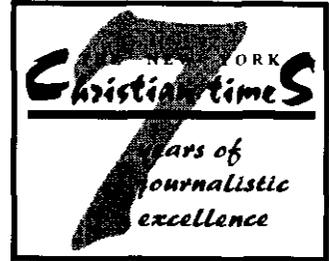


AN OPEN LETTER



The Board of Governors of the Federal Reserve
FEDERAL RESERVE BANK OF NEW YORK
New York, NY 10045-0001

Dear Sirs:

The recent survey conducted by The New York Christian Times and the Community News and Information Service (CNIS) is cause for great concern. We write to direct your attention to the findings and ask that you – the regulators – offer an immediate response to what, by all accounts, are some very disturbing discoveries.

The 6-month study was developed and implemented in cooperation with many of New York's major banks, and it fielded 1,000 respondents, representing more than 480 Black churches. It is perplexingly clear that although Citibank and other major lending institutions brag about their outreach and home-buyer education programs, most members New York's Black community continue to grope in darkness and lack the very basic information regarding the obtaining of a mortgage and the most elementary steps towards home ownership.

We invite you to conduct a similar study by polling the general Black population of New York, and we remain confident that your results will not differ significantly from ours.

If you ask me, it is a down-right disgrace that in a city where the 10 top banks and the 5 major thrifts have assets of over 1 trillion dollars, one third of the population lacks the basic information on how to obtain a mortgage. The one thousand people were asked, "Do you know of any organizations that can help you get your first home?" While 830 respondents said no, only 170 said yes, and of that number, 11 of them listed The New York Christian Times, a newspaper, as such an organization.

We draw your attention to the full results of the study (attached), which polled a broad cross-section of Blacks at various socio-economic levels, and ask that you move expeditiously to help ensure that Blacks gain fair access to information and mortgages in their own communities.

Racism and discrimination in its most subtle form continues to exist in the loan rooms of Citibank and other New York banking institutions. It is abundantly clear that the global business interests – looking to advance technology and make big profits in Asia, Europe and North America – have better and greater access to the more than \$11 billion that Blacks deposit in Citibank and the more than \$38 billion that Blacks deposit in the 14 other top banking institutions than Blacks themselves.

Dollars trickle in Black communities at a slower rate than a slow dripping faucet while millions of dollars flow into other communities like a watermain break. In the Sunday, April 20, 1997 edition of the New York Daily News, a report stated that the loan rejection rate for Blacks was more than double that of Whites. "Even worse, studies revealed that Blacks with identical credit backgrounds to that of Whites would often get turned down

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Applauding Courage, Celebrating Progress and Defining Destiny

while the Whites were accepted,” the article stated.

The imagery that our major banks are projecting is but a facade similar to the false pretenses that children present to their parents at the end of the school day – only to discover on open school night that the picture is not as pretty as the one that the student has painted.

The Christian Times has documented and catalogued information with corresponding material published by Citibank and the other major banks and thrifts showing them as “good, caring neighbors”, supposedly working and reinvesting in the community – only to discover that the facts contradict the statements. My grandmother has always said that the proof is in the pudding, and she’s right. There is no tangible proof of a pipeline of Blacks getting mortgages and commercial loans from Citibank or any of the major banks that enjoy our community’s deposits, and even the most recent data will show that many smaller banks and mortgage banks sell more mortgages to our community than the area’s banking giants.

We are not suggesting that banks should not work to further their economic interest and enjoy good business in this “free enterprise society”. However, we are very concerned that this is being done at the expense of our race, although they manage to cloak the “nothing” that they do in a few community corporate responsibility activities and market maintenance advertising.

It occurs to me that Citibank and others are playing Tickle-Me-Elmo with regulators. They seem to rush out when necessary and drop a few loans in our community to satisfy their CRA requirements and make a few people happy, if but for a quick second. Anything to win a merger – then it’s back to business as usual.

In view of this report, we call upon you, the enforcement community, to tighten the laws and its enforcement. The Citibank - Travelers merger must be blocked if we are to protect local communities. But more so, our community needs your help in ensuring that we have, at the very least, the same access to our deposits as people of other communities have to these dollars. Only last year, an executive at Citibank told me that Citibank’s interest is in the global market. That means using *local* deposits for *global* investments. And as far as Citibank is concerned, the Black/Latino communities here in New York can go to take a hike.

