
From: Jane Walsh
Sent: Thursday, April 30, 2020 4:25:48 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] E*TRADE/Morgan Stanley merger - community partner comments

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Dear Mr. Hurwitz,

I appreciate the opportunity to share comments about the merger underway between E*TRADE and Morgan Stanley.

The Network for Teaching Entrepreneurship ([NFTE](#)) is a proud, longtime nonprofit community partner of E*TRADE's. We have been fortunate to have a robust relationship with E*TRADE for many years that includes significant volunteerism where employees serve as guest speakers, business plan coaches, field trip hosts, and competition judges. NFTE is also the beneficiary of substantial annual grant funding in support of our youth entrepreneurship education programs, as well as board membership through the engagement of senior E*TRADE leaders who champion our partnership within the company and throughout community.

As a nonprofit professional who has seen many financial institution mergers over the past 20 years, it is NFTE's hope that considerations can be made that in this instance with Morgan Stanley becoming the parent company of E*TRADE that E*TRADE's community partners remain a priority to Morgan Stanley. Nonprofits rely on the financial generosity and involvement of corporate partners to maintain high quality programs. We truly value our partnership with E*TRADE and hope that it will be able to continue in the future under the new corporate setup.

Thank you for your interest in our feedback. Please let me know if you have any questions.

Sincerely,
Jane Walsh



Jane Walsh

Vice President, Development

120 Wall Street, 18th Floor, New York, NY 10005

m 917 770 3760

JaneW@nfte.com / www.nfte.com



From: Julie McCabe
Sent: Thursday, April 30, 2020 3:45:49 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Comments for Morgan Stanley and E*TRADE Merger

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Good afternoon,

Please see the attached comments regarding the merger of Morgan Stanley and E*TRADE of which Homes for America is in full support. If you have any further questions please do not hesitate to contact me directly.

Thank-you in advance for your time.

Cheers,

Julie McCabe

Vice President of Service Enhanced Housing

Homes for America

318 Sixth St. Suite 2

Annapolis, MD. 21403

www.homesforamerica.org

(410)269-1222 (o)

(443)221-2723 (d)ca

Homes for America

non-profit housing
development

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President & CEO

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Thomas Lantz

Richard L. Mostyn

Jeffrey Stern

Diane Yentel



318 Sixth Street
Annapolis, MD
21403

410-269-1222/tel
410-269-1479/fax
www.homesforamerica.org

April 30th, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

RE: Support of Morgan Stanley and E*TRADE Merger

Dear Mr. Hurwitz:

Homes for America is in support of the Morgan Stanley and E*TRADE merger that is being proposed. Homes for America is a non-profit affordable housing developer located in Annapolis, MD. Currently we have developed and own over 86 communities located throughout the mid-Atlantic region creating over 4,800 units. Our mission is to create and preserve quality, service enhanced affordable housing that serves low to moderate income households, families, seniors and persons with disabilities. Our goal is to create housing in which residents are proud to call their home, have access to resources and services that improve their quality of their life and become interconnected to the community in which they live.

Homes for America has benefitted from a strong partnership with E*TRADE since 2015 through their corporate grant program. As a result, we have received \$450,000 in corporate grants that have supported the quality of life for over 500+ low to moderate income households in the Greater Washington Metropolitan Statistical Area. Together, we have supported the quality of life for the residents of our communities and neighborhoods through affordable housing, economic development, healthcare and technology.

It is our hope and trust that the merger of Morgan Stanley and E*TRADE will not only continue to serve the needs of low to moderate income people and the communities in which they live but that the merger will make these households more financially secure and the communities in which they live much stronger.

Thank-you in advance for your time and consideration.

Sincerely,

Julie McCabe

Julie McCabe
Vice President Service Enhanced Housing

From: Kim Jacobs
Sent: Thursday, April 30, 2020 1:28:01 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Morgan Stanley acquisition of ETrade

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Please accept the attached support letter.

I am sorry, **we are only accepting PPP applications from our existing clients at this time.** Please check the SBA website: <https://www.sba.gov/paycheckprotection/find> New lenders are being added every day.

Kim Jacobs
President/CEO
Community Capital New York
44 Executive Boulevard, Suite 203
Elmsford, NY 10523
Phone: (914) 747 8020 extension 112
Fax: (914) 747 2049
kjacobs@communitycapitalny.org
www.communitycapitalny.org





April 30, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

To Whom it May Concern:

I am writing as the President/CEO of Community Capital New York, a CDFI serving the Hudson Valley, in support of the Morgan Stanley acquisition of E*Trade. Morgan Stanley has been a thoughtful and generous partner to Community Capital on community revitalization issues in our area for many years.

In addition to substantial grant support for our programs serving low income, women and minority communities, Morgan Stanley has made a significant contribution of staff time and expertise. We currently have two Board members from Morgan Stanley serving on our Board both of whom are actively engaged with Community Capital on committees, with one serving as our Secretary.

I also want to note Morgan Stanley's role as a good neighbor in Westchester County, offering a number of education, networking and training opportunities to the non profit community that would not otherwise be available.

Throughout our experience with them, Morgan Stanley has shown a deep understanding of and concern for community development issues. They have been an asset to our community.

Sincerely,

A handwritten signature in black ink that reads 'Kimberly A. Jacobs'.

Kim Jacobs
President/CEO

From: Thomas Bledsoe
Sent: Thursday, April 30, 2020 12:55:01 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Letter of Support For Morgan Stanley

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Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

Dear Ivan,

I understand that Morgan Stanley's acquisition of E*Trade is being reviewed and considered by the Federal Reserve Bank. I am writing on behalf of the Housing Partnership Network (HPN) to express our support of the innovative and impactful work that Morgan Stanley has done to promote affordable housing and community development. HPN is a CDFI and peer network of the nation's strongest and most effective nonprofit affordable housing developers, owners and lenders in the nation.

Morgan Stanley has been a key financing, philanthropic and thought partner that has played a critical role in advancing some of HPN's most innovative initiatives. They have provided \$10 million in debt and \$20 million in equity for the Housing Partnership Equity Trust, a social enterprise created and sponsored by HPN to allow nonprofits to acquire and preserve vitally important naturally occurring affordable housing (NOAH) throughout the United States. Morgan took a leadership role financing this social purpose REIT which has allowed us to preserve more than 3000 apartments across the country that serve low and moderate income residents. At a time when many banks and investors were reluctant to invest in this start up venture, Morgan Stanley made catalytic investments that enabled us to launch this award winning enterprise.

In addition, Morgan has also been an active philanthropic supporter of another of HPN's innovative undertakings – the International Housing Partnership comprised of HPN and similar peer networks of the leading nonprofits in the United Kingdom, Canada and Australia. Providing more than \$200,000 in grant support over multiple years (including a \$100,000 covering 2019 and 2020), Morgan has been the lead financial sponsor for this partnership and has also played a valuable thought

leadership role by having its senior executive Mike Mantle attend and actively participate in three of our international convenings in San Francisco, Manchester, England, and Melbourne, Australia.

We have found Morgan Stanley to be strongly committed to preserving affordable housing through bold and innovative financing vehicles that are not typically provided by most financial institutions.

In addition to supporting HPN directly, they have been key financing partners to many of our member organizations.

Sincerely,

Thomas Bledsoe

Thomas Bledsoe

President & CEO

Housing Partnership Network

617 259 1802 **P** | 617 669 1812 **M**

Bledsoe@housingpartnership.net

From: Bowers, David
Sent: Thursday, April 30, 2020 12:08:26 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Cc: Bowers, David
Subject: [External] Support Letter for Morgan Stanley/E*Trade Proposed Merger

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Support letter is attached and pasted below in the body of this e-mail.

April 30, 2020

Federal Reserve Bank of New York
Ivan Hurwitz
Senior Vice President
33 Liberty Street
New York, NY 10045-0001

Dear Mr. Hurwitz:

Enterprise Community Partners' Mid-Atlantic office would like to extend our support of Morgan Stanley's acquisition of E*Trade.

For more than a decade, E*Trade has been a leader in the Mid-Atlantic region for the community development industry. After the foreclosure crisis, E*Trade stepped up and supported nonprofit and community development organizations by providing flexible grant funding as well as expertise to help residents in the region with financial literacy training on a volunteer basis. E*Trade also held a series of sessions that provided access to thought leaders and practitioners in the industry that shared crucial information and engaged in dialogue on issues impacting industry stakeholders and the people and communities we serve. In addition, E*Trade provided support to Community Development Financial Institutions with below market rate loans and supported Low-Income Housing Tax Credit syndicators. E*Trade's impact in the Mid-Atlantic region helped community development organization emerge from the foreclosure crisis. The merger of two community minded organizations E*Trade and Morgan Stanley promises to help community development

organizations emerge stronger from the current Covid-19 crisis.

E*Trade has consistently been one of Enterprise's strongest partners in helping to carry out our mission to create opportunity for low- and moderate-income individuals through affordable housing. Throughout our partnership E*Trade has committed the following affordable housing and community development investments with Enterprise:

- \$41.1M in Low-Income Housing Tax Credit investments;
- \$15M in Enterprise Community Loan Fund investments
- \$2.3M in philanthropic giving to Enterprise programs

Vickie Tassan, Director of Community Investment at E*Trade Financial Corporation is a highly valued partner to Enterprise. She has served on the local Enterprise advisory committee as well as been a key partner in addressing the unique community development challenges and opportunities in our region.

Thank you for your time and consideration. I am available to answer any questions.

Sincerely,

David Bowers
Vice President and Mid-Atlantic Market Leader
Enterprise Community Partners

Have a blessed day.

David Bowers
Vice President and Mid-Atlantic Market Leader
Enterprise Community Partners
Office Phone: 202-649-3925
10 G Street N.E. Suite 580 Washington, D.C. 20002
dbowers@enterprisecommunity.org
www.enterprisecommunity.org



April 30, 2020

Federal Reserve Bank of New York
Ivan Hurwitz
Senior Vice President
33 Liberty Street
New York, NY 10045-0001

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Vickie Tassan, Director of Community Investment at E*Trade Financial Corporation is a highly valued partner to Enterprise. She has served on the local Enterprise advisory committee as well as been a key partner in addressing the unique community development challenges and opportunities in our region.

Thank you for your time and consideration. I am available to answer any questions.

