PUBLIC MEETING
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
RE: PROPOSED CAPITAL ONE FINANCIAL CORPORATION
TO ACQUIRE ING BANK, FSB
OCTOBER 5, 2011

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET
SAN FRANCISCO, CA 94105
8:30 A.M.

REPORTED BY:
MARY E. FERREIRA

MS. BRAUNSTEIN: I'd like to welcome you all to this third public meeting on the application by Capital One Financial Corporation to acquire ING Bank, FSB.

Let me first introduce myself. I'm Sandra Braunstein, Director of the Division of Consumer Affairs at the Federal Reserve Board in Washington, DC. I'm the the deputy associate director in the Federal Reserve Board's Division of Research and Statistics; next to her is Alison Thro, assistant general counsel at the Federal Reserve Board's Legal Division; and next to her is Joan Garton, vice president in the Department of Banking Supervision and Regulations from the Federal Reserve Bank of Richmond; and next is Robert Kidd, who is an attorney in the legal department from the Federal Reserve Bank of Richmond; and also joining us today is Scott Turner, who is vice president of Community Development and Economic Education here at the Federal Reserve Bank of San Francisco.

We are here today because Capital One Financial corporation in McLean, Virginia, has applied for approval to acquire ING Bank, fsb, in Wilmington, Delaware, and its subsidiaries, Share Builder Advisors, LLC, Seattle, Washington, and ING Direct Investing, Inc., in Seattle, Washington, and thereby engage in activities related to operating a Federal savings bank, investment financial advisory and securities brokerage services.

When the Federal Reserve system considers an application, we look at a number of factors under the Bank Holding Company Act. These include financial issues, managerial issues, competitive issues and the convenience and needs of the communities affected.

In doing so, we particularly look at the record of performance of the parties under the Community Reinvestment Act, or the CRA. The CRA requires the board to take into account an institution's record of meeting the credit needs of its entire community.

The purpose of the public meeting today is to receive information regarding these factors and to clarify factual issues related to the application.

We are pleased that so many witnesses have come to testify at this public meeting. We will have about a hundred and twenty individuals testifying, some representing themselves and their organizations and others representing multiple organizations.

Let me make a few remarks about the procedures. This is what is called an informal public meeting. Members of the panel may ask those who are testifying about their testimony, but this is not a formal administrative hearing, so we are not bound by rules regarding evidence, cross-examinations and some of the formal trappings of that kind of proceeding.

Because we have so many witnesses, we are going to need to stick to the schedule so that everyone who has asked to offer testimony will have an opportunity to do so.

We are going to ask the witnesses today to be mindful of the needs of others and to please help us stay on schedule. The panels of witnesses will be expected to keep within their allotted times. We have a timekeeper system here -- and could the timekeeper just raise his hand so people can see.

Okay. He's sitting right in front, and he's going to have signs, and most panelists will have three minutes to testify. He's going to put up a sign when there is one minute remaining, and then when your time is up there will be a sign as well as a bell that will signal that the time is up. You want to do that for me.

(Bell rang by timekeeper.)

MS. BRAUNSTEIN: Okay. So when you hear that, your time has expired.

MS. BRAUNSTEIN: There may be some individuals who were unable to sign up in advance. To the extent possible, we want to give them a chance to speak as well. At the end of the meeting today, we will have a open mike period available to anybody who would like to make a presentation, time permitting, and we would ask people who want to do that to please sign up on the outside at the register's desk, which is outside this room.

One more comment about the testimony. Witnesses may submit a written supplement to their oral testimony but must do so by Wednesday, October 12, at 5:00 p.m., when the record will be closed. Any written supplements should be provided to the Federal Reserve Bank of Richmond. The contact information is included on an information sheet that is also available outside at the registration desk.

If -- if you haven't turned in copies of your written testimony or if you have other written statements to put into the record that you have here with you today, please leave them with the Federal Reserve staff at the outside registration table. It is important that we get this material for the record.

In response to many requests for access to the public portions of the Capital One/ING file and related comments, the Freedom of Information Office has created a reading room on the board's public website. Your submissions will be placed in that foyer reading room as well. The web location is specified on the information sheet available at the registration table.

And, finally, the official transcript of this meeting will be available by next week at that same public website, and that address is on the information sheet that's available outside.

And with that, we're going to begin our proceedings. And we have our first witnesses already at the table, so whenever you're ready, John.

MR. FINNERAN: Thank you. Good morning, everyone. My name is John Finneran, and I serve as General Counsel of, and lead the Corporate Reputation and Governance functions for, Capital One Financial Corporation.

These hearings have provided a unique opportunity for us to talk about Capital One's business and our record of meeting the convenience and needs of our community. We welcome this conversation and we appreciate both the support we have received as well as the views expressed by those who have expressed concerns about -- about this acquisition. Although we could not disagree more with the assertions some commenters have made about our company, we do not question the good faith underlying there broader objectives.

At the hearing in Chicago, Jim Carr from NCRC suggested that the Federal Reserve should make this decision based on the facts and on Capital One's record of meeting the needs of its communities under the CRA. We agree.

We believe that the real facts and the actual and complete record fully support approval of our application and can also help reconcile the competing narratives that Sandy alluded to last week.

When all is said and done, approval hinges on two questions: First, will Capital One's acquisition of ING Direct create heightened risk to our financial system as a whole, and, if so, is that risk outweighed by the public benefits this acquisition will bring.

The facts and our record underscore while our acquisition of ING Direct will not increase risk to our financial system. Neither Capital One nor ING Direct engaged in any of the activities that contributed to the financial crisis.

Capital One will remain a traditional consumer and commercial bank. We are fully diversified in both our product offering and our sources of funding.

We will have none of the complexity or interconnectedness that the Dodd-Frank Act sought to address in ending "too big to fail." We will not be dependent on uncommitted short-term funding from institutional or wholesale forces, nor will we be dependent on the capital markets, including securitization, to fund our business.

Moreover, this acquisition would, in fact, reduce risk to the system. It solves a fundamental challenge facing ING Direct today; that is, it has not been able to generate sufficient earning assets in the form of loans to consumers, small business and commercial customers to match the size of its deposit business.

Capital One has the ability to generate these kinds of loans and balance ING Direct's balance sheet in a safe and sound manner.

Someone suggested Capital One's business is too risky due to our credit card portfolio. This premise ignores all relevant data.

Our financial performance has been strong for all 17 years of our history, which includes two significant economic downturns and a financial crisis. We had positive earnings in each of those 17 years, including during the downturn, a track record matched only by a handful of institutions.

Our credit card portfolio represents only 25 percent of our assets today. Traditional commercial, small business and other non-card consumer lending are each large businesses at Capital One and contribute significantly to our revenues and net income. For all 17 years, we've underwritten every credit card loan with the explicit assumptions that significant recessions will occur periodically. As a result, our card portfolio was able to absorb the higher credit losses brought on by the great recession and remain profitable each and every quarter. Our credit card losses have already returned to pre-crisis levels. This record of performance demonstrates the strength and resilience of our business.

In Chicago, some commenters also sought to characterize our card business pejoratively as "sub-prime." Let me be clear. As a full spectrum lender, we do offer credit cards to many consumers who are part of the nearly 40 percent of the adult population in the US who are classified as sub-prime. Some of these same consumers are also low- and moderate-income individuals whom banks are encouraged to serve under CRA. Responsibly serving these customers is not only acceptable but also critical to the functioning of our economy.

Our products are fully transparent designed to meet our customers' needs. Our Journey card, for example, is specifically designed for those new credit and carries a modest initial credit line, no annual fee, no over-limit fees and online financial education, targeted at helping consumers improve their credit. This card has been singled out by multiple publications and other third parties as one of the best cards of its kind.

We also take multiple additional steps to help all of our customers succeed, including disclosures that are ranked best in the industry, including all relevant rate and fee information, a customer agreement written at an industry-leading seventh-grade reading level and void of any surprises or mandatory arbitration clauses, responsible and automatic credit line increases with consistent on-time payment, and proactive graduation to prime products, including reduced APRs and annual fees when credit performance so warrants.

Suggesting that our card business is overly focused on sub-prime also ignores the overwhelming evidence to the contrary. Our total outstanding and prime and super prime cards are substantially higher than our sub-prime outstanding and are fully in line with the midst of business of the card portfolios of other major issuers.

In the end, the Federal Reserve is well-positioned to assess the safety and soundness of our business, based on the facts it has gathered as 17 years as our supervisor. The Federal Reserve has all the data regarding the scope and performance of our business and can distinguish between grounded facts and unfounded hyperbole.

The facts in our record also clearly demonstrate this acquisition will bring substantial public benefits.

We will expand ING Direct products and services, adding a 30-year fixed-rate mortgage, an expansive ATM network and an enhanced checking capacity. ING customers will have access to a broad array of lending products from Capital One, including credit cards, auto loans and traditional fixed-rate mortgages.

Compared to our competitors, Capital One will be able to offer these new customers products that better reflect and meet their needs and allow for greater ease of approval.

Most importantly, however, ING Direct business model has compelled it to deploy substantial deposit funding against mortgage backed and other securities rather than direct lending to consumers and small businesses. The public benefits of this model do not achieve the level of social utilities that we should all expect as we entrust our savings to a financial institution. Put simply, banks should use deposits to fund loans to individuals and businesses rather than building securities portfolios well beyond their liquidity needs. Capital One is uniquely positioned in today's market to do so, all to the benefit of our communities and to the economy at large.

Notwithstanding claims to the contrary, Capital One has a record of substantially increasing community development, lending and investment after each of our prior acquisitions. The facts, again, are clear. After our acquisition of Hibernia Bank, we more than doubled community development, investment and lending. We increased community development investments by more than five times in the case of North Fork and more than nine times in the case of Chevy Chase.

We have a strong record of serving LMI customers in our lending products, as attested to by the more than 60 partnership who have testified as to our actual record of serving our community of small business and low- and moderate-income consumers. You'll hear from dozens more today.

This acquisition will also create jobs in an economic environment in which many banks are eliminating thousands of jobs. Capital One has added 1800 new jobs so far this year, and we expect to add a total of 3,600 jobs for the full year of 2011. It's also committed to add 500 new high-quality jobs in Wilmington, Delaware, by the end of 2013, which is a direct result of this acquisition.

Some commenters have noted our reduction in mortgage lending between 2007 and 2009, the period in which the financial crisis was at its worst. Mortgage lending across the industry declined by over 50 percent, since its peak in 2005 as home prices fell and unemployment rose.

Capital One's reduction is almost entirely attributable to the decision to shut down the legacy mortgage businesses of North Fork and Chevy Chase in 2007 and 2008 respectively. Prior to our acquisitions of these banks, their mortgage businesses were predominately broker originated, out of footprint and focused on alternative products like stated income and option ARM loans. We want to be clear, our decision to significantly curtail mortgage lending outside of our branch footprint was a deliberate one, made in the best interest of our own safety and soundness as well as the best interest of the customer seeking those loans.

No one can now disagree that an aggressive, large-scale out-of-footprint mortgage lending was a key contributor to the financial crisis and lead directly to the failures of countless banks and non-bank mortgage lenders and to many borrowers entering into mortgages that they could not afford over the long term.

Our story in small business lending is similar. Capital One is fully committed to meeting the needs of small businesses. Although we have significantly reduced our national SBA lending, as a result of poor performance of those loans, we have remained fully committed to both local small business lending and national small business credit card lending.

Like all banks, the combination of significantly-reduced demand from credit-worthy borrowers and tightening credit standards in response to markedly riskier economy, drove down small business loans from 2007 to 2009. Despite the challenges faced in the industry, Capital One's number of small businesses rose 19 percent in 2010, while the aggregate of all lenders experienced a further nine-percent decline.

Capital One originated a large volume of small business loans in 2010, a hundred and 87,000 loans, totaling $2.9 billion. The average amount of these loans was $15,000, and 98 percent of the loans were for $100,000 or less, evidencing Capital One's focus on the smallest of the small businesses.

Capital One also has a strong record of providing small business financing in low- and moderate-income communities. From 2008 to 2010, in the middle of the downturn, 28 percent of Capital One's small business loans in our larger markets were made in low- and moderate-income census tracts, meeting or exceeding demographic and market share benchmarks. The same is true in substantially minority communities. During the same period, 31 percent of Capital One's small business loans in our larger markets were made in census tracts having a minority population exceeding 50 percent. Again, typically, exceeding the demographic benchmarks.

When other institutions reduce community development lending and investment during the great recession, we increased ours. As the market decreased by 45 percent for community development loans, we increased ours by a hundred and twenty-one percent.

Even in 2009, the single largest year of decline in industry-wide community development lending, we increased our specialized CD lending by 54 percent, while the market dropped by 52 percent.

As many has testified, when others pulled back when the economic outlook was darkest, Capital One was willing and able to expand -- expand lending for affordable housing in our local communities.

To clarify the record, Capital One's local non-card small business lending portfolio is larger than our small business card portfolio. Applicants for non-card small business loans in our local markets are not marketed for small business cards, if they are declined for their small business loan; nevertheless, we also believe that small business access to credit cards is critical, providing a highly flexible and efficient means of managing business expenditures.

Our small business credit cards are considered best in class, in terms of their value and transparency. And although the Card Act does not apply to small business card lending, we, nevertheless, have voluntarily adopted many of the protections for this market.

Capital One is also committed to working with struggling homeowners. Again, to set the record straight, we do offer the US Treasury HAMP program for the GSA loans that we service.

In addition, we offer our own proprietary modification program. Our own program is similar to HAMP, but there is a number of ways in which it is easier to qualify for the home modification under our proprietary program. We have not turned down any customer who meets the eligibility requirements for one of these two programs.

The level of loan activity and the performance of our modifications compare favorably to the industry. The re-default rates after six months for our proprietary program are lower than industry averages by five percentage points or more.

We also fully participate in the Department of Treasury's Hardest Hit Fund, or HHF. Today we received only ten requests for assistance under this program nationwide. Capital One has not denied any borrower eligible for HHF assistance, and we have not refused to accept benefits available under these state-implemented programs. As additional states inform us of other eligible participants, we will enroll in their programs as well.

Contrary to one specific allegation levied by some commenters, we have not ceased FHA lending. Prior to the announcement of our acquisition, we have been in talks with NCRC to consider lowering the minimum FICO score for FHA loans from 620 to 580. As NCRC is aware, we had already agreed to do so before they announced their opposition to our acquisition of ING Direct.

NCRC and some affiliates have since asserted that Capital One is facing multiple HUD complaints, implying a broad range of concerns about our mortgage-lending practices. In fact, these statements refer solely to the complaints filed by NCRC itself that I just described. The first relating to FHA lending was filed on June 17th, the same day we announced our acquisition of ING Direct; the second relating to the HAMP/HHF matter, which was filed on September 2nd, during the comment period for this application.

Again, we submit that the record demonstrates that these matters have either been resolved or lack merit.

Finally, many commenters have been focused on the broader issue of banks' CRA obligations outside their traditional assessment areas. Like all banks and consistent with the framework of the CRA and its implementing regulations Capital One has appropriately focused its community development lending and investments in its assessment areas, which include the entirety of our branch footprint in New York, New Jersey, Connecticut, Maryland, Washington, DC, Virginia, Louisiana and Texas. Our record of meeting the needs of LMI customers and small businesses in these communities is strong and goes well beyond the requirements of meeting any particular CRA rating.

As you've heard from our many supporters, our engagement with our communities is deeply rooted in our culture and our business and it's marked by an unwavering level of commitment to working closely with our community partners to maximize their success succeed.

And while the CRA only recognizes and credits us for these activities in our assessment area, it is also incorrect to say that we have not provided loans to LMI borrowers outside our assessment here, including here in California. For example, we participate in a number of multi-investor funds that invest in California-based affordable housing. We also provide credit to LMI borrowers and small businesses outside of our assessment areas, principally through our national consumer and small business credit card lending and our national auto lending.

Put simply, we believe it's in the best interest of consumers and our safety and soundness to align our LL [sic] activities with where we do business, where we focus on local markets, as with our branch-based mortgage and small business lending, we serve local LMI communities. Where we focus on national markets, as with our credit cards and auto-lending activities, we serve LMI communities across the country.

While some commenters may see credit cards and auto loans as being less important or less beneficial to consumers than mortgage loans, we disagree. Credit cards provide an essential electronic payment device to enable commerce in our modern economy, as well as flexible short-term sources of liquidity and purchasing power.

And auto lending, of course, enables customers to purchase automobiles that are critical in a highly-mobile workforce and a prerequisite to employment in many communities that are underserved by public transportation.

The potential expansion of CRA to include assessment areas outside of traditional branch footprint raises a legitimate policy question. Capital One is on the public record, reiterated during the Federal Reserve's most recent request for comments on CRA modernization as supporting recognition for nationwide community development activities for limited purpose wholesale and branchless banks. We are sympathetic to the voices asking for an expansion of CRA; however, given the clear limits of the statute and the implementing regulations as they stand at this time, resolving this issue is a job for Congress and the regulators, acting through legislation and a rule-making process designed specifically for that purpose. Only then, can all relevant voices be heard. In the meantime, it's critical that the regulators maintain a level playing field for all banks by not imposing an expanded and unique CRA requirements as a condition for approval of any acquisition, including this one.

We believe, as others do, that we should be judged on a record of performance under the law. The extensive records developed through our many CRA examinations, our application, this extended public comment period and these three public meetings clearly support the finding that Capital One has met the needs of its community and its acquisition will result in substantial public benefits.

In conclusion, we believe that this acquisition reduces, rather than increases, the risk for our financial system and that the benefits to consumers and the public are substantial and clear. This acquisition enhances the safety and soundness of both institutions and more effectively deploys ING's deposits to the advantage of consumers, the communities and the economy.

We're confident that the record fully supports approval of this acquisition, and we thank you again for the opportunity to appear before you and we look forward to the testimony of the other participants.
Thank you.

MS. COOPER: Good morning. My name is Stacey Cooper. I manage Capital One's CRA Business Development and Community Development Mortgage teams, which are part of our Community Development Banking Group.

I appreciate this opportunity to discuss Capital One's innovative and high-impact CRA program.

Our program has improved the lives of thousands of lower-income individuals and families by providing safe, decent and affordable housing, by helping small business owners grow and develop sustainable businesses and by helping lower-income individuals access a range of vital banking services to encourage savings.

We're able to make a significant impact because, consistent with CRA, we focus our efforts within our branch footprint where we have experience, local staff who are deeply involved in identifying and crafting responses to community needs. The importance we place on our CRA program is epitomized by the significant growth of our community development banking needs, which has increased from nine associates in 2005 to 82 today. This represents grown substantially greater than the size of the CRA teams we inherited through our acquisition.

The numbers alone tell only one part of our story. Our ability to translate what we learn from our wide range of partnership into locally-responsive programs is the true heart of our CRA program.

One partner, Cypress Hills Local Development Corporation, put it this way:
"Capital One is unique in the New York City affordable housing and community development market. They have an experienced, knowledgeable and hardworking team that is on the ground listening to what nonprofit community development and housing counseling organizations need and translating that into direct loans, financing and new mortgage products."

We began to build our housing finance team shortly before the recession, and, as John mentioned, while other institutions reduced community development lending and investing, we continued to increase ours through the depth of the recession.

To give you an example, our origination grew from $100 million in 2006 to 732 million in 2010, and our total origination since 2007 totaled $2.4 billion. But, again, numbers alone just don't tell the full story.

While we are proud of the financial investments we make, it is our willingness to step up and remain locally engaged and responsive that distinguishes us. In 2008, as the recession was intensifying, many affordable housing developers were unable to find tax credit investors. Even worse, some lenders and investors were unable to fulfill their obligations to fund ongoing construction projects.

When we were approached with the novel idea of stepping into developments that were already underway, something that just hadn't been done before, we accepted the challenge, and within six months closed $92 million in investments to rescue stalled developments.

In addition to our multi-family lending efforts, we are equally committed to working with lower-income families to help them become sufficiently home buyers.

Our community development mortgage group originates specialized high-impact loans to lower-income buyers. These are high-touch, labor-intensive loans, originated for our portfolio that involve home buyer counseling and leveraging of public sector down payment assistance programs. As just one example, in New Orleans we secured $65,000 in public Subsidies to help a low-income borrower purchase a home for a hundred and $19,000. She had lived in public housing for 21 years before losing her home to Hurricane Katrina.

Our team also engages in a range of affordable housing initiatives, often in leadership roles. In Dallas, we created the Dallas Home Connection Collaborative to respond to the gap that nonprofit affordable housing developers experienced in identifying eligible low- and moderate-income clients. The program includes nonprofit capacity building, development of effective marketing tools and a 24-month program to prepare people for homeownership.

Our CRA program also includes a specialized focus on small businesses that the banks we acquired did not have, and through the economic challenges of the past three years we have remained focused on actively helping meet the needs of small businesses, especially those in LMI communities and those that are not yet bankable.

Our innovative comprehensive strategy is centered around supporting and creating jobs by addressing the challenges faced by undeserved small businesses. To maximize our impact, we have leveraged relationships with over 60 key organizations that support micro and small businesses.

A central component of our strategy is our support for local and national CDFI that lend and provide technical assistance to emerging businesses. We support CDFI through flexible financing, including below-market rates, technical assistance, grants and business referrals.

One of our CDFI partnership, ECDC, Enterprise Development Group, promotes self-sufficiency for low- and moderate-income people in the Washington, DC area. A substantial part of ECDC's client base is comprised of African refugees and immigrants, many of whom attend schools or work in areas not served by public transportation and, therefore, need access to a car. ECDC responded to this need by creating a car loan program particularly for these clients. As the only participating bank, we support ECDC by providing below-market capital to the car loan fund.

