a hero appear amongst us.
7 That's Joseph Otting.

8 I have nothing more to say besides the fact
9 that with all the regulations and everything that's
10 going on, they're going to do the right thing, because
11 they have the leadership. They have the potential.
12 the leadership sits here.

13 And he wants to know what he can do to make a
14 difference. We let him know where he can make a
15 difference. He will make a difference. He is a man of
16 his word.

17 We're not talking about the banking
18 institution. We're talking about the community. We're
19 talking about the people that affects the heart. We're
20 talking about the food that goes on our table. We're
21 talking about the outreach, that have to reach.

22 Joseph indirectly reaches people all over
23 California, all over San Diego through me. I'm not
24 to promote him. I'm here to make sure that the right
25 thing is done. But in the saying, heros are made every

1 day, and right here my hero sits in front of me.

2 And that is the reason why I'm here to testify
3 that he has not only saved, first of all, a disabled
4 Marine veteran, a father, a minority business owner and
5 everything else that compasses with it.

6 Everyone should understand that life's battle
7 never wins. You can't be the strongest and win every
8 time. But every time you go up and you try, you'll
9 But for me I failed many times.

10 Joseph and OneWest Bank has given me the
11 opportunity to bring back, to bring back the
12 opportunities for everyone. And I'm not only speaking
13 here for myself, but for every job -- every person I
14 give a job to and every person I speak to. Thank you
15 for your time. Thank you, Joseph Otting.

16 MS. GARDINEER: Thank you. I'd like to ask
17 next panel to come up, please.

18 MS. KILLIAN: Good afternoon. Thank you for
19 coming. Would this panel like to be timed individually
20 or as a group?

21 MR. FARNHAM: Individually.

22 MS. KILLIAN: Okay. Thank you very much. And
23 please remember to speak directly into the microphone.
24 Thank you.

25

1

PANEL 14

2

MR. FARNHAM: Hi, my name is Ronald Farnham,
3 and I am speaking on behalf of Lee Birnbaum. He's in
4 Florida; Lutz, Florida, right now working and he
5 couldn't be here.

6

His comments in his letter are: "I wish I
7 could attend this meeting. I live in Florida, and I
8 will be working. But I want you to have my statement.

9

"If the sale of OneWest Bank goes through and
10 all of the complaints are lost, it will be a travesty.
11 I had a loan with IndyMac, which was then bought by
12 OneWest. Because of the way the loan was structured,
13 after the third year, the payment more than doubled. I
14 asked for a refinance of my loan.

15

"They, OneWest Bank, who was servicing the
16 loan, put me in touch with their loan modification
17 department. I didn't need a modification. I needed a
18 refinance. But by putting me in the modification
19 process, they were able to put me in default and
20 foreclose to take my house.

21

"In the modification process, they told me I
22 had to not pay for two months to qualify. That put me
23 into default. They told me not to worry, that this is
24 what I had to do. My loan mod was for three months. I
25 was told if I pay on time and followed all the rules, I

1 would get a modification.

2 "I was in the loan modification process for
3 months paying on time. They then denied me the loan
4 because they say they did not receive a fax from me of
5 my pay stubs. Ten months of on-time payments and
6 them everything that they asked for. Also I sent them
7 fax, and I sent that fax, and that was blatantly not
8 true. That fax was sent.

9 "They foreclosed on me. They attempted to
10 auction two times. There was dual tracking and
11 foreclosure when in loan mod.

12 "I'm a member of a group called IndyMac
13 Complaints, a group of 450 people that these same
14 have happened to. Thank you. Sincerely, Lee M.
15 Birnbaum."

16 MS. GARDINEER: Thank you.

17 MR. ROSENBERG: Good afternoon, Panel. My
18 is Steven Mark Rosenberg. I'm speaking against
19 opposition of this merger.

20 First of all, I'd like to share my sincere
21 thanks for your respective time to show up here. In
22 words of an intern that I had under my tutelage when I
23 was with the Department of Airports Ground
24 Transportation, he was from Japan National Railway
25 Association. He said, You need to get out of your

1 office and look at the problem.

2 Well, I'm telling you right now, you've heard
3 lot of problems right now, particularly Panel 7 and
4 everybody else who has spoken against opposition, not
5 the people who have been paraded around here who have
6 and don't get me wrong. I fully believe in American
7 commerce, but the hard-line, front-line people who have
8 suffered from egregious actions on OneWest Bank, it's
9 unbelievable.

10 Let me share you some anecdotal real
11 experiences here. Here's a check right here for \$25,
12 okay? What's this \$25 represent? This is OneWest Bank
13 feeling of wrong under the Independent Foreclosure Act,
14 whereas this is a real \$300 check that the other
15 servicers did to the other homeowners. OneWest Bank
16 found to generate this \$25 check, a 95 cent error in
17 incorrect fees. They did not go with the rest of the
18 servicers to make a blanket category. No, they wanted
19 to individually review each one.

20 The foot dragging that was involved, the
21 of money that Rust Consulting got far, far exceeded the
22 damage on these people.

23 Now let me share another egregious example of
24 why this is too premature. These people, OneWest Bank,
25 are jettisoning out their troubled portfolio so they

1 don't have to deal with it. You will be facilitating
2 enabler if you approve this right now.

3 What needs to be done is investigative
4 of OneWest Bank. For instance, back in February of
5 year, they converted from an FSB to a national
6 association. I can guarantee, you can go to any
7 national recorder, local recorder or any courtroom in
8 this America right now and you will see they are still
9 submitting FSB. OneWest Bank, FSB. They're submitting
10 false. That's why I kind of wear this T-shirt because
11 they're committing fraud.

12 I will be putting this -- here's an exact
13 example. Right here it's a substitution of attorney.
14 It says OneWest Bank FSB, but right here on the very
15 bottom OneWest Bank NA. You and I have to follow the
16 rules. They're not following the rules.

17 I'm urging you, this is too premature. They
18 must be given a lot of scrutiny. I wrote to the
19 consumer board when this \$25 check came out. I said,
20 look into this. All I heard was crickets. God help
21 guys if I hear crickets here. Occupy septo. This is
22 childhood home that I've been fighting for. My dad was
23 a horrendous victim of outrageous elder abuse.

24 If this is approved as it is, I can guarantee
25 you, the school across from me is an elementary school.

1 I got beat up by bullies then. I'm getting beat up now
2 by bullies here that are literally in this courtroom --
3 I mean in this hearing. Thank you.

4 MS. RAO: Hi, my name is Divya, and I'm with
5 CRC. I know this has been a long day, so thank you for
6 hearing testimony.

7 I'm going to be talking about the increase in
8 systemic risk associated with the proposed combined
9 entity we're talking about today. This proposed
10 combined entity will meet the \$50-billion dollar
11 threshold to be considered a systemically important
12 financial institution and it as such will pose risk to
13 the financial system based on its interconnectedness,
14 potential balance sheet anomalies and inadequate
15 safeguards on SIFI banks.

16 CIT's interconnectedness underlines its
17 systemic importance and the risk it would pose if it
18 failed. CIT was a deeply interconnected entity before
19 it went through bankruptcy, and this likely complicated
20 bankruptcy procedures. A GAO study entitled "Complex
21 Financial Institutions and International Coordination
22 Poses Challenges" noted that the attributes of complex
23 financial institutions such as highly liquid sources of
24 funding, uses of derivatives and complex legal
25 complicate bankruptcy procedures. And it used CIT

1 as an example of this complication. Interconnectedness
2 was a huge factor in CIT's bankruptcy.

3 Additionally, prior to bankruptcy, when CIT
4 sought an additional disbursement of TARP funds, CIT
5 leadership argued that these funds were necessary
6 because CIT was systemically important and its failure
7 would harm the economy.

8 In light of this interconnectedness, the
9 larger, more complex proposed combined entity will
10 represent a greater risk and must be subject to an
11 enhanced level of scrutiny.

12 Additionally, CIT's balance sheet may present
13 unique concerns that regulators should evaluate
14 carefully in considering this proposed merger. Basel
15 Committee notes that a bank with highly complex
16 operations is more difficult to resolve and has a
17 broader impact when it fails. The Basel Committee uses
18 Level 3 assets as one measure of this complexity.

19 Accordingly, their counterpart Level 3
20 liabilities likely also represent a resolution
21 challenge. According to a news article on
22 CIT Group has a value of Level 3 liabilities that is
23 significantly out of line with its peers. Importantly,
24 while the value of these liabilities is extremely high,
25 the number of liabilities do not appear to be

1 significantly out of line with its peers and neither do
2 the number or valuation of these Level 3 assets.