Sincerely,

David Bowers
Vice President and Mid-Atlantic Market Leader
Enterprise Community Partners

From: Rob Roake
Sent: Thursday, April 30, 2020 11:16:27 AM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Re: Morgan Stanley Bank

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Good Morning,

This is a letter of support for Morgan Stanley Bank as part of their merger application.



Rob Roake | Business and Resource Development Director [NeighborWorks® Salt Lake](#)

801-539-1590 x 12121 | robr@nwsaltlake.org

622 West 500 North, Salt Lake City, UT 84116 | Like NWSL on  follow us on 

Our office hours have changed, effective Jan 2, 2020 7:30am to 6:00pm Monday through Thursday and CLOSED on Friday.



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Rebuilding Neighborhoods
house by house... block by block!

April 30, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

Dear Mr. Hurwitz,

I am writing you today on behalf of NeighborWorks Salt Lake (NWSL) to express the vital role Morgan Stanley Bank's (MSB) commitment to our community partnership has played in the work we do. NeighborWorks has spent the last 43 years working successfully toward our goal of *comprehensive* neighborhood revitalization in neighborhoods at risk. Over that time, our mission has remained the same: build on the strengths of neighborhoods to create opportunities for affordable housing, resident leadership, and contribute to youth and economic development. In order to do this, we need partners who can be both responsive and innovative in their approach to investment in the community we both serve. Morgan Stanley Bank is one of our most important partners.

Morgan Stanley Bank has been a supporter of NeighborWorks Salt Lake for 25 years and has provided \$972,600 of aggregate donations. Specifically, they have been one of our most generous and consistent sources of funding for our Affordable Home Ownership, YouthWorks, and Community Stabilization programs. These programs provide a diverse range of services to address the needs of an underserved community at every level. Morgan Stanley Bank's funding has insured that this organization builds capacity and continues to succeed and adapt as community needs change.

Since 2016, NWSL has participated in the MSB fellowship program as it was piloted in Salt Lake City. This has been a tremendous resource for us and a great opportunity for the University of Utah master's students who have participated in projects ranging from creating a community needs assessment to planning and developing a new real estate project from the ground up. Aside from funding these fellowships, MSB participates in the hiring process and regularly checks in on the program to offer guidance and support as needed.

One of the most important reasons this partnership has been so successful is that MSB invests the time to get the community-level perspective. Their staff regularly serve on our standing committees and Board of Directors to offer their insight, but also to hear from us and other stakeholders. They seek out community leaders like me to serve on their advisory committees. And when something like a global pandemic hits, they already know how to tailor and adapt their support to address the new landscape of community needs because they have been listening to their community for years.

Thank you for your consideration. Please let me know if there is additional detail you would like me to share regarding our partnership with Morgan Stanley Bank and their commitment to community.

Sincerely,

Maria Garciaz
Chief Executive Officer

622 West 500 North, Salt Lake City, Utah 84116

t: 801.539.1590 f: 801.539.1593

TTY/TDD users should call 7-1-1

www.nwsaltlake.org

Maria Garciaz, M.Ed
Chief Executive Officer

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- Melinda Greenwood
Murray City

EX-OFFICIO

- Billy Palmer
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- James Wood
University of Utah

House by House. Block by Block. Neighbor by Neighbor.



From: Lori Little
Sent: Wednesday, April 29, 2020 10:56:42 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Morgan Stanley Acquisition of E*Trade

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Attached in a letter in support of Morgan Stanley's acquisition of E*Trade.



NAHT is an affiliate of [SAHF](#)

Lori Little
CEO & President
llittle@naht.org
o: (614) 226-2583
2245 North Bank Drive, Suite 200
Columbus, OH 43220
www.naht.org



April 29, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

Also sent electronically to Comments.applications@ny.frb.org

Dear Mr. Hurwitz:

It is my understanding that the Morgan Stanley acquisition of E*Trade is in the review and comment stage with the Federal Reserve. I am writing to provide my support for this acquisition.

National Affordable Housing Trust is a non-profit low-income housing tax credit syndicator and development consultant to non-profits. We were started in 1986 by non-profit mission focused developers. We have worked with Morgan Stanley on affordable housing financing on numerous mission focused projects.

Morgan Stanley has provided bridge lending, warehouse financing, acquisition lending for properties at risk of being lost from affordable housing stock and partnership investments in low income housing tax credit projects. They are one of our key partners and always willing to review potential new and innovative ideas for housing projects with services and benefits for low income residents.

We have worked with Morgan Stanley on over \$200M of capital that has been flexible and supportive of NAHT's mission of financing and preserving affordable housing.

I am confident, based on our long-standing relationship with Morgan Stanley, that they will continue their commitment to impact and innovative investing. The E*Trade acquisition would allow them to grow this impact.

I encourage you to support this acquisition by Morgan Stanley.

Sincerely,

Lori Little

Lori Little
CEO / President

From: Fernando Lemos
Sent: Wednesday, April 29, 2020 10:52:15 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Merging Comments

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To Whom It May Concern,

Mi Casa Inc. is a non profit housing development organization in the District of Columbia. We want to express our strong support for the merger between E*TRADE and Morgan Stanley. For the past ten years E*TRADE has supported our mission to build and preserve affordable housing and prevent displacement in the District through grants, training and membership on our Board of Directors. We see this merger as an opportunity to grow our partnership as we jointly endeavour to increase affordable housing for DC residents.

Sincerely,
Fernando Lemos
Executive Director
Mi Casa Inc.
6230 3rd St., NW
Washington DC 20011
[202-722-7423](tel:202-722-7423)
www.micasa-inc.org

From: Alan Arthur
Sent: Wednesday, April 29, 2020 6:23:27 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Reference Letter: Morgan Stanley acquisition of E*Trade

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To Whom It May Concern –

Please see attached reference letter/support letter addressed to Mr. Ivan Hurwitz of the Federal Reserve Bank of New York regarding Morgan Stanley’s proposed acquisition of E*Trade.

Please let me know if you have any questions.

Thank you.

Be safe. Best always,

Alan

Alan Arthur (he/him/his)

President & CEO

612-746-0540 | aeon.org | [donate now](#)



Save a home
from home!



April 29, 2020

Federal Reserve Bank of New York
Attention: Mr. Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

RE: Letter of Support, Morgan Stanley

Dear Mr. Hurwitz:

I hope you and yours are safe and healthy in these difficult times.

It is my understanding that Morgan Stanley has applied for approval of a proposed acquisition of E*Trade. I am writing to advise you of Aeon's direct and impactful experience of the community commitment exhibited by Morgan Stanley for your consideration as you review their proposed acquisition path and as they engage with the Federal Reserve Bank and others in the acquisition approval process.

Aeon is a nonprofit developer, owner and manager of 5,586 affordable apartments in the Twin Cities area. In the past year, Aeon has worked with Morgan Stanley in the acquisition of 1,140 multifamily affordable apartments. Without Morgan Stanley's considerable support and effort, these apartment homes would have been lost as affordable community assets. More than 3,000 lower-income residents would have lost their homes. The families and individuals who live there would have essentially been economically evicted. Based upon our observation of other similar properties and situations in the Twin Cities over the past five or so years, I am confident many families and individuals would have become homeless.

We have found Morgan Stanley staff to be constructive, thoughtful, and innovative in their approach to our mission-based goal of acquiring and preserving Naturally Occurring Affordable Housing (NOAH) in the Twin Cities. They are clearly committed to making a positive impact on the affordable housing front, and we look forward to continuing to work with them to do so.

If you have any questions, please feel free to connect with me at aarthur@aeon.org or at 612-746-0540 (direct office) or 612-418-9168 (direct cell).

Be safe. Best always,

Alan Arthur
President & CEO

From: Nancy White
Sent: Wednesday, April 29, 2020 5:22:37 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Letter in support of E*TRADE-Morgan Stanley merger

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April 29, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

Dear Sirs/Madams:

As president of Arlington Free Clinic, I am writing this letter to support the merger between Morgan Stanley and E*TRADE.

E*TRADE and Morgan Stanley are both heavily invested in their local communities. For over 6 years, E*TRADE has provided generous annual funding to Arlington Free Clinic to support our provision of free, comprehensive healthcare to low-income, uninsured Arlington County adults. This important funding has allowed our organization to provide close to 10,000 healthcare visits each year.

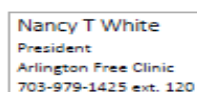
Additionally, each year, E*TRADE has convened nonprofit leaders from across the DC metropolitan region for important discussions on topics such as affordable housing, access to technology, and food insecurity. These efforts by E*TRADE are helping improve community conditions in our region and in our county.

Both Morgan Stanley and E*TRADE have robust and effective Corporate Social Responsibility (CSR) programs. I have no doubt that the merger between the two companies will lead to an even greater impact on the communities where they do business.

I encourage your support of this merger and am happy to respond to any questions.

Sincerely,

Nancy T White
President, Arlington Free Clinic



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Reuben Varghese, MD, MPH

April 29, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

Dear Sirs/Madams:

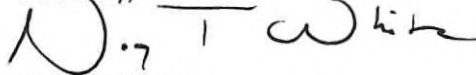
As president of Arlington Free Clinic, I am writing this letter to support the merger between Morgan Stanley and E*TRADE.

E*TRADE and Morgan Stanley are both heavily invested in their local communities. For over 6 years, E*TRADE has provided generous annual funding to Arlington Free Clinic to support our provision of free, comprehensive healthcare to low-income, uninsured Arlington County adults. This important funding has allowed our organization to provide close to 10,000 healthcare visits each year. Additionally, each year, E*TRADE has convened nonprofit leaders from across the DC metropolitan region for important discussions on topics such as affordable housing, access to technology, and food insecurity. These efforts by E*TRADE are helping improve community conditions in our region and in our county.

Both Morgan Stanley and E*TRADE have robust and effective Corporate Social Responsibility (CSR) programs. I have no doubt that the merger between the two companies will lead to an even greater impact on the communities where they do business.

I encourage your support of this merger and am happy to respond to any questions.

Sincerely,



Nancy T White

President, Arlington Free Clinic

From: Stacey Antonelli
Sent: Wednesday, April 29, 2020 4:11:46 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] E-Trade Letter of support from Virginia Comm Capital

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Stacey Antonelli

Corporate Governance Administrator | Virginia Community Capital, Inc.