We also partner extensively with CDFI through our second-look referral program. Many not-yet-bankable small businesses receive technical assistance and financing resulting from our CDFI partnership, and since 2007 we have referred 1100 businesses.

Another critical way we support small businesses is by helping them establish and build credit. We have a unique partnership with the Intersect Fund, an organization that provides micro-loans and technical assistance to low-income small business owners in New Brunswick, New Jersey. Intersect offers its clients a loan to collateralize a Capital One secured credit card. The secured card helps clients without credit build histories and transition to unsecured cards. Rohan Mathew, Intersect Fund co-founder, who will testify later, has seen small businesses with no credit scores make critical improvement and within six months lay the foundation for a sustainable business.

We are also committed to providing quality technical assistance directly to small businesses. Our Getting Down to Business program is an innovative seven-months program that features technical training, one-on-one mentoring to participants and includes matched savings accounts known as Individual Development Accounts to help these small businesses build equity. We currently provide a match of up to $2,000 for each business.

Our de novo branching strategy is another strong illustration of how we expand CRA performance following our acquisitions. When we acquired Hibernia National Bank, we inherited a weak branch distribution in LMI areas in Louisiana and Texas, resulting in a Low Satisfactory Service Test rating in 2007. We subsequently opened 19 LMI branches in those states, nine in low-income area and ten in moderate-income areas.

We also use creative branching strategies to improve our communities. In Shreveport, Louisiana, we have a branch in a small business incubator at Southern University, a historically black college. As an anchor tenant, this was the first branch to open in the Martin Luther King neighborhood, a badly-underserved community that formerly did not have one bank branch. By placing the branch in the incubator, we are able to serve small businesses as well as the greater MLK community.

The expansion of our activities following acquisitions have been noted by community representatives throughout our footprint. The Association of Neighborhood and Housing Development, ANHD, is a 98-member housing advocacy organization whose members directly operate over 30,000 units that house 100,000 low- and moderate-income people. ANHD ranked Capital One first among commercial banks in New York City in its 2011 Community Reinvestment Report that covers 46 types of CRA data, including branching, community development lending and investing, multi-family lending and philanthropy. The report notes: "Over the years, Capital One has emerged as a Committed partner in economic and housing development, especially in low- and moderate-income neighborhoods. In 2007, Capital One had an average rank of 5; in 2008, it jumped to two, trailblazing ahead of most of its peer institutions...and while most other institutions were reducing community development lending, Capital One was aggressively ramping up."

Our history demonstrates our ongoing commitment to CRA as we have grown, and we will continue this commitment following consummation of the proposed acquisition. Thank you.

MS. BRAUNSTEIN: Okay. Thank you very much. I'm going to ask some questions -- a few questions of the panel. I'm going to first turn to my co-panelists.

MS. PRAGER: I have one question for John. At the earlier hearing we heard from a couple witnesses that Capital One had reduced its SBA loan lending by more than 99 percent since 2007, and you acknowledge this morning that you have, in fact, made a business decision to cut back on that lending because of poor performance. I was wondering if you could comment on your plans for SBA loan participation going forward?

MR. FINNERAN: Yeah. I think -- thank you very much.

Yeah, that's exactly what those statistics related to, was the one program under SBA that we had engaged in to some extent in the early part of the -- middle part of the decade. And, as I mentioned in my testimony, the performance just wasn't where it needed to be, so we -- we exited that national market.

So in addition to staying really focused on our local footprint, small business lending, I think we're certainly open and are looking again, because the market is has constantly changing, as well as the -- you know, the outlines. And, you know, assistance that's offered through various small business lending changes over time as well.

So, you know, we're always actively looking at that to see if that's an appropriate place to reenter the mark.

MS. PRAGER: Are you currently out of the market?

MR. FINNERAN: We are not engaged in nationally – outside of footprint SBA lending at this time.

MS. THRO: I have a question.

MS. BRAUNSTEIN: Oh, I'm sorry, Alison.

MS. THRO: Thanks for your testimony.

It's good to go toe-to-toe with many of the criticisms that were levied against Capital One in the past hearing. That was very helpful.

You testified that, overall, the credit card business is not overly focused on sub-prime. As you know, H -- Capital One is about to acquire HSBC's credit card portfolio. How will that acquisition impact the sub prime nature of your credit card portfolio?

THE WITNESS: It won't change the overall proportions in a significant way in either direction. The HSBC card portfolio is like many other US issuance portfolios, a pretty broad mix, in addition to a, you know, general purpose card, which does have some sub-prime in it. They have -- a very big part of their business is the private label and partnership card business, which is predominantly prime, so it's not going to change the overall mix of our portfolio in a significant way; or, quite frankly, the overall concentration of credit cards. Once you combine both the IG acquisition and the HSB acquisition, the relative portion of cards is not significantly impacted from where Capital One is today.

MS. THRO: You testified that Capital One is about 25 percent?

MR. FINNERAN: From an SF perspective, we're about 25 percent credit cards.

MS. THRO: After HSBC, it will be –

MR. FINNERAN: -- 25, 26 percent, somewhere in that neighborhood, yes.

MS. THRO: Thank you.

MS. GARTON: I have a question regarding the 3,600 jobs -- new jobs you were talking about creating by the end of the year.

Is there any more details you could provide on that as to where those jobs are, are they new jobs or relocations.

MR. FINNERAN: They are -- they are net new jobs with respect to our entire US footprint in terms of accounts. So if you measure how many employees we had across the country at the beginning of 2011 -- right now, we've got 1800 more than we had at the beginning of the year, and we expect to have a total of 3,600 more than we had at the beginning of the year by the end of the year.

So it's net job growth, and it's spread throughout our -- you know, our locations, so it's Virginia, it's New York, it's Louisiana, Texas. It's, you know, all –

MS. BRAUNSTEIN: Is that on top of the -- I'm sorry. I just want to -- on top of the people you would inherit from ING? Can you answer that? Is it on top of the ING employees?

MR. FINNERAN: This is taking ING and HSBC completely out of the picture and looking at only what Capital One is today, you know, because our business is growing and we're having, you know, pleasantly some success. We are adding a net of 3,600 jobs.

We do not expect, you know, significant reductions in either the HSBC workforce or the ING workforce. As you know, I alluded today in my testimony with respect to ING, we expect net -- net that whatever workforce they have currently, there will be 500 more as a result of this acquisition by the end of 2013, plus 500 will be in Wilmington, Delaware.

MS. GARTON: Thank you.

MR. KIDD: Mr. Finneran, earlier you had given us a brief snapshot of your overall characteristics of the card portfolio. You mentioned that a substantially higher percentage of those assets were in prime and super prime versus the sub-prime.

I'm privy to information that is -- as a regulator, but is the actual percentages or the ranges something that's proprietary or something that you could share with the public?

MR. FINNERAN: Yeah.

So our -- you know, the portion of our -- so let me again get the context.

So for purposes of measuring this, you're looking at FICO scores (phonetic), and the cutoff for credit cards of what is considered to be sub-prime is 660 or below.

And so it is publicly available, both through a secured station trust as well as some of the other public reports we make.

It's -- approximately a third of our entire portfolio is, you know, in the category of 660 and below or -- you know, again, new-to-credit people who don't have FICO scores would be, you know, in that -- in that third as well about a third is 660 and below and the remaining two thirds are prime and super prime.

MR. KIDD: Okay. And that's specific to the card portfolio?

MR. FINNERAN: That's the card portfolio, yes, sir.

MR. KIDD: Another point that was made last week in Chicago, was the level of your securitization. Could you just provide -- strike that. Would you mind just providing some context with regards to your level of securitizations today as they relate to, say, four years ago?

MR. FINNERAN: Yeah. This was -- for the benefit of those who were not in Chicago, I addressed this in my testimony in -- in Chicago.

Part of the journey that Capital One has been on in diversifying its business, both on the asset side as well as the funding side, as it has acquired banks it has become considerably less reliant on the capital markets for funding its business.

The principal way that capital market funding was obtained was through credit card securitization, and, you know, in the early days of Capital One that could have been, you know, as much as two thirds of the portfolio that was --

was securitized.

We've not issued any new securitization since 2009. We don't have plans to issue securitization in the future, because we are not reliant on that market for funding the business.

I think the securitizations that are still out there -- and I don't have the figure right on the -- on the top of my tongue this morning.

I believe it was in the testimony last week, so I just refer you, Robert, back to the testimony I presented in Chicago, but it was somewhere in that neighborhood of -- either 17 or 20 percent are the two figures that kind of pop into my head, but you have to double-check that against the testimony last week.

MR. KIDD: Okay. Thank you.

MR. TURNER: Yes. I believe in connection with this proposed acquisition you made a commitment for a hundred 80 billion dollar ten-year plan for LMI communities.

I just wonder if you could provide a little detail on that for this audience, and, in particular, whether there will be any geographic targeting in that commitment.

MR. FINNERAN: Yeah. Thank you.

Yes, we -- we -- we have announced and we still continue to be committed to a hundred 80 billion dollars of low- and moderate-income lending in investments over the course of the next ten years.

Let me talk a little bit about how we both developed that and how to think about that, because, you know, this is really, again, based on our business as it currently is today and as it would look assuming both the acquisition of ING Direct and the HSBC card business.

So while we don't have specific geographic breakdown of where that activity will take place, it will reflect where we do business. So, again, with respect to that portion of the commitment -- that is, commercial lending, small business lending and other kind of lending that is done out of our local markets, that will be predominantly found in the footprint local markets where we have bank branches which, again, predominantly the New York City and surrounding area, Washington, DC, and surrounding area, Louisiana and Texas.

That portion of the commitment, which is our national businesses, whether it's national consumer credit card, national small business credit card or our auto lending, that will be in low- and moderate-income communities throughout the country in rough proportion to where, you know, the population lives.

But we don't, in our business planning, in any of those businesses, you know, get down to specific geographic detail as to where we think that growth is going to come from. So it's a hundred 80 billion dollars of new originations over the course of that ten-year period.

MR. TURNER: Thank you.

MS. BRAUNSTEIN: Okay. Thank you. I'd just like to follow-up on that a little bit.

So, you know, I heard you in your testimony and you're correct, that the current -- the way the current CRA regulations are, your responsibilities are where you have branch and bank locations. And, certainly, that is an issue that we are looking at in our current rewrite of CRA; that's -- especially given -- not just your bank, but a lot of banks that are out there that have national presence.

So I heard what you just said to Scott. I just wondered, one of the things with, especially inheriting -- if the merger -- the acquisition goes through and you get ING, they, actually, have pretty much a national presence, in terms of banking customers, and I was wondering how you're going to -- you know, they'd really be getting deposits -- they get deposits from places, you know, way beyond where you have physical locations.

So I was wondering, do you have any ideas as to how you're going to, you know, put that into the mix, in terms of determining where you're going to be making commitments for community development and other kinds of lending?

MR. FINNERAN: Sandy, I would say just a couple things there.

First of all, I would encourage you to continue your work on looking at CRA modernization. That would serve our needs as much as –

MS. BRAUNSTEIN: Amen.

MR. FINNERAN: -- it will serve the needs of many of the people in this room who care passionately about that issue. And, as I said in my testimony, we've got a lot of sympathy for that point of view and we can understand, you know, why it is an issue and we also understand why it has become the issue in this particular transaction.

Let me also say, though, that ING Direct is far and away not the only institution that collects deposits outside of its branch footprint, so this is a broader issue than just, you know, ING Direct, and it's a broader issue than -- than this application.

You know, when we -- when we, assuming that this application is -- is approved, we will certainly, you know, expand upon what ING Direct is currently doing, and I have every reason to believe that we will, you know, two years from now, have done more in their local communities than they have done. We will be an active participant in the, you know, ongoing debate, you know, and the design of where CRA ought to go in the future.

As I said, we have been advocating for a relook; we've been advocating for, you know, a broader look. We will continue to do that.

But, again, I think it's important that, you know, it be done system-wide and not necessarily in connection, you know, with one party who just happens to be before the agency for, you know, an acquisition application.

That being said, I also want to emphasize a couple of other things that I said in my testimony.

You know, we are not an institution that looks at our obligations to our communities solely through a CRA lens and stop when we get to the minimum that we think we need to achieve. It is deeply embedded in the culture of the organization, in the hearts and minds of the associates to partner broadly with our -- with our -- with our local partnership. That is best effected where we have associates on the ground; it's best effected where we've got bankers that know the -- know the area to do it -- to do it well.

That doesn't mean that we can't and others cannot do things outside of their assessment area, and that's where I really encourage the agency to focus its attention. And how do you do that to both achieve some of the broader objectives but also stay rooted in, you know, what's appropriately safe and sound lending, and what knowledge is required on the ground and what presence is required on the ground in order to do some of the lending that -- you know, that meets the objectives of, you know, the CRA.

So I apologize. I know that's a long answer, but it's a very -- I think it's a very nuanced and -- you know, question that will require a lot of thought and a lot of input from a lot of different players other than just Capital One and the folks that happen to be in the -- in this audience in order to get it right for -- you know, for the future of where banking is going and how we all should be meeting these kind of objectives.

MS. BRAUNSTEIN: Okay. Thank you.

Any other questions from the panel?

Okay. Thank you very much for your testimony.

MR. FINNERAN: Thank you very much.

MS. BRAUNSTEIN: We will bring the next panel up.

Welcome to the panel. I understand, Alan, you'd like to rearrange the order of the panel, which is fine. You can go in any order you want.

MR. FISHER: Yes.

MS. BRAUNSTEIN: Just a few reminders.

I'll please ask those of you on this panel, as well as I have to remind my own panelists that when you're speaking, please speak directly into the microphones. It's important that, first of all, people in the room can hear, but, also, for the court reporters that we need to be clear when we're talking.

And I will ask the panelists that have just come up to please -- when you begin your statements, please begin by stating your name and your affiliation, and also keep an eye on the timekeeper. We are now at three minutes per person. You'll be signaled in one minute and then when you're concluded.

And whatever order you want to go in -- Alan, are you leading off or –

MR. FISHER: No. Paul is going to lead off.

MS. BRAUNSTEIN: Okay.

MR. FISHER: I just thought it made more sense for you all for us to go in this order, given what we're saying.

MS. BRAUNSTEIN: That's fine. That's fine. Whatever order...

Paul, feel free to start.

MR. AINGER: Good morning. My name is Paul Ainger. I'm an affordable housing developer at Sacramento/Yolo Mutual Housing Association.

Our Mutual Housing Association has developed over 900 units of affordable rental housing throughout Sacramento and Yolo Counties over the past 20 years. The families we serve are all low and very low-income families. We serve people who work a variety of low-wage jobs, such as restaurant servers, retail clerks, construction workers and, yes, bank tellers.

I'd like to discuss why I oppose this merger, because of its specific effect on the communities we serve at the Mutual Housing Association, including many of the poor neighborhoods of Sacramento, Davis and Woodland.

Capital One and ING Bank are quite active in Sacramento, Davis and Woodland. ING Bank has taken virtual deposits everyday through its international -- internet bank.

Capital One is issuing millions of dollars of real -- real credit card debt and virtual car loans in Sacramento; yet, Capital One has made it clear it does not have any CRA responsibility for the Sacramento area, because it has no branches in the area. This is the same argument that Countrywide made. As you may recall, Countrywide had only one bank in Virginia, so they stated, and the regulators agreed, that their only CRA commitment was to the one community in Virginia.

Well, I see the destruction that Countrywide has made – sub-prime lending has made in Sacramento every day. There are acres of vacant homes sitting idle in many of the neighborhoods that our -- Mutual Housing Association serves. Sure, Countrywide had no branch offices in Sacramento, but they certainly did a lot of lending and they even took deposits at their loan offices in Sacramento.

So here we have two institutions, ING Direct and Capital One. Both active in Sacramento but unwilling to make a CRA commitment to our community. And it's not because they have no money to lend. Capital One had an estimated 279 million dollars in profits in California, and if it carved out Sacramento that's 28 million. And it's not if -- they can't do the lending, because Capital One does commercial lending, and ING Bank has plenty of real estate experience. It's not like they didn't have opportunities, because there's plenty of strong nonprofit developers, such as Mutual Housing, that are prepared to work with Capital.

The Mutual Housing Association believes that Capital One should make a commitment to lend and invest in pre-development construction and term financing for affordable housing in Sacramento area, and the investment should be done directly by Capital One, not through national intermediaries who may or may not lend in Sacramento.

In summary, unless Capital One agrees to make a strong CRA commitment to California, the people in our neighborhoods of Sacramento will only get more expensive credit card debt, more car loans and more virtual banking from Capital One. We have plenty of that already. What we need is more community investment from the banks overall and from Capital One, in particular.

Thank you.

MS. BRAUNSTEIN: Thank you.

James, welcome back.

MR. ZAHRADKA: Thank you, Sandy. Good morning. I'm James Zahradka with the Law Foundation of Silicon Valley; I'm also the chair of the board of the California Reinvestment Coalition, and I was fortunate to be here yesterday with Sandy and some of the rest of you, talking about fair money issues, and in that context I'll just tell you that the Law Foundation service thousands of clients every year, and one of the areas we work in is subprime, both in the context of mortgage lending as well as pay (inaudible) lending, both of which are subprime products that harmed our community.

As you heard earlier today, this institution, Capital One, is a large credit card business, a third of which is subprime. So, again, I feel like we're dealing with another subprime product that's stripping assets from our families, the working families that we represent.

Sixty-six percent of Capital One's revenue last year came from credit cards, and Californians paid a hundred 25 million dollars in finance charges and fees in 2010, many of which are from this subprime portfolio with high interest rates, significant penalties and fees. They stayed profitable from two downturns; that's how they did it.

Also, I'll say that they -- they have a small part of their business in bank accounts. I think that the statement that they are a fully diversified institution is a bit of an overstatement, but they do have a small part of business in bank accounts. These are also inferior products.

I'm not one to be often extolling activities of Bank of America, but I will say that, unlike Capital One, Bank of America stopped assessing overdraft fees on debit card transactions and they stopped posting checks high to low. Both of these practices, Capital One still engages in. And, again, this is -- this results in asset stripping from families that can least afford it.

They also required a state-issued identification, and to the extent bank accounts -- to open an account with them, which cuts out huge swaths of the underserved community that the Law Foundation serves in Silicon Valley.
These high fees, as studies have shown, are the

leading cause of people having involuntary closures of their bank accounts, pushing people back into the unbanked world and harming them and our community as a whole.

So we have, then, the institution of ING, which is one of -- let's talk about a positive thing here. I like to do that a little bit. They have a model overdraft protection program, only charges 11 percent APR and no fee for customers to access that.

I think that Capital One's line is that they're -- for now, is that they're going to keep ING, I-N-G, sort of separated and not change many of their practices, but how long will that really hold up, since they, Capital One, relies on exploitive fees for 42 percent of its profit?

So the last thing I'll say is on the business card issue is that there's a loophole big enough to sail a viking ship through in the Credit Card Act, because, as was mentioned earlier, all those -- many of those important protections aren't apply to business cards.

Capital One, and other credit card issuers, issue many business cards to individuals. They don't -- there's no way to really monitor whether they use them for business purposes. So when I hear terms like voluntarily offer many of the protections, I start to wonder how strong is that.

Shouldn't we, maybe, make this an opportunity to put some best practices into effect. They're complaining of being in the hot seat. They're here asking for permission. I don't see anything wrong with elevating the standards in this acquisition.

Thank you for your time.

MS. BRAUNSTEIN: Clarence.

MR. WILLIAMS: Good morning. My name is Clarence Williams, and I'm president of California Capital Financial Development Corporation located in Sacramento.

For 29 years, California Capital, a nonprofit community development financial institution, has served 23 counties throughout Northern California, providing business development and lending programs, technical assistance, financial literacy education, loan guarantees for small businesses and residents within predominantly low-income communities. In addition, we have provided these services in nine languages for our region's growing number of immigrants and limited and non-English speaking individuals.

Nonprofit organizations like California Capital exist because of a historical failure within financial --

within the financial services industry to meet the credit needs of our constituent communities and their residents, and it is for this reason that I am here to offer testimony in opposition to California -- to Capital One's application for approval to acquire ING Direct.

It has been Capital One's lending practice to ignore small businesses in lower-income community. Over 80 percent of their small business loans in California are to large businesses in higher-income areas. Their record of lending to small businesses in lower-income areas pale -- pales in comparison to other lenders.

In 2009 and 2010, Capital One ceased all SBA-7(a) lending activity in California, which has served as a means of access to capital for disadvantaged minority and women-owned businesses.

Much of Capital One's small business lending in California has been done through its credit card process; as a result, they issue more business credit cards in California than in any other state. 14 percent of Capital One's business credit cards are in California. That is nearly 364,000 credit cards. Consumers pay 727 million in principle and finance charges.

However, credit cards do not provide the capital necessary to hire employees or to acquire equipment. There I cite (inaudible) rating and Capital One multi-asset execution trust respective.

In addition, credit cards are also detrimental to small businesses due to higher costs, fewer consumer protections and the threat of term under which credit -- this credit is secured may change at any time. For these reasons, Capital One business credit cards are a greater risk of going into default than its consumer cards. These Capital One credit cards are not protected by the Federal CARD Act, which protects consumers from predatory practices.

Capital One has claimed that they will make 22.5 billion in small business loans in low-income communities over the next ten years. The question that needs to be asked, Does this mean that they will be providing access to capital through the issuance of more credit cards. And, as a result, they have the arrogance to claim that they are helping to create and sustain jobs.

If Capital One is to become a socially-responsible partner with California's small business community, they must start return to offering SBA loans, invest in CDFIs, support small business technical assistance programs.

By approving Capital One's application to acquire ING, you'll be allowing the creation of a bank that is to big to lend to small business unless such financing is through the more expensive credit card.

Finally, unless and until Capital One works toward a serious commitment toward meeting their CRA obligation, I would urge you to deny Capital One's request to acquire ING Direct.

