

United States Hispanic Chamber of
Commerce

Panel 3

Rafael Sanchez

7-9-98

Good afternoon,

My name is Rafael Sanchez and I am on the Board of Directors of the USHCC and a small business owner.

The United States Hispanic Chamber of Commerce (USHCC) is the leading Hispanic business association in the U.S., advocating the interest of over one million Hispanic owned businesses and over 250 Hispanic chambers of commerce.

We have very serious concerns with the proposed Bank of America/Nations Bank merger and the impact it may have with our respective businesses and communities. It is our belief that access to capital is the life-blood of businesses and that any changes to its availability must be closely scrutinized.

Past experience has demonstrated that mergers between large financial institutions have resulted in the following:

- Fewer loans to minorities.
- The elimination of employment positions.
- Vendor contract bundling.
- A decline in customer service.
- A reduction in financial support to community based organizations, including local Hispanic chambers of commerce.

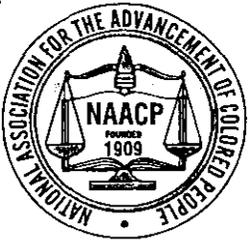
It is distressing to learn from the Greenlining Institute, the following statistics in regards to BofA/Nations (it is estimated that in 1997):

- 1% of all contracts were awarded to African Americans, Latinos, or Asians Americans.
- 1% or less, of total dollar volume of all business loans were made to African American, Latinos, or Asian Americans.
- Less than $\frac{1}{4}$ of 1% of pre-tax earnings were contributed to African Americans, Latino, or Asian American non profits.
- Less than 3% of the total dollar volume of conventional home loans were made to African Americans.
- Less than 2% of the top 100 management (by salary) are African American, Latino, or Asian American.

While Nations Bank has announced a \$350 billion community reinvestment pledge, they have refused (according to the Greenlining Institute) to establish specific goals making the pledge unmeasurable and unenforceable. This is cause for grave concern given their mediocre record, as evidenced by the above mentioned statistics.

We would urge careful deliberation given the extraordinary size of the merged banks which would now operate in 22 states, provide banking services to 29 million households, and would control 8% of all deposits in the nation. We are concerned that this merger may be allowed to proceed while largely ignoring the rapidly growing number of minority and women owned businesses.

Thank you



Panel 3
NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE
4805 MT. HOPE DRIVE • BALTIMORE, MD 21215-3297 • (410) 358-8900

KWEISI MFUME
President & Chief Executive Officer

JULIAN BOND
Chair, Board of Directors

TESTIMONY BY
TAMMY D. HAWLEY
NAACP REPRESENTATIVE
BEFORE THE
FEDERAL RESERVE BOARD

NATIONS/BANKAMERICA PUBLIC MEETING

SAN FRANCISCO, CALIFORNIA

JULY 9, 1998

Presiding officer, members of the panel, my name is Tammy Hawley, and I am presenting on behalf of the National Association for the Advancement of Colored People (NAACP) and our national president and chief executive officer, the honorable Kweisi Mfume. The NAACP appreciates the opportunity to present here today for the public record regarding the proposed acquisition of BankAmerica Corporation by NationsBank Corporation. Our testimony is primarily as it relates to our existing relationship with NationsBank.

The NAACP, an organization which was founded in 1909, has a long-standing history of focusing on civil rights, economic and community development, and self-sufficiency for African Americans and other minority groups. With over 1700 units serving communities across this country and abroad, the present mission of the NAACP remains congruent with its founding principles; however the organization has in recent years assumed a more proactive, aggressive approach to achieving individual and community empowerment.

Many of the communities the NAACP serves face critical social and economic problems arising in part from the lack of economic growth, and lack of employment and other opportunities. The evidence has been clear for years that credit is just not available on an equal basis to all people in all communities in America. That means that the ability

to take part in the American dream, to participate in the economic mainstream, is not open to all Americans.

The NAACP has worked to level the economic playing field and to bring about economic parity for minority group citizens. It has launched efforts like the Fair Share Program, which reviews corporate opportunity and investment activity, and the Economic Reciprocity Initiative, which leverages collective economic clout. The NAACP has also established Community Development Resource Centers (CDRC), which target specific focal areas and concerns in local communities. The Community Development Resource Center operation seeks to expand on building economic capacity, leveraging resources, and pooling capital for affordable housing, consumer lending, economic development, public and private partnerships and business development outreach.

The NAACP Community Development Resource Centers were established in 1994, as a pilot project, through a partnership with NationsBank. The purpose of these centers is to help promote an effective delivery system of credit programs and services by increasing community awareness of available products and services and undertaking “grass roots” community needs assessment. Before entering into such a partnership with NationsBank, the NAACP considered factors including Community Reinvestment Act performance, corporate programs and policies, as well as lending and outreach efforts.