3 Further, the valuation of Level 3 liabilities
4 spiked in 2008 during the financial crisis and
5 immediately before CIT Group declared bankruptcy.
6 Though this is not conclusive proof of wrongdoing, both
7 the outlier nature and the sharp spike that coincided
8 with the major financial crisis is highly suggestive
9 that a high valuation of Level 3 liabilities may
10 indicate an accounting anomaly or volatile internal
11 situation. Okay. Thank you.

12 MS. GARDINEER: Thank you.

13 MS. REILLY: Good afternoon. Thank you for
14 opportunity to testify today on behalf of Peter
15 the Executive Director at the Community and Shelter
16 Assistance Corp., a d/b/a CASA of Oregon.

17 My name is Maggie Reilly. And I'm the
18 of lending at CASA. CASA is a six-and-a-half million
19 dollar community development financial institution, or
20 CDFI, certified by the U.S. Treasury. We operate in
21 Pacific Northwest providing loans for rural housing and
22 community facilities development and cooperatives.

23 We are development consultants providing
24 nonprofits and housing authorities with technical
25 in the construction of affordable housing, particularly

1 serving agricultural workers and other rural minority
2 and under-served populations. We've completed over
3 1,500 units of housing in 24 communities serving more
4 than 5,000 individuals.

5 We also operate the nation's -- or one of the
6 nation's largest individual development account
7 collaboratives or IDAs. And IDAs afford low- to
8 moderate-income households the opportunity to save for
9 home, start a business or pursue a post-secondary
10 education. IDA savers are matching funds for every
11 dollar they save.

12 In working with local financial institutions,
13 CASA has enrolled more than 4,500 individuals in the
14 program and had over 2,400 individuals graduate from
15 that program.

16 Finally, we have assisted the residents of
17 seven manufactured home communities representing 450
18 households to form cooperatives and ultimately purchase
19 the land under which their homes are located.

20 CASA has three key issues with this merger.
21 First, CASA is concerned that the proposed merged bank
22 has not identified all the areas where they accept
23 deposits as part of their CRA assessment area. Given
24 that multi-millions are from outside the proposed
25 assessment area, we believe that this area should be

1 more comprehensive.

2 Banks in general are providing less funding to
3 CDFIs in the form of equity equivalent investments or
4 EQ2s. Many can get more CRA credit via investments in
5 low-income housing -- low-income housing tax credit,
6 LITHC, affordable housing projects where they get a
7 larger dollar amount per investment. And they're
8 receiving up to 7 percent IRR versus the 2 percent via
9 an EQ2.

10 OneWest and CIT provide very few EQ2 loans
11 we know about. And it is unclear what their CRA plan
12 in the future and what they will provide. CASA
13 currently has \$750,000 in EQ2 from Wells Fargo and a
14 \$500,000 EQ2 from U.S. Bank. We rely on these heavily
15 to support our loan fund.

16 Finally, few banks are investing in rural
17 areas, thus it is important that any determination of
18 the assessment area includes the rural communities
19 banks accept deposits. Both CIT and OneWest have a
20 track record in supporting these communities.
21 Therefore, and unless the CRA plan is comprehensive,
22 public and commensurate with the much larger size of
23 proposed bank, CASA opposes this merger.

24 Thank you for your time.

25 MS. GARDINEER: Thank you.

1 MR. HAYES: Good afternoon. I'm Glenn Hayes,
2 President and CEO of NeighborWorks Orange County.
3 NeighborWorks Orange County was established in 1977
4 the help of the Urban Reinvestment Task Force.

5 In the ensuing years, we have worked in
6 partnership with many banking institutions, local
7 governments and community residents to improve troubled
8 neighborhoods develop affordable housing -- and develop
9 affordable housing. We have been successful because
10 banking community has taken seriously the
11 responsibilities under the Community Reinvestment Act.

12 Working together we have found new ways of
13 bringing responsible banking and lending services to
14 first-time homebuyers, developed affordable housing and
15 rental properties. And when the housing crisis came,
16 geared up to assist homeowners to avoid foreclosure --
17 assist homeowners and the lenders to avoid

18 I emphasize that we have worked in partnership
19 with the lending community. It has been a successful
20 partnership for more than 35 years. That is because of
21 the responsible activities of the CRA.

22 I'm a very reluctant participant in this
23 hearing. OneWest Bank is a financial contributor to
24 program. We plan to work with them in the future.
25 However, the community investment community and

1 plan that the bank has proposed is woefully lacking.

2 I'm particularly disappointed that OneWest
3 management has refused to work with the members of the
4 California Reinvestment Coalition to revise and
5 strengthen that plan. I believe that good things
6 when people of good will and mutual respect meet and
7 work to resolve differences.

8 I ask that you postpone the decision for the
9 proposed merger and encourage OneWest management to
10 work with the members of the California Reinvestment
11 Coalition to discuss and revise the community benefits
12 plan. Thank you.

13 MR. QIAN: Hi, my name is Kent Qian. I'm a --
14 I work for the National Housing Law Project. Thank you
15 for taking your time to hear my testimony.

16 NHLP will work for the housing rights of
17 low-income homeowners and tenants. We also are proud
18 our work in helping to pass the California Homeowner
19 Bill of Rights, which helps homeowners to ensure that
20 they get a response on their loan modification before
21 any foreclosure can take place.

22 What I'm here to talk about is how OneWest
23 addresses the Homeowner Bill of Rights. And
24 it says that it doesn't have to solely because it's a
25 federal savings bank.

1 I'll give you two examples. One example was
2 from a case where OneWest got a complete loan
3 modification from a homeowner and yet still foreclosed
4 after mishandling his loan modification. But when the
5 homeowner sued, which is their right under the
6 California Homeowner Bill of Rights, OneWest simply
7 said -- doesn't deny that this happened. It simply
8 that the Homeowner Bill of Rights doesn't apply to
9 and it's preempted by federal law. And it's continuing
10 to arguing this on appeal to the Ninth Circuit.

11 In another case something similar happened.
12 This is a case in Marin where a homeowner was told that
13 a loan modification is under way and the loan
14 modification would be reviewed, but yet three days
15 OneWest foreclosed on his home. But yet, then again,
16 when the borrower sued, OneWest says it doesn't have to
17 comply with California law because it's a federal bank,
18 federal savings bank. Fortunately, in that case, the
19 judge disagreed with OneWest and allowed the lawsuit to
20 proceed.

21 And these two cases are not unusual. In most
22 cases I see with OneWest, it claims that -- the bank
23 claims that it doesn't have to follow the California
24 protection for homeowners that we worked so hard to
25 pass.

1 Founded in 1967 as a storefront clinic, Saban
2 Community Clinic today is a premier community health
3 center that provides comprehensive medical care, dental
4 care, behavioral health counseling and social services
5 to more than 21,000 children, teenagers and adults in
6 Los Angeles County.

7 For more than three years OneWest Bank has
8 helped the clinic to continue to provide healthcare and
9 social services to the medically indigent and under
10 served. During this time, OneWest helped the clinic
11 provide thousands of patients and visits to individuals
12 who are extremely low income. 98 percent of the
13 families that we serve report living at or below
14 200 percent of federal poverty level.

15 Additionally, with the support of OneWest
16 the clinic has been able to connect with and outreach
17 thousands of individuals in the community to provide
18 preventative health education materials and health
19 The clinic was able to do this through its partnership
20 with OneWest Bank as well as partnerships with local
21 schools, service agencies and medical facilities.

22 The clinic is proud to have the support of
23 OneWest Bank. Without its strong support, the clinic
24 would not be the vital healthcare resource that it is
25 today. Saban Community Clinic fully recognizes the

1 positive impact OneWest has had on our organization and
2 the patients that we serve. We truly feel grateful and
3 proud to be working together to help provide quality
4 healthcare services to individuals in Los Angeles who
5 depend on us. Thank you.

6 MS. LEE: Good afternoon. My name is Kuk Wha
7 Lee. I'm the Chief of Pediatric Endocrinology at UCLA.

8 I just want to say that everyone in this room
9 probably knows somebody with Type 1 and Type 2
10 and these children take a lot of taking care of, you
11 know, from various social services to nutritionists to
12 physicians to certified diabetes educators.

13 And whereas we have been on the forefront of
14 the research end of diabetes, we are continually trying
15 to grow our clinical aspect now to cover -- and be on
16 the forefront of better healthcare delivery for Type 1
17 and Type 2 diabetes, as the medical milieu is changing.