Thank you.

MS. BRAUNSTEIN: Thank you. All right.

MS. VIZINAU: Good morning. My name is Katrina Vizinau, and I work with Community Housing Development Corporation. We are an affordable housing and HUD approved counseling agency.

We have constructed over 200 homes in the low- to moderate-income community; we serve low income and communities of color. Over the past five years, we created a home ownership program where we provide first-time home buyer counseling and gap financing.

We have seen in the last five years homeowners who have credit cards with the Capital One. They paid on average annual fees of $800 for late payments and over-the-limit. This is stripping the homeowners of income that they could be using in order to meet their everyday living needs. Homeowners are being forced out of their homes, because they have used their credit cards to purchase -- to try to save their property.

We are opposing the Capital One merger, because we see that homeowners are being negatively affected by the credit cards that are being issued by Capital One with high fees.

The average interest rate for these low- to moderate-income homeowners is 22 to 24 percent, and so I just urge you to please consider the low- to moderate-income household and provide low-cost credit card -- issued credit cards.

Thank you.

MS. BRAUNSTEIN: Alan Fisher.

MR. FISHER: I'm Alan Fisher, executive director of the California Reinvestment Coalition.

Vino Pajanor planned on being here, but -- he works with the collaborative division on foreclosures, which we know is a huge problem in this state, and he was unable to come and sent in written comments but he did yield his three minutes to me, just in case I can use them.

We're a coalition of about 300 community organizations. These are -- are some of our outstanding board members devoted to increasing access to fair financing and fighting predatory lending.

We really appreciate that -- having hearings today -- we've been missing the hearings since Countrywide -- and the chance for community organizations to be able to really speak, and I hope that the community organizations that are here that will be talking about the critical needs that they see really form the -- the measure of public benefit. They're the metric, you know, not what the bank may say or may not -- you know, no disrespect intended, but to really talk about what community needs are as the public benefits.

From -- from my point of view, this merger holds a lot more pieces to it than anyone I've ever been involved with. You know, it's really the poster child for the need for CRA responsibility beyond branches.

California may be the state where Capital One and ING do the most business and we take the most deposits, but there's no meaningful community reinvestment here. We think, roughly, 12 percent of their business has been in our state, and we think that's the kind of responsibility they should have here.

Even the OTS, formerly Office of Fair Supervision, which was often seen as the weakest of the regulators, had ING agree to 14 supplemental assessment areas, five of those are in California.

This proposed merger would create the fifth largest bank in the United States. It needs to be a real public benefit. So far, we don't see one.

The hundred 80 billion dollar commitment -- from our point of view, you know, it should be four times as large. That's what we would look to from a bank this size and have real substance to it, not be mostly credit card business.

California and the United States are deep in an economic crisis, and while housing is the most obvious cause for that, from my point of view, the foundation for this crisis was laid by Capital One and other aggressive credit card lenders over the last few decades, the kind of thing that Katrina and others up here have talked about, which pushed people -- I can't remember. It's like 13,000 per person in the United States at the beginning of this decade, and I think this has created a real crisis that heightened the housing crisis.

So to approve this application based on credit card lending has the potential to undercut economic recovery, from our point of view, and particularly since their purchase of HSBC, which is a notorious -- Household Benefit was a notorious predatory (inaudible).

The Federal Reserve is the regulator of many community banks, and I often speak on behalf of banks, but, from our point of view, this kind of setup with the regulators with around assessment areas means that community banks are at risk also. You have enormous banks who undercut the community banks in terms of their lending and put nothing back in the community, so it both weakens community banks and their communities.

Capital One is not a responsible lender in California. When we looked at their lending, it largely ignores low-income community, people of color.

So the people of California and our nation are looking for responsible government and regulators. They -- these lovely young people outside -- my son is doing something similar in Long Beach. You know, the country -- even older people like myself, you know, are feeling very frustrated about what's happening and the lack of response, and so we're -- we are really looking to you to block this merger and institute real community responsibility where Capital One does significant business.

It's clear from the -- the panel before us that Capital One is only going to be as responsible as you make them be; otherwise, they'll just ignore places like California and lots of other states where they are.

And, as a side note, I'd like to say my normal thing that I say at these things, which is if -- if a speaker has come and is a grantee and has been paid to come and testify, we would hope that you would have a sprinkle of salt on their testimony compared to those who come voluntarily and who have no alliance.

So, again, thank you very much. We really appreciate it.

MS. BRAUNSTEIN: Thank you very much.
Hold on. I just want to check. Anybody, any questions for this panel?

MR. TURNER: Maybe just a quick one, and maybe your answer, Alan, or the rest of the panel is -- both to the question, but if you had to choose between a focus on -- on the institution's products, services and products for LMI households or the need for investments and intermediaries, CDFIs and other intermediaries, like (inaudible), is one a greater priority for your organization?

MR. ZAHRADKA: I think there was reference yesterday to false choice. I think that maybe that's one. It's both/and.

MR. AINGER: Yes.

MR. FISHER: The problem is sometimes the products for those communities are ones that are not beneficial to them as well, but I think both needs to happen because no bank is able to really do what the non-profits do, especially the fifth largest bank in the country.

MS. BRAUNSTEIN: And, Robert, did you have –

MR. KIDD: Yeah. I just have a question.

Alan, you threw out that a bank Capital One's size should make a commitment of four times what they just committed to, which, quick math, is about 720 billion.

This is an institution that has total assets of 200 billion. How are you arriving at that metric that that's appropriate?

MR. FISHER: Well, after the merger I think the assets are closer to 300 –

MR. KIDD: Okay.

MR. FISHER: -- and what we've seen from banks, who have asked to remain anonymous, is something like 20 percent of deposits. So it's very difficult with an institution like this one to really say what it has compared to banks that have a presence, but that would be a rough measure, 600, 650 billion, but I think --

MR. KIDD: Are those community banks or large banks.

MR. FISHER: Large banks.

MR. KIDD: Okay. Thank you.

MS. BRAUNSTEIN: Okay. Thank you to this panel.

Good morning to the next panel.

A few reminders. Please talk directly into the microphone, so that everybody can hear you, especially our court reporters; and, also, please keep an eye on the timekeeper, who will signal you. You each have three minutes. He will signal you when you have one minute left and then when your time has expired.

And with that, we can get started. And when you begin your testimony, please start by saying your name and your affiliate.

Would you like to go first?

MS. BALLAL: Good morning. My name is Meera Ballal, and I'm the executive director of the Bexar County Family Justice Center in San Antonio, Texas.

The Family Justice Center has a high level of respect for Capital One Bank, as we have seen Capital One firsthand adopt a high level of community engagement in the San Antonio community.

The mission of the Bexar County Family Justice Center is assisting victims of domestic violence in their journey from survivor to thriver. Since opening in 2005, the Family Justice Center has served over 25,000 families struggling with domestic violence.

While the Family Justice Center has designed and implemented many sufficiently programs in San Antonio, one of our most outstanding is Project Dove, Drain of Violence Re Empowerment, and it was created in close partnership with Capital One, utilizing their financial expertise to develop a true state-of-the-art financial literacy program for victims of domestic violence.

Understanding that external factors and domestic violence are often economic in nature, and include lack of money, lack of housing, lack of employment, the Family Justice Center and Capital One have designed a program that gives survivors the tools they need to overcome economic obstacles through basic needs, emergency funds, life coaching, financial literacy classes and much more.

At the Family Justice Center, survivors, many of whom are living below the poverty line, are assigned a financial literacy coach, who first connects them with resources in the community. These resources include job skill classes, housing, public assistance, food, transportation, childcare, ESL and GED classes and even more to help increase their earning potential.

After that, financial literacy coaches enroll survivors in classes, many of which are taught by Capital One employees. Survivors are introduced to banking basics, money management, good credit, rebuilding good credit, money and emotions and how to approach their teams about money.

Most of our financial literacy coaches and many of our Capital One coaches are bilingual, as 70 percent of our survivors in our program are Latino.

Over the last year Project Dove coaches have held over 700 individual financial literacy sessions and conducted over 15 financial workshops. In turn, Capital One has aided in increasing financial stability for those in danger, in poverty in San Antonio; they have aided in breaking the cycle of violence; and they have made our community a better, safer place to live.

The Family Justice Center supports Capital One and can speak very highly that it is an active and strong partner in improving communities financially for the better.
I have many survivor stories to share, and if anyone's interested and time permits, I would be happy to do that.

Thank you.

MS. BRAUNSTEIN: Okay.

MR. CHUNG: Good morning. My name is Ray Chung. I'm a senior vice president and chief financial officer for Neighborhood Centers.

Neighborhood Centers is one of the largest nonprofit human services organizations based in Houston, Texas. It was founded in 1907, as a settlement house, and our commission is to bring resources, connections and education to underserved neighborhoods.

In conjunction with our mission, we operate in over 16 locations throughout the Houston area and serve over 250,000 of our most vulnerable neighbors and residents. We have an annual budget of about 260 million with over a thousand employees. Our services include activities such as a charter school, a head start program, a number of senior -- programs serving senior citizens, a free income tax preparation service that is one of the largest in the State of Texas, and a number of youth and after-youth programs to serve our -- our students.

We have had a relationship with Capital One since 2007. Capital One has been a major supporter of Neighborhood Centers through both its business and charitable activities. Its commercial activities include arranging an $11 million new market tax credit financing for one of our community centers that are located in the heart of one of Houston's most impoverished neighborhoods. That center, which was opened last year, is now the centerpiece of the community, and we have -- and it serves the community's 40,000 residents come to the center almost on a daily basis to -- to use the services we offer there and interact and engage with their neighbors.

In terms of charitable contributions, Capital One has provided over a hundred 84,000 dollars of charitable funds that have enabled Neighborhood Centers to provide some much-needed youth and family services for our neighbors -- neighbors surrounding our centers.

As you know, nonprofits really depend upon charitable contribution, and this represents a major lifeblood of -- of our activities.

In summary, we highly value our relationship with Capital One and believe it has been an outstanding partner for us as we pursue our mission and seek to build vibrant communities throughout the Houston area.

Based on its track record, we strongly support Capital One's application to acquire ING Bank.

Thank you.

MS. BRAUNSTEIN: Thank you.

MS. COUGHLIN: My name is Sister Kathleen Coughlin. I'm vice president of Institutional Advancement at the University of the Incarnate Word in San Antonio, Texas, and I have given up two days of my time to be here to support the efforts of Capital One to acquire ING, because I know what they've done for us and for others in the community.

San Antonio is blessed to have many good corporate citizens, and I would put Capital One in the top five of that list because of what they've done since they arrived in town.

We have a hundred and 30-year history of service and have grown from a small women's college to an institution that has 8500 students today, making us the largest Catholic university in the southwest and the fourth largest private university in Texas.

Our students represent 60-percent minorities. We are designated a Hispanic minority teaching institution, as 53 percent of that number are Hispanics. And we're also very proud of the fact that 35 percent of our current student body are first-generation college educated. We offer 85 degrees, five of them Ph.D.s and 30 at the graduate level.

In the last five years, we have developed a school of pharmacy, a school of physical therapy and a school of optometry. It's the latter that would not have happened without the assistance of Capital One working side by side with us to obtain the necessary funding via the new market tax credit.

The Capital One staff continue to work with us to get needed dollars to build a clinic on the east side of San Antonio, one of the poorest areas the clinic will be staffed by our students and faculty in optometry, pharmacy, nursing and nutrition and physical therapy, offering programs free or on a sliding scale.

Capital One approached us, is how we developed our partnership, because they wanted to assist us in developing an honors program to develop our students as leaders.

Our mission is to educate men and women to become concerned and enlightened citizens throughout our cities, state and country, and it's the people of UIW and the people of Capital One that make their missions alive in the reality of the city and communities in which they serve. This they have done at UIW in San Antonio, and we are proud to have been a partner with us in our mission.

MS. BRAUNSTEIN: Thank you.

MR. VOGEL: Good morning. My name is Stephen Vogel. I am the CEO of Grameen America. We are a not-for-profit organization, and we are a community development financial institution.

Grameen America works with low-income individuals to promote entrepreneurship, savings, credit establishments and financial education in order to empower people to lift themselves and their families out of poverty.

Grameen America was founded in 2008 by Nobel Peace Price laureate Professor Muhammad Yunus, and our organization follows the group lending and savings model. Grameen America currently has branches in New York, Indiana, Nebraska, and will open branches in California and North Carolina in the next few months. Grameen America serves the unbanked community and those living below the national poverty line.

There are over 50 million people in this country that are unbanked or under-banked. Capital One has a strong commitment to providing financial services to the unbanked and under-banked. The individuals living in communities are -- excuse me -- individuals living in the communities that they serve.

We at Grameen America have been working very closely with Capital One to create specific banking products and provide the much-needed services to the communities in need.

Capital One has proven to be one of our strongest partners. They understand the true value of providing savings accounts for the unbanked and have created a unique no-fee, no-minimum -- no-minimum balance product for Grameen America and its members. We are not a bank, so it was extremely important to our program to have a relationship with a supportive commercial bank.

We owe the success of our savings program to Capital One's highly effective product and superior customer service. They provide a level of service to our clients, all of whom live below the poverty line, in a dignified and welcoming manner.

In addition, Capital One provided Grameen America with low-cost loans to enable us to continue lending to our borrowers and expand our program. In order for us to provide these needed services, they have given us financial support to help cover some of our operating expenses.

In addition, Capital One supported Grameen America's celebration for the branch's 1000th client in Brooklyn, and each one of those clients have a no-fee savings account at Capital One. Capital One has sponsored our staff to attend training and the ability to attend seminars and conferences.

The personal commitment of Capital One's staff is unmatched. In particular, I want to thank Daniel DelaHanty, vice president of Capital One's community development banking division, who also serves as a leading member of Grameen America's advisory board. He is personally committed to assuring that all of Grameen America members receive the best financial services available.

On behalf of Grameen America, I am pleased to support the merger between Capital One and ING Direct.

MS. BRAUNSTEIN: Thank you.

MR. ARAMBULA: Good morning, buenos dias. My name is Martin Arambula. I'm the chairman of the Brownsville Affordable Housing Corporation based in Brownsville, Texas.

I am testifying today in support of the merger between Capital One and ING Direct. The acquisition of Hibernia Bank brought Capital One to Texas, and from the start Capital One sought impactful ways to serve our low- and moderate-income community. I believe that Capital One Bank has done a tremendous job with the affordable housing market in providing mortgage financing through their home ownership program for low-income families.

Brownsville Affordable is a nonprofit organization which was established for the purpose of providing housing opportunities for low-income families. With its proximity adjacent to Mexico, Brownsville population is 88-percent Hispanic and is located in the poorest county of the United States. All of Brownsville Affordable clients have been

100-percent Hispanic.

Capital One has supported the growth of Brownsville Affordable through its low-interest interim financing.

Ms. Jordana Barton, who has worked with us to provide the financing, which has increased our capacity by allowing -- excuse me -- for more homes to be available to qualified families. With Capital One's support, Brownsville Affordable has been constructing energy star certified homes. We work with Capital One in a holistic way to meet the homeownership needs of our low-income community.

Irene Venegas (phonetic) is Capital One's mortgage loan financier, who works with our low-income clients to build their credit, homeownership training and qualifications for down payment assistance.

Capital One may be a large corporation, but it is the people of Capital One who are working hand in hand with us in the community. They are committed to help -- helping families build the assets necessary to be strong and successful.

Ultimately, the impact on the families in the larger community is incalculable, but we see the results in -- every day when families achieve financial stability and become actively involved in their community.

Capital One is committed to work hand in hand -- excuse me. Capital One is committed to the hard work and the extra effort it takes to make sure that families go into their new homes with equity. Although, we are serving the lowest-income clients, we have a very strong record of families keeping their homes.

Capital One has a proven record of expanding its outreach and investment in the community. We feel this is a positive growth opportunity for a partner that is committed to helping low-income families build their assets and obtain long-term financial security and prosperity.

Thank you.

MS. BRAUNSTEIN: Thank you.

MR. WATSON: Good morning. My name a Douglas Watson, and I am the executive director of the Healy-Murphy Center, a nonprofit agency located on the east side of San Antonio, in Texas.

I am in support of Capital One Bank acquiring ING Direct.

The mission of the Healy-Murphy Center is to provide compassionate service to youth in crisis by focusing on individualized education in a non-traditional setting for early childhood development and potential support services.

The at-risk youths served at the Healy-Murphy Center have, for a variety of reasons, been unable to experience success in a traditional school setting. Each year, we serve approximately 400 youth, ages 14 to 21, and approximately 200 infants and children at the Healy-Murphy Childhood Development Center. Nearly 50 percent of our students are pregnant and/or parenting teenagers and approximately 25 percent of the total enrollment is homeless.

Healy-Murphy Center continues to operate on the original 1888 campus that has been designated a historic district by the City of San Antonio. In order to ensure continued quality of service, the board of directors approved a master plan with a $4 million capital campaign to renovate the campus.

Toward the end of the capital campaign, I became aware of the new market tax credit program. We had successfully raised 3.2 million in the height of the recession but still needed to close the funding gap.

I was introduced to Mark Koshnick, president of San Antonio Commercial Banking, Capital One Bank. Mark came for a tour, and from the moment he met our students and staff and toured our facilities he was committed to helping us.

Capital One Bank was the investor and the financing agent for our new market tax credit, and we were able to close our funding gap. We were able to sign our construction contract and move into the first two renovated buildings on September 12, 2011.

With all capital campaigns, there are secured pledges which need to be turned into cash for construction. I initially approached a local San Antonio bank where we had been banking for many years. They didn't jump at the opportunity to help me. In fact, they didn't think they could help me with the amount that I needed.

So I turned to Capital One Bank. In a matter of two weeks, Mark Koshnick arranged for two secured loans so that we could complete the new market tax credit transaction. They are examples of remarkable customer service and commitment.

Capital One Bank has begun a financial literacy project with our students under the direction of Ms. Jordana Barton, vice president of community development. Through the use of online financial literacy curriculum, our students are learning the fundamentals of good financial decision making.

This is a paramount importance to our population of at-risk youth.

Often, when I speak with groups about Healy-Murphy Center, I tell them that the youths that come to us have often been forgotten and abandoned by the adults in their life. If we don't step up to the task, then we will have youths, many with children, who will not live up to their potential. As the executive director, I wanted to give them the best facility that we could afford, but I needed the help of the San Antonio community.

I am grateful and proud to speak on behalf of Capital One Bank, who has embraced our mission in both word and deed.

Thank you.

MS. BRAUNSTEIN: Thank you. Any questions from this panel?

Okay. Thank you very much for your testimony.

Before we start this panel, just a reminder, this panel has 30 minutes -- or you have 30 minutes to use however you want to, whenever you want to begin.

MS. VISSA: Thank you.

Well, Greenlining would like to thank the Federal Reserve for giving the public a chance to weigh in Capital One's acquisition of ING Bank.

Again, my name is Preeti Vissa. I'm the Community Reinvestment Director of the Greenlining Institute.

Without your leadership, Californians will continue to be victims of Capital One, leading money to New York [sic] without any investments in return.

In a majority/minority state, corporations must meet the needs of and reflect the diversity of the consumers in the state. Capital One is a credit card company masquerading as a bank and is now the largest subprime credit card lender in the nation.Californians do not need another sub prime lender.

Capital One is notorious for targeting vulnerable borrowers, particularly with an immigrant community, with cards that have high interest rates and low credit limits. The moment consumers fall behind on their payments, Capital One piles on late fees and raises interest rates. As a result, cards that were meant to build credit end up destroying it.

Capital One profits from selling our communities predatory credit cards. It refuses to make sustainable loans that help us secure assets like homes and small businesses. In fact, 75 percent of its 2010 income came from credit cards. A few examples: (Inaudible) assessment areas shows that a disproportionate portion of their home lending is to whites.

Even though Capital One has homeowners facing foreclosure in California, as far as we know, it has not yet enrolled in Keep your Home California program. And as you've already heard today, in 2010 Capital One cut its SBA lending by over 99 percent.

Capital One has more consumer credit card customers in California than in any other state; roughly, 12 percent of its portfolio; yet, it has no community reinvestment or philanthropic commitments here. Capital One alleges that its lack of bank branches exempts them from any CRA obligation to our state; furthermore, its credit card division was excluded from its last CRA exam. But by hiding behind the limitations of CRA, Capital One has robbed California communities of much needed investment.

Please do not be fooled by Capital One's $180 billion commitment. It's clear that this investment commitment is a cover for expanding its predatory consumer (inaudible).

More than half of this commitment is simply more auto and credit card lending, and because Capital One has no plans to open branches in our state, there's no reason to believe that any home or small business loan or philanthropic investments will be made in California.

So Capital One must demonstrate its commitment to California's communities of color before it is allowed to further expand its presence here. Greenlining demands that Capital One, No. 1, develop a specific CRA plan for California, considering that they don't intend to build branches here in the state; No. 2, given that 12 percent of Capital One's market is in California, at least 12 percent of its national community commitment should go to California in the form of lending and investment and not credit cards and sub-prime auto loans; No. 3, to do business with diverse-owned businesses in California; No. 4, devote at least one percent of its pre-tax profits toward providing credit repair programs for Californians who were driven into debt by Capital One's sub-prime credit cards; and, finally, diversity -- diversify its board and management committees in California.

Greenlining sees no indication that this merger will benefit California unless drastic changes are made to Capital One's lending practices and reinvestment commitments.

We urge the Federal Reserve to deny this merger until Capital One demonstrates that it truly is a responsible bank that invests in our community.

And, with that, I would like to thank you for the opportunity, again, to comment and to introduce three students from the Hayward Leadership Public School.