Since 1994, NationsBank has made a tremendous commitment and advanced in promoting economic revitalization and community development through investment in

the CDRC operation and its efforts. Through the NAACP partnership with NationsBank, more than \$90 million in loans have been closed in communities traditionally underserved by financial institutions. Services now being provided through the existing six operating centers primarily focus on consumer and business education and counseling, economic development advocacy and technical assistance in the areas of needs assessment, product development, marketing, lending practices, strategic planning and product and service delivery.

Regarding the proposed acquisition of BankAmerica Corporation by NationsBank Corporation, the NAACP is positioning itself as a resource to ensure that certain goals are met and matters not overlooked, if a merger of the two institutions goes forward. We are very concerned about consumer protection, competition and economic expansion.

Successful and effective mergers are to lower costs, improve product quality or otherwise achieve efficiencies. The proposed new bank's commitment to \$350 billion in community development lending and investment over the next ten years is indication of an expected enhanced delivery of services resulting from the merger. \$350 billion represents the largest community development commitment ever announced by a financial institution. This is an opportunity for organizations like the NAACP to challenge this bank to bank and an opportunity for the new bank to live up to a bank's chartered role as an economic leader in communities.

The restoration and maintenance of the economies of underserved communities will require coordinated development strategies, intensive supportive services, and increased access to equity investments and loans for development activities. The \$350 billion commitment, with appropriate follow-through, promises to address these matters. It is our understanding that the NAACP will continue to be a viable partner in the efforts to be undertaken by the new bank. This will help to assure representative benefit to the communities the NAACP serves. If a merger is successful, the NAACP will realize an opportunity for the CDRC operation to grow and expand into other markets as well. The expansion of the CDRC operation will allow for our one-stop approach to technical assistance, real estate and business development services and consumer counseling to reach additional communities across the country. Furthermore, the already existing delivery system of NAACP units throughout the country provide a ready-made infrastructure to ensure an ability for immediate reach into communities for the new bank to begin to perform on the community development lending and investment commitment it has made.

The community development commitment also designates \$180 billion of the \$350 billion for the purpose of small business lending. The NAACP support the notion that small business development is crucial to the success of state or local economic development programs. We are also looking for assurances that benefit will accrue to the minority business community. One concept the NAACP is promoting is the expansion of small business incubator concepts, which we have launched successfully in smaller markets. A small business incubator is a facility that offers small business tenants

affordable rent, shared office services, and access to responsive management consulting services. Incubators are based on a concept of economic development, which targets small business development as the primary method of creating new jobs and diversifying a community's employment base. The incubator approach helps to avoid the common pitfalls faced by emerging small businesses—namely poor marketing, poor management and lack of capital. The NAACP incubator projects will provide a more positive local entrepreneurial climate, neighborhood revitalization, technological innovation, and commercialization of new projects and would help the new bank meet its small business lending goals.

Also, the NAACP itself has been pursuing Community Development Financial Institution (CDFI) status for its CDRC operation. NationsBank has supported the NAACP in this pursuit. Once CDFI status is approved by the Department of Treasury, the NAACP will become a more direct resource in helping the new bank and other financial institutions reach economic development goals through the use of financial intermediaries.

Finally regarding the new bank's internal structure, the NAACP is keenly interested in diversity goals regarding senior management and the governing board of directors. If the mergers is approved and as the proposed new bank solidifies its diversity goals, objectives and policies, the NAACP will continue to be a resource and to monitor the financial institution's internal structure evolution.

The NAACP believes that the proposed acquisition and merging of resources can benefit access to credit and capital. Enhanced partnerships with organizations like the NAACP, ACORN Housing Corporation, the Enterprise Foundation, the National Urban League and the National Council of La Raza, more readily assure success where communities are concerned. If this merger does go forward, the NAACP will do its part to ensure that resources are channeled appropriately and to expand on our existing partnership to the benefit of communities nationwide.

Again, thank you for the opportunity to appear before you today.

July 9, 1998

Testimony of Johnny J. Mack, President and Chief Executive Officer of the National Institute for Community Empowerment, Inc.,
to the Federal Reserve Bank of San Francisco
in favor of the proposed merger of
NationsBank Corporation, Charlotte, North Carolina and
BankAmerica Corporation, San Francisco, California

As president of the National Institute for Community Empowerment, Inc., I am pleased to testify today in favor of the proposal by NationsBank Corporation, Charlotte, North Carolina, to merge with BankAmerica Corporation, San Francisco, California.