18 We were very happy to be the recipients of a
19 grant from OneWest to support our diabetes clinic at
20 UCLA. We follow about 600 children with Type 1 and
21 Type 2 diabetes. About 60 to 70 percent of them are
22 from under-served populations. And as you can imagine,
23 this puts a huge strain on the services that we

24 The purpose of the grant that we received was
25 twofold. Number one, we wanted to develop a database

1 all of our diabetes patients, tracking outcomes and
2 interventions and doing this on our small cadre of
3 patients so that we would be able to integrate with the
4 electronic medical record that has come online at UCLA.

5 And secondly, to expand the scope of the
6 psychosocial services that we provide these children as
7 many times as what we do on the medical side. It's
8 small compared to the support we provide on the
9 psychosocial side. As you can imagine, a traumatic
10 family translates into poor control of diabetes.

11 I can tell you we were very happy to partner
12 with OneWest and we set up the diabetes database. And
13 over the first year and a half, we have met to track
14 these issues of glycemic control in these children.
15 because we would be able to identify specific
16 under-served children that needed help with
17 transportation, social services, all of those types of
18 things, we were able to increase their attendance to
19 diabetes clinic by 46 percent over the past year and a
20 half.

21 Also we were able to increase by 37 percent
22 number of them that are achieving targets of the
23 measures of their diabetes control in our database.

24 And finally, we decreased by 23 percent the
25 number of their ER visits and hospitalizations.

1 So I'm just very happy to tell that you what
2 plan to do with this database is that the U.S.
3 Government has established a new funding agency to look
4 at medical outcomes. And we hope to be on the
5 of diabetes care.

6 And through a program called UCLA BRAID, which
7 we are putting through a grant right now to connect the
8 UC systems in these diabetes database to gather a
9 amount of children to be able to track these outcomes
10 and what are the important things that lead to
11 school attendance, less ER visits in all of these
12 things.

13 So I thank OneWest very much for their support
14 of our program at UCLA.

15 MS. GARDINEER: Thank you.

16 MS. INGRAM: Good afternoon. My name is
17 Ingram, and I'm Vice President of Philanthropic
18 Partnerships for MIND Research Institute.

19 Our mission is to ensure that children are
20 mathematically equipped to solve the world's most
21 challenging problems. And we do that through math
22 education, and there's much research that shows that
23 helping children become proficient in math, in fact,
24 leads to greater high school graduation rates and more
25 opportunities, especially in stem fields where

1 80 percent of future jobs are projected to grow.

2 We focus specifically on working with
3 under-served populations. And we currently serve
4 800,000 students across the United States through our
5 ST Math initiative which focused here on LA and Orange
6 County. We had a multi-million dollar initiative which
7 OneWest contributed \$300,000 toward. And through that
8 initiative, we were able to impact 115 schools locally,
9 2200 teachers and 65,000 students predominantly
10 throughout Santa Ana, Orange County and Los Angeles.

11 And the impact of that money was profound. We
12 saw an improvement in math proficiency from 31 percent
13 to 67 percent in just two years, which effectively
14 closed the achievement gap for those students in
15 Santa Ana.

16 Additionally, in LA we saw the number of
17 students who scored proficient in math double in a very
18 short amount of time. That wouldn't have been possible
19 without this investment. This is an investment in not
20 only something as quantifiable as math scores, but
21 qualitative in terms of the opportunities that these
22 children are being afforded.

23 And so for that, we support their merger. We
24 appreciate the work that they're doing in the
25 and we encourage them to continue to do more. Thank

1 you.

2 MS. GARDINEER: Thank you.

3 MR. MENCHACA: Good afternoon. My name is
4 David Menchaca, and I'm with the United Way of Greater
5 Los Angeles.

6 Thank you joint panel for this hearing today
7 and a special thanks to the folks working behind the
8 scenes that have made this day so seamless. Scott and
9 everyone else that's been here today have done a
10 wonderful job.

11 So I'm a native of Southern California. I've
12 been with United Way for 23 years. I have dedicated my
13 life to serving my community and helping people. And I
14 come here today to talk about the importance of this
15 merger and what it means in terms of economic
16 opportunity to our community.

17 We are seeing a rebound locally. And the
18 economic growth that's happening here in our region is
19 welcome, is needed and it's an opportunity to embrace
20 something new. A bigger bank in our region could only
21 bring more opportunity to our people. And that's who I
22 think about as we sit here today are the people that
23 looking for opportunity, that need work, that could
24 benefit from this merger. So I'm here to speak on
25 behalf.

1 And while OneWest obviously are, based on the
2 comments today, have had struggles and challenges
3 the mortgage crisis, I think everybody faced challenges
4 during that time. I don't think anybody could walk in
5 and say that they weren't impacted in one way or
6 another.

7 With our growing economy, with the
8 starts up and the potential to bring an NFL team back
9 Los Angeles, now is the time to embrace new
10 opportunities and to bring economic vitality to our
11 people and our region.

12 The second reason that I speak in favor of
13 is I like the idea of the California Advisory Council
14 and us working together, that we can all share a part
15 this conversation of how to improve conditions for
16 people in our community.

17 And I -- you know, United Way serves as a host
18 to the AEI, the Alliance for Economic Inclusion, so we
19 are very integrated into a lot of things that are
20 happening on the financial side in our community. And
21 we see this as a great opportunity to do more.

22 And I want to do a shout-out to Mary Durand if
23 she's still here. She runs a great AEI in LA, and
24 very blessed to have her.

25 And to some of the comments earlier, United

1 was a partner long before the merger was announced. So
2 I would gently argue with some of the previous comments
3 about being a last-minute play and a lot of stuff being
4 thrown in at the last minute.

5 OneWest has been a partner with United Way for
6 many years, which brings me to my final point, which is
7 having an opportunity to spend time within the four
8 walls of the institution as a person who's been to
9 several branches, who's been to the corporate office.

10 Some of the things that I see is a sense of a
11 wonderful corporate culture. I see people that are
12 working hard to make life better for themselves and
13 their community. I see moms and dads and brothers and
14 sisters and people that work for the company that are
15 innovative and they're creative and they're always
16 thinking of ways to do more and do better. I know that
17 satisfactory is not acceptable.

18 And I just want to conclude to say that
19 is about helping our community succeed. They want to
20 help children succeed. They want to help veterans, and
21 they want to help LA. So as a United Way
22 representative, I would strongly endorse this merger.
23 Thank you.

24 MS. GARDINEER: Thank you.

25 MS. SCOTT: Hello. My name is Jolie Smith and

1 I work at the Los Angeles County Museum of Art. Sorry,
2 Scott, I just got married. I can't remember.

3 LACMA is in favor of the merger of OneWest
4 by CIT Group as it will allow OneWest Bank to continue
5 their support of the museum's education and public
6 programs. LACMA is committed to providing arts
7 education for the Los Angeles community and making the
8 museum and its resources available to an increasingly
9 diverse and broad audience.

10 With the continued generosity of companies
11 OneWest Bank, LACMA will be able to continue providing
12 students and teachers a space and a program to learn
13 about art and creative expression.

14 Since 2008, the Los Angeles Unified School
15 District has struggled to provide arts education as
16 of its core curriculum. Even at the height of the
17 school system's resources, it was only allowed to
18 provide 30 minutes of art education per week. Student
19 involvement in the arts is linked to higher academic
20 performance, greater involvement in community service
21 and lower dropout rates.

22 Our education fosters critical thinking,
23 problem solving, collaboration and innovation. Since
24 2013 LACMA's Art & Film Education Initiative has
25 advanced the museum's mission by expanding education

1 programs in ways that express a 21st century world view
2 of excellence in art by providing a varied, enjoyable,
3 and a didactic experience for children and teachers.

4 Last year the Art & Film Education Initiative
5 provided more than 923 middle school students and
6 teachers from LA USD with opportunity to utilize both
7 high- and low-tech approaches to art, self-expression
8 and creativity. Eighteen middle schools were involved
9 in this initiative. 50 percent being Title I schools.
10 The demographics are as follows: 73.4 percent were
11 Hispanic, 10.2 percent African-American, 9.5 percent
12 white, 5.9 percent Asian and 1 percent other.

13 Without the support of donors like OneWest
14 Bank, LACMA would not be able to provide this type of
15 education programming for students and teachers of the
16 community.

17 The Art & Education Initiative serves the
18 diverse citizens of Los Angeles and enables young
19 audiences to experience film as an art form.

20 As the museum continues to evolve and expand,
21 LACMA's commitment to education remains constant. And
22 LACMA's partnership with OneWest Bank strengthens the
23 museum's ability to provide excellent education
24 programming and we are grateful for their support.