MS. VARGAS: Hello. My name is Kendle Vargas, and I'm a junior at Bishop Public School in Hayward, California.

As of today, Capital One does not give back to our community, and I believe that with the merger with ING that they should have to.

Here's my poem about -- about giving -- using this opportunity to give back to our community.
"Hey, Capital One, California helps you, but you only help yourself; California follows you, thinking you're a big help; California uses you, but you're not giving us any help; 12 percent of your business is in California; where's your reciprocity; show some generosity; I'm just asking out of curiosity; why don't you use this opportunity to give back to our community; schools are in dire need of a good deed; we all would like to succeed; would you like to lead; not trying to put you on the spot, but I know that you are wishing that you're not; but BofA gave $5,000 to my high school, Wells Fargo gave $12 million to the Bay Area; thank you BofA and Wells Fargo; that was great; Capital One, you're a little late, but now that you're here would you like to make a date?"

Thank you.

Now, you'll be hearing from one of my peers about Capital One and how to invest in our schools.

MR. DE VERA: Hello. My name is Kestner De Vera, and I'm a junior from Leadership School of Hayward. Thank you for having me.

I'm here to speak about the Capital One-ING merger and the effect it will have on my community.

Everywhere in California, communities seek financial assistance in order to provide their youth with a state-level sufficient education. Every student has a right to go to a school that is well-funded, offers extracurricular activity and classes such as financial literacy to help prepare adolescents for their rise as adults.

However, not all schools have equal funding. The government tries to put communities on equal funding by creating laws that require having banks in California give back to their communities. This is a positive asset for low-income communities concerning they are in need of monetary resources.

Yet, banks like Capital One do not reinvest its profits in California. As a result, I believe the bank, if merged, should focus more on schools and areas in California rather than how much goes into their pockets.

In my viewpoint, Capital One and ING Direct should do the following: One, create a program called CAP One Cares that incorporates financial classes that teach young adults about finances, bank accounts, interest rates and credit scores. These programs should exist all across California and be established in at least five to six public areas where teens and people could go to learn about their money and

On the east coast, Capital One has several branches that are run by high school students. Student bankers who work at these branches learn all about managing, budgeting and saving money. I would like Capital One to expand this program to California, so that my peers and I have the same opportunity as high school students in New York.

All of this is important, because today's youth are the future customers of these banks. If the youth know that Capital One cares about its customers by sharing its profits with their communities, they will be more likely to get a credit card from Capital One or create an account with them.

In order to build customers in California, Capital One needs to give back to the community and help children receive the knowledge they need to be responsible investors and money managers in the future.

Thank you.

MR. LAL: Hello. My name is Devin Lal; I'm a junior at Leadership Public School in Hayward, and I'm here because in the near future I will be applying for a credit card when I head off to college, but at APRs of 24.9 percent, I don't think that investing in Capital One would be a good choice for me; I think that it be very scary. I don't understand why I would invest in Capital One when B of A could offer me a credit card at almost ten percent of lower APR.

If this merger were to be solidified, I think that something should be done to lower these rates.

If Capital One had a more affordable interest rate, I would be less skeptical about getting a Capital One credit card once I headed into college. If Capital One continues to offer a 24.9 percent APR, I live in the fear of being driven into debt before I reach the age of 21. Instead of telling my friends not to get credit cards from Capital One, I'd much rather see Capital One offer lower rates to provide confidence in my and my peers' investments.

Capital One's slogan said, What's in your wallet? I could tell you right now that I don't want a Capital One card in my wallet. But if these interest rates were lower, I can answer that question by saying, Capital One, with a smile on my face and pride in my wallet.
Thank you for your time.

MS. MONTOYA: Good morning. My name is Martha Montoya, and I sit on two boards, the (inaudible) chamber of commerce and the National Association of Hispanic Publications. Today I am a business owner. I own three businesses in the cultural world, the media and the newspaper industry.

And today, I'm going to speak from my heart and for those that cannot be here for two reasons: One, because they speak Spanish; and, two, because it's raining and they need to take care of the crops today.

What has happened is that for many years Capital One has targeted our Spanish-speaking communities to get credit cards, and with a promise of building their credit for themselves or for myself.

And we have approved -- we were into the system, and then we have learned that after you miss one payment, you're sent into a pool of unfortunate events where you cannot pull out at all. That has created extra rates, extra interest rates, extra fees, and so what has happened is it not only has affected our credit, it has damaged our credit for a long time, for years to come, as of today, ten years later to many of us and myself included.

What is surprising to me is that Capital One has offered these firsthand to all our Spanish networks heavily; yet, they didn't have their (inaudible) to support this, so it was to sell but not to support when things were troublesome.

So my biggest concern on this merger is the fact that is Capital One going to have on the ground real people that understand our culture, our people of color, to really cope with what could happen in the different types of economy.

I think that the aggressiveness of the collection is another issue that you should consider and the friendliness that they should bring to all of us, because we all want to pay; it's just -- it's just how we pay.

Thank you very much for the time.

MR. ALVAREZ: Good morning. My name is Francisco Alvarez; I'm vice commander of the American Jack Forum of California, Latino Veterans Group; I'm also commander of the private first class Oscar Sanchez Modesto Chapter in the Central Valley.

And the reason I'm here is because we represent the veteran and their family and also, because of that, the Hispanic community that they live in. And we know that Capital One has targeted our community for the credit card; you heard that from the previous speaker.

But the way I see it, it looks to me like this merger is going to go through, and because of that, I'm not sure if I should be pleased at what I heard Capital One does in its footprint states or sad about the lack of investment here in California.

I'm hoping that when this goes through, that they remember that there is a community out here that needs investments. Any time you want to come to the Central Valley, visit Modesto, my number's in the phone book. We'd like to see some investment there, not only by Capital One, who doesn't have the -- you know, the legal obligation, but also by the other banks that have failed to come there.

Again, you know, we make a great community partner, the American Jack Forum, the Hispanic chamber that we also are partners with and the Greenlining Institute.

Thank you.

MS. THRASH: Thank you. Good morning. My name is Tunua Thrash; I'm executive director of the West Angeles Community Development Corporation, which is located here in sunny California but in Los Angeles.

Our work revolves around a holistic community development approach, but we have a specific approach with small businesses in the Crenshaw corridor in South Los Angeles.

Today, I think we all know Capital One has a poor record of lending with small businesses. In 2010, it's been stated before, Capital One cut its SBA-7(a) lending from 228 million to just under 500,000. Capital One is known for having replaced its SBA lending with issuing small business credit cards to the detriment of the long-term health of small businesses.

Why are small business cards so bad? Well, the terms of small business credit cards are usually much worse than traditional SBA loans. SBA loans typically have a lower interest rate, easier payment terms and, in contrast, credit card -- small business credit cards are focused on fee generation and come with high APRs. Cap One's range anywhere from ten percent to almost 23 percent, with high charges and penalties for fees for small business card owners.

Basically, small businesses who rely on credit cards have a greater possibility of going into debt. Long-term financing is not possible with a credit card. The most common SBA term is at least seven years; whereas, a credit card line could be pulled overnight. Capital One needs to increase its small business SBA loans.

Recently, Capital One announced, as they did here today, that they're going to pledge a hundred and 80 billion dollars to LMI communities. How much of that is going to California's small businesses? The number we suggest today is 25 percent or whatever percentage you feel is appropriate should be devoted to small business lending, and Capital One needs to pledge a certain percent of that specifically to California's small businesses.

MS. MAR: Hello. I'm -- good morning. My name is Darlene Mar, and I represent the Council of Asian-American Business Association in Northern California; and, as a co-president of the National Counsel of Asian American Business Association, I represent other nonprofits in Southern California and other states like in Texas, in Hawaii and other business nonprofits.

So my current issue -- I have four points: All right. Capital One currently gives back nothing to California. Based on regulatory (inaudible), roughly 12 percent of Capital One's customer credit card and 14 percent of business are done in California. Capital One gets more consumer credit and business from consumers in California than in any other state. Maybe it's because of the commercial, okay, from the caveman days, right, but I'm talking about the business owners of today.

Yes, Capital One has no record of philanthropy or reinvestment in California. Because Capital One has no branches in California, it feels it has no CRA obligation to the State, which is ridiculous.

No. 2, Capital One needs to make public and increase its supplier diversity for California. They refuse to make the supplier diversity (inaudible) in California public typically. It has promised California diversity (inaudible) ING, but there's no forwarding commitment.

We'd like to see Capital One to public pledge a benchmark for minority contracts in California and put forth a plan how it plans to reach out to minorities and nonprofits, small businesses in the state. They need to do their job to help small business to create jobs in order to help with this economy.

No. 3, Capital One credit card business profits from large interest rates, and the people are going in debt. Time and time again, I hear about college students going bankrupt. It just shouldn't be done. It's terrible.

In addition to charging high interest rates, Capital One targets consumers of bad credit by issuing multiple cards with low-interest limits, like minus $300. It's -- you know, it's ridiculous.

Such practice increase the odds that card holders increase the limits (inaudible) and late fees. No wonder this country is in a bad shape.

No. 4, here's what Capital One should (inaudible) the community do the following: Okay. We hear a lot of complaints, but here's some positive issues or items that could create.

One, a program with a financial plan to control credit card spending. This program should be offered to all Capital One credit card customers, especially customers with bad credit history.

No. 2, a percentage of their profit procured from the interest rate should be given to small businesses and nonprofit for financial education and assistant training.

Thank you very much.

MS. DAVIS: Good morning. My name is Regina Davis; I'm the CEO of a nonprofit affordable housing development corporation, called San Francisco Housing Development Corporation. We're located in the Bayview-Hunters Point area. (Inaudible) of affordable housing for first-time home buyers, for low-income renters, who also have dual diagnoses and just working people here in the City. I'm also a board member of the Northern California Community Loan Fund, the CDFI, and 50 percent of our lending goes to affordable housing developers.

So my testimony today is really to touch on two points: One, is to recommend a credit restoration product. We feel that this is very important for many of our customers who are also -- because we are also HUD certified private counseling, so we see young people who are just starting out and who are creating banking accounts, and we've seen over the last few years a steady increase of ING customers amongst our clients, because they do have a reputation for rewarding savings.

So on the credit restoration side, we would like to see, instead of identifying subprime clients, to actually see stronger rewards for clients who repay their credit on time, so create a stronger program, a more creative program that rewards that.

The San Francisco Mission Credit Union, (inaudible) part of a self-help credit union is an excellent model for a credit restoration product.

Also, I'd like to, obviously, see an increase in the commitment to home lending here in California; particularly, for FHA. We heard the testimony earlier that (inaudible) and we'd like to see that really taken very -- much more seriously, in terms of the increase.

And so to start originating FHA loans here, and -- and to do it not after the merger, but why not start now?

And the other -- the other (inaudible) solution would be around the foreclose issues and to participate more fully in the Hardest Hit Fund, in the Keep Your Home California, and the federal home affordable modification program.

Many nonprofits, like our own HUD-certified Housing Counseling Agency, we -- you know, we spend a lot of effort in -- in this part, and to have banks not participate fully is not only not a good use of philanthropic dollars, but it also creates very long-term damage for families who are losing their homes in California.

Thank you.

MR. THOMAS: Good morning. My name is a Matthew Thomas. I chair the banking committee for the San Francisco African-American Chamber of Commerce.

We have approximately 350 members and associates in the Bay Area, and we're affiliated with the National Coalition of African-American Chambers. That is comprised of thousands of African-American businesses throughout the country.

As I'm sure you know, millions of African-American business owners with stagnant or shrinking incomes and considered too risky by mainstream banks have managed to pay for unexpected expenses by relying on an ever-changing group of expensive and often shady consumer loans. This includes not only the infamous sub-prime mortgages and credit cards, but also short-term loans against car titles and, perhaps the most offensive, pay day lenders.

Rather than being a leader and taking a stand against these punitive loan practices, Capital One has contributed to them.

Capital One, as you've heard earlier, targets customers with bad credit history and, unfortunately, for various reasons, many of our members fall into that category. They issue these credit cards with low credit limits, around $300. When customers exceed these limits Capital One charges them and over-limit fee and then offers them another credit card with equally low credit limits.

By offering several cards with low limits, the odds increase that card holders will exceed their limits, be late on monthly payments and pile up over limit late fees.

Capital One engages in these predatory credit card lending practices in many of our communities, and that's my issue with Capital One.

I'm quite sure that this merger is going to be approved. What we want Capital One to do is be a leader, take a stand against these practices, sit with us and come up with some creative ways in which we can do business together.

Until then, the San Francisco African-American Chamber of Commerce respectfully requests that you withhold approval of this merger until Capital One exhibits a true commitment to working with our committee.

Thank you.

MR. BUFORD: Good morning. My name is Reverend Daniel Buford; I'm the minister from the Allen Temple Baptist Church in Oakland, California.

We are a 92-year-old institution in that community with over 5,000 members. We have had at various points a credit union that we have operated, we've had several senior care facilities and so on. I give that as a backdrop to say that our church has a commitment to our community, something that cannot be said about Capital One or ING.

As a matter of fact, when I hear all of the testimony that's gone before, it seems like this is a scheme for an absentee banker, the same way that we have seen absentee landlords that don't really care about the properties that they have, because they're not there.

I think that the California deserves something better than to have a banking company that would have a virtual monopoly, which will also be a virtual rip off for the people that have to live in these communities where there are no branches, there are no customer service places, there's not even employment there.

So, then, California seems to be a cash cow that the vultures are circling over now that they know that we have these kind of monies here.

I would just call attention to the fact that the officials from Capital One, by their own admission, have cut down on small business loans, and we have heard over and over again the small businesses are the engine of employment in the United States. How can they cut back on this and, at the same time, this be one of the things that be touted.

The other thing that I would like to mention is that their refusal to participate in the Hardest Hit Fund belies a certain type of a value system that shows that they really don't care about the people that they say that they care about.

So it's easy for people to have bad credit and get a credit card, but you can't have bad credit and get a housing loan. So I would urge you to -- to respectfully scrutinize this thing and don't give them a monopoly that other bankers don't have in this state.

If other banks can have philanthropy -- and you've heard the philanthropic efforts that were spoken of by the young people earlier -- they have philanthropic efforts, they're employing people, they're reinvesting in the community. How can you exempt Capital One, slash, ING from the same type of commitment to this community.

Other than that, they're just going to be taking money out of California and taking it to the east coast, and that we disagree with. We feel like if they really want to be committed to our community, then put some banks in East Oakland where there are no banks on International Boulevard.

Thank you.

MR. NED: Good morning. I'm Saturo Ned, and I am a minister, and I represent an organization, Faith Action Partners, Church of God in Christ.

We have a coalition with Operation Hope, 12,000 churches; we teach financial literacy throughout the Oakland Public School District, the Northern California region, Southern California and the nation as a whole, not representing any particular bank.

I also am a commissioner appointed by Jean Quan for -- the Mayor of the City of Oakland, as well as the city council on the commission for the aging, which are many homeowners and people who also have credit cards.

We have been looking at a very dire situation. In our community, we have a term, You cannot play a player.

Half the wealth of the African-American and Latino community has been wiped out due to predatory lenders, and our average asset is about 5500 to $6500. So coming into our community, most people in Oakland, as well as the East Bay, which is very diverse, have various concerns concerning what is going to happen with the fact if this merger takes place.

There has been no guarantee of loans. There are also people who do have credit cards. One lady started off with 8.9 percent; in a year, it went up to 12.9 percent; now she was penalized. It went up to almost 25 percent, because she used two other credit cards. And on her credit report, it says that she is a bad credit risk, because she paid her credit card on time.

These kind of issues are plaguing our community, and one of the most important things that we have to understand is that with this generation that we're teaching financial literacy and the relationship, if this merger does go through, as echoed in the sentiment of all the others who have spoken before me, that we hope and we pray that they will take into account lending. We don't want this to be a vertigo, that rain that never hits the ground; we heard this before. And right now, with the destitution that is existing in all our communities, that has to be addressed.

So I -- we've heard testimony of organizations out of Texas. But this is California. There are no branches here, there are no operations here, there is no track record of lending on a financial basis as far as businesses, as far as community organizations, or as far as individuals who need that to keep their businesses going.

So we implore you to listen to everything that is being said before your decision is made, because one thing that we will do, we will continue the education process about this merger, if it does take place. And this being the Bay Area, I know that many thousands of people that we represent -- hundreds of thousands -- are going to come to the table and want accountability.

And there's a saying in our community right now, those who have tried Capital One, and we say, What's in your wallet, Boobie? Nothing, because Capital One has taken it all.

MS. VISSA: We'd like to respectfully request another two minutes, if possible.

MS. BRAUNSTEIN: Okay.

MS. VISSA: Thank you.

MS. ATKINS: Good morning. My name is Avis Atkins, and I'm the executive fellow of the Greenlining Institute. I'm here representing Jose Pecho, region and chair of the National Federation of Filipino-American Association in opposition to the proposed merger.

Thank you.

MS. SUNDAR: Good morning. My name is Divya Sundar. I'm a community reinvestment fellow at the Greenline Institute.

I'm here on behalf of Rosario Anaya, board member of the Greenline Institute and executive director of Mission Language and Vocational School.
I
support Greenline's comments and oppose this merger.

Thank you.

MS. TRUONG: Hi. My name is Vien Truong. I'm director of Green Assets and Greenlining Institute. We work to counter the systematic redlining by institutions. I also chair the Oakland Planning Commission, and I echo the concerns that a lot of the leaders in Oakland has voiced earlier today.

I'm here, actually, on behalf of Jackie Dupont-Walker, who is president of the Ward Economic Development Corporation, to oppose this merger.

MR. AGUILAR: Thank you for the additional time.

My name is Orson Aguilar. I'm executive director of the Greenline Institute, and I just want to respond to some of the comments made earlier; particularly those of Capital One.

First, as it was clear by Mr. Turner's question, the CRA commitment is a rather hollow commitment. I think the answer to the question was clear, that it really is not a commitment; it really is just a masquerade.

We've also seen that California gets flooded with subprime credit cards. Based on the data I've seen today, I would guess that more than half of all the credit cards in California are subprime, and I would probably guess, based on that data, that 75 percent of communities of color that have a Capital One credit card have a subprime credit card through Capital One. That's no CRA agreement. I would really encourage the regulators to look at that.

And, lastly, I think Capital One says we would love to come into California, if only the Federal Reserve gave us permission. I think here, Ms. Braunstein, the Federal Reserve has powers. There have been instances where the Federal

Reserve, in certain mergers, made a certain exception to the rule. Sometimes there were major exceptions to glass vivo (unintelligible) saying, you know, we're going to push the envelope and hope that Congress will change it.

Here, I think the Federal Reserve can say, because we have such a big footprint in California, we're going to allow you -- since that's what your desire is, we're going to allow you to make CRA a footprint for California. So we really encourage you to do that. We can work with you and your attorneys to figure out creative mechanisms of doing that. And we heard today that Capital One is willing to come to the table to do that.

And, lastly, unlike other financial institutions where the CEO comes and meets with leaders, the CEO of Capital One has not. And so today, I'm going to introduce, for the formal record, this wanted sign (indicating). It says, Wanted for Predatory Lending, Richard Fairbanks, CEO of Capital One Bank.

This is going to be at every financial literacy office or school that we can put it until the CEO of Capital One comes to California. So, with that, I'll submit this for the formal record, and thank you very much for allowing us to speak.

MS. BRAUNSTEIN: Okay. Thank you.

Any questions for anybody.

Okay. Thank you very much for your testimony.

We are going to take a 20-minute break at this point, and we will reconvene. I think that clock is a little slow. We will reconvene at, according to my watch, 11:00 o'clock.

(Recess taken.)

MS. BRAUNSTEIN: We are going to get started, and we'll be going back to the record.

For the court reporters, I've been asked to remind everybody to please, when you talk, talk directly into the microphone, because it has been difficult to hear some folks. That goes for my co-panelists as well as the people over in the speaking panel.

Also, if you could clearly -- when you begin your statement, clearly state your name and your affiliation. That would helpful.

And, also, keep an eye on our timekeeper. You want to keep your eye on -- each panelist has three minutes, and he will signal you when you have one minute left and then, of course, when your time is up, and, with that, we'll get started.

MR. ESTES: Good morning. My name is David Estes. I'm the executive vice president at Our Lady of the Lake University in San Antonio.

It is with sincere pleasure that I speak in support of Capital One Bank's acquisition of ING Direct.

Capital One has proven to be an excellent corporate partner of our university, which is located in the economically-depressed west side of San Antonio.

We are a federally-designated Hispanic-serving institution and serve an increasingly large number of first-generation students. More than 60 percent of them are Hispanic; ninety percent of our students receive federal financial aid; some are natives of the west side of San Antonio, where only 2.3 percent of the residents 25 years and older have a Bachelor's degree.

Our Lady of the Lake University's education focuses on higher education for a New America and is achieving national recognition for leadership, indirectly addressing the challenges that higher education is called to face as an increasing number of students are first generation and Latino.

Capital One's generous and creative support has enhanced our ability to prepare students for success and continued service, key components of our mission.

Our relationship began in summer of 2008, shortly after a four-alarm fire caused extensive damage to our 1896 main building. This four-story French gothic structure of 80,000 square feet housed offices for 80 faculty and staff, 12 classrooms and our cafeteria.

Television crews broadcast this fire both locally and nationally on CNN. Fortunately, no one was injured, but students, factually and staff were displaced for over two years while we rebuilt.

Capital One financed that rebuilding. It was the investor in a new market tax credit transaction and purchased $27.5 million of tax credits. Capital One's community development entity contributed $7.5 million of those tax credits.

When they reopened in November 2010, Capital One underwrote the dedication event as our principle sponsor, and we welcomed over 1400 community residents to campus.