7814 Carousel Lane, Suite 100, Richmond, VA 23294

Direct: [804.793.0984](tel:804.793.0984)

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April 29, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

Dear Mr. Hurwitz,

I am writing to you as the President & CEO of Virginia Community Capital, Inc., a regulated, non-profit 501(c)3 Community Development Financial Institution and Federal Reserve Bank of Richmond member, with \$450M of Assets Under Management. We operate several subsidiary companies that include a non-profit loan fund, a community development state-chartered bank, and a fee-based consulting company advising place-based philanthropic entities on impact investing opportunity and providing asset servicing support. We are active throughout the nation in some of our services and throughout Virginia and parts of the mid-Atlantic in our lending services.

We are writing in support of the merger application between Morgan Stanley and E*TRADE. We have a partnership with E*TRADE that has included investment activity in our organization, technical assistance services for our IT group, and active outreach on needs with our communities. They have a demonstrated track record of OUTSTANDING work in the Community Reinvestment Act space and have been a good, solid partner to many community organizations. We are optimistic this track record will continue, and perhaps increase with greater financial strength, after the merger. We understand they are already actively engaged in determining their community commitments of the combined entity. Commitments and partnerships with Community Development Financial Institutions (CDFI's) are important for our communities and allow these bigger institutions to support local underserved markets. Both institutions have demonstrated a history of understanding these types of partnerships in the past.

We have been told both CRA staff teams will continue with the new entity and applaud their decision to approach the merger this way. Our work with the staff at E*TRADE has been excellent, with years of partnership together and lots of local impact as a result. Organizations committed to caring about community, in addition to shareholders, demonstrate they understand the balance of their responsibilities to all stakeholders. These two companies have demonstrated that in the past, and have committed to continue and perhaps expand that support from the financial strength of the new combined entity.

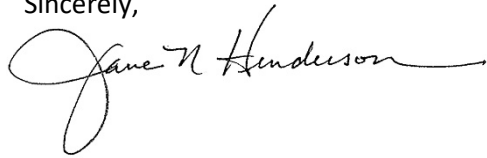
110 Peppers Ferry Road, N.W.
Christiansburg, VA 24073
540.260.3126

7814 Carousel Lane, Suite 100
Richmond, VA 23294
804.344.5484

207 Granby Street, Suite 201
Norfolk, VA 23510
757.962.1268

If you need to reach me for any questions or additional follow up, you can email me at jhenderson@vccva.org, or call me at 804-344-5484, Ext. 137.

Sincerely,

A handwritten signature in black ink that reads "Jane N. Henderson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Jane N. Henderson
President & CEO

From: Steve Liga
Sent: Tuesday, April 28, 2020 2:41:34 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Morgan Stanley E*TRADE Merger Comments

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Please see attached letter of support for the proposed merger.

Steven G. Liga
MSW, LSW, LSATP, CPS, CCS
Chief Executive Officer

ACTS
PO Box 74
Dumfries, VA 22026
 [\(703\) 441-8606 ext. 201](tel:7034418606)
sliga@actspwc.org
www.actspwc.org



"Creating a community where no one goes without or suffers alone"



P.O. Box 74
Dumfries, VA 22026
703-441-8606
Fax 703-221-3585
actspwc.org

April 28, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

RE: Morgan Stanley/E*TRADE Merger

To Whom it may concern:

On behalf of Action in Community Through Service (ACTS), a private 501c3 nonprofit human services organization in Virginia, I am writing to support the planned merger of Morgan Stanley and E*TRADE Financial Corporation. In addition to the positive wealth management aspects of the merger, there will also be significant benefits to local communities. ACTS serves 70,000 residents of northern Virginia each year in the areas of hunger, homelessness, domestic violence, sexual abuse and assault, and suicide. Organizations such as ours depend upon the type of corporate philanthropy, community investment, and technical assistance companies such as Morgan Stanley and E*TRADE provide.

ACTS has partnered with E*TRADE for more than five years. This partnership has included E*TRADE's annual financial grant to ACTS, access to specialized IT technical assistance through its collaboration with Tech Impact (a leading nonprofit Technology Services, Education, and Training company), training through workshops and its Annual Nonprofit Summit, and volunteer opportunities. For example, through E*TRADE's Tech Impact grants, ACTS was able to purchase new servers, migrate critical functions to the cloud, and receive customized technical assistance during a year-long implementation of an Integrated Case Management System. None of this would have been possible otherwise. The expert training E*TRADE has provided over the years as part of its corporate community engagement would be out of reach for all but the very largest nonprofits.

With more than 50% of our budget coming in the form of individual, government, and corporate contributions, partnerships with financial services and wealth management companies bring critical revenue and expertise to the table. With Morgan Stanley's and E*TRADE's combined corporate philanthropy and community investment, organizations such as ACTS will surely benefit, allowing us to provide critical services to our neighbors in need that otherwise would be impossible.

Thank you for your consideration in this matter.

A handwritten signature in blue ink that reads "Steven G. Liga".

Steven G. Liga
ACTS CEO

From: Gabrielle Webster
Sent: Tuesday, April 28, 2020 4:16:08 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] E*TRADE/Morgan Stanley merger comments

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Thank you for the opportunity to comment.

Gabrielle

Gabrielle Urquhart Webster

President & CEO

Boys & Girls Clubs of Greater Washington

4103 Benning Road NE | Washington, D.C. 20019

O: 202.540.2310 | M: 703.304.8631



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Boys & Girls Clubs of Greater Washington. Great Futures Start Here.



BOYS & GIRLS CLUBS
OF GREATER WASHINGTON

April 29, 2020

Metropolitan Board of Directors

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Trevor Stanley, Board Governance Chair
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Dennis Perkins, Program Chair
Lamar Greene, Safety Chair
Kevin Fromer, At Large
Gabrielle Webster, President & CEO

Ivan Hurwitz, Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York NY 10045-0001
Email: comments.applications@ny.frb.org

Dear Mr. Hurwitz,

Boys & Girls Clubs of Greater Washington (BGCGW) would like to comment on the merger between E*TRADE and Morgan Stanley.

- BGCGW is in full support of this very important merger.
- E*TRADE and BGCGW have been partners for many years. Their financial support has helped provide us the opportunity to serve additional kids, the kids that need us most in the Northern Virginia, Suburban Maryland and Washington, DC geography. BGCGW has 15 locations and serves over 20,000 youth annually.
- Both E*TRADE and Morgan Stanley are strong performers in CRA and we assume that together they will be even stronger.

Martin K. Alloy
Patty Perkins Andringa
Kevin Broadhurst
Tiffany Butcher
Daniel Crocker
James G. Davis
Richard Dyer
Ashley Goodspeed
Erica Gordon
Stephen Greer
Melissa Lavinson
Roberta Liss
David Millard
Ramona Mockoviak
John O'Brien
Rebecca Owen
Shaunta Vaughn

Sincerely,

Gabrielle Webster

Gabrielle Webster
President & CEO

Regional Presidents:

Kirk Hansen, Alexandria
Susan Behn, Fairfax County
Charles Tucker, Prince George's County
Courtney Holeman, Prince William County
P. Nicholas Peterson, District of Columbia
Kimberley McBride, Montgomery County

From: Martha Wunderli
Sent: Tuesday, April 28, 2020 7:29:40 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Morgan Stanley

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Thank you for the opportunity to commend Morgan Stanley.

Martha D. Wunderli

Executive Director | AAA Fair Credit Foundation

Office: 801.656.1610 | Fax: 801.364.8885

230 West 200 South, Ste. 3104

Salt Lake City, UT 84101

faircredit.org





Expanding Financial Capability

April 28, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

Via email Comments.applications@ny.frb.org

Dear Mr. Hurwitz,

It is my pleasure to commend Morgan Stanley's valuable contribution to Utah's nonprofit community and the low- income households we serve.

Morgan Stanley was the initial funder for the 2003 launch of an innovative asset building program for low income Utah household earning less than 80% of area median income. Their investment encouraged additional funders who provided ongoing sustainability.

That program which continues today with Morgan Stanley's ongoing support has provided economic mobility and financial inclusion for thousands of working Utahns who have transitioned out of poverty and into the middle class.

Thank you for the opportunity to express our gratitude for Morgan Stanley's vision, ongoing charitable donations, willingness to provide technical assistance and commitment to building Utah's economy. Utah is a better place because of them.

Sincerely,

Martha D. Wunderli
Executive Director

From: Susan Bomberg
Sent: Tuesday, April 28, 2020 5:37:14 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] The Morgan Stanley Acquisition and Merger of and with E*TRADE

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Good afternoon,

Please see the attached letter from our Executive Director, Jon Smoot, regarding the

Morgan Stanley Acquisition and Merger of and with E*TRADE. We appreciate your consideration.

Regards,
Susan Bomberg

--

Susan Bomberg
Accounting Manager
Habitat for Humanity of Northern Virginia
6925 Edsall Road, Suite 120, Alexandria, VA 22312
Tel (703) 521-9890 ext 113
Fax (703) 521-9893
sbomberg@habitatnova.org
www.habitatnova.org



Building Foundations... Building Families' Futures

April 28, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

RE: The Morgan Stanley Acquisition and Merger of and with E*TRADE

Dear Mr. Hurwitz,

I am writing in support of the proposed acquisition and merger of E*TRADE Financial Corporation by and with Morgan Stanley.

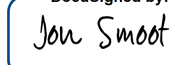
Habitat for Humanity of Northern Virginia and E*TRADE have been partners for over 20 years in serving lower-income households through affordable mortgage solutions. E*TRADE has been a fantastic financial and organizational supporter of my Habitat affiliate.

Moreover, E*TRADE has been a terrific community partner to over 60 DC Metro area nonprofits through generous financial support and educational offerings.

Both E*TRADE and Morgan Stanley have exhibited strong community relationships wherever they operate with outstanding CRA compliance and performance. There is no reason to think that these financial institutions' support level in the community would in any way decrease, and would likely increase, leveraging their new relationship and assets.

I write in strong support, and thank you for your attention.

Best regards,

DocuSigned by:

Jon Smoot

9BBA20F4F3CB4DC...