25 MS. GARDINEER: Thank you.

1 MR. WILLIAMS: Good afternoon. My name is
2 Brian Williams, not the shorter one, but Brian
3 President of Junior Achievement of Southern California.

4 We come here today to support the merger and
5 say thank you to OneWest Bank for the tremendous
6 they've given us over the years.

7 I want to point out that Junior Achievement is
8 a financial literacy program, and we serve about
9 students in Southern California every year. The
10 of what we do are work force readiness in teaching
11 youngsters entrepreneurship and teaching them financial
12 literacy.

13 And our programs don't work unless we have
14 rock-solid volunteers and rock-solid partners in the
15 community. We first started our partnership with
16 OneWest Bank back in 2010. It was in that year that we
17 decided that we were going to do something called a
18 pipeline program. And that program was designed to
19 affect students at several schools within the same area
20 year after year after year after year.

21 It's our belief and contention that the
22 students in our community, no matter where they come
23 from or what they look like or what their background
24 deserve the absolute best. And so we went out and
25 wanted to find the absolute best partners that we

1 And we think that OneWest Bank was one of those best
2 partners.

3 Just last year they volunteered over 300
4 volunteers to our organization which served about 4,000
5 students. Since 2010, they've given us almost a half a
6 million dollars in contributions. But more
7 they've affected about 13,000 students. That's 13,000
8 students who we can now believe in.

9 I'd like to tell you just a quick story about
10 one of the students that one of the bank volunteers had
11 an interaction with out in Santa Ana last year. We got
12 a letter from this student who said that they had a
13 volunteer from the bank come out and work with them all
14 day on a company program that they were working on.
15 the student said the most important thing that she
16 that day was a volunteer tell her, I believe in you.
17 Those three words really changed her life.

18 So we're proud of our partnership with OneWest
19 Bank. We're thankful for their support. And I want to
20 say thank you to OneWest Bank on behalf of the 13,000
21 students that they've affected positively over these
22 four years. And we can hopefully continue this
23 partnership in the future. Thank you.

24 MS. GARDINEER: Thank you. I would like to
25 invite the next panel up, please.

1 MS. KILLIAN: Good afternoon. Thank you for
2 coming.

3 Does this panel want to be timed individually
4 or as a group?

5 MR. RODRIGUEZ: Individually.

6 MS. KILLIAN: Okay. Thank you very much. And
7 please remember to speak directly into the microphone.

8

9

PANEL 16

10 MR. LANDERHOLM: Thank you for the opportunity
11 to testify today. My name is Hunter Landerholm. I'm
12 here on behalf of Neighborhood Legal Services of Los
13 Angeles County where I'm an attorney.

14 We offer free legal services to low-income
15 individuals in communities in the San Gabriel,
16 San Fernando and Antelope valleys here in Los Angeles
17 County.

18 Our organization has provided legal assistance
19 to distressed homeowners throughout the foreclosure
20 crisis. We are here today to oppose this merger
21 the proposed Community Benefits Plan is insufficient to
22 overcome an established record of public detriment.

23 Both of these banks have transformed billions
24 in public subsidies into a disturbing degree of private
25 gain. CIT borrowed \$2.3 billion from the public during

1 the financial crisis only to later renege on its
2 repayment obligation.

3 Meanwhile OneWest benefited from billions in
4 subsidies from the FDIC committing in return to take
5 efforts to offer loan modifications to homeowners in
6 need. But in the experience of our organization, and
7 that of pure legal services providers, OneWest was
8 the most difficult mortgage servicers to work with.

9 Today the 35,000 California families who lost
10 their homes to OneWest foreclosures must compete for
11 shelter in the midst of an acute affordable housing
12 crisis.

13 The detriment caused by these two banks is
14 measured in billions of dollars. This merger cannot,
15 therefore, meet the needs of the community until the
16 applicants commit to community investments of that same
17 magnitude and approval should be withheld and
18 conditioned on such commitments.

19 Now what could this look like? As I
20 we're in the midst of an affordable housing crisis here
21 in Los Angeles. I want to give you a window into what
22 that looks like on a human level.

23 Increasingly the people we serve are not just
24 unable to afford their housing, but they're actually
25 completely priced out of the housing market. That

1 working families overcrowded in illegally converted
2 garages that lack basic amenities that you and I take
3 for granted like safe plumbing and electrical wiring.
4 That means tenants using their ovens to keep warm
5 because their heating and insulation are inadequate.

6 This is the bleak reality of the housing
7 in which foreclosure victims must contend today. If
8 applicants are serious about meeting the needs of the
9 community, they should commit to invest \$2 billion in
10 creating and preserving affordable housing in
11 Los Angeles County.

12 Approval of the merger should be withheld
13 commitments of this magnitude are in place. Until that
14 time, until serious commitments that attone for a
15 of billions in public detriment are made, there is no
16 benefit for the communities we serve.

17 We ask that you deny the merger as proposed.
18 Thank you.

19 MR. RODRIGUEZ: Good afternoon. Thank you for
20 the opportunity to speak today. My name is Daniel
21 Rodriguez, and I'm a director of the Community Wealth
22 Department at the East LA Community Corporation, a
23 nonprofit HUD-certified community development
24 organization serving the working-class communities of
25 Boyle Heights, unincorporated East LA, and greater

1 Los Angeles since 1995.

2 I'm here today to voice my strong opposition
3 the proposed merger between OneWest and CIT. Since
4 ELACC has provided more than 1,000 families in-depth
5 foreclosure prevention, education and assistance
6 them navigate the complex and frustrating process
7 retaining their home.

8 I joined ELACC as a foreclosure prevention
9 counselor during the height of the crisis and saw
10 firsthand the injustice, never-ending runaround and
11 constant misinformation provided to a borrowers who
12 sought assistance on their mortgage payments.

13 OneWest, formerly known as IndyMac, was one of
14 the worst, if not the worst servicer that we dealt
15 IndyMac's lack of opportunities for borrowers,
16 timelines, servicing errors and misinformation left
17 borrowers with very little options to responsibly
18 their homes.

19 As an example, we had an elderly couple who
20 fallen prey to a scammer that stripped them of their
21 equity. They came to us seeking assistance with a
22 modification on their mortgage payments that they were
23 trying to pay back. We helped them submit several
24 high-quality, complete modification applications, but,
25 unfortunately, ran into the all-too-common reasons for

1 denial, including not receiving the application or
2 missing documentation, which was not the case.

3 The day before their home was set to go for
4 auction, we were notified that the sale date had been
5 postponed only to find out the following day that it
6 actually been sold.

7 This elderly couple is only one of more than
8 35,000 borrowers who were foreclosed on by IndyMac,
9 wreaking havoc in many low-income communities,
10 our own.

11 With all the damage caused, it would be an
12 insult to taxpayers and borrowers and our communities
13 approve this merger.

14 As I'm sure it has already been mentioned
15 today, there needs to be greater accountability of
16 two institutions.

17 The proposed merger should be denied for the
18 following reasons: CIT's unpaid 2.3 billion in TARP
19 funds; 2.4 billion estimated FDIC loss share payments
20 OneWest billing investors for IndyMac's foreclosures;
21 creating another too-big-to-fail bank; tens of
22 of foreclosures, including foreclosure on widows and
23 heirs; and poor community reinvestment.

24 If there is consideration given to approve
25 merger, then it would have to come with an enforceable

1 agreement from the banks to commit to community
2 investments equivalent to 20 percent of their annual
3 deposits to have low-income communities begin to
4 from the damage that their toxic loans and misleading
5 servicing practices caused the families and communities
6 we serve.

7 This is a realistic commitment that has been
8 followed by other institutions and can be achieved.

9 Once again, thank you for your time.

10 MR. GARCIA: Hello, and thank you allowing me
11 the opportunity to speak here today and voice the
12 concerns of the Inland Empire Community of Southern
13 California against this merger.

14 My name is Ben Garcia, I'm the Community
15 Relationships Manager for Inland Fair Housing and
16 Mediation Board. Inland Fair Housing and Mediation
17 Board's a HUD-certified, nonprofit housing counseling
18 agency that has been providing services to low- and
19 moderate-income families in San Bernardino, Riverside
20 and Imperial County for over 33 years.

21 Inland Fair Housing and Mediation Board's
22 mission is to serve as an intermediary to resolve
23 related to housing discrimination, home ownership and
24 housing sustainability, rental complaints and disputes
25 in courts with the goal of empowering individuals and

1 enriching the families in the communities that we

2 Through our efforts, we have provided default
3 and foreclosure prevention counseling to assist over
4 homeowners that had OneWest, formerly known as IndyMac,
5 as their lender servicer since 2009.