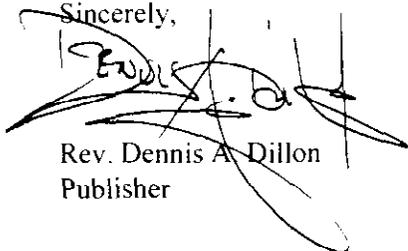
Secondly, we draw to your attention the fact that mortgage and house buying information is not reaching our community with any degree of effectiveness. The level of ignorance is disturbing and the real slap in the face is that these banks invest millions of dollars in an effort to educate and counsel potential home buyers through organizations that are foreign to our community.

These organizations, although heavily funded by mega-banks, remain “best kept secrets” in New York’s Black community, as the survey reveals, while hard-working organizations that are indigenous and popular among its people struggle to educate and inform potential home buyers with little to no support from the banking community.

One may need to question the seriousness of Citibank and these other banking institutions and the motive behind their involvement in our community. Are they driven by a desire to sell mortgages and make a profit in doing so or are they more concerned about getting our deposits for their global enterprise and then issuing a few mortgages to make it look good?

They themselves admit that there is not a pipeline of Blacks rushing to get loans – but considering the past history of redlining, the present lack of education and the convenient passage of misinformation, Black New Yorkers are suffering from the once bitten, twice shy syndrome. WE SEEK YOUR INTERVENTION!

Sincerely,

A handwritten signature in black ink, appearing to read "Dillon", with a large, sweeping flourish underneath.

Rev. Dennis A. Dillon
Publisher

Citibank & Others Discriminate Against Blacks

Reprinted from The New York Christian Times, October 1-15, 1997

A recent report made public by the office of Congressman Charles Schumer reveals that racial discrimination is alive and well at the city's banks and savings and loan institutions. The city's three largest banks still issue mortgages and other loans along racial lines, the study reveals.

But according to Rev. Dennis Dillon, publisher of the Christian Times and a leading advocate for bank consumers, banks doing business in New York's Black community have always had and maintain a pattern of discrimination against Blacks. "If these banks, namely Chase, Citi and Fleet, have such a pitiful record when it comes to mortgage loans to our community, imagine how bad the numbers must look when it comes to business loans," Dillon said in a recent statement released following the report. "While the government monitors the banks' activities relative to home mortgages and mandates that banks disclose their mortgage applications and rejections by race through the Home Mortgage Disclosure Act (HMDA data), no such requirements is in place for commercial loans," he explained.

Despite a near Black majority in New York City, Chase Manhattan received 57,500 White applicants for mortgages compared with 3,900 Black applicants and 5,200 Hispanic. While Fleet has received 25,000 applications from the White community and 2400 from the Hispanic, only 1,600 were taken from the Black community. Citibank received 8,000 White applicants compared with 2,000 Hispanics and 665 Black applicants; Dime had 2,600 White applicants compared to 220 Black applicants.

"It is criminal that the 4 leading banks for Black depositors in New York took 93,100 mortgages from White applicants, 10,000 from Hispanics and only 5,385 from Blacks, and on top of that, Blacks with the same credit circumstances as Whites were rejected almost 3 times as often," said Dillon. "How do you take the city's most powerful consumer group that makes the most significant deposits and then give them the least amount of loans after you have taken the least amount of applications from them. This is evil," he contends.

21st Century Partnership
BankWatch

THURSDAY, June 25, 1998, NEW YORK
CITIBANK TRAVELERS MERGER DRAWS COMMUNITY CONCERNS
NEW YORK GROUP SAYS CITICORP/TRAVELERS MERGER NEEDS A CLOSER LOOK

Date: June 25th, 1998

To: Members of the CitiBank/Travelers Hearing Panel

From: Rev. James H. Daniel, Jr.

Ladies and Gentleman, unfortunately because of a prior commitment to a "Faith Based" community development conference in upstate New York I'm unable to personally present testimony on the CitiBank/Travelers merger, however the young man before you is more than capable of presenting our thoughts succinctly .

First let me state that the biggest merger In American History Should Be Closely Scrutinized Before Being Passed.

We of the 21st Century Partnership have had a relationship with CitiBank for over 10 years and believe that they mean well in their efforts to meet the credit needs of their service area, however, meaning well and doing well are distinctly different. The banks CRA rating needs to improve

Because the merging financial institutions have not at this point given any indication of how this proposed merger will serve the public interest and more particularly low to moderate income communities; the investment alliance believess consideration for approving the merger should be considered based upon a definative community re-investment plan with a definative action plan and timeline created in consultation with community organizations and elected officials from the impacted communities.