Executive Director
Habitat for Humanity of Northern Virginia

From: Kenneth J. Brewer, Sr.
Sent: Tuesday, April 28, 2020 2:48:26 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] COMMENTS ABOUT ETRADE & MORGAN STANLEY MERGER

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**H STREET COMMUNITY DEVELOPMENT CORPORATION
916 PENNSYLVANIA AVENUE SE
WASHINGTON DC 20003**

TUESDAY 28 APRIL 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

SUBJECT: ETRADE/MORGAN STANLEY MERGER

DEAR MR. HURWITZ,

THE H STREET COMMUNITY DEVELOPMENT CORPORATION (HSCDC) STRONGLY SUPPORTS THE MERGER OF ETRADE AND MORGAN STANLEY. ETRADE HAS BEEN A TREMENDOUS PARTNER REGARDING OUR AFFORDABLE HOUSING EFFORTS AND INITIATIVES FOR MORE MANY YEARS. THE LEADERSHIP OF VICKIE TASSAN AND HER TEAM OF COMMUNITY DEV ELOPMENT PROFESSIONALS SPECIFICALLY OLIVE IDEHEN AND CAROLYN IBACACHE HAVE BEEN OUSTANDING. ETRADE FINANCIAL SUPPORT HAS ENBLED HSCDC TO PURCHASE NEW HOT WATER HEATERS, NEW ENTRY DOORS, AND OTHER CRITICAL ENHANCEMENTS TO OUR AFFORDABLE HOUSING PORTFOLIO.

HSCDC LOOKS FORWARD WORKING WITH THE RESULTING MERGER ENTITY, MORGAN STANLEY IN THE NEAR FUTURE REGARDING COMMUNITY DEVELOPMENT IN WASHINGTON DC. DUE TO THE CORONAVIRUS STAY AT HOME MAYOR'S ORDER, HSCDC HAS ALL STAFF WORKING FROM HOME. I WAS NOT ABLE TO PLACE THIS MESSAGE ON HSCDC LETTERHEAD.

REGARDS,

KENNETH J. BREWER, SR
CHIEF EXECUTIVE OFFICER, HSCDC

From: Greg Rockwell
Sent: Wednesday, April 29, 2020 11:28:43 AM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] RE: Letter of Support for E*Trade & Morgan Stanley Merger

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Federal Reserve Bank,
Resending the attached letter with our President's signature on it.

Greg



Greg Rockwell | Director of Development

.....
Jubilee Housing | 1640 Columbia Road NW, 2nd Floor | Washington DC 20009
202-559-2330 | 202-299-1246 Fax
grockwell@jubileehousing.org | www.jubileehousing.org

In response to the COVID-19 pandemic, Jubilee Housing continues to provide essential services with a skeleton staff onsite. Non-essential Jubilee Housing staff will be working remotely. Email is the best way to reach staff, however voicemails will be checked daily. Please visit www.jubileehousing.org for updates.



*Proud to be included in the
Catalogue for Philanthropy
as one of D.C.'s best
non-profits for 2018-2019.*

From: Greg Rockwell

Sent: Wednesday, April 29, 2020 7:05 AM

To: 'Comments.applications@ny.frb.org' <Comments.applications@ny.frb.org>

Cc: Rebecca Ely (rely@jubileehousing.org) <rely@jubileehousing.org>

Subject: Letter of Support for E*Trade & Morgan Stanley Merger

Federal Reserve Bank,

Jubilee Housing respectfully submits this letter in support of the proposed merger between E*Trade and Morgan Stanley. E*Trade has been a valuable partner in our affordable housing work for several years, and we hope that the resulting institution would be as passionate a supporter for affordable housing as E*Trade has been.

Greg



Greg Rockwell | Director of Development

.....
Jubilee Housing | 1640 Columbia Road NW, 2nd Floor | Washington DC 20009
202-559-2330 | 202-299-1246 Fax
grockwell@jubileehousing.org | www.jubileehousing.org

In response to the COVID-19 pandemic, Jubilee Housing continues to provide essential services with a skeleton staff onsite. Non-essential Jubilee Housing staff will be working remotely. Email is the best way to reach staff, however voicemails will be checked daily. Please visit www.jubileehousing.org for updates.



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non-profits for 2018-2019.*



[Affordable Housing](#)

[Resident Life](#)

[Youth Services](#)

[Reentry Housing](#)

April 28, 2020

Ivan Horwitz, Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 1045-0001

RE: Proposed Merger between Morgan Stanley and E*TRADE

Dear Mr. Horwitz,

We are grateful for the opportunity to be able to comment on the proposed merger between Morgan Stanley and E*TRADE. While Jubilee Housing does not have sufficient information to comment on the community engagement activities of Morgan Stanley, we have had an extensive partnership with E*TRADE. E*TRADE has been an effective financial partner for Jubilee Housing since 2014, providing thought leadership to affordable housing developers in the Washington DC area as well as strong operating grant support, which allows us to pursue our mission.

Founded in 1973, Jubilee Housing's mission is to provide safe, affordable housing and supportive services for residents with low-incomes living in the Adams Morgan, Columbia Heights, and Mount Pleasant neighborhoods of the Nation's Capital. Jubilee Housing serves more than 650 individuals and families and has been a model for programs around the country seeking effective responses to the urban affordable housing crisis. Rather than simply preserving bricks and mortar, Jubilee Housing builds diverse communities that create opportunities for everyone to thrive.

Jubilee Housing understands that, as Bryan Stevenson of the Equal Justice Initiative says, "The opposite of poverty is not wealth. In too many places, the opposite of poverty is justice." Jubilee Housing creates "justice housing," which is affordable to those who need it most, located in neighborhoods with resources such as quality schools, grocery stores, and transportation, and near supports that enable us all to succeed. Housing that offers these fundamentals promotes justice and fosters greater equity among DC's citizens.

E*TRADE has been a reliable financial institution partner to Jubilee Housing and we support a merger with Morgan Stanley, which we expect will expand the level and types of financial supports needed to develop "justice housing" in the Nation's Capital. Expanding affordable housing opportunities for income challenged residents in an expensive housing market requires financial institutions with knowledge of the market and an ability to work with nonprofit developers such as Jubilee Housing. We are hopeful that a merged institution will follow E*TRADE's lead and become an even stronger advocate for the development of affordable housing in Washington, DC.

Sincerely,

James D. Knight
President/CEO

From: Patrick Callihan
Sent: Monday, April 27, 2020 6:15:43 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] E*Trade/Morgan Stanley Merger Comments

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Please add the attached letter to your comments.

Thank you,
Patrick Callihan



Patrick Callihan | Executive Director
417 N. 8th St., Suite 203, Philadelphia, PA 19123
215-557-1559 x109 | patrick@techimpact.org

April 27, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

Dear Mr. Hurwitz,

I am writing in support, during the open comment period, of the proposed E*Trade and Morgan Stanley merger.

I am the executive director for a nonprofit organization named Tech Impact, with offices in the DC metro area, and we have partnered with E*Trade for many years to provide much needed support to the vulnerable communities in E*Trade's service areas in the Maryland/Virginia/DC/West Virginia markets.

E*Trade and Tech Impact have worked together to improve technology for the nonprofits that are serving the most vulnerable in that region. We have worked with organizations that provide housing assistance, financial literacy, workforce development programs and other critical services, improving their use of technology. This work has brought efficiency and effectiveness to their environments, allowing them to reach more constituents with their services.

We have worked closely with the community leaders at E*Trade to develop this innovative program in their region. We have had a very strong and open relationship that is focused on greater outcomes for the organizations we serve and for the improvement of the community.

I believe that this merger will not only allow us to continue this important work, but to expand it by working closely with E*Trade and Morgan Stanley as partners. Both have an excellent track record in providing community support, I anticipate that will only strengthen in a combined organization.

Sincerely,



Patrick Callihan
Executive Director
Tech Impact

From: Gillian Barney
Sent: Wednesday, April 29, 2020 9:04:19 AM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Support of Morgan Stanley and E*TRADE merger

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Good morning,

On behalf of Thrive Virginia, I am writing to support the merger between Morgan Stanley and E*TRADE.

Thrive Virginia (Quin Rivers, Inc. DBA Thrive Virginia) is a Virginia-based, 501c3 non-profit, founded in 1970 as part of the Economic Opportunity Act of 1964 to fight America's War on Poverty. For the past fifty years, Thrive Virginia has supported the well-being of families and making sure that everyone can reach their full potential and contribute to their communities. Thrive Virginia believes that by maximize people's potential, communities thrive.

Thrive Virginia and E*TRADE have been partners for the last five years, working together to impact the communities Thrive Virginia serves. Their commitment to our mission has assisted our organization in delivering critically needed services to over 3,000 individuals each year. E*TRADE's support of our services resulted in the following program outcomes in FY19:

- 180 students in grades 10-12 received services to prevent drop out and increase interest in higher education.
- 1,671 students received violence prevention education through 274 classroom presentations.
- 213 individuals obtained safe and affordable housing.
- 381 individuals demonstrated improved financial well-being.
- 38 families and 48 children received early childhood development and parent training through 504 home

visits.

- 2,160 individuals demonstrated improved mental and behavioral health and well-being.
- 299 adults and 99 children received domestic violence advocacy services.
- 68 families and 164 children received 4,592 meals.

We are hopeful that with Morgan Stanley's performance record, this merger will result in even more substantial support of our communities.

Thank you for the opportunity to support this merger.

Best,

Gillian Barney
Associate Executive Director
Thrive Virginia
7911 Courthouse Way, Suite 300
P.O. Box 208
New Kent, VA 23124
T 804-966-8723
F 804-966-8739
gbarney@thriveva.org
www.thriveva.org



Our name has changed to better reflect our commitment to empowering families and transforming communities!

From: Shelley Murphy
Sent: Tuesday, April 28, 2020 2:44:11 PM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Cc: Kathy Mejasich
Subject: [External] Morgan Stanley and E*TRADE Merger

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Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001

Dear Mr. Hurwitz:

We at Wesley Housing Development Corporation of Northern Virginia support the merger between E*Trade and Morgan Stanley. We have had a long standing relationship with E*Trade, and they have supported our community services initiatives, along with providing pro bono consulting for our IT and other administrative needs.

We know that both E*Trade and Morgan Stanley are strong community partners, with deep commitment to the communities they serve. The record of their performance is shown by their outstanding CRA ratings.

We look forward to continuing to work with the new, merged entity.