Additionally, Capital One supports the University scholarship fund. We have worked closely with Jordana Barton and Mark Koshnick to establish projects that involve our students indirectly, educating and helping to revitalize the west side. This includes training and financial literacy, lead by OLLU students at community sites, and the entrepreneurship challenge in which community partners work with OLLU students to receive seed money to start their own businesses; and, finally, the financial scholars program, which is an online financial literacy training program available to all 2700 of our students.

In conclusion, I commend Capital One for its ongoing commitment to the Latino community in San Antonio.

In San Antonio's westside, in partnership with Capital One, OLLU is helping to revise a community through an important building project, as well as through service and education aimed at increasing financial literacy. We look forward to continuing to collaborate with Capital One to address the needs of our community and the education of our students in creative and sustainable ways.

Thank you.

MS. BRAUNSTEIN: Thank you.

MR. HALAMANDARIS: Good morning. I'm Bill Halamandaris. I'm chairman and cofounder of the Heart of America Foundation.

You have a long day in front of you. I'll be brief. I have submitted a written testimony for the record. I hope you'll take a look at that; particularly, for the illustrations that I've provided that describe the work we've done with Capital One.

Briefly, I'm just going to tell you a little bit about who I am and why I'm here, and I have to say that I must begin by taking exception to the remarks of one of the gentlemen on your first panel who suggested that you take the comments of those of us who come here in support of Capital One with a grain of salt.

I left Baltimore at 10:00 o'clock yesterday. I flew here all day and will leave right after my testimony to go back, taking a redeye, in the hopes that I can get home in time to get my son to school in the morning. I wouldn't do that for a three-minute presentation if it didn't matter to me.

I grew up not far from here in the Rocky Mountains. My father was a coal miner. He was forced in the mines when the -- the ranch that was to be his inheritance went bankrupt because of a catastrophic illness.

I went to Washington, because I was fortunate enough to get a scholarship. While I was in Washington, for college, law school, I worked with the senate; went back to the senate after law school, where I worked as a counsel for senate committees, organizing events not unlike this.

At that time, I have to tell you, that I had a great deal of cynicism about the private sector. I was working with fraud; you can imagine what that entailed.

I also, because of my family history, you know, had some concerns about the distinctions between those of us who are working our way up and those that arrived. I sympathize with the people that are out there on the sidewalk and the people picketing in Washington.

At that time, if you told me that there was a caring banker, I would have said, That's an oxymoron. I'm here largely because, thanks to Capital One, I now know that.

The Heart of America, when we started in 1997, was, essentially, a small business. We drew a line at the distinction that it's less, I think, than -- the difference is sometimes we make it. Many times we've funded our activities on our credit cards. I worked without pay, as I mentioned, since 1997; my wife, with me, worked for a great deal at that time with no compensation as well.

Capital One says (inaudible) invest for good. We are a prime example. Their investment in us has taken us national. You've heard comments that they do not work outside of their footprint; they have with us. In fact, my wife is running a project in Los Angeles right now that would not be possible without Capital One's support.

Together we've distributed over nine million books to children at risk and in need; we've revitalized 32 school libraries; we have eight more projects scheduled this year.

And there's more that I could tell you in detail, but the bottom line is this: When others invest in the community because they think they have to, Capital One does because they want to. I think the -- you know, it's something that has marked them since the inception. The deciding factor for us in becoming involved with Capital One was the knowledge that 70 percent of their workforce was involved in the community. No other corporation I know -- certainly, none of any size could match that standard. And they do the right thing for the right reason.

In my -- in summary, I guess I would give you Frank Lloyd Wright's comment. He said his architecture was designed to be of the land, not on the land; in much the same way, Capital One has been of the community they serve, and we can testify to that fact.

Thank you.

MS. BRAUNSTEIN: Okay.

MR. CAVAZOS: Good morning. My name is Ramiro Cavazos, and I'm the president and CEO of the San Antonio Hispanic Chamber of Commerce.

We are America's first Latino business association. We were founded in 1929 in San Antonio. We are 1,000 members strong, and we are the first chamber of commerce in San Antonio accredited by the US chamber of commerce as a four-star chamber and the first Latino chamber in America accredited by the US chamber.

We focus on helping create opportunities in five key areas: We advocate for small, minority and women-owned businesses; we help lead international trade missions; we run with two economists and economic resource division that provide economic impact studies and revenue estimating for governmental and private corporations; we operate two leadership programs; and we annually convene the largest science, technology, engineering and math conference in our communities.

We know that we're the future of our country, and we do believe in ourselves; we believe in America. In fact, I'm a seventh-generation Texan and can trace my roots to South Texas going back more than 300 years, and I have served for more than seven years as the city's director of economic development; therefore, it's a privilege to be here today and a honor representing our city and our state.

We are very supportive of Capital One. This public hearing is very important to you, but it's also -- to you, we want to thank you for undertaking this review process to make do.

We do take our fiduciary and public commentary opinions very seriously, and I'm very pleased to share with you what the members of Capital One's team -- at least in our community, Mark Koshnick and Jordana Barton, and many, many others and their corporate family are truly committed to community development. They're very strategic when it comes to inner city revitalization, nonprofit empowerment, and growing the prosperity of our disenfranchised communities.

Today you're hearing from just a small sampling of community leaders, who are embracing our strong economic future, together with the help from the Capital One team.

In addition to my responsibilities at the Hispanic chamber, I serve as a volunteer appointed by the mayor to chair the San Antonio Housing Authority. The housing authority is the largest in the state of Texas, and in San Antonio you'll find that the oldest public housing community -- more than 300 homes in America -- was constructed there on the west side of our city. It was inaugurated, in fact, by former president, Franklin D. Roosevelt.

I have personal knowledge of Capital One's work in financing and providing support for these modern environmentally-targeted new public housing facilities that other financial institutions, quite frankly, had stayed away from.

But for Capital One, many of these new mixed-income multi-family communities, such as Hemis View (phonetic) and Point Homes (phonetic) and many others would not have been developed or financed.

As a former bank director of Intercontinental National Bank in Texas, I understand the difference between a bank that is committed and one that is not. Capital One is a committed bank, and I'm very honored to be here today.

In summary, I want to thank you for consideration of their request. Thank you for allowing me the opportunity to be here today and sharing my thoughts, and thank you for the work you do for our communities. Thank you.

MR. RIEFENSTAHL: Good morning. My name is Ed Riefenstahl. I'm here as a board member of the Fort Worth Business Assistance Center Education Foundation; I am also the director of experiential learning at TCU, Texas Christian University, School of Business in the MBA program, and, along with my wife, I'm a small business owner of an organization called the Alternative Board, where we provide peer boards, coaching and education to small businesses.

The Business Assistance Center's mission is to promote a strong economy and enhance the quality in the community through technical assistance, training, mentoring and counseling to both established and startup businesses. The majority of the clients that the Business Assistance Center serves are small businesses, women-owned and minority-owned businesses, and many are located in very economically disenfranchised areas.

In a very short period of time, Capital One Bank has developed a presence with the Business Assistance Center, as well as other organizations that I have not seen with other banks in the Fort Worth area market.

They have come to the support of the Business Assistance Center recently in launching a very successful business plan competition where the target, again, was business owners that aren't startup but in that stage of early growth where they need financing, counseling and education. And in that competition, there was over 20 different organizations that received coaching and counseling from leaders of the small business community, as well as Capital One bankers in the area.

We simply have not had a financial institution demonstrate, as I've already said, this level of commitment to our cause, and it speaks to the dedication that they have in making a long-term commitment to the area. So I've seen this commitment personally through my involvement as a board member on Business Assistance Center; I've seen it as a business owner with the alternative board, where they've provided thousands of dollars over the years in education, educational programs for our small business owners, made loans to some of those small business owners and, recently, I've found out, because of my involvement in the Fort Worth community, Leadership Fort Worth had been a receiver of services from Capital One Bank where eighth graders that are typically students that are B minus, C, in junior high schools -- 23 junior high schools get into a program where they visit various organizations and learn about careers, and that program is represented in its most recent -- looking at data from five years ago, a hundred percent graduation.

These are the types of programs that Capital One Bank has done in our area.

Thank you very much.

MS. NUNN: Good morning. I'm Cynthia Nunn, president of the Center For Nonprofit Management in Dallas, Texas, and I'm here to express support for Capital One in their acquisition efforts with ING Direct.

Capital One is a long-time supporter of the mission of the work of the Center For Nonprofit Management and in the North Texas area.

Since 1980, the Center for Nonprofit Management has strengthened nonprofits to enhance sustainability and impact. Through comprehensive consulting and education programs, we provide management and government best practices and tools to more than 5,000 staff and board members of more than 2500 nonprofit organizations every year. Today there is a unique demand for the Center's core services, and one of those services is collaboration facilitation.

Capital One has supported the Center in many years, and, since 2008, the Dallas Home Connection Collaborative, which has worked with four nonprofit community development organizations in the Dallas area.

The goals of the collaborative are to secure path of homeownership through financial literacy, education, empower low- to moderate-income citizens to break through the barriers of home ownership and walk hand in hand with clients as they navigate the process of getting a home and keeping it, resulting in a revitalized Southern Dallas.

Capital One has led the Dallas Home Connection success in (unintelligible), length of collaboration and outcomes and it's a model program for future (inaudible) collaboratives.

The uniqueness and success of Dallas Home Connection Collaborative is largely due to three factors: One, the CRA funding from Capital One Bank; second, over three years of consistent dedication, partnership and relationship building from the vice president of CRA development, Joyce Campbell, who also is a Center board member; and, three, the innovative support and collaborations with non-profits in the targeted areas of both South and West Dallas.

The Dallas Home Connection Collaborative includes organizational assessments in capacity building, creating and sustaining Dallas home buyers’ club, marketing and website development for the Dallas home buyers’ club. That home buyers club is a vehicle for providing education and personal coaching necessary to turn working families into qualified home buyers and to help them continue to make smart decisions and avoid the financial troubles and mistakes that can lead to the loss of their home.

Capital One is a leader in support of Dallas Fort Worth nonprofits and is using their CRA funds to support collaborations and capacity building and CDCs and other nonprofits to drive sustainability and impact in North Texas.

It is the Center For Nonprofit Management's hope that through the acquisition of ING Direct by Capital One this partnership with the community will become even stronger.

MR. PATTERSON: Good morning, ladies and gentlemen. My name is Raymond Patterson. I'm the owner of Patterson Industries, LLC.

Patterson Industries have been servicing the Houston and surrounding areas in the flooring business since 2003. We specialize in commercial and residential sales and installation of floors and countertops. Our job consist of new construction, remodelling and insurance claims. We provide the best flooring products, such as various grades of carpet, hardwood, laminates, marble, composition vinyl, ceramic and porcelain tile; our countertop materials include granite, slate and natural stone and more.

Patterson Industries provides excellent service, exquisite workmanship and extremely competitive pricing. We strive to be the best and offer the very finest workmanship and service in the industry. We aren't interested in earning your business once; we are interested in earning your business for a lifetime.

Comparable to my business's strive for excellence, customer service, Capital One also puts their customers first and contributes in building a strong foundation for the small business community.

As a proud graduate of Capital One's Getting Down to Business Program, I personally experienced a genuine relationship that Capital One shares with their small businesses. Through Getting Down to Business, I was given the tool, the guidance, the strength and the foundation for my business. This program impacted my business, success and education, mentoring, networking and matched savings.

Through the education component, I was taught how to better utilize Quick Books program. By taking advantage and using the tracking and reporting process within the program, I was able to mentor and close our jobs more efficiently.
The mentoring component was support -- the system, through one of the partners of the program and coached and guided me through my business plan and various business situations.

Not only did I find support with my assigned mentor, but I also had support from the program project manager, Mrs. Margaret Howard, and the entire Capital One team.
Through the networking component, I was given the opportunity to meet professionals and other small business owners to share best practices. As a result, Capital One emphasized networking. I'm an ambassador of the Houston Metropolitan Chamber of Commerce; in addition, I'm a Rotarian of the Rotary Club of Fort Bend County.

Capital One did not stop with the wealth of knowledge through the education. Through the significant support through the mentoring and extraordinary opportunities through the networking, Capital One also granted the small businesses and a program, a matched savings grant. Through the matched saving component, I was reintroduced to the process of saving, and I was rewarded a grant.

This grant assisted me in purchasing a media spot with a local television and radio station to advertise my business. During the run of my advertisement, my business revenue doubled.

In closing, Capital One is more than just a bank; it's a pillar in the small business community. I would like to give my abundant support to Capital One's acquisition with ING.

MS. BRAUNSTEIN: Thank you very much.
Any questions for this board?
Okay. Thank you very much for your testimony. Bring the next panel forward.

We are going to get started with this panel. This panel has 30 minutes to use however many people -- it's like the one we had a little earlier.

MS. LEWIS: My name is Yolanda Lewis, and we initially had Dr. Smith. Due to illness, he's not here, and he asked me to read his opening comment and prayer into the record.

Dr. Smith: I am senior pastor of Allen Temple Baptist Church. For more than four generations, we've spoken truth to power and have sought social justice and economic justice.

I wish to offer a prayer for Capital One and its most distinguished CEO, Richard Fairbanks.

Let us all pray that the Federal Reserve will guide all of us to a proper resolution; let us pray that the CEO of Capital One understands and embraces California's black community, Latino community, Asian-American community and the poor; let us pray that he and Capital One will come to your great state to serve our state, not a exploit our state; let us pray we will not be a colony of a distant master from Virginia; let us pray that Capital One, once it becomes the fifth largest bank in the nation, will help our people, not harm them.

To assist the Black Economic Council, the Latino Business Chamber of greater Los Angeles and the national Asian-American coalition in their mission of social and economic justice, with the powerful banking industry, I will make my church, Allen Temple Baptist Church, a meeting ground for Mr. Fairbanks and all the community leaders to discuss how God's work and the Community Reinvestment Act can work together to help all of us.

Now, this is my comment, Yolanda Lewis with the Black Economic Council.

Dr. Smith, a former leader of the greatest social justice church in California is correct, Capital One's merger should be approved but only if it commits to and submits in advance a major enforceable CRA commitment to California's hundred thousand nonprofits.

Similar commitments must be made to our two million minority-owned businesses. Capital One must make a similar commitment to our state's 25 million minorities, who have an unemployment rate in some regions of more than 30 percent. The Black Economic Council has met with CEO's of many big banks. Richard Fairbanks, the CEO of Capital One, should have been here today. We believe he must come to California before this merger is approved to meet with the many groups that have raised concerns about Capital One.

It cannot be disputed that Capital One does almost no investment in California. This includes a lack of philanthropy to our hundred thousand nonprofits, no contract to our two million minority-owned businesses and virtually no lending to our minority-owned businesses.
We have concerns that Capital One's credit card policies may be predatory; therefore, we urge a 90-day moratorium in the processing of this application to allow community parties to work with Mr. Fairbank and leaders such as John Finneran and the head of CRA, Dorothy Broadman.

MR. CORRALEJO: Hello. My name is Jorge Corralejo. I'm the chairman of the board of the Latino Business Chamber of greater Los Angeles, the largest Latino business chamber, and we, basically, serve the interest of about 500,000 Latino businesses in Southern California, and we advocate heavily on behalf of all small business as well.

And we are here today to request -- I mean, another panel was talking about a partnership. There's no partnership in California, and I wanted to make reference to the other folks that spoke this morning. Those that are from California have expressed the absence of any kind of community outreach program in California, and I can attest to that.

We know of no one that has made a loan with Capital One, none of our members, anyone that we're familiar with; no one that has received a procurement contract with Capital One either. We know of many nonprofits, but none have ever received a grant award either.
So there's really not much presence and no partnership, and we are calling for Capital One to -- to measure up. Because they will be one of the top five banks in the nation, we are looking at a national outreach program that could really make a difference.

I mean, this state or that state. Maybe they've done some good things, but I'll tell you as a national bank, one of the too big to fail, we are taking a look at developing some real outreach programs, and we're open to assist them in developing this program as well.

Yolanda mentioned that we would welcome the opportunity to meet with the CEO, host a meeting with him to understand California. I think it's important that he understand California. You know, a lot of banks that are based outside of California still conduct a great deal of business here. And, perhaps, for most of them, it's even more than half of their business; that's the kind of market that we represent here.

But I would like to ask that the Federal Reserve call for a 90 day moratorium before processing this application. With that, it gives the opportunity for us to meet with Richard Fairbanks, the CEO, as much as the chairman of the Federal Reserve, Ben Bernanke, did earlier this year.

He came to California on his Main Street tour, came to a lot of different states, to understand the -- the demographics, the population of this great nation. So that is, basically, what we are calling for.

And, you know, there are several other banks in the same league now that Capital One and ING will be a part of, and there are a lot of models for which they could follow. I mean, they're not reinventing the wheel. And groups in California have been very adept at assisting, and so I think there's a lot from which they could draw.

And we, as well as some of the other groups that were here today, welcome the opportunity to do this kind of work, draw from existing banking responsible leaders. Wells Fargo, BofA, the commitments that they've made are far bigger than the 25 billion that was mentioned earlier. I agree with Alan Fisher on that; it should be even substantially greater.

So I think with these kind of things done, we look forward -- after these are done, then we look forward to approval of this merger thank -- you very much.

MS. BRAUNSTEIN: Okay.

MS. BAUTISTA: My name is Faith Bautista. I'm the president and CEO of National Asian-American Coalition. We're HUD-approved counseling agency in the State of California, and we had held counsel of 5,000 homeowners since 2008.

And I thank you, Sandy. Federal Reserve is so great for having this hearing, and thank you for listening to the community. I think this is what it's all about is listening to us and hearing us.

And I notice in all the testimony Texans love Capital One, so some day I would like to say California loves Capital One. I think it can be done if communication will continue and, as they all mentioned, it's about knowing the State of California, knowing the market here.

This is so diverse community. Asian community speaks thousands of languages already, so understanding from Filipino to Vietnam to Chinese is hard, so I really encourage Capital One to study us, because we are a good market for you, understanding that it will be a win-win for all of us.

Anyway, there are six million Asian-Americans. 600,000 Asian-Americans own businesses in California, and, by our estimate, between five and 10,000 Asian-Americans lead nonprofits. We know of none, one small Asian-American business that receive a contact from Capital One.

We also know that none that has received a loan, except for credit cards to Capital One. We know of no Asian-American-lead nonprofit that served the poor that has received a grant from Capital One.

The three organizations here have met with the -- Capital One last week -- with outstanding representative from Capital One. We delivered the same message to them. We also informed that the best way to come to California is to really recognize your responsibilities to Californians.

Personally, the National Asian-American Coalition believes that we need more competition in California from highly-responsible banks. I repeat, highly-responsible banks. If Capital One is prepared to commit in advance of the merger being approved to highly, again, being responsible, we will not oppose the merger. In fact, we believe many of the groups here today opposing the merger will probably support it.

We agree with Yolanda and Jorge that we need to have a moratorium. If the foreclosure had a moratorium long time ago, we probably would have sold moratorium better, and I think moratorium is imperative to really recognize why are you here and what are you going to be getting out of us and what you'll be giving us in the community.

So, in summary, there should be no merger until they prove that they will have a very good corporate sense in America. This should include Chairman Bernanke, President Obama, and the minority business groups in solving the unemployment rate by creating jobs. Mubuhay and solam.

MR. GNAIZDA: Good morning. My name is Bob Gnaizda. I'm counsel for the three groups and former general counsel for the Greenlining Institute.

The first thing we want to do is thank the NCRC, CRC and the Greenlining Institute for helping raise the awareness of this merger and its implication; particularly, in California.

We are asking for 90-day moratorium, and there is a good reason for this. There's no one at Capital One that knows anything about California today; that includes even their CRA officer.

We support what CRC has contended, there must be a separate CRA commitment for California. A minimum should be billion, but if we're consistent with what major banks like BofA committed to, I think it should be close to 75 billion over ten years.

During this 90-day moratorium, Richard Fairbanks will be invited by a wide range of groups to learn about California with his CRA officers.
Allen Temple has pledged to put together thousands to meet with him in Oakland. The Cecil Murray Social Justice Center, run by the former pastor of First AME Church, has pledged to do the same; Jorge Corralejo has pledged to bring together all the Latino business groups and community groups in downtown LA to meet with him.

What we have, as Dr. Buford, Pastor at Allen Temple, who testified earlier, said, is an absentee banker operating what is in effect the largest US colony in American history, California. Here's why it's the largest colony: Ten to 15 percent of its revenue, depending on what source it is, comes from California's almost 40 million persons.

We are prepared to document the virtual absence of any CRA-qualified investments in California; we're prepared to document the absence of any contracts to minorities and any small business loans to minorities in California; and we are prepared to document the virtual absence of any CRA-related investments with the hundred thousand California nonprofits.

They have that information. We've send a letter to the Federal Reserve and a copy to Richard Fairbanks, saying, You have that information, you don't deny it, you just don't want to provide it, it's up to the Federal Reserve to get it. Compare, then, with US Bank Corp., which is out of state; or compare them with Wells Fargo, which is in state. There's no comparison. What you've heard from Texas, you'll hear from California on behalf of US Bank Corp. or Wells Fargo, but not for Capital One.

So this, in summary, is what I would like to suggest: They claim that we're a colony only because of the Reserve's policy. They blame it on you. They say you won't let them get CRA credit for investing or lending here. There's an antiquated CRA requirement that occurred when banks did not have branches interstate and in many states had no branches at all. That must be revised; that's why the 90-day moratorium is so essential.

All of us are prepared to meet with the Federal Reserve and Capital One, and I believe CRC and Greenlining and NCRC will also joint in this.
Hold up the merger, and let's see what regulations have to be clarified or modified, and then let them get CRA credit for what they can do here as much as they do in Texas.

And then you'll have a fifth largest bank. Maybe it's too big to fail, and we're not happy about that, but at least it will serve 40 million Californians.
Thank you.