We call upon the government bank regulators, members of the U.S. Congress and Senate to look more carefully at biggest merger in history: This merger at face value does very little to expand credit and other needed financial services in inner city communities right now it only increases the value of Citibank and Travelers stock. It is important to note that Citicorp has a less than exemplary CRA record among the major banks. Salomon Brothers and Smith Barney have never developed any community investment plans and Travelers Insurance is a redliner with little presence in the minority community. While Citibank does have some presence in low income communities one can only hope that if this merger goes through that before it does there will have been a plan developed in cooperation with the broader community that succintly details how the bankwill do better than it presently does.

Our concerns with these findings and CitiBanks lack of substantive involvement in support of community programs the members of the Alliances BankWatch Community Leaders and Financial Services Committee believes that if government regulators were to earnestly assess CitiBank re-investment record they would rate them with a "Need To Improve" and stipulate such that before any merger is approved there rating must substantially increase.

I at this time would like to raise another point this country already has enough crime and in a number of circles it is believed the merger is illegal. This illegality stems from a notion that Alan Greenspan the Federal Reserve Chairman, in a closed door weekend meeting with Citicorp, tentatively agreed to give Citicorp an exemption from the law without approval from Congress one can only trust that such allegations are just allegations.

. When we hear that the Chairman of Travalers made over 208 million dollars on the day the merger was announced, just from the announcement of the merger, and that this amount is more than his company contributed to minorities over its entire history we hope that such enormous amounts of money can somehow find it's way into areas where poverty still reigns.

According to research conducted by the Greenlining Institute of California The CEO of Citicorp, John reed made more onthe day of themerger (\$62 million) than Citicorp contributed to low income groups over the last three years.

. Prince Alwaleed of Saudi Arabia, a major shareholder, made 1.5 billion dollars on the same day from the announced merger; he has no known U.S. chairitable program aimed at inner cities or or inner city residents

.. One other interesting note is that the combined company will be largest financial institution in the world with 160,000 employees providing they don't have a mass lay off because of the merger, they will have 70 billion dollars in revenue, and seven billion in earnings.

These are the Issues as we now see them

Alan Greenspan and/or Secretary of the Treasury Robert Rubin can delay or stop this merger if they want and they should if as is alleged that under present law the merger is ILLEGAL and if we accept that as a fact then something that starts out illegally is more than likely to end up the same.

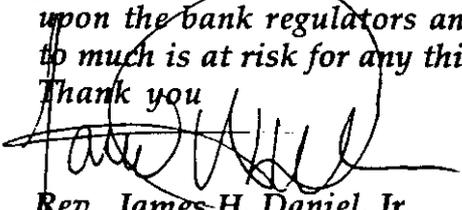
Let us consider the following, if the merger deal is successful, Merrill Lynch and Wells Fargo would most likely disappear as separate entities. Chase Manhattan Bank could consider purchasing Merrill Lynch and even Bank of America could be a thing of the past if this proposed merger is approved, and after that why not Fleet Bank and American Express or AllState

We have laws against monopolies and with this merger leading the way can America afford a monopolized banking industry, under the guise of more efficient and low cost financial services and if the answer is yes what assurances will low income communities have that they will be better served because of these mergers and will any of the alleged cost savings reach underserved communities through greater access to credit?;

While we would like to believe so we however, without a definitive plan as to how, believe that any approval of this merger should be associated with a definitive plan worked out in consort with the affected communities in advance of any approval of the applications. While the 21st Century Partnership has enjoyed the support of CitiBank and would welcome the expansion of our relationship; we call upon them to act in a more responsible and accountable manner than what is exhibited in their present efforts around this merger and more particularly to commit to getting a n"Outstanding CRA rating.

There must be a direct correlation between what CitiBank/Travelers puts on paper and what they invest in communities through lending and philanthropy and presently we don't see that in this present merger. In closing we choose to believe that CITIBANK and Travelers want to do the right thing and if the merger is approved as is or in a modified state we will work with them to the degree that it becomes possible to assure that the delivery of quality financial products and financial services to the underbanked and people in general is a reality. We call upon the bank regulators and elected representatives to help them do just that for to much is at risk for any thing less.

Thank you



Rev. James H. Daniel, Jr.