Sincerely,



Shelley S. Murphy
President/CEO

5515 Cherokee Ave, Ste 200, Alexandria, VA 22312

O: 703.642.3830 ext. 212

C: 703.887-3216

wesleyhousing.org





Consumer Federation of America

BEFORE THE FEDERAL RESERVE
COMMENTS OF THE CONSUMER FEDERATION OF AMERICA
on the
PROPOSED MORGAN STANLEY-E*TRADE MERGER

Mark Cooper, Director of Research
Amina Abdu, Antitrust Advocacy Associate

May 1, 2020
(as revised May 4)

BACKGROUND ON MERGER REVIEW

For almost four decades there has been growing concern about lax enforcement of antitrust laws that has allowed increases in concentration and abuse of the market power to which concentration gives rise. The concern has been focused on “horizontal” concentration – the merger of firms that compete directly with one another (head-to-head) in the sale of products that are substitutes. “Vertical” concentration, the merger of firms that sell products that complement one another – are related but not seen as substitutes -- has also been a growing concern.

The economic theory that allowed, even urged, antitrust authorities to take less action against concentration and the abuse of market power, had its origins in the teaching of the Chicago School of law and economics. It has been termed market fundamentalism, although it embodied and combined long standing elements of *laissez-faire*, neoclassical and, more recently, neoliberal, and trickle-down economics. This theory, which urged courts to dismiss concerns about abuse of market power, rested on extreme assumptions that market power is transitory and less onerous than traditionally thought, and that vertical integration is much more likely to result in efficiency than abuse.

Those assumptions were challenged from the earliest days of their application to legal practice.¹ The empirical evidence in the economic and antitrust literatures shows that the assumptions of market fundamentalism simply do not fit reality. The lax antitrust enforcement promoted by these faulty assumptions has resulted in reduced competition and increased abuse of

¹ For a sampling of the early and late literature see, in the economics literature see, on contestability: Shepherd, William G. 1984, “‘Contestability’ vs. competition,” *American Economic Review* 74(4), September; Shepherd, William G. 1988, “Entry barriers, contestability, and predatory pricing,” *Revue d’Economie Industrielle*, 46(4); Martin, Stephen, 2001, “Contestability,” updated chapter from *Advanced Industrial Economics*, Wiley Blackwell; Evenden and Williams, 2000; Joseph Stiglitz, offers a critique of contestability in Socialism, pp. 117-119. For additional data see Cooper, Mark and Bruce Kushnick, 2016, Comments and Reply of the Consumer Federation of America and the New Networks Institute, before the Federal Communications Commission, in the matter of Business Data Service in an Internet Protocol Environment, Investigation of Certain Price Cap Local Exchange Carrier Business Data Service Tariff Pricing Plans, Special Access for Price Cap Local Exchange Carriers, AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services, WC Docket Nos. 16-143, 15-247, 05-25, RM-10593, June 27, In antitrust see, Lawrence Anthony Sullivan, “Economics and More Humanistic Disciplines: What Are the Sources of Wisdom for Antitrust?,” *The University of Pennsylvania Law Review*, 1977, 125, Einer Erlhauge, Tying, Bundled Discounts, and the Death of the Single Monopoly Profit Theory, Harvard John M. Olin Discussion Paper Series, October 16, 2009; Salop, On rent seeking: Barak Orbach, 2015, “A State of Inaction: Regulatory Preferences, Rent, and Income Inequality,” *Theoretical Inquiries in Law*, 16; Salop, 2018, xx; Jonathan Baker, 2012, “Exclusion as a Core Competition Concern.” 78 *Antitrust L.J.*, Herbert Hovenkamp, “Implementing Antitrust’s Welfare Goals,” *Fordham Law Review*, 2013: 81 “Whatever Did Happen to the Antitrust Movement?” *Notre Dame Law Review*, 2018, 94:2.

consumers. The failure of theory to correctly predict real world behavior has been so clearly and overwhelmingly exposed that almost two dozen Nobel prizes in economics have been awarded to individuals who demonstrate the many aspects of the erroneous basis and conclusions of market fundamentalism. Table 1 presents a list of the Nobel Prizes organized into five schools of thought.

TABLE 1: NOBEL LAUREATES ON MARKET IMPERFECTIONS, WITH STIGLITZ REFERENCES

<u>Structural & Societal Flaws</u>	<u>Endemic Tendencies</u>	<u>New Institutional & Transaction Cost Economics</u>	<u>Behavioral Economics</u>	<u>End of Value-free Economics/Return of Political Economy</u>
<u>Structural Flaws</u> Krugman, 2008; Heckman, 2008; Deaton, 2015; <u>Technological Change</u> Solow, 1956; Nordhaus, 2018; Romer, 2018	Stiglitz, 2001; Spence 2001; Tirole 2014; Hart & Holstrom, 2016	Coase, 1991; North, 1993 Fogel, 1993; Ostrom, 2009; Williamson, 2009	<u>Human Behavior</u> Simon 1957; Akerloff, 2001; Kahneman, 2002; Smith, 2002; Shiller, 2013; <u>Strategic Conduct</u> Nash 1991; Selton, 1994; Harsanyi, 1994; Thaler, 2011	Sen, 1998; Bannerjee, Duffo & Kremer, 2019

Source: Updated from, Mark Cooper, “Comments of the Consumer Federation of America on Copyright Policy, Creativity and Innovation in the Digital Economy,” Before the *United States Department of Commerce, Patent and Trademark Office*, November 13, 2013, p. 26, and Mark Cooper, *The Political Economy of Electricity: Progressive Capitalism and the Struggle to Build a Sustainable Power Sector* (Preager, 2017), Chapters 4 and 7.

These Nobel laureates made it clear that market fundamentalism is a deficient theory of real-world behavior because it fails to depict the reality of market performance. Two points should be stressed in considering this table. First, these critiques are overwhelmingly American. Five-sixths of these Noble Prizes were awarded to economists identified with the United States (although a few also listed other nations, as well). Just under half of all the prizes in economics awarded to those who list the U.S. as an identifier were for this critical work. More prizes were awarded to U.S.-based economists offering work critical of the neoclassical model than were awarded to non-U.S. economists for work not identified as critical. Given the combination of evidence and high-level thinking about market imperfections and failure, we find that not only is market functioning as described by market fundamentalists called into doubt, but so too are the assumptions about underlying economic motivations.

Second, the broad critiques strengthen the case for considering the conditions under which markets perform poorly. It follows then that policy interventions are appropriate to correct market imperfections and market failures. In fact, few if any of these Nobel laureates abandon capitalist markets as central economic institutions. Their primary goal is to identify the sources of market failure with greater precision and prescribe policies to reduce the imperfections, all while preserving the positive, dynamic forces of markets.

While the concern about lax antitrust enforcement has occurred across the board, it has recently become particularly intense when considering the digital economy. The claim has been made that these markets would be best served by a single firm because powerful economies of scale mean they had a tendency to “tip” to a single firm, against competition between many firms. In this theory, monopoly is durable and several questions immediately challenge inaction.

First, many of the products they now sell in their ever-expanding bundles were not “invented” by the dominant firms; they were acquired through mergers and acquisitions. Competition in complements died an unnatural death that antitrust was supposed to prevent.

Second, the creation of huge bundles of products makes it more difficult for competitors to enter the main business of these dominant firms, i.e. it has an anticompetitive effect across the board.

Third, the dominant firms engage in blatantly anticompetitive behaviors to undermine competition in their core businesses. They do not rely on size alone to undermine competition, indicating that their dominance is not “natural” in any sense.

Fourth, absent competition in complements and core businesses, efficiency gains are not passed through to consumers; they are pocketed by dominant firms.

Fifth, many of the costs imposed on the public cannot be measured in simple terms of price increases that are frequently used by antitrust authorities. They are qualitative (like diminution of competition and reduced innovation) and non-economic (like the loss of privacy or denial of consumer choice).

The concern about excessive, horizontal concentration and “unnatural,” vertical integration that results from lax antitrust enforcement is not limited to strictly digital products, although the most intense scrutiny has lately been focused on firms like Google and Facebook. Because digitization is spreading rapidly through the economy and affecting all sectors, it applies across the board.

Moreover, some sectors have been identified for special scrutiny of both antitrust and regulation for two reasons. They play a special role in determining economic growth and it is extremely difficult to weed out anticompetitive practices with one set of tools. Antitrust has been intensified in these sectors and regulation is also applied. Two examples come readily to mind – the communications and financial sectors. Mergers are pending in both of these sectors that raise many of these issues, e.g. Google-FitBit and Morgan Stanley-E*Trade. The remainder of these comments deal with the latter.

As the following text box shows, CFA adopted this framework in our analysis of the financial meltdown that led to the Great Recession. The complex vertical relationships that pose a challenge to antitrust and regulation was a central concern of that analysis. We also noted the tendency of policymakers to focus on short term solutions and, once the crisis had eased, failed to tackle longer term reform. We have a similar concern about the current crisis, Although the current crisis has a different origin, it places similar stresses on and highlight weaknesses in the financial sector. This is why we call for a pause in the review of this merger and the adoption of a more vigorous and rigorous approach before the work of merger review begins again, as it must.

POLICY RESPONSES TO MARKET FAILURE: SPOTLIGHT ON THE FINANCIAL SECTOR

Testimony of Dr. Mark Cooper, Director of Research, Consumer Federation of America On Too Big to Fail? The Role of Antitrust Law in Government-Funded Consolidation in the Banking Industry Subcommittee on Courts and Competition Policy Committee on the Judiciary United States House of Representatives, March 17, 2009.

Capitalism without bankruptcy is like Catholicism without hell; it lacks a sufficiently strong motivational mechanism to ensure good behavior. The financial system should never have been allowed to become exposed to a plague of banks and other financial institutions that were deemed to be “too big to fail.” Moreover, size is not the only cause of systemic risk... complex and opaque interconnections among firms... also create systemic risk... [S]ome products... are so complex and prone to spread like a virus through the financial system that they pose a threat of systemic risk because they afflict so many institutions and they are nearly impossible to unwind when they fail. In other words, we must prevent products and institutions from becoming “too big or too complicated to fail.”

Restoration of Effective Prudential Regulation is Vitaly Necessary to Restore the Health of the Financial System. While we believe that vigorous antitrust enforcement is critically important to promoting a competitive industry that protects the public from a variety of abuses, we also believe that the only way to prevent the public from being exposed to the moral hazard of “too big or too complicated to fail” is to regulate financial institutions and products in a manner that imposes effective discipline directly on their behavior. Antitrust authorities do not have any special expertise in understanding systemic risk and the principles of antitrust law do not reach systemic risk. Given the financial sector’s tendency to parallel, procyclical behavior (contagion) with complex products and opaque balance sheets, even an unconcentrated market can easily pose a systemic risk...