MS. DELAPENA: My name is Idelle Delapena, and I'm with the National Asian-American Coalition.
Maria Contreras Sweet was unable to attend because she's working in Los Angeles, so I was given the privilege of reading her statement.

My name is Maria Contreras Sweet. I am the founding chair of Co-America Bank, the first Latino-owned business bank in California in over 35 years. CoAmerica Bank is headquartered in Los Angeles.

I'm also the former California Secretary of Business Transportation and Housing, which regulates state chartered financial institutions. I deeply regret that I cannot be at this hearing.

I am not testifying to be critical of Capital One;
I'm testifying to call their attention to the critical need of the Latino business community and, to that end, I invite them to consider making an investment in CoAmerica, to accelerate and expand the capacity of the Latino business community's ability to create jobs and expand the middle class.

You see, in the case of many community banks, like Co-America, capital is less than a problem than our deposits.
A partnership with Co-America could serve as a model for others to follow.

To this end, I wish to offer an invitation to Capital One's CEO, Richard Fairbanks, to discuss with him enormous opportunities in California to do good and to do well.

Our vast Hispanic community including our state's one million minority-owned businesses is presently underserved. I believe they would welcome transparent corporately responsible participation.

Secondly, our state's 25 million minorities, including the 15 million Latinos our bank focuses on, deserve more choices. We would, therefore, welcome partnership opportunities that help grow entrepreneurship and ownership.

I invite Richard Fairbanks to a meeting I will host in his honor, with leading business figures in Los Angeles to help explore double and triple bottom-line strategies. Chairman Bernanke and esteemed Federal Reserve Governors, thank you for this opportunity to allow our Co-America bank, a business community bank, to participate in these very important hearings. Thank you.

MS. ATIENZA: Good afternoon. I'm Alicia Atienza. I'm a real estate broker here in Daly City, California. I have been a homeowner also -- am a homeowner also. I'm also an investor, and, at the same time, I operate a small real estate office since 1989.

In fact, I'm really thankful with Capital One, because before the -- the depression -- or recession comes, you give me a loan, actually, a pre-approved loan, which I use it before the start of the recession. I'm very thankful of that. I use that for the operation of the small business continual -- although, we are -- we are in the real estate business, we have all experienced in the real estate business the fact that this economic downfall really hurt us. Not only us, all the people here, okay, facing all these forecloses, facing all these default and everything, no job, including -- including even my husband lost a job also with Bank of America for 24 years, so I'm also a big fan of this thing.

Now, I just want the -- before the merger comes, okay, the Capital One will consider extending more loans to small business groups so we could create more jobs. Okay.

Put the people who are on unemployment, which is also a government liability, to continue giving them jobs. They are all there. They are all available to get these jobs.

So I just hope that you would extend more additional funds to small businesses here in California before the merger comes, or you have to consider whatever the -- the leadership of this minority group, okay, in their intention to help this -- help you to get this merger here in California, to talk to them, what are the issues here, what are the problems the minority having here in California before the merger comes.
Thank you.

MS. STANFORD: Hello. My name is I'm Jamila Stanford. I'm with the Black Economic Council, and I'm concerned about banks that are too big to fail.

Also, I'm concerned about a large bank that has no footprint in California, has no philanthropy, no supplier diversity and no small -- no loans for small-minority businesses.

I'm also concerned about banks that refuse to invest in the state that has the largest number of minorities, as well as the largest number of minority-owned businesses. All that they have here are predatory credit cards.

And I realize that the reality is that through responsible competition from big banks that they could help give us more consumer choices; therefore, I support the Black Economic Council's call for a 90-day moratorium and requiring that the CEO, Richard Fairbanks, meet with us as well as other community organizers in the interim.

Once Capital One agrees to this, we will, within ten days, submit a plan of action and we -- that could help to secure community support, and that will allow it -- in order to allow it to become the fifth largest bank. But this should only occur if they agree to meet the best practices of the best bank in every area of concern to the minority community.

Thank you.

MS. CACHAPERO: Good afternoon. I am Nomita Cachapero, and I own [sic] a small business owner in California. As a small business owner, I know get no help from Capital One, no loans, no credits, no contracts, and I don't know of any nonprofit that receive any grants from Capital One.

Capital One should not be allowed into California until it has a plan to help minority businesses, minority homeowners and underserved communities.
That's all. Thank you so much.

MR. BISHOP: Good morning, everyone. My name is Larry Bishop. I'm the broker and owner of BFS Realty in Hayward.

And I'd like to say, before I get started on my spiel here, that I wasn't born with a silver spoon in my mouth; I was born with a gunny sack in my hand. And what that means is that we had to work in the fields.
Eight -- out of eight kids, I was the fourth child.
My mother and father had two jobs their entire life. And so, with that being said -- well, let me elaborate a little bit more.

From the first grade to the 12th grade, we worked in the fields. When I was in high school, me and my brother -- my oldest brother would pick us up from school at 2:30 to go work in the fields until about 7:00 o'clock, with these long hours, so -- and I have good credit right now. 800 plus credit score, and all my whole family does as well.

And, with that being said, I'd like to say I'm a proud supporter of all of the three organizations. Oh, wait a minute. I forgot to mention, I had a part-time job driving a tractor for the Hispanic workers when I wasn't doing anything, but Hispanic workers are the hardest working people I've ever seen in my life.

I'm a proud supporter of all three organizations: The Asian Alliance with Faith Bautista, the Hispanic Council with Jorge Correlejo, and the Black Economic Council with Lynn Cante (phonetic).

As a small business owner for -- for 30 years -- I've had my business over 30 years; that's from working in the fields. I think that contributed to me being successful in the roller coaster ride that real estate brings.

As a small business owner, the banks -- we have got no help from any of the banks, including Capital One. I thank and praise all these minority organizations for what they're trying to do in the small business community.

The question that I have here for the CEO of Capital One, Richard Fairbanks, Please tell me how many loans you will -- I think I need my glasses here. Forgive me for a moment here. Thank you.

These are my questions for CEO Capital One Richard Fairbanks: Please tell me how many loans you have made to all the small businesses in California, and how many grants have you given to the small businesses, the black churches, and to our minority-lead non-profits that serve the poor?

If Capital One Bank fell into financial trouble, would you want the minority community to bail you out of your situation? And, I'm sure you guys have a lot of minority members and investors in your bank as well.

And, most importantly, Please commit to us in writing -- to me -- what you're going to do for the black community and the Latino community and the Asian community and the undeserved communities, and please do so in 90 days before the Federal Reserve votes on whether to allow you to come to California.

Also, I would like to join the other speakers in supporting a 90-day moratorium until Richard Fairbanks, the CEO of Capital One, comes to California.

Before I go, I have an example of a program -- okay. They're telling me to give up the mike. Okay. Thank you for your time.

MS. BLANCO: Good afternoon, everyone. My name is Ruby Blanco. By profession, I am a registered nurse, and I'm also a former homeowner.

And we all know that Capital One does not -- excludes California for its investment and philanthropic policies. They also does not support California nonprofit organization like the NAAC.

I'm speaking on behalf of other homeowners who have lost their homes or who are now in trouble because of its -- our bad economy.

We need major banks like Capital One to support nonprofit organizations in order to address critical community needs, and I want to be able to look to the eyes of the CEO of Capital One and tell him what he needs to do in order to win our support and our favor.

Thank you for this opportunity and special thanks -- thank you for the Federal Reserve governors for having this hearing. Thank you.

MS. DRISKELL: Hello. I'm Andrea Driskell. I'm a long-term volunteer and vice president of the Black Economic Council and, of course, I agree with all the comments made so far by my peers.

The Black Economic Council has been on the forefront of attempting to protect the economic rights of the black community and communities of color overall.

Now, many banks attempt to come to California to take our profits, and that's okay. But now we are asking for them to provide us assistance, assistance in the area of philanthropy, as well as technical assistance before they continue coming and growing and taking hundreds of billions of dollars of our deposits.

Now, at the BEC, Black Economic Council, we have very good relationship and partnerships with other banking institutions, such as our Wells Fargo and others. So our challenge to your CEO, the CEO of Capital One, is to demonstrate that Capital One can be just as good a partner as others, not simply by saying you will but showing your actions.

So, of course, I support the 90-day moratorium, and we look forward to the CEO coming directly to California to make these commitments in person.

Thank you.

MS. BECKLEHEIMER: Good afternoon. My name is Marilyn Beckleheimer. I'm a real estate agent.

I am concerned if Capital One, one of the 20 largest home originators in the country, may have one of the worst records on foreclosures of minority homeowners across the country and in California.

And I fully support Faith Bautista and the NAAC, of course, to compel Capital One to commit to being a highly-responsible bank that serves the interest of the minorities and the poor. Until it does so, it should not be granted the privilege of becoming the fifth largest bank in the nation.

When the CEO comes, the Asian-American community alone will have 250 people or more for him to meet, none of whom have ever received any benefits from Capital One. Thank you so much.

MS. BRAUNSTEIN: Okay. Any questions for this panel?

Okay. Thank you for your testimony.

Bring the next panel forward. Welcome to this panel.

Just a few housekeeping reminders. Please speak directly into a microphone, although, apparently, not right on top of it, or somebody runs up and pulls it away from you a little bit. So if there's some kind of optimal, you know, distance here that people are still trying to figure out exactly, but we'll try.

And please start your statement with your name and your affiliation, and you each have three minutes, and please keep an eye on the timekeeper, who will signal you when you have one minute left and then when your time is up. With that, we will begin with Dr. Davidson.

MR. DAVIDSON: First of all, thank you for having me. I'm humbled to be here.

Just by way of background, I'm the CEO and founder of EverFi, which is based in Washington, DC, which focuses on financial literacy and student loan preparation and other issues.

In a former life, I was a very unheralded, for many, many terms, state legislature in Maine, who sat on the banking committee and dealt with a lot of these issues at the local level, so I think the public hearings are just about the greatest asset in our -- in politics these day and public policy these day, so it's a pleasure to be here, and I think that anyone who served with me would know that I was a pretty tireless advocate on consumer issues in these areas. I spent a lot of time thinking about this.

We started EverFi -- a number of us came out of college, went to the same college, and came out strapped with a lot of student loans and worked our way through college and really looked out at the financial literacy landscape and realized that there were three things that -- that were clear.

Number one was nothing had really achieved scale, so you had hundreds and hundreds of programs, thousands of programs across the country. You couldn't measure them, and you couldn't get a sense of whether students were learning anything.

The second thing was a lot of them were pretty boring, and the third thing was that it was very difficult to track whether they had achieved any success in the community.

So we hired 30 engineers and pedagogical designers and all kinds of things I still don't quite understand and built out this pretty fascinating technology platform that goes into schools across the country and certifies students in financial literacy and hundreds of topics by using social media and gaming and Twitter application the like.

We approached Capital One and said we want to go right into the heart of the toughest of the toughest places to work -- so these ranged from various small, rural communities to the largest school districts in the country -- and put together a war room with them and have since gone into 50 historically black colleges, hundreds of schools across the country to train students in very low-income communities in financial literacy.

The thing that I would just leave you with on this is that I approached this from a very specific reason around financial literacy, where we kind of want our partners to be big enough. It's not a question of too big to fail but big enough so that people don't fail.

This is a really interesting opportunity to create financial literacy programs at scale and to measure that and track that, and Capital One has just been an extraordinary partner, never once brought up what's in it for them, but really targeted our communities, our schools, and this year something, like, in the neighborhood of 55,000 kids across the country, which has never been a part of the conversation in their homes, are going to get certified in mortgages and student loans, how to prepare, how to save, how to deal with credit scores and credit cards, all developed independently from Capital One, and it's just super exciting stuff, so very proud to be here on their behalf today.

MS. ESTER: Good morning.

To the chairman and committee members, thank you for this opportunity to speak before you today in support of Capital One's acquisition of ING Direct. My name is Patrena Ester, and I'm the founder and president of Integrity Resource Services, LLC, and the executive director of the Integrity Home Buyers Association Corporation, which is a nonprofit affordable housing counseling agency headquartered in Louisiana.

Integrity has been actively engaged in the educational, developmental and rehabilitation activities for the enhancement of the quality of life by providing personal and community development opportunities to the residents of the state of Louisiana since January of 2000.

Our mission is to provide the technical assistance to organizations in the creation, implementation and maintenance of home buyers' club in order to fulfill the need for innovative strategies to enhance economic development within various communities. We also specialize in one-on-one credit counseling and debt management for low- and moderate-income families.

Integrity's primary focus is to improve the quality of life for persons who live in low- to moderate-income areas according to federal income guidelines.

Our organization provides developmental services in four categories: Primarily, client screening, evaluation, education and training for residents to encourage homeownership; two, credit management and rehabilitation assistance and financial planning; three, neighbor relations -- I'm sorry, neighbor relations and personal development to assure residential management to maintain positive property value; and, four, follow-up and case management to ensure that each client has access to needed assistance to prevent foreclosure and loss.

Our home ownership program allows Integrity to deliver pre-purchase and post-purchase assistance and counseling and asset building training to a growing base of potential home buyers and provide them with the education and tools they'll need to protect their investment.

While providing these services, our program allows our participants to be incubated for up to a 24-month period.

The success of our efforts are attributed to the collaborative partnership within various housing entities and financial institutions whose community reinvestment activities target potential home buyers in the process of obtaining and/or trying to maintain affordable housing.

Capital One is the only financial institution that fits that criterion. Why we support Capital One in their continued venture is because of their unbiased approach to acknowledge the needs to identify communities that are underserved and provide affordable housing program as services to those underserved communities.

Capital One has been the back bone of our home buyers program, managed by our HUD-certified agency. Our history goes past 11 years. Although our relationship has been strengthened when they were formerly Hibernia Bank, in spite of the economic challenges my community may face and the declining grant support previously provided by other financial institutions, Capital One, my local contact and partner, Nicole Mackie, continues to support funding toward our operation and support our cause in providing assistance to low-income families, so we highly support the endeavors of Capital One.

Thank you.

MS. BRAUNSTEIN: And, Mr. Wong, I understand you will be testifying for yourself and then also for Mr. Houghton.

MR. WONG: Yes, I will.

MR. LeBLANC: Good morning. It's a pleasure to be here and to speak to all of the community involvement of Capital One Bank in my home town of New Orleans, Louisiana.

I'm Jim LeBlanc. I'm the president and chief executive officer of Volunteers of America, Greater New Orleans.

We are part of a national not-for-profit organization. We provide services in the 16 Parish area of Southern Louisiana. Last year, we served 72,238 people in a variety of services.

I want to talk to you about a few things that Capital One has been involved in, and a lot of our frame of reference in New Orleans is Hurricane Katrina. I want to tell you some of the activities since Hurricane Katrina that our organization has benefitted from, as did many other nonprofits from New Orleans from the Capital One involvement.

I recall, not long after Katrina, Capital One selected 20 nonprofits and gave out a million dollars, $50,000 to each of us, and just said, We know you all are in a world of hurt, please do the best you can with this money to help rebuild, and -- and that was a huge help to -- to all of us.

One of the services that we provided in New Orleans before Katrina was a very successful after-school program. We work with 70 kids from kindergarten through sixth grade and help them achieve better academic performance.

The neighborhood that we drew kids from was destroyed from Hurricane Katrina. But we knew the greater New Orleans committee needed after-school services, so we went to Capital One and said, We need to move into some of the schools that are reopened, we need to do more for kids than after-school services, and because of them, we now serve 480 kids every day and throughout the summer and these kids are doing extraordinarily well in all of the standardized tests.

I want to finish up my remarks by talking about something else that we do. Volunteers of America lost 1,050 apartments in Katrina that we owned and managed.

My hometown is -- is not a wealthy community. Our -- our economy is based primarily on tourism -- which I hope a lot of you have come to visit and help us out. But we have working people, people working in the hospitality industry, and they need affordable rental units. And my problem is we lost 1050 units that have taken us 25 to 30 years to develop and we needed to bring them back yesterday.

So we started working on that, and we received some low-income housing tax credits. But back in 2007 and '8, if you all will recall, the market for equity investors in that was -- was almost nonexistent.

But Capital One, and a young man in New Orleans, William Callahan, believed in a development we were doing, a hundred and fifty unit complex, and he -- he convinced Capital One to go in and -- and invest and finance this development.

Let me tell you what happened. We opened it in August of 2010, and those 150 units filled up in two months. Now, 12, 14 months later, we have a waiting list of 1100 people who want to live there. The sad news is there are 1100 people who want to live there; the good news is that we put a hundred fifty units and, subsequently, other units back in play.

If it hadn't been for Capital One, folks, that would not have happened, and there would be a lot of people still struggling to have affordable housing.
So it's one of the things I'll never forget, the bold move of Capital One to step up and help to rebuild my hometown.

I'm speaking for Volunteers of America, but I know I speak on behalf of many other nonprofits in Greater New Orleans who would speak to the fantastic community involvement by the Capital One Bank.

Thank you very much.
Should I move to the next chair?

MS. BRAUNSTEIN: No, that's okay. Stay where you are.

I am -- good morning. My name is Ted Houghton, and I am the executive director of the Supporting Housing Network of New York, and I am here today to testify about Capital One Bank's strong commitment to the network.

This commitment extends beyond monetary support to an active involvement in our efforts to end homelessness and strengthen low-income communities. For these reasons, I support Capital One's acquisition of ING Direct.

The network represents over 200 nonprofit providers and developers who have created and now operate more than 43,000 supportive housing units throughout New York State. Supportive housing, permanent affordable housing linked to onsite services.

To build supportive housing, our member organizations need private sector partners to finance and invest in the construction of new residents.
Capital One Bank is an important ally in our efforts in a way that goes beyond the traditional functions of a bank.

In New York, Capital One community development staff plays an active role not only in providing necessary capital investment but also in helping to guide extremely complex projects to completion in the face of multiple challenges.
Supportive housing serves an extremely low-income tenant population that requires ongoing rent subsidies and funding for on-site services. Residents often rely on complex multi-source funding.

Capital One not afraid to invest in supportive housing. In fact, Capital One has embraced supportive housing as a central part of its mission to develop underserved communities.

Capital One's commitment to innovative projects and nonprofit developers has been repeated again and again, as the bank has invested in a number of supportive and affordable housing developments across New York City.
New York City is home to many large banks. Each one engages in philanthropic activities, but few do so with the level of knowledge and familiarity with the issues facing poor communities as possessed by the Capital One staff.

Capital One has supported the network's technical assistance activities around improving our members' capacity to develop housing, as well as our efforts to understand how healthcare reform and Medicaid redesign will effect supportive housing and its tenants.

While many banks have sharply reduced their charitable giving to community development organizations over the past three years, Capital One has held steady, helping to support many nonprofits struggling to remain effective in these challenging economic times.

One of the reasons Capital One is both an effective investor and philanthropist is that the bank's community development staff are personally active in the issues facing New York's communities.

Capital One's staff members participate not only as part of their job duties, but also as volunteers and board members to many of our member organizations. They take an active interest in addressing an array of issues far beyond the requirements of their positions.

I hope that this testimony provides some insight into the quality of Capital One Bank's community reinvestment activities. Capital One has -- was awarded the top rating for community reinvestment of all New York banks by an important network ally, the Association For Neighborhood Housing Developers, an honor that is not easily earned.
Thank you for the opportunity to testify.

MS. BARRERA: Good afternoon. I'm Janie Barrera, and I'm president and founding CEO of ACCION Texas, Inc. We are here in support of Capital One's proposal to purchase ING Direct, because we believe in Capital One's commitment to the community.

I want to underscore that the bank is dedicated to economic development in depressed areas and amongst -- or amongst struggling populations, and it's deeply woven into its culture, and we have seen this firsthand.

Now, ACCION Texas is a not-for-profit organization that lends money to small businesses that can't get loans from banks, and through our loans and business support we help entrepreneurs strengthen their businesses and contribute to the economic revitalization of their communities.

And, most recently, in the last couple of years, Capital One has helped us expand our own footprint, so now we are called ACCION Texas, Inc., and we serve multiple states, because we don't want to call ourselves ACCION Texas, Louisiana, Missouri, Arkansas, blah, blah, blah. So it's ACCION Texas, Inc., serving in different communities.

So in 2006 Capital One has provided us with hundreds of thousands of dollars in financial support. I'd like to give a couple of examples how specifically they've helped.

In Houston and in Baton Rouge, Capital One worked with us to provide a Getting Down to Business IDA program with a comprehensive business training program, in addition to a generous matching savings plan to help micro-entrepreneurs create equity in their businesses.

In our expansion into Louisiana, for example, Capital One was instrumental in helping us expand in that market. Not only through money, a grant, but also by connecting us to community leaders and introducing us and opening up the doors.

While the bank support has been substantially -- substantial financially, our relationship is important for other reasons. Capital One developed a Second Look small business referral program, whereby bank loan officers sent referrals to us.

Another way Capital One has helped us is through investments which make it possible for us to continue our loan fund for small businesses.

Capital One has also provided us leadership on our board of directors and also on our advisory councils. Laurie Vignaud, senior vice president and senior director of Capital One's community development banking, has served on our board since 2008. She also has her staff helping us throughout our footprint with her staff serving on our advisory councils.

The proposal to purchase ING Direct promises to make a strong enterprise even stronger. In doing so, the potential impact of Capital One's commitment initiative could only grow.

As I listen to the testimonies earlier today about the concerns of once Capital One coming into a market and making sure that there is this commitment, I am confident that Capital One will continue to provide the type of not only financial but leadership support that nonprofits and economic development organizations need, so this is a proposition that we can support fully.

Thank you very much.

MS. BRAUNSTEIN: Thank you.