6 Of those 600 clients that we had, only 39
7 OneWest homeowners received an affordable modification.
8 As you can see, that's over 501, once again 500,
9 homeowners that lost their home because of either bad
10 lending practices, dual tracking, lost documents, or no
11 contact by OneWest.

12 Due to their action, these homeowners were
13 forced to enter into a rental market that has been
14 flooded by investment groups that have increased the
15 rental rates making it unaffordable for the majority of
16 low- to moderate-income families to rent in their
17 communities.

18 Other families and individuals that were
19 impacted by these foreclosures who are now able and
20 eligible to purchase another home through our first-
21 homebuyer courses, only about 2 percent have received
22 loans from OneWest as opposed from other loans from
23 other major lenders in the Inland Empire.

24 For a geographical area of over 4 million low-
25 to moderate-income families and individuals living

1 within these three counties of the Inland Empire, this
2 does not make a substantial impact.

3 In conclusion, Inland Fair Housing and
4 Mediation Board believes that this merger is not good
5 for California communities and won't be unless the
6 Federal Reserve requires them to make a significant
7 public CRA commitment to reinvest in the communities
8 where it takes its deposits.

9 Commitment should guarantee the halt of unjust
10 foreclosures, engage in responsible loan modification
11 practices, provide better and honest mortgage lending,
12 and contribute to developing more affordable housing
13 the communities of the Inland Empire. We thank you.

14 MS. CHAVEZ: Good afternoon. Thank you for
15 taking time to take our responses today. My name is
16 Renee Chavez.

17 MS. GARDINEER: Could you get closer to the
18 mike, please.

19 MS. CHAVEZ: Better?

20 MS. GARDINEER: A little closer, please.

21 MS. CHAVEZ: I love these things.

22 MS. GARDINEER: There you go.

23 MS. CHAVEZ: Good afternoon. My name is Renee
24 Chavez, and I'm the Operations Manager for Montebello
25 Housing Development Corporation. We are a 501(c)(3)

1 nonprofit, community-based housing organization that
2 created in 1992 to serve the low- to moderate-income
3 families in Los Angeles County and have since expanded
4 our services to serve San Bernardino Counties.

5 Our mission is to educate and assist in the
6 delivery of safe, sanitary, quality and affordable
7 housing to individuals and families of modest financial
8 means. That has been the driving force of our
9 organization. We believe in creating financial wealth
10 through home ownership. And because of that, we oppose
11 this merger.

12 All of us who have responded opposing the
13 merger, and you are aware, that IndyMac was one of the
14 subprime lenders whose bad lending practices preyed on
15 our communities of color and seniors.

16 During the foreclosure crisis, families lost
17 homes and their wealth because of the lack of
18 to modify underwater homeowners. Because of the loss
19 assets and wealth, communities of color are now
20 struggling to rebuild. The dream of home ownership was
21 stolen from many of these families.

22 The OneWest investors received not only a
23 bargain-basement price to purchase IndyMac, they also
24 obtained a favorable loss share agreement with the FDIC
25 that provided for the FDIC to cover the significant

1 amount of losses on loans made by IndyMac. In other
2 words, OneWest investors paid little for a bank that
3 came with limited risk to investors while forever
4 impacting our communities.

5 All of you in this room know that CIT received
6 2.3 billion from U.S. taxpayers. A little while later
7 CIT Group filed bankruptcy and eliminated that
8 obligation to repay the government. How many of our
9 homeowners might have been able to keep their homes if
10 that money had been gone to modifications instead?

11 Remember those who are still suffering. In
12 2014 in LA County, there were 21,538 families still who
13 are facing foreclosure. Just in January there were
14 1,631 notice of defaults filed. So we still have a
15 crisis, even though that's not being reported in the
16 media.

17 We hope that the Federal Reserve and the
18 of the Comptroller of the Currency is serious about
19 their consideration of another too-big-to-fail bank.
20 Our communities have already paid too high a price
21 both banks were separate entities. Stop this insult to
22 taxpayers that include those people who lost their
23 by rejecting the merger. Too big to fail is too big to
24 approve.

25 However, since this merger will probably go

1 through, it's imperative the protections for our
2 communities be put into place prior to that approval.
3 Those protections should include at a minimum, prior to
4 approval CIT and OneWest Bank should be required to
5 strong public community reinvestment commitments based
6 on the new size of their bank with benchmarks clearly
7 established.

8 These CRA commitments need to be made public
9 with input from a cross section of these agencies here
10 speaking in opposition today. MHDC with these other
11 agencies are very interested in safeguarding our
12 communities. The CIT Group and OneWest banks are
13 interested in their investors. Together there would be
14 a compromise on CRA requirements that could be fair.

15 As both banks have demonstrated that they
16 cannot be trusted to work in good faith when merged,
17 should they be in violation, they should be fined
18 \$2.3 billion. Those funds could be used to assist
19 communities in low- to moderate-income census tracts
20 continue to serve our severely under served. Thank

21 MR. MARRERO: Good afternoon. Thank you for
22 this opportunity to testify. My name is Joel Marrero.
23 I'm an attorney with the Housing Rights Center.

24 The Housing Rights Center is California's
25 largest fair housing nonprofit. Our mission is to

1 actively support and promote fair housing through
2 education, advocacy and litigation to the end that all
3 persons have the opportunities to secure housing they
4 desire and can't afford without discrimination based on
5 their race, national origin, among other categories
6 protected by law.

7 Housing discrimination occurs when a housing
8 provider, or bank in this case, engages in a business
9 practice that has a discriminatory effect on a
10 category such as race.

11 The trend that we have seen is that as more
12 homeowners become renters, which increases demand on
13 rental housing market and the cost of rent,
14 discrimination, both intentional and disparate impact
15 increase.

16 Over the years the number of calls we have
17 received have increased. And we think this has largely
18 to do with more and more households becoming renters,
19 just as home ownership, particularly among Latinos and
20 African-Americans, decrease.

21 When a bank such as OneWest engages in abusive
22 practices -- business practices and systemically
23 forecloses in low-income neighborhoods, these effects
24 are real and especially devastating in Latino and
25 African-American communities.

1 Latino and African-Americans in cities like
2 Pasadena where one OneWest is headquartered were
3 foreclosed at a higher rate than white homeowners
4 because of banks -- because banks like OneWest failed
5 provide Latino and African-American homeowners with
6 available mortgage relief.

7 These problems are not just in Los Angeles.
8 According to the Fair Housing of Marin, a national fair
9 housing alliance member agency in the Bay area, their
10 investigation of OneWest's maintenance of foreclosed
11 properties raised fair-housing concerns based on the
12 disparities between the maintenance of properties in
13 white neighborhoods versus neighborhoods of color.

14 While OneWest REO properties in white
15 neighborhoods were generally well maintained and well
16 marketed with neatly manicured lawns, securely locked
17 doors and windows, and attractive, professional for-
18 signs, OneWest REO properties in communities of color
19 were more likely to have trash strewn upon the
20 overgrown grass, shrubbery and weeds, and boarded or
21 broken doors and windows, among other curb appeal and
22 structural issues.

23 OneWest REOs in communities of color appear
24 abandoned, blighted, unappealing to potential
25 homeowners, even though they are located in stable

1 neighborhoods with surrounding homes that are well
2 maintained. This evidence suggests that OneWest is not
3 meeting community credit needs and it's, in fact,
4 harming communities.

5 Therefore, without further investigation and
6 substantial conditions imposed on OneWest, I urge that
7 this merger be not approved. Thank you.

8 MS. GARDINEER: Okay. Thank you, panel. At
9 this time we're going to take a ten-minute break. I
10 would like for everyone to be back here at ten after
11 3:00. Thank you.

12 (Recess.)

13 MS. KILLIAN: Good afternoon. Thank you for
14 coming. Does this panel wish to be timed individually
15 or as a group?

16 MS. JOHNSON: Individually.

17 MS. KILLIAN: Great. Thank you. And please
18 remember to speak directly into the microphone. Thank
19 you.

20

21 PANEL 17

22 MS. JOHNSON: Good afternoon. I would like to
23 start by thanking the Board for this opportunity to
24 provide testimony today. My name is Melissa Johnson,
25 and I'm here representing Odic Environmental as

1 of operations.

2 Odic is a disabled veteran-owned small
3 serving the local Los Angeles community as well
4 regionally throughout the western states with
5 environmental due diligence and consulting services.

6 As a small business, we take great pride in
7 being part of the small business network and can
8 appreciate the difficulties associated with the plight
9 of small businesses as we face many of the same
10 challenges within our own company.