Efficiency Defense. Over the past several decades antitrust has given far too much deference to efficiency at the expense of competition. The theory that private actors should be allowed to acquire market power where efficiency would be advanced rested in part on the assumption that firms would perceive and pursue their interest in a manner that promoted the consumer interest. The economic literature is fairly clear that there is not much evidence there are efficiencies from mergers; in financial services the record looks even more dismal. We in the public interest movement have always maintained that the pursuit of private profit is not always synonymous with the public good and challenged the efficiency argument because, absent competition, firms with market power are not compelled to share the efficiency gains with the consumer....

Vertical Leverage. The digital economy of the 21st century is very much an economy made up of platforms in which layers of complementary products and services sit atop one another. In traditional antitrust analysis, markets may look like separate markets vertically organized, but their close interconnection, frequently through technological dependency, renders the threat of exercise of vertical leverage much greater than was the case in the physical markets of the 19th and 20th centuries. Tying, anticompetitive bundling and exclusionary conduct take on much greater significance. Thus, in the antitrust space, just as in the realm of prudential regulation of financial institutions, we have been afflicted by irrational exuberance for unregulated markets. The need for reform does not demand a radical new experiment. Rather, it demands a return to the traditional values of progressive capitalism that served us so well in the half century after the New Deal. The market fundamentalism of the past thirty years was the radical experiment and it has failed miserably.

Mark Cooper BS Barbara Roper, *Reform of Financial Markets, The Collapse of Market Fundamentalism and the First Steps to Revitalize the Economy*, Consumer Federation of America, April 2009

The Flaws in Market Fundamentalism. Left to its own devices, the market suffers from inherent or endemic flaws as a result of which it fails to consistently achieve its primary function of efficiently allocating resources to uses. These flaws are highly inter-connected, so one could draw the lines and distinctions between problems in various ways. The important lesson is that there is a nexus of problems that plagues market fundamentalism in the financial sector and leads to its failure to execute its proper function in the economy.

Conclusion. Because of the nature of the current crisis, there is a natural tendency to move from the emergency repair of the system to focus on how to resolve or cushion the collapse of financial markets. Ultimately, however, the threat of collapse of a systemically significant financial institution is not the only problem that afflicts financial markets. The comprehensive view of systemic risk taken by the administration must be applied to the other areas where regulatory reform is needed. Reforming the financial system to ensure it plays its proper role in our economy will not be complete or effective until the Congress adopts and the administration implements policies to prevent excessive risk taking, perverse compensation schemes, and conflicts of interest more broadly and to provide much greater transparency and fairness for investors, consumers and regulators in the financial markets.

This paper provides the analytic framework for understanding why a comprehensive solution is necessary to repair the financial system in the United States.

THE PROPOSED MORGAN STANLEY-E*TRADE MERGER

The market for online, discount brokerages has been competitive and consumer-friendly for many years. It did more than provide a lower-cost option for consumers; it forced full-

service firms to compete on cost and quality of service in order to retain market share. Although discount brokerage is currently undergoing significant concentration in addition to the present proposal for vertical integration, there is no reason to believe that it cannot remain competitive and would not continue to innovate new, consumer-friendly business models. Of course, players in the market would like it to yield high profits and large merger premiums offered from big banks, who have an interest in killing competition, are attractive. It is unlikely, however, that Morgan Stanley will continue to compete with lower prices and more choices. It is much more likely that it will seek to move consumers to its proprietary products, even when they are inferior to other options now available on the E*Trade platform.

At the same time, by acquiring a large group of online customers with significant discretionary income at play in the market, Morgan Stanley is buying a large potential market for its other products. Leveraging the new, larger bundle, Morgan Stanley will gain an advantage over its potential competitors in its core businesses. This bundle may preclude or weaken competition in the core market.

Fierce competition has lowered prices and squeezed profits among firms offering financial advice, as shown in Figure 1.² But that is no reason to allow mergers and vertical integration to diminish competition in the sector. This is precisely the moment that innovation and new technology can produce more consumer-friendly, sustainable business models. As we have shown in the analysis of other sectors, this process of “disintermediation” is the hallmark of consumer-friendly competition in physical space and, especially in cyberspace and financial markets, “[o]n Wall Street, as elsewhere, hot ideas quickly get imitated.”³ The search for differentiation and added value is ongoing, to differentiate products and escape from commoditization. Companies hate this process, consumers love it, and competition is the great force that drives it forward.

Historical experience has shown that financial services firms that operate as fiduciary advisers, but with extensive conflicts of interest, have a powerful incentive and the ability to behave badly, exploiting whatever market power they have and utilizing information and behavioral advantage to abuse consumers.

These dual-registered investment advisers (DRs) have several conflicts of interest including affiliated mutual funds, insurance cross-selling, and mutual fund revenue sharing. Further, DRs appear to charge retail clients higher fees than independent RIAs, and regulators frequently discipline DRs. Finally, DRs invest RIA client assets in institutional classes of the same underperforming mutual funds they offer brokerage clients. Hence, many DRs may fall short of the fiduciary standard.⁴

² Michael Kitches, Director of Research Pinnacle Advisory Group, “Five Industry Trends Reshaping Financial Advice,” Consumer Federation of America, October 28, 2019, Slide 6. Hereafter Kitches, Five Industry Trends). See Also, The B2C Robo-Advisor Movement Is Dying, But Its #FinTech Legacy Will Live On!, May 2, 2016, kitces.com/blog/robo-advisor-growth-rates-and-valuations-crashing-from-high-client-acquisition-costs

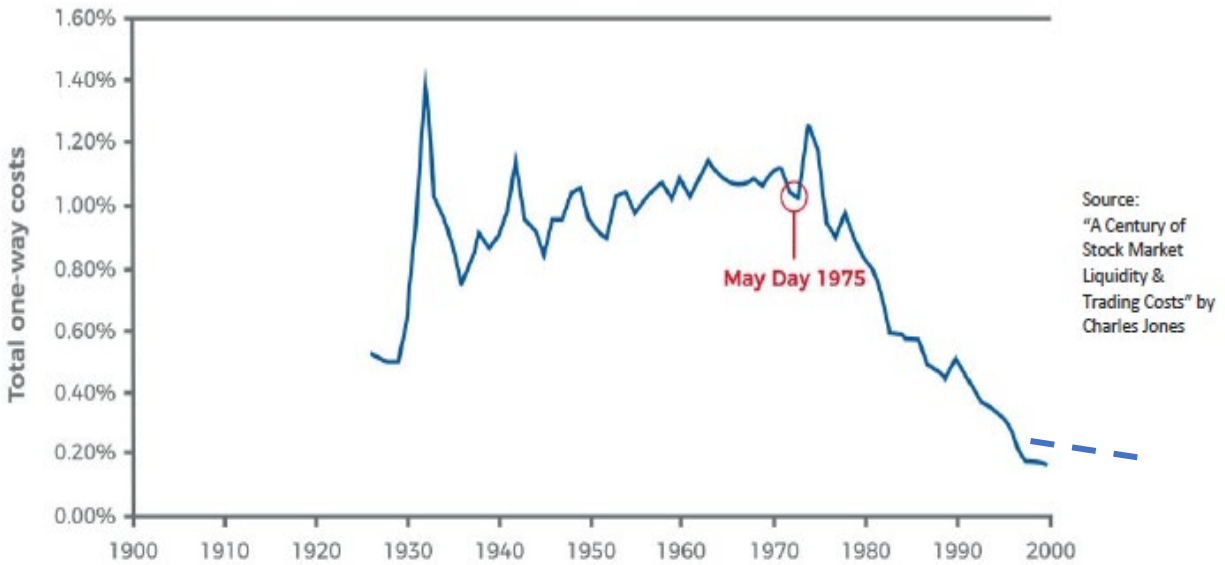
³ Id., Slide 8.

⁴ Nicole M. Boyson, *The worst of both worlds? Dual-registered investment advisers*, Northeastern University, April 1, 2019, citations omitted throughout.

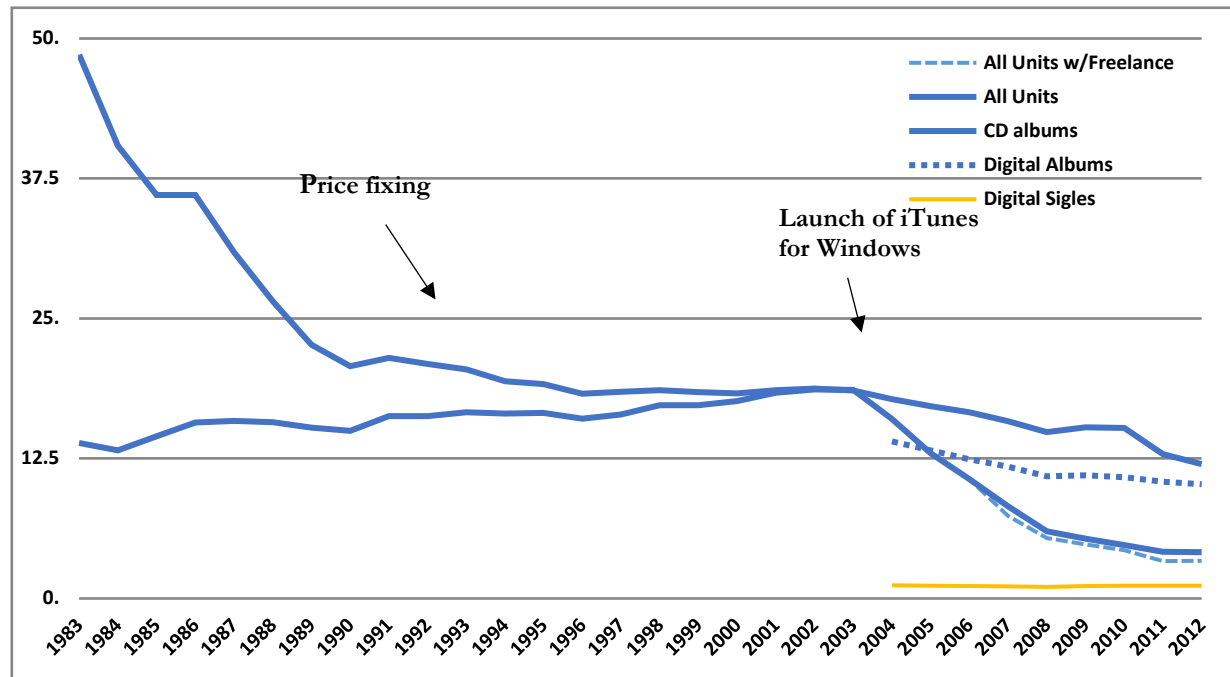
FIGURE 1: EXAMPLES OF COMPETITION-DRIVEN, CONSUMER-FRIENDLY DISINTERMEDIATION

Five Industry Trends Reshaping Financial Advice:

Average one-way transaction costs (half spread + NYSE commission)



Real Revenue Per Unit Shipped, in the CD and Digital Eras (2012 \$)



Source: Mark Cooper, "Comments of the Consumer Federation of America on Copyright Policy, Creativity and Innovation in the Digital Economy," Before the United States Department of Commerce, Patent and Trademark Office, November 13, 2013, p. 32, data based on RIAA, Year-End Statistics; GDP deflator

In fact, there is no better example of the fundamentally anticompetitive nature of the big investment banks than Morgan Stanley's reaction to ending the anticompetitive practices of fixed fees in 1975. The preference for anticompetitive structures and the disdain for competition was expressed by Morgan Stanley, among others, as the Congressionally mandated, SEC regulated end of administered rates, approached. As one author put it,

Increasingly impatient, SEC officials in September 1973 demanded that fixed commission rates be eliminated, and this time, they gave a deadline: May 1, 1975. Adding weight to that mandate, Congress included in the 1975 amendments to the Securities Act a provision requiring the NYSE to eliminate fixed commission rates, again by the May 1 deadline. As the NYSE Board of Governors realized, it was almost impossible to challenge Congress on the rate issue—the only way to do so would be on Constitutional grounds, and that was highly unlikely to work.' The time had come to unfix rates. Morgan Stanley chairman Robert Baldwin, a former Navy lieutenant, ominously labeled the coming deregulation as Mayday—the international distress call.... he predicted that rate deregulation would cause the failure of between 150 to 200 investment banks... Contrary to fears, Mayday led to no major long-term disruptions of the securities industry.⁵

Pro-competitive, consumer-friendly change is disruptive and has consequences for the industry, but that is no reason to reject it.

While approximately one hundred investment banks did fail, the lean, efficient firms that survived went on to flourish in the deregulated environment. A decade afterwards, NYSE chairman John J. Phelan hailed Mayday as “the best thing that ever happened for the industry.’ Indeed, the benefits of rate deregulation were many—among them, tumbling commission fees, a decline in market fragmentation, and the emergence of discount brokerage services like Charles Schwab.⁶

In the long run, the pillars on which stable consumer benefits stand include entrants who behave well, internal industry structures that lean against bad behavior, and ultimately regulators who use their powers to protect the public, while relying on workable competition. This is a formula as old as capitalism itself.

In no small part, the success of Schwab was due to the company's consistent and early adoption of quality advertising and promotional activities.... Yet the staggering volume of trades in recent years, combined with rapid advances in technology, have enabled firms to offer such low rates. Taking advantage of the cheaper transaction fees, many investors have increased their trading activity. While it is good that investors can make less costly trades and can “shop around” for the best bargain, it is unclear whether the increased trading itself is a positive development. Before Mayday 1975, more investors maintained a “buy and hold” strategy, whereas today, a more short-term investing attitude has gained strength.⁷

⁵ Michael Coyne, “Ending a NYSE tradition: The 1975 Unraveling of Broker's fixed commissions and its Long-term impact on Financial Advertising,” *Fairfield University, Business Faculty Publications Charles F. Dolan School of Business*, 2007, pp. 135-136.

⁶ *Id.*, p. 136.

⁷ *Id.*, pp. 137-138.

While one can debate some of the practices of the industry and the failures of regulators to police bad practices, the declining fee curve provides the justification for the overall undertaking. Today, as over half a century ago, fear of destructive competition is not a justification for giving up on competition.

We are at a moment of disruption in financial services, as in many industries, in which business models can evolve and regulation must adapt to that evolution.⁸ The consumer-friendly, procompetitive solution is not increased concentration and vertical integration. A classic example of this is the office supply superstore market, where, twenty years ago, Staples and Home Depot insisted they had to merge to survive. When the court rejected their merger, they proceeded to compete head to head for decades, to the benefit of consumers and the economy. Even today, business models continue to evolve, but that is exactly the point, competition produces results that are consumer-friendly and that businesses can live with.⁹

CONCLUSION: PAUSE MERGER REVIEW DURING A TIME OF NATIONAL CRISIS AND CONDUCT CLOSE SCRUTINY WHEN MERGER EVALUATION RETURNS

It has been widely recognized that the COVID-19 pandemic presents a unique challenge to our society that will change everything. Until we understand the full extent of those changes, we need to pause business as usual. Once the crisis abates, policymakers will engage in a deep discussion of the necessary changes. At that point, we can return to business as “usual,” which will certainly be a new “normal.” Antitrust and oversight over financial institutions is one of the most important areas for this recalibration. Therefore, the Federal Reserve should suspend consideration of the Morgan Stanley-E*Trade merger, while new approaches and guidelines are developed.

Ironically, as noted above, vertical integration and mergers were an area of law and practice that the economic and antitrust literatures had identified as in need of extensive reinvigoration and recalibration. Even without the crisis, change was in the air and this merger demands close scrutiny. If the merging parties insist on moving forward, the merger should be quickly rejected so that there is as little harm as possible to the competitive terrain of the industry.

If there is a pause, then, when the merger is ultimately considered, the Federal Reserve must give it a thorough review. The long series of questions that U.S. and EU analysts had identified for vertical mergers must be fully considered and carefully addressed in any review of a merger of this type.¹⁰ In a lengthy analysis of the AT&T-Time Warner merger, which involved

⁸ Kitches, Five Industry Trends, Slides 24, 28-30.

⁹ Alan Wolf, “Life After Retail: Staples & Office Depot Search For Greener Pastures,” *Twice*, Sep 19, 2018, <https://www.twice.com/retailing/staples-office-depot-search-greener-pastures>.

¹⁰ The literature is voluminous. See Mark Cooper, “Antitrust Practice, Economic Evidence and Market Reality Compel the Department of Justice to Oppose the AT&T-Time Warner Merger,” *Consumer Federation of America and Public Knowledge*, March 2018, for a discussion. The literature cited therein includes the following: Atalay, Enghin Ali Hortaçsu and Chad Syverson, 2014, “Vertical Integration and Input Flows,” 104 *American Economic Review*; Riordan, Michael H. and Steven C. Salop, 1995, “Evaluating Vertical Mergers – A Post Chicago Approach,” *Antitrust Law Journal*, 63(2); Riordan, Michael H. and Steven C. Salop, 1995, “Evaluating Vertical Mergers – A Post Chicago Approach,” *Antitrust Law Journal*, 63(2); Baker, Jonathan B., 1996, “Vertical Restraints with Horizontal Consequences: Competitive Effects of “Most-Favored-Customer Clauses,” 64 *Antitrust L. J.* 517; Pitofsky, Robert, 1997, *Vertical Restraints and Vertical Aspects of Mergers*; *A U.S. Perspective*, Fordham Corporate Law Institute, 24th Annual Conference on International Antitrust Law and Policy, October 16; Salop, Steve, C., 1999, “Usage Leverage to Preserve Monopoly: Discussion of Katz and Shapiro Paper,” in Eisenach, Jeffrey, A. and Thomas M.

both horizontal and vertical aspects, and covered conceptual and empirical evidence on the harmful effects of excessive concentration and vertical integration, we outlined the general concerns expressed by U.S. and EU authorities. We will not repeat the analysis here, except to identify (as in Table 2) the many issues that had led the analysts to conclude that vertical issues deserve much more attention from antitrust authorities. These are the issue that the Fed must address when it considers this merger.

Lenard, (eds),1999, *Competition, Innovation and the Microsoft Monopoly: Antitrust in the Digital Marketplace* (Kluwer, Boston); Northnet, Inc., "An Open Access Business Model for Cable Systems: Promoting Competition & Preserving Internet Innovation on A Shared, Broadband Communications Network, Ex parte, Application of America online Inc., & Time Warner, Inc. for Transfer of Control, FCC, CS Docket No. 00-30, October 16, 2000, cited in Mark Cooper, *Open Architecture as Communications Policy*, Stanford Law School, Center for Internet and Society, 2004:168-169; Comments of the Writers Guild of America Regarding Harmful Vertical and Horizontal Integration in the Television Industry, Appendix A; Sylvia M. Chan-Olmstead, "Self-Dealing or Market Transaction?: An Exploratory Study of Vertical Integration in the U.S. Television Syndication Market," *Journal of Media Economics*, 19 (2); Cooper, Mark and Derek Turner, 2007, The Negative Effect of Concentration and Vertical Integration on Diversity and Quality in Video Entertainment, Telecommunications Policy Research Conference; Caves, Kevin W., Chris C. Holt and Hal J. Singer, 2013, "Vertical Integration in Multichannel Television Markets: A Study of Regional Sports Networks," *Review of Network Economics*, 66; Nocke, Volker and Lucy White, 2007, "Do Vertical Mergers Facilitate Upstream Collusion?," *American Economic Review*, 97; Pitofsky, Robert (ed.), 2008, *How the Chicago School Overshot the Mark* (Cambridge, MA: Oxford Univ. Press); Church, Jeffrey, 2008, "Vertical Mergers," *Issues In Competition Law And Policy*; Salop, Steven C., 2008, "Economic Analysis of Exclusionary Vertical Conduct: Where Chicago Has Overshot the Mark," in *How the Chicago School Overshot the Mark*, edited by Robert Pitofsky (Cambridge, MA: Oxford Univ. Press); Normann, Hans-Theo, 2009, "Vertical Integration, Raising Rivals' Costs and Upstream Collusion," 53 *European Economic Review*, 53; Nocke, Volker and Lucy White, 2010, "Vertical Merger, Collusion, and Disruptive Buyers", 28 *International Law And Industrial Organization*, 350; Economist 2016, "Vertical Limit: AT&T's takeover of Time Warner should be blocked," October 29; Hastings, Justine S. and Richard J. Gilbert, *Market Power*, "Vertical Integration and the Wholesale Price of Gasoline," *Journal of Industrial Economics*, 53; Moellers, Claudia, Hans-Theo Normann and, Christopher M. Snyder, 2017, "Communication in vertical markets: Experimental evidence," *International Journal of Industrial Organization*, 50; Sallet, Jon, 2016, "The Interesting Case of the Vertical Merger," American Bar Association Fall Forum, November 17; Salop, Steven C., 2018, "Invigorating Vertical Merger Enforcement," *Yale L.J.*