MR. JEFFERSON: My name is Howard Jefferson, and I'm the founding board member of Affordable Communities Development Corporation, a nonprofit affordable housing agent with a mission and focus on developing new single-family homes to be sold to low- and moderate-income families and underserved communities in Houston, Texas.

I'm also the chairman of the board of Protectors Insurance agency. I'm a former superintendent of HISD, Houston Independent School District. I serve on the school board in Harris County, and I serve on two boards for the charter schools there.

I'm also the past president of the NAACP, Houston branch; I'm a member of the executive board of the NAACP, and I serve on the national board of the NAACP; I've also served on the housing -- I was chairman of the housing authority board in Houston and a small business corporation for the City of Houston.

As noted earlier, I'm a founding board member of affordable community development corporation.
To be a successful nonprofit, we had to establish relationship with the City of Houston and a bank. We went out searching for a bank that had a track record of -- a successful track record of working with small businesses and working with CEC, and we were able to hook up with Capital One; that was a blessing.

Laurie Vignaud, who is a senior vice president with Capital One, played a major role in getting us off the ground. We thought we'd lose some CDCs and what to do, but when we got her in the hole with us, we learned a lot of things that we needed to be done. We needed to be doing outreach on marketing, and our budget needs to be right and a whole lot of stuff. So she spent an enormous amount of time with us. Her relationship with the city of Houston also gave us credibility, and it helped us out to get grants and whatnot from the city there.

Laurie Vignaud and Capital One is an excellent community supporter. I mean, Houston -- she serves on the urban league at the state level of the NAACP on the advisory board.

I am so impressed with Capital One, I have sent people to Capital One to get loans, I have sent people to Capital One to make deposits; and not only that, because of the relationship that we have with Capital One, the state NAACP office, we have moved our accounts to Capital One. Thank you.

MS. BRAUNSTEIN: Thank you very much.
Any questions?
Thank you very much for your testimony.

MS. BRAUNSTEIN: My understanding is, Mr. Gorman, you're going to be reading testimony for some other people --

MR. GORMAN: That's correct.

MS. BRAUNSTEIN: -- in addition to your own.

MR. GORMAN: For two of our board members.

MS. BRAUNSTEIN: That's fine.
I would remind people to speak directly into the mike, to introduce yourself and also, though, keep an eye on -- oh, new timekeeper. Wow. So keep an eye on the timekeeper.

Mr. Gorman, are you doing this as one statement, or are you doing --

MR. GORMAN: As one statement, thank you, yes, so taking nine.

MS. BRAUNSTEIN: Okay. Well, we'll have to talk later, but -- just so the timekeeper knows, Mr. Gorman has nine minutes; everybody else has three and, with that, we'll begin.

MR. GORMAN: Good afternoon. My name is Ed Gorman, and I am the National Community Reinvestment Coalition's chief membership and workforce officer.

NCRC is committed to protecting fair and equal access to credit capital and banking services for every American.

On behalf of our CEO, John Taylor, NCRC's board of directors and our 600-member community organizations, I thank the Federal Reserve for holding public hearings.
American taxpayers will be watching to see if and how you actually use the information that the public is giving you.

At each of these meetings, Capital One's message to the American public has been the same. They actually expect us to thank them for becoming the fifth largest bank in the United States. Unfortunately for them, the American public's response has been just as clear, thanks Capital One, but no thanks.

This is not a tale of two cities. Not one person appearing in any of these hearings -- no one outside of Capital One -- has ever said or even suggested to the Federal Reserve that the public benefits of this deal outweigh the systemic risk.

These meetings are not about individual grants or individual partnerships; they're about a national risk that can only be offset by national benefits. Those risks are substantial; the benefits offered by Capital One are not. You, therefore, have a duty to deny Capital One and their bid to buy ING Direct.

75 percent of Capital One's net income comes from credit cards. That singular focus creates higher risk. Credit card consumer lending peaks when times are good, but profits collapse under the weight of economic stress when times are bad. Providian, Next Card, Metris, and Avanta Bank are but a few examples.

Capital One suggested it is not a monoline by pointing out that only a quarter of its assets are credit cards, but that point backfires.

The fact that Capital One earns 75 percent of its income from 25 percent of its assets only proves that it is in fact a credit card monoline, one that is overwhelmingly dependent on its credit cards for profits.

It also sheds light on a fundamental weakness. Capital One's risky and subprime credit cards generate stellar earnings that are three times the size of its asset base. That is fact, not hyperbole. Capital One does not know how to make basic banking profitable.

Capital One cannot figure out how to make a loan to a mom-and-pop bakery, how to originate a fixed rate mortgage loan to a young family, or, unlike other banking institutions, how to serve the American public's core banking needs and still make a profit.

How, then, can anyone be sure that Capital One won't fail and send the bill to the American taxpayer. At the last meeting, Capital One attempted to downplay the risk from its securitizing activity. Counsel Finneran said that the bank has not issued any new credit card security since 2009. Unfortunately for him, there are a few holes in that argument.

Saying that you stopped issuing new security in 2009 just doesn't mean much when 76.4 percent of your credit card portfolio is already securitized, and it certainly doesn't mean much when almost $39 billion, or 20 percent of the current outstanding market for credit card security, still belongs to you.

The whole truth is that the entire market for credit card securities came to a halt in 2009. That means Capital One's actions were a result of external forces, not internal decision making.

Nearly one third of Capital One's credit card portfolio is subprime, and it is the nation's largest sub prime auto lender.

If you approve this deal, you make it possible for Capital One to buy HSBC's credit card portfolio. The sub prime number will only get bigger. Numbers one and two are combining here, and Capital One will be the only significant subprime credit card issuer in the United States.

Despite repeated warnings from NCRC and other consumer groups, federal regulators failed to guard against predatory subprime mortgage products. The American public is still paying for that mistake today.

Ask yourself this: Is the Federal Reserve really prepared to turn a blind eye again to watch a new sub prime crisis unfold?

The growth of Capital One comes at a cost the American taxpayers simply cannot afford. Make no mistake, there's a significant systemic risk posed by this transaction.

In the face of this kind of substantial risk, what does Capital One offer as public benefits?

Capital One says that a key public benefit is job creation. The bank promises to offer 3600 jobs by the end of the year and another 500 jobs in Delaware. But before you count those jobs as a public benefit, it might be helpful to know the whole truth. Capital One has shed more than 6200 jobs in its previous acquisitions, 72 percent more jobs that it promises right now.

What was the public benefit there? Apparently, it was also job creation, for the people of India. That's where Capital One outsourced many of those jobs that Americans lost. And what about these new jobs in Delaware? Capital One is getting $7.1 million from that state to create these positions. That's a $14,000 per job taxpayer funded subsidy. Is that what Capital One means by "public benefit," that the public pays for the benefit?

Capital One's job creation claims have no credibility.

Capital One also says that the public benefits from this deal because of its recent pledge of a hundred 80 billion dollars over the next ten years. Merely, 60 percent or a hundred and four billion of this so-called commitment is the same high-risk credit cards and subprime auto loans that Capital One already pedaled.

Capital One's pledge lacks any accountability. There is no mechanism to verify, and Capital One gives us no basis for trust. In fact, Capital One has already left the door open to shrinking the value of its pledge if there are, quote, fluctuating market conditions.

When all is said and done, the only thing the public gets out of Capital One's acquisition of ING Direct are more credit cards. By any measurement, the so-called public benefit doesn't come close to outweighing the increased risk.

We don't need a monoline ripe with subprime and securitized credit card assets to become the fifth largest bank in the United States. That is a risk the American people and the American financial system simply cannot afford.
Thanks but no thanks.

I appreciate the opportunity to speak and am happy to answer questions, and now I'd like to introduce Donna Bransford, who will speak on behalf of board member Gene Ortega.

MS. BRAUNSTEIN: Thank you.

MS. BRANSFORD: Thank you for the opportunity to speak to you today about Capital One's proposed acquisition of ING Direct.

I'm Donna Bransford. I'm a senior consultant for the National Committee of Responsive Philanthropy, and I am providing a summary of the written testimony of Eric Dorfman (phonetic), who is NCRP's executive director.
NCRP promotes philanthropy that serves the public good, is responsive to people in communities with the least wealth and opportunities and is held accountable for the highest standards of integrity and openness.

For 35 years, NCRP has served as the nation's only independent watchdog of the philanthropic sector.
Capital One made Philanthropy a promise of $450 million over ten years, a centerpiece for its legal argument that the proposed acquisition will produce public benefits that outweigh adverse effects.

However, NCRP has serious concerns about the philanthropic track record of Capital One, and we have no confidence that the quantity, quality or distribution of this philanthropic commitment will create public benefit to outweigh average risk of the acquisition.

First, Capital One has a track record of giving at levels far lower than its peers, and there's no mechanism in place to hold them accountable to the promise they've made.
The public has no reasonable assurance that Capital One will make good on its stated intent to give approximately $45 million per year for ten years.

From 2005, when Capital One first began acquiring other banks, to 2009, Capital One gave an average of less than $5 million per year. During that same time period, a decrease of annual giving each year. This is not the norm. NCRP's research shows that after acquisitions, financial institutions historically increase their philanthropic giving. Additionally, Capital One representatives have already started hedging on their commitments, suggesting that actual performance against the commitment will be contingent on the state of the economy.

Second, the quality of giving by Capital One also ranks below that of similar financial institutions. NCRP encourages all foundations to provide at least 50 percent of grant dollars for the benefit of underserved communities and at least 25 percent of grant dollars for high-impact strategy. From 2006 to 2008, Capital One's giving for underserved communities and for high-impact strategy was well below the mark. Other financial institutions performed much better. CitGroup, for example, exceeded these recommendations.

Third and finally, Capital One's motivation for charity proves questionable, based on the geographic division of its grants.

Although, Capital One does business in and advertises in all 50 states, tax documents show that only three grant recipients were headquartered outside the five states where it has banks, so fully 99 percent of its giving was in areas surrounding its banks where it therefore receives CRA credit. Capital One has chosen not to give elsewhere, suggesting that its giving has been based primarily on self-interest.

Based on NCRP's assessment of Capital One's philanthropic track record, we urge the Federal Reserve to be highly skeptical of the public benefits that will result from philanthropy associated with this opposed acquisition. Anyone can make promises but past actions are a far better predictor of future behavior.
Thank you.

MS. BRAUNSTEIN: Thank you.

MS. LUNG: Hi. My name is Keri Lung, and I'm testifying on behalf of MidPen Housing. We are a nonprofit developer, owner and manager of affordable housing in the Silicon Valley.

Since our inception in 1970, MidPen has developed over 6,500 units of affordable housing in San Francisco and Monterey Bay areas. We are ranked the fourth largest nonprofit housing developer in the country.

As you know, California has a severe housing affordability crisis. We are the second most expensive state in the nation for renters, and nearly one third of our low-and moderate-income working households must spend more than half of their income just for housing.

Providing affordable housing is essential to maintaining a job-housing balance, which drives our economy. Silicon Valley business leaders consistently cite the need for affordable housing as one of their top three priorities. Affordable housing also is the foundation for healthier households, better educated children and more stable communities.

Yet, housing production in California is at historically low levels, and public subsidies for affordable housing have become very scarce.

Fortunately, for those of us working in the San Francisco Bay Area, we have a long history of partnering with our local banks who continue to invest in our projects because it helps them comply with the Community Reinvestment Act. These banks have assisted us in three very important ways: They provide critically needed pre-development construction and permanent loans to our projects; they provide equity investments by purchasing our low-income housing tax credits; and they make grants from their foundations to support our tenant services and our economic development programs.

So thanks to their CRA, the local banks we work with have aggressively competed to offer us the lowest possible interest rates and highest tax credit prices, resulting in private cash infusions to projects that have very limited public resources.

As a result, MidPen has maintained a robust pipeline, despite the poor investment fund nationwide. We have over 500 units of housing in construction today.

In contrast, we know that affordable housing projects that have been stalled or even cancelled in other parts of the country where banks do not have to meet such CRA goals.

So our experience leads us to conclude that the Federal Reserve could actually weaken our ability to provide much needed affordable housing in California, if it were to admit Capital One and ING Direct to become the nation's fifth largest bank without having any responsibility to reinvest in the California communities from which it draws its deposits.

To the extent that this new banking entity encroaches on the market share held by our local banks, it could diminish one of the few private resources we have for funding affordable housing in the San Francisco Bay Area, so we urge you to take this opportunity to increase bank investment in affordable housing in California.

Thank you.

MR. RODRIGUEZ: Good afternoon. I hate to be the one standing between you and your lunch, so I'll try not to do that.

Thank you for the opportunity to direct you today. My name is Daniel Rodriguez. I'm the director of the Community Wealth Department of the East LA Community Corporation.

I'm here to express serious concerns in regards to the proposed Capital One acquisition of ING.

We believe that any potential merger of such a large financial institution should include a commitment to invest in California's low-income communities through CRA requirements. According to the California Reinvestment Coalition, Capital One and ING made ten percent of their combined $1.7 billion in profit from California customers.

The East LA Community Corporation is a nonprofit 501(C3) community development organization founded in 1995. Our mission is to advocate for social and economic justice within the communities of Boyle Heights and unincorporated East Los Angeles and the LA area. We accomplish this by building affordable housing, organizing local community residents to advocate on behalf of land use issues in our area and by providing foreclosure prevention, first time home buyers and asset wealth building programs.

We have provided foreclosure prevention services to over 700 families and first times home buyers and wealth building services to over 2,000 families. Annually, we impact over 3000 families through our programs and services.

The great recession has caused a devastating loss in wealth, especially in low-income minority households.

According to a recent Pew Research study, since 2007 Hispanic households have suffered a 60-percent loss in wealth, which had been primarily tied to their home equity value. In the State of California, 48 percent of foreclosures are attributed to Hispanic households, the highest of any group.

To begin rebuilding these devastated communities, we must, once again, begin to reinvestment into these areas. This is a great opportunity for Capital One to invest in the needs of the community and conduct business in, regardless of any acquisition of ING.

At the East LA Community Corporation, we have experienced firsthand the benefits and impact that effective partnerships with financial institutions could have on our communities. This is exemplified by the 300 units of affordable housing that we've developed and the additional 200 units that we currently have in construction.

By working with these large financial institutions, we have developed an innovative saving program, financial coaching programs; we have helped families in need of mortgage assistance and have helped other families achieve the dream of home ownership.

Capital One has not engaged our community or organization in developing or implementing any type of innovative program, but we will welcome them to do so, once again, regardless of ING's position, because we do have a presence here in the State of California.
We strongly recommend that any potential merger between these two financial institutions should be accompanied by a strong commitment to invest in California's low-income community. We encourage Capital One to develop innovative ways to increase access to responsible small business and mortgage-lending products.

Thank you for your time.

MS. BRAUNSTEIN: Thank you very much.
Any questions from this panel?

MS. PRAGER: I have one question for Mr. Gorman.
You raised the concern that Capital One's heavy reliance on credit cards as a source of income poses a risk, and I guess I'm wondering, given that this business model -- using this business model -- they weathered the storm of the recent financial crisis. I'm wondering what you're forecasting will happen in the future that will lead to a different –

MR. GORMAN: Well, thanks for the question.
We're -- the -- I think the concern that the Federal Reserve should have here is that we just come through a crisis that came about because of the subprime mortgage market imploding following -- the rest of the market following that.
We think credit cards may be the next bubble ready to burst, and we're concerned about the inflation of that bubble.

So when you're combining, not only ING and Capital One, but with HSBC's credit cards on the horizon, we think that exacerbates the problem, combining numbers one and two in this market, and we're concerned that the credit card market may be the next to go.

MS. PRAGER: Thank you.

MR. GORMAN: Thank you.

MS. BRAUNSTEIN: Thank you very much for your testimony.

We will now take a break. We are going to shorten it just a little bit, and we're going to break until 1:30, at which time we'll reconvene with our next panel.

(Lunch recess from 12:30 p.m. to 1:30 p.m.)

MS. BRAUNSTEIN: Good afternoon. We're going back on the record with the court reporters. Welcome to the next panel. New housekeeping notes. Please, when you give your statement, try to talk directly into a microphone so people can hear you in the room, especially our court reporters.

Also, please begin your statement by stating your name and affiliation, and the last thing is to keep an eye on our timekeeper, Ian, over there, raise your hand, will give you a sign. Everybody has three minutes. He'll give you a sign when you have one minute left and then when your time is up. Michael, you want to start us off.

MR. RUBINGER: Sure. Thank you. My name is Michael Rubinger. I'm the president and CEO of the Local Initiative Support Corporation, LISC, and I appreciate the opportunity to be here today to support Capital One's acquisition of ING Bank.

LISC is one of the nation's largest nonprofit community development support organizations with 30 local programs in urban areas throughout the country, as well as a rural program that reaches into 31 states.

Since 1980, LISC has invested 11 billion dollars in low income neighborhoods through local community-based development organizations. This investment has leveraged an additional 34 billion dollars leading to the construction and rehabilitation of nearly 300,000 affordable homes and 44 million square feet of retail and community space.

We finance daycare centers, health clinics, schools, and community centers, all serving lower income inner-city and rural residents. Healthy and sustainable communities of opportunity require access to appropriate credit and financial services for their residents, businesses, and community-based nonprofits. And the work this does every day to revitalize underserved neighborhoods would not be possible without active partnerships with banks. In this context, I am pleased to discuss LISC partnership with Capital One and highlight some of the ways Capital One has played a valuable role in community development efforts.

It's been our experience of LISC that community development plays a key role in Capital One's business strategy which has included significant work on affordable home ownership and rental housing, commercial development and community facilities.

Since 1993, Capital One, in its acquired entities, have provided LISC with 6 million dollars in grants, 7 and half million dollars in loans, and 44 million dollars in equity investments. In addition to Capital -- invested Capital One representatives, also provide expert assistance and guidance to LISC staff working in several mutual markets, including Houston, New York City, Virginia, Newark, and Washington, D.C.

In the metropolitan New York City, Newark marketplace, for example, despite the challenging current environment for current real estate development, Capital One has actively engaged in affordable housing development projects, including often complex projects sponsored by non-profit developers, providing construction loans, lines of credit, letters of credit for taxes and fine financing and mortgage and loans.

The employees staffing Capital One's community development department in Houston are locally based, knowledgeable and committed to assisting challenging inner-city projects developed by community-based organizations. The bank has provided construction loans and equity investments for numerous impactful affordable housing projects. Capital One has also participated in the expansion of LISC, local network and financial opportunity centers, our primary vehicle for increasing family income and real-time wealth through job search health, work force training, financial literacy, and benefits counseling.

In short, in the markets where we're familiar with Capital One's work, they have been actively engaged in successfully identifying local community needs and offering the services and products more appropriate to meet those needs. We would like and expected to see that model deployed much more widely in any expanded post-merger markets. Thank you.

MS. BRAUNSTEIN: Thank you. Lauren.

MS. ANDERSON: Good afternoon. My name is Lauren Anderson. I'm the CEO of Neighborhood Housing Services of New Orleans. We're a 35-year-old community development corporation. I am also a former co-chair of the Federal Reserve Board of Consumer Advisory Counsel. I worked closely with Sandra in that capacity, so I am happy to be here this afternoon to speak on behalf of Capital One and their acquisition of ING.

Most often, corporations are considered a thing. That thing does good and they do bad, but the reality is that corporations are in fact comprised of individuals. They're individuals who create and implement policy. So the perspective I bring to bear on Capital One, and its work in our market, is really very much based upon the relationships that we've been able to develop with key individuals who work with Capital One. Those primary persons are Mark Boucree, who is Vice President of Community Development Banking, Nicole Mackie, who is Vice President of Community Development Market, and Laurie Vignaud, who is Senior Vice President of Community Development Banking. Both Mark and Nicole serve on our board of directors, Laurie used to serve on our board of directors.

But even above and beyond their work on board and guidance in technical assistance they provide in this capacity, I see and work with both -- each of these individuals on a daily basis in and around New Orleans. They are active participants in the development and advancement of practices and policies and props to advance affordable housing and community development in the New Orleans market.

They are -- wherever we, as nonprofits are, they are also at the table. They play a very key role in that regard. There are some very specific ways in which Capital One has been able to be supportive of Neighborhood Housing Services. One is through its pro bono project, which lends its expertise of key technical people within Capital One. They're working with us right now on some modeling for some financial management reporting. Pro bono also donated laptops to us after a break-in earlier this year.

Finally, I can't speak about their contributions elsewhere, but Capital One has been very generous in its contributions to NHS, surpassing any of the other banks in the market for which we are all very, very grateful because, as a nonprofit, we can't do our work without support for financial and technical and with this we have an abundance from Capital One. I expect that we will receive more in their experienced capacity after this acquisition. Thank you for your opportunity to address you.

MS. CULLEN: Good afternoon. I'm Liz Cullen. I'm the Director of Compliance and Education for WEConnect International. I'm also pleased to be here speaking in support of Capital One's acquisition of ING.

I worked with Capital One in my previous position as executive director of the Women Presidents' Educational Organization in D.C. and have the pleasure of working with the company now as the director of compliance and education for WEConnect International.

The W -- the Women Presidents' Educational Organization, or WPEO, was founded in 1998 by Dr. Marcia Firestone, the WPEO functions as a regional partner organization of the Women's Business Enterprise National

Council, WBENC. The nation's leading advocate of women-owned businesses and third-party certification organization. The mission of WPEO is to create increased access to business opportunities for Women's Business Enterprises or WBEs. WPEO programs develop skills and knowledge, advocate public and private sectors, foster relationships between WBEs corporations and the government, and provide certification services. I began working there in June of 2002 and Capital One became a corporate sponsor of the region soon after that in 2003.

