

A Sample Protest Letter

Dear :

<**your organization**> writes to oppose the X Bank's acquisition of Z Bank. <**Organization**> believes that the acquisition will have a negative impact on California communities, decreasing access to credit and financial services. We therefore ask for public hearings on the merger and an extension of the comment period. An extension of the comment period is necessary as 1999 HMDA data will only be released after the comment period expires, and <**organization**> feels this is critical information in analyzing the merger's impact. <**Organization**> believes the Federal Reserve Bank should deny the merger of X Bank and Z Bank.

<description of your organization>

Record of Mortgage Lending

X Bank has a pattern of insufficient lending to low-income communities and to communities of color in California. For instance, throughout California in 1998, lenders on average made nearly 2% of its single-family loans in *low-income* census tracts. X Bank, on the other hand, made less than 1% of its loans in low-income census tracts. Lenders on average made about 42% of its single-family loans in *upper-income* census tracts. X Bank made more than 46% of its single-family loans in upper-income census tracts. These same patterns occur on a county-by-county basis.

CRC found similar patterns of lending in communities of color. For instance, in California in 1998, all lenders on average made about 39% of its single-family loans in largely white census tracts. X Bank made nearly 45% of its single-family loans in largely white areas. In contrast, on average all lenders in California made about 8% of its single family loans in census tracts that were 80-100% minority, whereas X Bank made only 3% of its single family loans in census tracts that were 80-100% minority. Again, CRC found similar patterns at a county-by-county basis. In Los Angeles County, all lenders on average made about 21% of its single family loans in census tracts that were 80-100% minority, whereas X Bank made 11% of its single family loans in such census tracts. These numbers show statistical patterns of discrimination.

X Bank has significantly higher denial rates to people of color for home mortgage loans than Z Bank. For instance, in 1998 in Los Angeles County, X Bank denied home mortgage applications from African-American 7.17 times as many times as it did for home mortgage applications from Whites. In 1998 in Los Angeles, Z Bank on the other hand only denied home mortgage applications from African Americans 1.47 times as many times as it did for home mortgage applications from Whites.

X Bank also falls far behind meeting the minority needs of the California market. For instance, according the 1990 U.S. Census information, African-Americans make up 7% of the population in the State of California. X Bank, however, only accepted 2.6% of its total applications for conventional home purchase loans from African-Americans in 1998. Similarly, Latinos make up 17% of the population in the State of California according to 1990 U.S. Census information. X Bank, however, only accepted 8.2% of its total conventional home purchase loan applications from Latinos. In contrast, according to the same census data, Whites make up 67.8% of the population. X Bank accepted 65% of its total applications for conventional home purchase loans from Whites.

Loans to Small Businesses in with Revenues Under \$1 Million

Small businesses with revenues under \$1 million make up an important niche of smaller community businesses. In 1998, there were 1,230,144 small businesses in California, of which 914, 933, or 74.4% had less than \$1 million in revenue. X Bank made 61, 460 small business loans in California in 1998; 22, 792 of them, or 37.1% were small business loans made to small businesses with less than \$1 million in revenue. While none of the banks in California in 1998 were making loans in proportion to the portion of small businesses with revenues under \$1 million, X Bank made the smallest percentage of loans to these businesses. <Your organization> is concerned about X Bank's commitment to California small businesses.

Anti-competitive Nature of this Merger

X Bank and Z Bank have overlapping branch networks in 31 local banking markets. Even as calculated by the Applicants, the proposed combination would result in increased concentration levels in fourteen markets that raise competitive concerns under the Department of Justice's and Federal Reserve Board's merger guidelines. However, the Applicants are proposing divestitures in only eight of these fourteen markets.

<Organization> encourages the Federal Reserve Board to grant an extension of the comment period and public hearings on this serious merger. <Organization> is opposed to this merger unless the banks make a detailed, written commitment to California communities. Thank you for your consideration, and we hope that your agency will investigate these pressing issues.

Sincerely,