11 As a vendor of environmental services, Odic
12 provides assistance to many small business owners on a
13 daily basis to fulfill their environmental due
14 needs in areas of surveys and inspections, assessments,
15 remediation, consulting and even green energy
16 consulting.

17 We have helped thousands of business owners to
18 secure financing by assisting them with environmental
19 assessments and providing invaluable consulting
20 to provide innovative solutions to identified
21 environmental issues, keeping the best interests of
22 our clients and the public in mind.

23 An integral link that allows Odic the broad
24 reach of services to business owners relies heavily on
25 the involvement of lenders such as OneWest Bank. In

1 procurement of vendors like Odic Environmental, OneWest
2 Bank plays a pivotal role in the continued success of
3 existing small businesses such as ours.

4 But more importantly, OneWest Bank is able to
5 help foster a thriving small business community by
6 providing access to capital for small business owners,
7 the backbone of our country, which is a crucial and
8 fundamental aspect in both the creation of and the
9 continued longevity of a small business.

10 Access to capital makes America at the
11 forefront of small business success. And without
12 OneWest Bank acting as a vehicle for small business
13 lending, much of the small business community would
14 suffer in today's economic climate.

15 In addition to the detrimental effects on
16 business owners without access to capital, associated
17 entities such as the government's Small Business
18 Administration would also be impacted in a negative
19 manner.

20 Odic fully supports the OneWest Bank and CIT
21 merger. It is our hope that with the merger of OneWest
22 Bank and CIT, the commitment to the small business
23 community will not only continue, but flourish with new
24 products, services and overall community development to
25 reflect the size of the merger.

1 By granting many opportunities to the small
2 business community with added support and resources,
3 businesses like Odic Environmental can continue to
4 strengthening the overall economy of our great nation.

5 Thank you very much for allowing me this
6 opportunity to speak, and we would like to support the
7 OneWest Bank and CIT merger.

8 MS. GARDINEER: Thank you.

9 MR. MARKS: My name is Victor Marks. I'm the
10 president and CEO of GSG Protective Services. We are a
11 minority-owned and a veteran-owned business.

12 We provide security to OneWest Bank. We were
13 afforded the opportunity and selected over several
14 larger companies. We provide security in California,
15 Texas and Arizona.

16 Since becoming a vendor for OneWest Bank, we
17 have actually picked up quite a few new clients. Most
18 of the new clients we have said they selected us
19 we have a client as large as OneWest.

20 Since we've started, I mean we have actually
21 grown in all locations. And as a retired veteran, when
22 I started the business, I was a little bit concerned.
23 But OneWest Bank was there. They actually gave us an
24 opportunity, and we will strive to do our best to keep
25 them as a client.

1 I think the merger would do great not just for
2 GSG Protective, but all small businesses that are
3 looking out there to have an opportunity to grow.
4 you.

5 MS. GARDINEER: Thank you.

6 MR. JACINTO: Good afternoon everybody, and
7 panelists. My name is Joel Jacinto and I serve as the
8 Executive Director of Search to Involve Pilipino
9 Americans -- that's Pilipino with a P -- Americans
10 in the historic Filipinotown a district just west of
11 here. And I have served as executive director for
12 almost 25 years.

13 And I'm here to affirm my support for the
14 merger. And in the 24 years, almost a generation that
15 I've been at SIPA, I've only had one instance where
16 there was a high-ranking banking official from a
17 financial institution that has come to visit our
18 organization, our very small organization.

19 And what we do at SIPA is we work with youth
20 and families in the areas of health and human services
21 and in the areas of community economic development. We
22 build affordable housing. We help small businesses.
23 And we do financial literacy for our primarily low- to
24 moderate-income families.

25 In about 2008, Mr. Otting came with another

1 financial institution to historic Filipinotown, toured
2 our district, took the time to interview and to talk
3 with staff and interview me, and about how he and the
4 bank at the time could come and support us and help our
5 organization do our work.

6 And for an organization like SIPA, there is
7 very few, there is hardly another organization in the
8 state of California that has half the population of
9 Filipinos in the United States working in the areas of
10 community economic development, building affordable
11 housing, helping small businesses.

12 So I appreciated Mr. Otting's presence and his
13 leadership. And I believe in his leadership, and
14 why I'm here supporting the merger. What we will do
15 with a recent support and a recent investment into SIPA
16 and our mission is we're going to continue to work with
17 our small businesses, our small and our micro
18 that are in the Filipino community as we're an Asian
19 group that sometimes is not seen as having a
20 small business community.

21 And we're also going to build our Legacy
22 Project, which is a mixed-use affordable housing
23 right on site that Mr. Otting had visited five years
24 that will include senior housing, community space and
25 5,000 square feet of commercial.

1 So I believe that Mr. Otting and his team are
2 going to do what it takes to improve, to create
3 partnerships and to improve in all the areas. And,
4 again, that's why I'm here affirming my support. Thank
5 you.

6 MS. GARDINEER: Thank you.

7 MS. HUNTER: Good afternoon. My name is
8 Hunter, and I am the CEO of Fame Corporations, a
9 501(c)(3) nonprofit agency headquartered in Los Angeles
10 where we provide services to more than 1 million people
11 annually in the areas of housing, work force
12 development, transportation, health services and
13 business development.

14 I've come to this hearing today with the
15 sincere intent of lending my support and my voice to
16 residents of this community and those persons I serve
17 a daily basis who I believe will benefit from the
18 of OneWest Bank and CIT.

19 I come to speak up for those who would see
20 their lives improved and their communities positively
21 changed as a result of this proposed merger.

22 I understand the reluctance of some not to see
23 another merger take place that benefits the elite while
24 disenfranchising the needs of the majority. Rather
25 trying to impede or stop this merger, I feel that my

1 role and responsibility as a community leader is to
2 ensure that this merger brings significant and tangible
3 benefit to those most in need.

4 As one who subscribes to the belief that to
5 whom much is given, much can and should be expected.
6 clear expectation is that as a result of this proposed
7 merger, OneWest Bank will emerge ready to demonstrate
8 the highest level of excellence as a community partner
9 and a philanthropic pioneer.

10 We all recognize OneWest Bank as a leader in
11 the financial services industry. But my desire today
12 to support OneWest Bank in becoming a leader in
13 community transformation. My commitment to those I
14 represent is to hold OneWest Bank accountable to their
15 many promises of community investment that include, but
16 are not limited to, \$5 billion over four years in
17 community activities, \$5 million in annual donations to
18 established nonprofits, maintaining at least 15 percent
19 of their branches and ATMs in lower-, middle-income
20 neighborhoods and establishing a community advisory
21 board to oversee their progress.

22 An important part of my job as a CEO of a
23 nonprofit is to work with institutions like OneWest
24 to acquire the necessary resources to continue serving
25 our client base, expanding our services and giving a

1 helping hand to those most in need.

2 A secondary, but equally important,
3 responsibility is helping to develop a harmonious and
4 connected community that creates linkages both
5 financial, physical and interpersonal that ensures we
6 are a society greater than the sum of our parts and
7 no one is left behind.

8 This is a commitment not only to those I
9 but to partners and potential partners like OneWest
10 to ensure they fulfill on their commitments to the
11 community. To this end, I feel a responsibility to
12 collaboratively with OneWest Bank while also holding
13 them accountable for meeting and even exceeding the
14 goals they have set forth.

15 The success of my work relies on public and
16 private partnerships that bring together the resources,
17 people, know-how, and commitment to address the many
18 economic and social disparities that exist in our
19 communities. Much of that success relies on agencies
20 like OneWest Bank assuming a significant role in that
21 work and bringing their connections and resources to
22 table.

23 I have firsthand knowledge of the commitment
24 and concern Mr. Joseph Otting and the senior management
25 staff of OneWest Bank have for this region and the

1 people who live here.

2 A part of my being here today is my desire to
3 see that commitment demonstrated in even more
4 and significant ways as a result of this merger. I
5 would ask, as this process continues, we all move
6 forward in a purposeful and positive manner to ensure
7 that this merger brings benefit to all.

8 MS. GARDINEER: Thank you.

9 MF. SPEARS: Good afternoon. My name is Nancy
10 Spears. I'm Chairman of the board for the Boys and
11 Girls Club of Pasadena, and I'm here to speak in favor
12 of the merger between CIT Group and OneWest Bank.

13 The Boys and Girls Club of Pasadena serves on
14 average about 250 kids per day per location. We have
15 two locations in Pasadena. That's during the school
16 year. In the summertime, that average goes up to about
17 350, 400.