TABLE 2: CONCERNS ABOUT THE ABUSE OF MARKET POWER RESULTING FROM VERTICAL INTEGRATION THAT MUST BE ADDRESSED BY ANTITRUST AUTHORITIES

Input Foreclosure (IF)

Market Structure

Ability of fringe to compete

Behavior of integrated firms

Impact of contractual terms

Availability of substitute inputs

Incentives of other firms to parallel

Ability to undermine competition -- withholding,

quality degradation, or price increase

Competitive fringe ability to constrain

Pass through of variable cost

Ability to capture customers

Impact of reciprocity

Customer Foreclosure (CF)

Bargaining leverage

Ability to self-supply

Unilateral Incentives (UI)

Earning on input, compared to retail product

Relative margins

Barriers to entry

Vulnerability to coordination

Incentive to deal with independents

Access to and use of competitively sensitive information

Who are the mavericks, how do firms behave toward them

Price Increases (\$)

Cost symmetry

Cost and ability to punish market participants

Balance of upward and downward pressure on prices

Evasion of regulation (ER)

Evasion of regulation: ability, profitability

From: David Smith
Sent: Friday, May 1, 2020 9:24:23 AM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Comment submitted regarding Application by Morgan Stanley to acquire E*TRADE entities: Federal Register Doc 2020-06814 filed 3-31-20

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PLEASE NOTE: This email is not from a Federal Reserve address.
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Dear FRB New York:

As input to your evaluation of Morgan Stanley's proposed acquisition of the E*TRADE entities, and thereby to acquire indirectly E*TRADE Bank and E*TRADE Savings Bank, I am writing to comment based on the work our non-profit did with Morgan Stanley two years ago. My comment letter is attached, and I ask that it be included in the record.

For the reasons set forth in my letter, and based on the experience I and my non-profit, the Affordable Housing Institute, have had with Morgan Stanley, I believe that if this acquisition is approved, instead of affordable housing innovation and money shrinking, exactly the reverse will happen: Morgan's ability to innovate and address underserved markets in America will increase, and the nation's underserved households will benefit.

I endorse Morgan's application to acquire the E*TRADE holding company and platform.

David A. Smith
May 1, 2020

We're all in this together.

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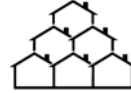
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May 1, 2020

Federal Reserve Bank of New York
Ivan Hurwitz, Senior Vice President
33 Liberty Street
New York, NY 10045-0001
Via email to Comments.applications@ny.frb.org

*Re : Notice for application by Morgan Stanley to acquire E*TRADE entities
Federal Register Doc 2020-06814 filed 3-31-20*

Dear Sirs:

As input to your evaluation of Morgan Stanley's proposed acquisition of the E*TRADE entities, and thereby to acquire indirectly E*TRADE Bank and E*TRADE Savings Bank, I am writing to comment based on the work our non-profit did with Morgan Stanley two years ago.

A bit of background on AHI. Eighteen years ago I founded the Affordable Housing Institute, Inc (www.affordablehousinginstitute.org). AHI is a §501c3 organization, recognized by the IRS as a public charity, which works around the world on pro-poor housing finance and housing delivery solutions. By career an investment banker in US affordable housing, having worked in the field my entire professional life dating back just short of 45 years, I have served throughout as its unpaid CEO.

AHI exists for the sole purpose of making enduring positive impact. We start from the reality that for any anti-poverty or pro-poor initiative, housing is the foundation. Though housing by itself will not solve inequality, or exclusion, or the education or gender divides, without quality affordable housing none of those things can be solved. Our theory of change and impact is that structured finance, tailored from the macro (global capital markets) to the micro (individual people who borrow money to buy, own, improve, or rent homes), is the mechanism by which policy is changed. Show *how* to do a difficult thing and then people *want* the thing to be done. By pioneering and demonstration, one builds the policy and public capital to reshape the financing, legal, and development ecosystems permanently for the better.

To date AHI has worked in over 50 countries, for clients as diverse as the World Bank, Catholic Relief Services, and the Rockefeller Foundation. We have twice received largely unrestricted grants from the Gates Foundation, and have been involved in multiple innovation initiatives, including the co-founding, investment in (with Gates grant funding), and incubation¹ of SEWA Grih Rin (<https://www.sgrlimited.in/>). SGR, an offshoot of India's Self-Employed Women's Association (SEWA), itself a forty-plus year-old non-profit, is a women-centric, women-led Indian housing finance company that lends to poor urban women who are informally employed and live in informal housing. They use SGR's 'housing microfinance' loans to improve their dwellings (e.g. in-home toilet, tiling the floor or kitchen walls), many of which also serve as their workplaces. SGR currently has a portfolio of over 8,500

¹ <https://www.affordablehousinginstitute.org/projects/investment-in-sewa-grih-rin-india>

loans across multiple Indian states. I sit on SGR's Board of Directors and chair its Risk Management Committee.

Our work with Morgan Stanley. AHI also works in the US. Even with America's national successes in many aspects of housing, our country has substantial affordable housing needs and the complexity of the US affordable housing system means that meaningful pro-poor progress in affordable housing can be made only if we structurally reshape capital flows and housing delivery paradigms. This is not easy². It requires a combination of strategic insight born of decades of experience and context, coupled with bold capital deployment.

These principles informed Morgan Stanley in 2018, when, in concert with the Ford Foundation, Morgan asked us to convene a two-day brainstorming workshop of the best and most impact-dedicated executives we and Morgan could identify. Our convening goal was to develop potential new paradigms for affordable housing: new typologies for people to live in; new business models to produce, operate, and own them; and new financing products as fuel to make the machine go of itself. Morgan Stanley charged us with bringing forward possibilities that, if conceptualized with some rigor, funded, and launched, could become innovative new capital deployments for Morgan to pioneer.

We indeed put together the workshop, facilitated it, curated the results, and provided a report with specific programmatic recommendations, including four substantive strategic initiatives with multiple potential offshoots.

In organizing and facilitating the workshop, we were fortunate to have three to four senior Morgan executives present during the entire time. Even better, instead of being asked to generate proposals tailored to Morgan, or to validate ideas that Morgan had internally identified, Morgan asked the workshop to operate from a clean canvas starting from the core questions: *Where is the unmet need, where is the unfilled delivery solution, where is the financial lever?* The result was one of the most intense, fast-moving, and serendipitously insightful workshops it has ever been my pleasure and privilege personally to facilitate. The results show in the short proceedings that we curated, and in new initiatives that I believe Morgan has been pursuing since then.

Morgan Stanley in the realm of public-service business. The public policy principles behind regulatory oversight of bank consolidation and growth must be that the combination of entities does not hinder or inhibit (a) the flow of capital to places of need, or (b) innovation in capital products to expand the quantum and variety of money available. From what I have personally observed in Morgan over the last two years, I believe that if this acquisition is approved, instead of innovation and money shrinking, exactly the reverse will happen: Morgan's ability to innovate and address underserved markets in America will increase, and the nation's underserved households will benefit.

I endorse Morgan's application to acquire the E*TRADE holding company and platform.

Very truly yours,



David A. Smith. Founder/ CEO

DAS/rjb

² This is especially true now: the pandemic has demonstrated America urgently needs new housing paradigms, and to retrofit existing properties to make them into Health-Secure Housing. AHI is at work on this topic now.

From: Gallagher, Carolyn
Sent: Friday, May 1, 2020 10:29:49 AM (UTC-05:00) Eastern Time (US & Canada)
To: Wendy.Takahisa@morganstanley.com; NY Banksup Applications Comments
Subject: [External] Morgan Stanley Letter

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Good morning,

On behalf of Dr. Jeremy Kohomban and Jamila Baucom, please see the attached scanned letter from The Children's Village (CV). If you have any questions please contact me.

Thank you,

Carolyn Gallagher

Executive Assistant to the President and CEO
The Children's Village
1 Echo Hills • Dobbs Ferry, NY 10522
914-693-0600 ext 1202



From: Hope Knight
Sent: Monday, May 4, 2020 9:34:47 AM (UTC-05:00) Eastern Time (US & Canada)
To: NY Banksup Applications Comments
Subject: [External] Re: Comments to Morgan Stanley's E*Trade Acquisition

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From: Hope Knight
Sent: Monday, May 4, 2020 9:33 AM
To: Comments.applications@ny.frb.org <Comments.applications@ny.frb.org>
Subject: Comments to Morgan Stanley's E*Trade Acquisition

Hope Knight
President & CEO
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Greater Jamaica
Development
Corporation

Ivan Hurwitz
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001

May 1, 2020

Dear Mr. Hurwitz:

I am President & CEO of the Greater Jamaica Development Corporation (GJDC), a 50+ year old, community development organization focused on the revitalization of Downtown Jamaica, Queens and I write in strong support of Morgan Stanley's acquisition of E*Trade.

Morgan Stanley has been a partner of GJDC for many years and has been very supportive of GJDC's work in assisting small business, expanding affordable housing, and employment opportunities for local residents. Morgan Stanley's support extends to expanding capacity for the not-for-profit community development ecosystem.

Morgan Stanley, in partnership with the Association of Neighborhood Housing and Development has developed a program called the Morgan Stanley Community Development Fellows Program. This program provides a high quality community development fellowship that matches top-level Master's degree students with the local community development organization to carry out a specific project that the group could not otherwise accomplish. GJDC was awarded a Fellow several years ago, who was involved in mission critical work for the organization.

GJDC considers Morgan Stanley to be a valuable and effective partner as evidenced by its outstanding CRA rating and I reiterate my full support for this acquisition.

Sincerely,

Hope Knight
President & CEO