For over seven years, I have had the pleasure to work with NationsBank officials in connection with community development activities. My first occasion was as a senior official of the Martin Luther King, Jr. Center for Nonviolent Social Change, Inc. In 1990, The King Center established the Community Empowerment Initiative, a program to assist low wealth communities in building social capital, assets, jobs and overall community wealth. Over a six-year period this program assisted communities across the country using the philosophy and principles of nonviolent social change as espoused by Dr. Martin Luther King, Jr.

Funding for the program was provided in large measure from Federal special purpose grants and contracts administered by the U.S. Department of Housing and Urban Development. In addition, several corporations provided funding in

support of its programs; most significant among them is NationsBank. Along with its financial support, NationsBank was represented on a national advisory committee composed of leaders from the community, public and private sectors. Further demonstrating their commitment, the NationsBank representative was a senior level official in the person of Ms. Cathy Bessant, President of NationsBank Community Investment unit. Working with other national leaders, Ms. Bessant gave valuable counsel and direction to the program. From its very beginning, through the end of the program, NationsBank consistently provided these resources; particularly during times when the need was most critical.

My second occasion to work with NationsBank immediately followed the first. In July 1997, The King Center launched the Community Empowerment Initiative program as a separate independent nonprofit organization, the National Institute for Community Empowerment, Inc. (N.I.C.E.). During this time, I served as the Chief Administrative Officer of The King Center and had the pleasure of working with Ms. Vickie Tassan, a NationsBank senior vice president. Ms. Tassan gave considerable attention as an advisory committee member, and through financial support provided by NationsBank, in creating the new organization. Consistent with the standard set by Ms. Bessant, under the Community Empowerment Initiative program, NationsBank is giving senior level participation on the N.I.C.E. board of trustees as well as funding critical to its operations. And, once again, NationsBank is taking the lead among corporate sponsors. Ms. Tassan now

serves on the N.I.C.E. board of trustees. She not only gives valuable counsel, she has recruited other national leaders to serve as well.

The importance of the relationship N.I.C.E. and NationsBank have established is articulated in the following quote of Dr. Martin Luther King, Jr.: "It evokes happy memories to recall that our victories in the past decades were won with a broad coalition of organizations representing a wide variety of interests. But we deceive ourselves if we envision the same combination attacking structural changes in this society. It did not come together for such a program and will not reassemble for it."

This quote is taken from Dr. King's 1967 book, *Where do we go from here: Chaos or Community?* In contemplating a general plan for the future, Dr. King realized that a different coalition of organizations and new strategies to overcome the seemingly intractable barriers of urban centers would be necessary. He saw that new coalitions and strategies must augment the alliances of the civil rights movement.

Since his assassination, new forms of community-based and community-serving organizations have emerged. Until recently, however, these organizations have either dabbled at the fringes or are completely unaware of the power that the philosophy and principles of nonviolent social change bring to the field of

community empowerment. Yet, the gravity of its importance has not escaped the careful attention of NationsBank.

As the organization established by Mrs. Coretta Scott King, and launched by the Martin Luther King Center for Nonviolent Social Change, Inc., to carry on the work of community empowerment, the National Institute for Community Empowerment, Inc. is pleased to share in an alliance with NationsBank that uniquely positions us to represent the coalition presaged in Dr. King's quote.

Commenting on the launch of N.I.C.E., Dexter Scott King, Chairman and CEO of The King Center said, "Establishing N.I.C.E. is the natural progression for a program started more than six years ago under the leadership of my mother. The spirit of its mission is kindred with our struggle for decades to bring about nonviolent social change. I am confident that as a separate and independent nonprofit organization, N.I.C.E. will continue the good and important work begun by The King Center to help create self-empowerment and restore community across the country."

NationsBank has demonstrated, by example, their commitment to the work of community empowerment, through public/private partnerships, that Dr. King, Mrs. King, and, now, their son Dexter, have dedicated their lives to.

I believe this proposed merger could only strengthen continuing the work of community empowerment. NationsBank Corporation and BankAmerica Corporation have consistently demonstrated their commitment to community development by their community reinvestment activities. This is demonstrated by the recent announcement of their \$350 billion community investment commitment. While I have not, yet, worked closely with community development officials of the BankAmerica Corporation, I have followed closely their community investment activities, and have been impressed by their efforts to meet the needs of under-served markets.

I believe NationsBank Corporation and BankAmerica Corporation are the industry leaders in this field. Their complimentary geographic service areas provide a national scope and services in a manner that as a whole is greater than the sum of its parts. I conclude, therefore, that the two banks combined would bring an exceptional commitment to lending, investment and service and I urge you to support the proposal.

Thank you.

Johnny J. Mack