18 We provide after-school program for kids. And
19 OneWest Bank over the last several years has provided
20 financial support and human support, I guess, for our
21 kids focusing around programs that help with education
22 and financial literacy. Two of those programs
23 specifically are Project Learn and Money Matters.

24 Project Learn is an academic enrichment
25 that encourages school engagement and reinforces what

1 our members are learning in school during the hours
2 spend at the club. The Project Learn strategy is based
3 on research demonstrating that students do much better
4 in school when they spend their non-school hours
5 in fun, but academically beneficial activities.

6 The Project Learn strategy consists of five
7 components: Homework, help and tutoring; high-yield
8 learning activities; parental involvement; school
9 collaboration; and incentives.

10 Project Learn's goals include helping decrease
11 the dropout rate of teens attending middle and high
12 schools; providing a strong learning environment in
13 order to end illiteracy among our students; helping
14 English learners succeed in school; and instilling a
15 love of learning by maintaining a creative, fun
16 to education.

17 In many cases the youth we serve will be the
18 first in their family to attend college. Our year-
19 educational programs give our members confidence in
20 their academic skills so they can have an option to go
21 to college in the future.

22 Money Matters is targeted specifically towards
23 our teenagers, and it teaches our kids basic
24 money-management skills. Participants learn how to
25 manage a checking account, balance a checkbook, budget,

1 save and invest, as well as learn how to start small
2 businesses and pay for college.

3 Since January 2012 our Money Matters program
4 has been serving an average of 20 unduplicated members
5 during its weekly sessions. And teens are learning
6 different aspects of fundamental financial concepts,
7 including the importance of credit scores and what
8 causes them to go up or down, how to put together a
9 budget, how to open a savings and checking account,
10 credit cards and their risks, debt, and need versus
11 want.

12 And in the past, many of those sessions have
13 been supplemented by guest workshops at the club
14 facilitated by OneWest Bank employees so that our kids
15 have more kind of hands-on banking experience.

16 So we are in favor of this merger because we
17 want the continued support of OneWest Bank in our
18 community. It has done wonders for our kids. Like I
19 said, over the past several years, they have been on
20 site, hands on as well as provided financially for the
21 club.

22 So thank you for your time. I appreciate it.

23 MS. GARDINEER: Thank you.

24 MS. KILLIAN: Thank you.

25 MS. GARDINEER: I'd like to ask the next panel

1 to come up, please.

2 MS. KILLIAN: Thank you for coming. Would
3 panel like to be timed as a group or individually?

4 MS. KENNEDY: Individually.

5 MS. KILLIAN: Individually. Thank you.

6 And please remember to speak directly into the
7 microphone. Thanks.

8

9

PANEL 18

10 MS. EVANS: My name is Sharon Evans, and I'm
11 the Executive at Business Resource Group, an economic
12 development nonprofit headquartered in Southern
13 California for 15 years.

14 We're a multiethnic organization whose mission
15 is to promote financial well-being, enhanced access to
16 economic opportunities and ensure equitable capital
17 access for small businesses throughout California.

18 More than 70 percent of the work we do is
19 dedicated to serving the needs of diverse and
20 under-served small businesses.

21 BRG is the largest producer of nonbank and
22 nonreal estate loans to minority businesses in the
23 United States, having completed more than \$185 million
24 of financing for low-income and small business
25 entrepreneurs.

1 Our work is well known nationally, and I will
2 quote Deputy Comptroller Barry Wise on his Memphis
3 testimony to the CDFI network last year where they
4 recognized our model "as the most effective model for
5 engaging bank partnerships to impact minority markets."

6 I am presenting this testimony to comment both
7 on the potentials that this merger has to have a
8 positive impact on our region as well as to identify
9 what I believe are gaps on unmet needs in the current
10 proposed CRA plan.

11 If this merger is approved, CIT Bank is in a
12 unique position to play a vital role in Southern
13 California. CIT and OneWest together anchor -- serve
14 anchor lenders in five of the top ten industries in
15 Southern California.

16 CIT has provided short-term financing, which
17 vital to apparel industry, manufacturing, food
18 processing companies. OneWest Bank is the national
19 leader in transportation and entertainment. According
20 to the Los Angeles Economic Development Corporation,
21 these five industries provide the livelihood for more
22 than 600,000 workers and as self-employed individuals
23 my hometown.

24 CIT refers to itself as a middle-market bank
25 a middle-market financier. And to date it has not been

1 required to make a reinvestment in our town where they
2 have decades and decades of history. As a bank, you
3 must do that.

4 We recognize your ability and your willingness
5 to come forth with a CRA plan. However, there are
6 thousands of small businesses that work in the supply
7 chain of these critical Los Angeles industries. And
8 currently only offers financing and factoring to
9 companies that have revenues of a minimum of \$2

10 CIT and OneWest Bank need to expand their CRA
11 plan to include a very strong commitment to lending to
12 the small businesses who support middle-income and
13 low-income workers in our town. They must have access
14 to capital and access to programs that are vital for
15 them to be part of LA's recovery.

16 We ask that the bank go back and develop a
17 measurable annual target for small business lending
18 include significant levels of CRA loans to small
19 businesses in two categories: For businesses with
20 revenues less than 1 million and those with revenues
21 between 1 and 2 million.

22 MS. GARDINEER: Thank you.

23 MS. KENNEDY: Good afternoon. My name is
24 Kennedy, and I'm a founding member of Ampac Tri State
25 Certified Development Company headquartered in Grand

1 Terrace, California, and San Bernardino County.

2 We're a nonprofit organization serving
3 promising small businesses at all stages of growth with
4 capital and other resources to promote economic
5 development and job creation that positively impacts
6 region, our state and our nation.

7 We're a certified development company of the
8 U.S. Small Business Administration providing SBA 504
9 capital to businesses throughout the state, especially
10 in the region of San Bernardino and Riverside County.
11 And we're the first faith-based lender in the country
12 SBA faith-based lender in the country seeking to market
13 capital programs within the faith-based community.

14 I want to thank you for the opportunity to
15 share today. I'm here specifically to give testimony
16 about the importance of your consideration of this
17 merger to consider the capital access needs in the
18 Inland Southern California region, including San
19 Bernardino and Riverside counties.

20 I want to make sure that as you discuss the
21 Community Reinvestment Act that you do not forget
22 discussions and public benefit and community
23 reinvestment needs in the region of San Bernardino and
24 Riverside counties. The fact is these two counties
25 up the largest counties in terms of square miles in the

1 state. And the economic indicators indicate that there
2 is significant growth and population in these
3 communities, which means that there's an opportunity to
4 serve more small businesses.

5 Coupled with population growth, retail sales
6 are up in that region, assessed valuations are up in
7 region, and transportation, logistics, healthcare and
8 education industries are anticipating significant
9 growth.

10 However, the news is not all good. These
11 counties were hardest hit in the economic recessions
12 they are slowest to recover. While job growth is on
13 rise in these areas, there's significant work to be
14 done.

15 The region's nonprofit sector, like the
16 sector, suffered and is suffering from the impact of
17 economic downturn. And as such, we have to concern
18 ourself with this region. We firmly believe that the
19 Community Benefit Plan should include and have specific
20 targets for the region of Inland Southern California,
21 San Bernardino and Riverside counties.

22 Many of the new and existing residents in that
23 region will launch small lifestyle and professional
24 services businesses, and these micro businesses need to
25 be encouraged and supported because they will be

1 providers of the household income for many families.

2 In fact, micro enterprise development is a
3 proven strategy for increasing jobs and improving the
4 economy. As such, we ask that in this merger
5 consideration that you not forget Inland Southern
6 California, San Bernardino and Riverside counties and
7 that Community Benefit Plan is accountable for
8 in micro lending and small-dollar lending efforts in
9 region like the Riverside Micro Loan Program, which
10 offers businesses in that community a hand up,
11 community-centered loan programs and the like.

12 Thank you very much, and we hope that you will
13 consider the Inland Empire region.

14 MS. GARDINEER: Thank you.

15 MS. CHENEY: Hi, I'm reading testimony for
16 Mr. Michael Allen.

17 MS. GARDINEER: Can you get closer to the
18 please.

19 MS. CHENEY: Sorry. I'm reading testimony for
20 Mr. Michael Allen from Phoenix, Arizona, who could not
21 attend. I'm going to read it in the first person.

22 "My name is Michael Allen. I live in Phoenix,
23 Arizona. I am successor trustee for my mother, the
24 borrower of a Financial Freedom reverse mortgage.

25 "My mother's intention for her estate was for

1 her family to sell the home to repay the loan. She
2 on June 12, 2014. At all times I was in compliance
3 the HUD regulations to the best of my ability based on
4 the limited information provided by OneWest Bank.

5 "OneWest Bank did not provide a single point
6 contact, nor any guidance or instruction to help me
7 satisfy the loan. I initiated all calls to OneWest
8 and spoke to a different person with a different story
9 and a different reason to deny my requests.

10 "OneWest Bank claimed they didn't get my
11 documents time after time, but they did. OneWest Bank
12 sent me a short sale packet twice after I wrote stating
13 I wanted to pay the lesser amount of the loan balance.
14 The appraised value was about 35,000 more than the loan
15 balance.

16 "OneWest Bank refused to perform or pay for a
17 HUD-required appraisal. I called OneWest Bank on
18 October 1, 2014, to inform them that a sale was in
19 process. On November 3rd, I received notification that
20 OneWest Bank had recorded a notice of trustee sale on
21 September 29, approximately three months after my
22 mother's death and two months after receipt of the
23 repayment letter.

24 "OneWest Bank used Arizona foreclosure laws to
25 violate HUD regulations and my right of time to sell

1 property. I called OneWest Bank. They refused to
2 postpone the auction. The auction did get canceled
3 HUD intervention.

4 "OneWest Bank added foreclosure-related legal
5 fees and driveby appraisal fee to the payoff. The only
6 phone call I ever received from OneWest Bank was on
7 December 19th to tell me they have no intention of
8 removing the accelerated foreclosure fees.

9 "My story is illustrative of OneWest Bank's
10 violation of my right to repay the loan, the
11 acceleration of foreclosure and the related legal and
12 appraisal fees of \$2,508.50." Thank you.

13 MS. GARDINEER: Thank you.

14 MR. GLASS: My name is Alton Glass. I'm the
15 founder of Glass Rock Entertainment, which is a
16 full-service film and television production company.

17 And I just wanted to speak from a perspective
18 of -- I'm an independent filmmaker first and foremost,
19 but there's a misnomer with that because we're actually
20 entrepreneurs and we're small business owners.

21 And with this merger -- the focus is to be
22 to put attention to these small businesses to have the
23 equal opportunity to get entertainment finance. And
24 companies like OneWest Bank, they offer entertainment
25 finance. But minority-owned businesses, we don't have

1 access to those opportunities to get the funding to
2 our businesses.

3 And also the second component is education and
4 training. You know, California is one of the largest
5 industries for employing entertainment personnel with
6 over 200,000 jobs. My business has employed up to 50
7 200 employees at any given time to provide jobs. Some
8 of these people buy homes, get mortgages and it helps
9 with job creation.

10 But there's been a hiccup in the road as I
11 continue to grow my business, because as we grow, we
12 don't have the infrastructure to continue to finance
13 growth of this business.

14 And if I take that back, education has been a
15 very key component because when I was going to school,
16 had to make a choice between going to get loans to go
17 USC or go to a nonprofit program, which is called
18 Hollywood Cinema Production Resources. By doing so, I
19 was able to get certified training and join the Local
20 600 and get benefits for my family and join the
21 Directors Guild of America and become a full-fledged
22 member of the union and get benefits and be protected.

23 And now I think that if the banks come
24 together, they should put attention to financing these
25 educational programs, getting more skills to these

1 people to create more jobs. And then looking at the
2 minority businesses to be able to fund the growth of
3 their businesses and continue to grow.

4 We're qualified. We have just as much quality
5 content on our résumés and we have deals set up with
6 these networks and studios, but we don't have access to
7 these funds, these hedge funds and these different
8 financial instruments.

9 And I just wanted to speak from the
10 of a small business owner, an independent filmmaker.

11 MS. GARDINEER: Thank you.

12 MS. METCHEK: Good afternoon. Thank you for
13 inviting me to this panel. I am Ilse Metchek. I'm
14 President of the California Fashion Association. We
15 employ over 300,000 people in the Los Angeles region
16 throughout California, but mostly in the Los Angeles
17 region.

18 Our mission is really as a nonprofit. We
19 provide information, business-to-business information,
20 to everyone associated with the industry. And only
21 10 percent statistically of our industry is what you
22 call minimum wage. For the most part it's a very
23 technical industry at this point. There's more to the
24 industry than a T-shirt.

25 What we approve of is a -- not only a merger,

1 but there's an analogous situation. CIT has been the
2 number one financial institution for the apparel
3 industry for more than 45 years and very successfully.
4 It's been the lender of record, when you have an order,
5 it supplies working capital for that order, but it is
6 not a bank. And, therefore, it has never been able to
7 accelerate the growth of an entrepreneur.

8 We have many, many start-up businesses who
9 at the 1-million, 2-million, 3-million dollar level
10 because if they do take an order, they can't get that
11 bridge financing. So we are not about -- we have many
12 colleagues who talk about entrepreneurs and being
13 incubators.

14 But this is an acceleration request. This is
15 request for a bank to be analogous to the CIT framework
16 so that they can help those who are already on their
17 to get a boost up that ladder. It is fundamental to
18 growth as an industry. We are the number one industry
19 in the country. And as -- even the Los Angeles -- the
20 New York Times says, Los Angeles is the largest
21 manufacturing sector in the U.S. And we need to
22 it.

23 And to my colleague on my left, we do not have
24 any industrial training in the state of California, not
25 only for apparel, but for any work that is eye-hand

1 coordination. If someone drops out of school, where do
2 they go for eye-hand training? Industrial training
3 be one of the things that we will look for for this
4 merger to support, as well as acceleration of existing
5 small businesses.

6 Thank you. We do support the merger.

7 MR. QIAN: Good afternoon again. This time
8 reading for Matthew Lee.

9 "Good afternoon, presiding officers and
10 panelists. This is the testimony of Inner City Press,
11 Fair Finance Watch and its director Matthew Lee, which
12 CRC has been kind enough to read into the record for

13 "When this proposed merger was announced,
14 City Press asked the Federal Reserve for information
15 about it due to concerns about CIT and OneWest roots in
16 the failed IndyMac. Inner City Press raised to the Fed
17 and later to the OCC that, for example, here in the Los
18 Angeles MSA, OneWest had made 28 home purchase loans to
19 whites and none to African-Americans. They had made 12
20 home improvement loans to whites and none to
21 African-Americans.

22 "There was and is also the question of the
23 agreement the FDIC reached with IndyMac/OneWest and
24 whether want-to-be SIFI CIT would assume it as a
25 windfall, but things got worse. First CIT tried to

1 withhold even its community reinvestment plan. Inner
2 City Press pursued this and more documents under the
3 Freedom of Information Act.

4 "The CRA plan was released, but only last
5 Friday did the Federal Reserve finally respond to Inner
6 City Press' August 26 request for CIT's and OneWest's
7 communications with the Federal Reserve System since
8 January 1, 2014. While many, many pages have been
9 withheld and Inner City Press has appealed that, under
10 what was released shows an insider process, which we
11 believe the single-belated public meeting cannot cure.

12 "While today, John Thain of CIT testified to
13 this public hearing, back on July 1st, three, four
14 before the merger was publicly announced, Thain met
15 about it with senior Federal Reserve officials in
16 Washington about it.

17 "OneWest Joseph Otting was there too. And M&A
18 lawyers from Sullivan & Cromwell and Wachtell Lipton.
19 Otting earlier this year solicited colleagues to oppose
20 the holding of this public meeting and now apparently
21 testify at it.

22 In fact, there are documents inside the Fed as
23 far back as April 24th, three months before the merger
24 was announced, the Federal Reserve's Michael Lipton
25 wrote to three others that, 'Based on details from the

1 most recent CIT April board of directors meeting, there
2 is a likelihood CIT may approach FRB in the near term
3 discuss an acquisition of OneWest NA. A couple points,
4 redaction. I will keep you updated as discussion
5 develop, redaction.'

6 "Inner City Press has appealed these and all
7 other redactions. Perhaps worst of all, there appear
8 be redactions to loss agreement. All withheld
9 information should be released and comment period
10 extended.

11 -- (unintelligible) many of the documents are
12 still being redacted was withheld even seven months
13 later. Inner City Press asked for that these issues
14 additional public hearings be held in New York where
15 is based and elsewhere. Other members of the community
16 have requested them. This was apparently denied.

17 "FOIA appeals are pending and more comments
18 will be forthcoming. This insider merger should not be
19 approved."

20 MS. GARDINEER: Thank you. Thank you, panel.

21 I'd like to ask the next panel to come
22 please.

23 MS. KILLIAN: Thank you, panel, for coming.
24 Would the panel like it be timed individually or as a
25 group?