Capital One supports the WPEO's mission, not only through corporate sponsorships, but through their inclusive supplier diversity program which works with WPEO to be the source for women-owned businesses. In order to identify these potential suppliers, Capital One has held match making programs, educational events, and has encourage buyers to meet their potential new vendors. The benefits of the program extend beyond the women doing business with Capital One to the broader women's business community and hundreds of women business owners and supplier diversity professionals attended Capital One programs while I was at the WPEO and the education they received ranged from marketing, prime supplier management and strategic alliances. Capital One provides leadership and opportunities to the women business owners in the community.

Capital One's commitment is also clear from the time and effort Capital One staff put into volunteering with WPEO by participating on multiple committees, hosting programs, and providing thought leadership and guidance to other corporations. In return, Capital One supplier diversity representative, Erica Billie, was granted special recognitions for her contribution for the company overall was awarded a standing corporation in the D.C. region by WBEO in 2010.

Since moving to WEConnect International in 2011, I have maintained contact with the representatives and continue to see them at WPEO and Webank program. WEConnect International brings together corporations and other organizations that want to grow women business owners also.

My role went from doing what I did in the D.C. region to doing it internationally. Capital One is there as well. Similar, Webank in the United States, WEConnect offer a certification and education to women business owners globally and Capital One has expanded their commitment to Women's Business Owners International.

MS. BRAUNSTEIN: Thank you.

MR. HONG: Good afternoon, Director Braunstein and members of the Federal Reserve panel. My name is Edwin Hong and I'm the Chief Operating Officer of Seedco Financial Services. We are a national, not-for-profit community development financial institution federally-certified by the U.S. Department of the Treasury's CDFI Fund. Thank you for inviting me to speak with you today. It's my intent to underscore the positive social impact that Capital One has generated by providing critical support and collaborating with 15 CDFIs that activity assist small businesses and nonprofit organizations operating in underserved communities.

Established in 2005, Seedco Financial's mission is to promote and foster economic development within underserved communities and among disadvantaged populations, with a focus upon serving the needs of minority- and women-owned business enterprises. We issue loans to small businesses and nonprofit organizations that are financially viable but cannot access affordable capital from banks and other conventional lenders.

We pair our lending with a broad range of technical assistance services that help our clients to repair their credit and access needed capital. Over the past five years, we financed over 700 small businesses, totalling 46.8 million dollars, in the process helping to create approximately 1100 new jobs and retain over 1450 pre-existing jobs in the low-to-moderate income communities that we serve. Seedco Financial is headquartered in New York with field offices in New Orleans, Baton Rouge, and Birmingham, Alabama.

Capital One has been a long-standing partner and strong supporter of Seedco Financial in its work with small businesses. Capital One stands out among its peers in its commitment and in-depth engagement in community development efforts. Working closely with CDFIs, such as Seedco Financial, to meet the needs of small businesses in underserved communities. Seedco Financial's partnership with Capital One has had a significant positive impact upon our ability to implement successful and effective small businesses lending and technical services in New York and Baton rouge as I will outline today.

First, Capital One has expanded Seedco Financial's access to affordable credit. Historically, Capital One has capitalized our loan fund with $900,000 in low-cost credit. We have utilized this credit to issue loans that have been otherwise unbankable in small businesses and not-for-profit organizations operating within low-to-moderate-income communities.

Second, Capital One has been a steady provider of grant support to Seedco Financial. This financial support has enabled Seedco Financial to build capacity to deliver affordable loans and technical assistance to our small business clients to New York City in Baton Rouge.

Third, Capital One collaborates with Seedco Financial to facilitate and co-host small business training seminars and workshops around topics such as financial planning and cash flow management. In the coming months, Seedco Financial will be launching a small business coaching initiative, in which Capital One representatives will directly participate as mentors for our small business clients.

Fourth, over the past three years, Capital One and Seedco have operated loan referral programs in Baton Rouge, New Orleans, and in New York City. Through these programs, Capital One branch managers and business bankers inform decline small business loan applicants about the opportunity to apply for small business loan financing from Seedco Financial.

Finally, a Capital One executive, Mrs. Cheri Morial-Ausberry, serves as a member of Seedco Financial's Board of Directors and also as the Chair of our local advisory board in Baton Rouge. In this capacity, Mrs. Morial-Ausberry's leadership has been critical to the establishment of the Baton Rouge Small Business Loan Fund which is operated by Seedco Financial. This fund was created to facilitate access to affordable capital for non-bankable small businesses. Through this fund, we have issued over $900,000 in affordable loans to local small businesses.

As a practitioner in the field of community development finance, I believe that Capital One should be recognized for its outstanding commitment to reinvestment in traditionally underserved communities. Capital One works very closely with CDFI's, such as Seedco Financial, to meet the needs of small businesses and nonprofits operating in low-to-moderate-income communities. We are fully supportive of Capital One's pending acquisition of ING Bank as we anticipate that the transaction will lead to the bank's future prospects and will enable the Bank to show ongoing leadership in the area of community development finance. Thank you for your time.

MR. KOSAKOWSKI: Good afternoon. My name is Jack Kosakowski and I'm the President and CEO of Junior Achievement Achievement USA. Thanks, as well, for the opportunity to present Junior Achievement's perspective on Capital One's community engagements, the depth of our partnership and the tremendous impact they made on young people through our strategic alliance.

Junior Achievement is a 501c3 national and financial nonprofit organization dedicated to inspiring and preparing young people to succeed in a global economy. JA currently engages ten million young people around the world in programs focused on financial literacy, work horse readiness, and entrepreneurship education. More than four million students the United States with 32.7 percent of our students coming from schools classified as Title 1. Those underserved populations serve as the focus of Capital One's long-term commitment to Junior Achievement.

Capital One has emerged over the past six years as one of the JA's most passionate partners, committed to making a difference in the lives of young people, especially those middle and high school students in the underserved communities. While serving 27 different communities, their primary support has been markets where they had implemented JA's most significant financial literacy experience, JA Finance Park. Their remarkable impact includes a donation of more than 16 million dollars, which has been translated into financial literacy program development and implementation over that period of time. Just as important, they have engaged more than 5,700 passionate Capital One volunteers in programs designed to empower young people to own their economic success.

As a result, their high level of employee engagement as volunteers in Junior Achievement programs, Capital One has earned the prestigious Presidential Volunteer Service Award for the past two years. This award is commissioned by and presented by the President's Council on service and civic participation.

What makes Capital One unique from the many wonderful partners with whom we have the privilege to work is their laser-like focus on populations needing significant support. Their commitment is to ensure these young people have the knowledge, skills, and discipline to be financially responsible. They insist their volunteers serve in these challenge schools and model excellent behavior to provide the type of relevant inspiration they need to make thoughtful choices in our lives.

So, in summary, Capital One's community impact made through Junior Achievement is tremendously valuable and has very, very few peers. We are most appreciative, as are more than the four million young people that participate in our programs here in the United States.

MR. LAWE: Thank you for the opportunity to be here today to give some live testimony. My name is Theodore Lawe. I'm with the SouthFair Development Corporation in Dallas, Texas. We are a 501c3 nonprofit developer. We focus or attention on developing housing, single family and multifamily for low-income residence and we also do some commercial development in an effort to help stabilize the community that we're in.

To really appreciate what we're talking about here today is our targeted area that we focus on is located in South Dallas. It's the area around the Cotton Bowl for those who watch the football games on the holidays. It's one of the, quote, toughest areas in Dallas. We have taken that as our responsibility to rehab that. One of our credit partners in this process is the Capital One bank. We feel very privileged to have them involved. I did send a letter earlier in responding, so I won't repeat all the things we put in the letter, but I would like to mention three or four items if time will permit.

One is, Capital One, beyond the grants and loans and what have you, is the leadership. We think that is invaluable. The person that we have in Dallas is a lady named Joyce Campbell. She's vice president for CRA in the Dallas area. Anyway, because of Capital One, we have organized what's called the Dallas Housing Collaborative, and that's a group of four CCs, community development corporations, that are helping to grow home buyers to make them ready to purchase homes once they're made available.

In a very short period of time, Capital One has assisted SouthFair CDC with a revolving line of credit, $500,000, to help jump start the development of what's known as Park Row and now is called the Fair Park Estates. That's a 30-unit housing development project directed toward low-and-moderate-income families.

In addition, Capital One good leadership helped organize a group of four struggling grassroots housing development nonprofits into a strategic alliance for pooling resources and working for the greater good. I could articulate additional examples, but let me just say this: That in the 20 years that we have been in existence in Dallas, Texas, we have worked with several bank institutions, but we can attest that Capital One Bank and the staff has been the most innovative, resourceful and stayed on course and we urge you to approve their request to acquire ING Bank. Thank you.

MS. BRAUNSTEIN: Thank you very much. Any questions from this panel? Okay. Thank you very much for your testimony.

Welcome to the next panel. Just a few housekeeping notes to make sure to please speak into the microphone when it's your turn to speak. Each panelist has three minutes. We're going to go in order, so I will note that you're, Andrea, you're going to read Roberto's testimony and then you'll also do your own.

We'll start with Ms. Kapoor, whenever you're ready. Keep an eye on the timekeeper. He'll signal you when you have one minute left and when your time is up.

MS. KAPOOR: Okay. Good afternoon. My name is Nilima Kapoor, Senior Credit Officer at Valley Economic Development Center. VEDC is the largest nonprofit organization in Los Angeles, California and we serve more than 7,000 business owners on an annual basis. The kind of services we provide are financial, assistance and training.

We currently provide small business loans throughout the State of California and provide consulting and training to businesses specific to L.A. County. Our focus is on LMI businesses, low moderate businesses. VEDC has received lending capital in the form of low-interest loans that we turn around and make available to small businesses.

These -- majority of the jobs that are created as a result of these loans are all LMI jobs. In the most recent fiscal year, VEDC's clients were 60 percent women and 51 percent were non-Caucasian clients. Our target market is very specific and we cover a whole bunch of areas.

Given the recent tightening in lending which everybody knows the banks are not lending anymore or stopped a few years ago. VEDC have seen small businesses shut down due to lack of cash flow and lack of access to capital. Capital One, who is a Small Business Administration 7(a) lender, shut down the 7(a) lending program. In California, where the economy lives and breathes through entrepreneurs, Capital One offers only business credit cards. They don't offer loans at all. Credit cards only benefit the banks, not the businesses.

Capital One's targets the neediest businesses and offers them credit cards that carry very high interest rate and fees. Businesses need loans and lines of credit, not a credit card. The other side of the equation is ING Bank. ING Direct does not make loans to businesses at all. They want the businesses to deposit the cash savings with them as well as their money market, certificate of deposit, as well as their retirement accounts but not make loans, they just want to manage the money.

If post-merger Capital One is not imposed upon to follow CRA regulations, the businesses will continue to be ripped off by high finance charges and local communities will continue to receive no assistance. Currently, Capital One does more business in California than any other state. Over percent of Capital One's business credit card holders are from California. This is specific to business credit cards.

In 2010, over 15.2 million dollars of Capital One's income from finance charges was from California's businesses. I urge the Federal Reserve Board to include clauses that will steer post-merger Capital One to submit the following:
Provide reasonably-priced, long-term business loans, not credit cards, such as CRA conventional or SBA guaranteed loans to businesses on an annual basis in total amounts not less than Capital One's finance charge income from California.
Provide annual grants equal to 1 to 3 percent of its

revenues to local nonprofit organizations to enable them to provide necessary technical assistance needed to keep the small businesses operational. This is, again, I strongly urge to take all this into consideration before you process or approve the merger between Capital One and ING Direct. Thank you.

MS. BRAUNSTEIN: Thank you. Ms. Bruce.

MS. BRUCE: Good afternoon. My name is Gloria Bruce. I'm the Deputy Director at East Bay Housing Organization, EBHO, and I hope you're paying attention today. EBHO is a 27-year-old membership advocacy coalition promoting affordable housing in Alameda and Contra Costa Counties right here in the Bay Area. I'm here to speak today to urge the Federal Reserve Board to consider this merger to ask Capital One to uphold its CRA responsibilities so it can help address our state's severe housing crisis.

California's rental and home costs are among the highest everywhere. Our homeless population is highest in the country and we top the nation-wide list of foreclosure rates. We need Capital One to invest in this state positively. How bad is this housing crisis locally?

In Oakland, last year, 55,000 people applied for waiting lists for Section 8 vouchers for rental assistance. Who is affected? Low income communities, people with special needs, seniors, many working Californians. For example, we take a retail cashier 82 hours a week to afford an average two-bedroom apartment. We know all of this through our work with our membership of nearly 300 nonprofit housing developers, fair housing and homeless advocates, architects and contractors, community and faith-based organizations, social services providers and local government jurisdictions. EBHO works very closely with the California Reinvestment Coalition and our executive director, Amie Fishman, sits on the Board of Directors, so we follow very closely the connection between financial institution to the reinvestment and affordable housing.

Our members are experts at creating and preserving quality affordable multifamily housing, so they know first-hand that financial institutions can be part of the problem or part of the solution. Some banks have tightened credit, refused to work with home owners in default, and allowed vacant homes to sit blighted. But banks can also help fund foreclosure counseling or offer sustainable home loans.

In terms of multifamily housing, predevelopment, permanent, and construction loans are crucial for financing affordable multifamily housing produced by nonprofit developers. Capital One must make these types of loans in California to support local economic development, not just through national intermediaries. Our developers rely on certain banks as partners in community development. Tens of thousands of affordable housing units have been built in the Bay Area through innovative collaborations of public entities, of public entities, private financial institutions, and nonprofits. If Capital One seeks robust markets for its consumer products, it should increase its lending for affordable rental and first-time homebuyer housing.

EBHO is distressed that Capital One, soon to be the fifth largest bank in the nation, does not see its obligation to go above and beyond its community investment commitment, and invest meaningfully in California lower income community. By lending to nonprofit developers, Capital One could help to rebuild wealth for family and neighborhoods have and help make the housing market function well and fairly for all Californians.

EBHO has been pleased to work with the community development division of the San Francisco Federal Reserve and we know it's committed to supporting low-income communities. We've urged the Federal Reserve Board to ask that this merger of Capital One and ING honor its CRA responsibility and do the same. Thank you.

MS. BRAUNSTEIN: Thank you. We'll go to Roberto's statement.

MS. LUQUETTA: Sorry. I'm reading for Robert Villarreal at the CDC Small Business Finance. CDC Small Business Finance is a member of the California Reinvest Coalition and National Community Reinvestment Coalition. Robert is a board member of CRC. CDC small businesses finances a 33-year-old organization and is the largest SBA 504 lender in the nation.

Over the last 20 years, they have developed a number of lending programs for small businesses denied access to capital by financial institutions. In particular, we are committed to communities of color and low wealth in neighborhoods and are deeply concerned about the acquisitions impact on those communities.

This letter opposes the proposed transaction on the following grounds: There is increased systemic risk with the consolidation. Both (inaudible) questions were defined as systemically risky by Don Frank (phonetic) and both received bail outs in the recent financial crisis. The merger would result in the fifth largest bank in the United States and create another too-big-to-fail institution.

Capital One's small business lending in California has been through its credit card business. The credit cards often don't provide the capital necessary to hire employees or acquire equipment. Credit cards are also potentially harmful to small businesses because of their higher cost, few consumer protection and potential to change terms at any time.

Capital One should offer SBA products for California's small businesses, particularly those located in neighborhoods or minority or women owned, provide small business loans under $250,000, develop patient capital programs to invest in CFIs and small business loan pools that work with very small businesses and minority and women-owned businesses and support small business technical assistance programs. Thank you for the opportunity to testify before the Board on this critical issues and I urge you to look at the poor record of this company in serving the needs of the community and oppose the consolidation. Sincerely, Robert Villarreal.

MS. BRAUNSTEIN: Thank you. Kevin, do you want to go next?

MR. STEIN: Sure. Thank you, my name is Kevin Stein, I'm with the California Reinvestment Coalition. First of all, thank you for holding these important meetings in San Francisco, in California. I would like to focus on the CRA policy issues and perhaps react to some of the testimony which I appreciated from Mr. Finneran.

I guess the bottom line is I would urge you to extend the comment period until further information is gathered, which hopefully I'll touch upon, and until the CRA rules are finalized.

To deny the merger or impose substantial conditions that address the CRA and other issues that have been raised today, there's no public benefit of this merger to California. If you think about the hearing, you would have a minority of the testifiers in Capital One who are talking about the great things that Capital One is doing and some of its partners and then you have the majority of folks, who are not necessarily disagreeing with that, but saying none of those people are from here and none of that great activity is happening here. If I understand it, even in the proposed commitment, such as it is, the national footprint activities, that's what we see out here. We're not getting the good stuff, we're getting the stuff that's perhaps problematic. The auto lending and the credit card lending.

I also appreciate the comments from the former state senate, I forget his name, who was talking about the value of the public hearing. If a majority of people who are here are telling you about the needs in California and concerned about the failure of Capital One to address those needs, if the Federal Reserve does not do anything to make it otherwise, it would be as if these hearing were for not. I would consider this to be a failure and for you to have disregarded the testimony that you're hearing.

Mr. Finneran said he was sympathetic to the policy issues. I think speaking on behalf of Capital One the CRA issues, but we really need more than sympathy. We need investment and we need good products in our state and we need it had now. The situation that we have is really absurd. The most profits come from here, the most credit cards are here. The least CRA activity is here if any. That's not what Congress intended, that's not what the CRA is about. We agree with the suggestion that Congress might be needed to help fix this. This is a problem of the regulator's making. I guess I have some sympathy in reciprocity to Capital One saying we're not forced to do this kind of work out in California or in other states where there are no branches and that's due to an overly narrow reading of CRA by the regulators. We complained about this for years and year, this is not a new issue, and the CRA process began over a year ago.

We need to see something different from the regulator and I think the regulators over the last few years have recognized they have fallen way behind the reality where banking practices are. So that for a while, OTS have been urging internet banks go beyond their headquarters. Credit card companies and other financial institutions have strategic plans.

We have H&R Block where they raise similar issues. They have priority areas that have been doing CRA activity outside of their formal CRA assessment areas. Schwab Bank, the OCC has required them to report on their CRA-related activities in many ways outside of their assessment area. ING has supplemental areas, including some in California, and we would say at a very minimum the ING assessment areas have to be designated as formal CRA investment areas.

I think Paul Rubinger in the first panel made the connection. There are a lot of connections to be made with Countrywide Bank, but when you see a description of these ING cafes, it's almost read, like, the Countrywide bank non-branch branch which was ridiculous it's. I think it was cruelly intended at the circumvention of the CRA. I think that's the kind of regulatory legal shenanigans that really frustrates the goals of the CRA and really it heightens a lot of cynicism that people have about what's happening with banking.
Just to try -

MS. BRAUNSTEIN: Kevin, can you wrap up?

MR. STEIN: Yes. I appreciate the extra time. I guess I would also note that it seems like we have had so much interest in California in these hearings that as a result maybe understandably, people have less time in other hearing locations. I appreciate your indulgence, Sandy.

The CRA rule making process, it's been -- I guess Capital One would like to wait, would like to have you make a decision now on this application, and we'll get the CRA rules when they come. I think you acknowledge this is all part of the CRA rule revision mix and we would say that process has gone on long enough. California shouldn't suffer because it's taking the regulators a while to get to that process. You're being asked to act now and we would urge you to consider these issues now.

In terms of the need for more time, I think Mr. Finneran said, he want us, and we all do, to look at the actual and complete record. We would suggest that there are a few areas where the record is not complete. The HMDA data for 2010 just came out and there has not been an opportunity to compare what Capital One is doing with regard to its peers.

We looked at the HMDA numbers for 2009 and we would say there are concerns there.

There's no loan modification data so a lot of people testified about the impact of forecloses in our state. We think, based on preliminary analysis, a thousand foreclosure filings from Capital One in the last few years, but there's no modification data. Some confusing, I would say, remarks about Capital One's commitment to the HAMP program. I think they're saying they'll do it for GSC loans but not other loans. Participation in the hardest his came up a few times. They'll do it when asked –

MS. BRAUNSTEIN: You need to wrap up.

MR. STEIN: Okay. Why would anybody ask Capital One if they will participate in the hardest hit fund than a loan-by-loan basis. They should participating with cal FHA, who I believe have to no contact with Capital One. In the performance evaluation, there was some mention that yes, the proposed evaluation may be close to being done, but the fed can always talk to the OCC behind closed doors. That's not appropriate, we should wait until the performance evaluation comes out and I guess I'll end by saying, again, the CRA rules, they should have been out by now. We think those issues should be addressed in this merger it's critically important Capital One be held to a standard in reinvesting in the communities where they're doing bank. That's what CRA is all about. Thank you.

MS. BRAUNSTEIN: Ms. Luquetta.

MS. LUQUETTA: Thank you for pronouncing my name right.

MS. BRAUNSTEIN: It was a good guess.

MS. LUQUETTA: Mr. Kidd asked earlier about which is the priority, the better products or the CRA. I --

MR. KIDD: I asked that question?

MS. LUQUETTA: One of you did.

MR. TURNER: It's a variation on a question I had.

MR. KIDD: I want to be clear for the record, that's all.

MS. LUQUETTA: Okay. Well, Scott asked the question then. I want to respond to that with a reminder of the bank holding company act requires that you look at both. The Bank Holding Company Act requires the fed when bank or savings association look at both how well the acquisition meets the convenience and needs of the community be served and how well the acquisition can be spent to provide benefits to the public and whether these outweigh unsound business practices.

This means that while you may or may not be the first responder to violate the Truth-in-Lending Act or the CARD Act or other consumer protection laws. Congress has given you the duty to consider such violations as they impact the public and the community they serve.

The Federal Reserve has the additional and related duty will satisfy the requirements and the spirit of the CRA. As many are telling you today, this acquisition will not meet the convenience and needs or provide benefits to the public in its largest market, California. It is common knowledge that Capital One plans to leverage ING's assets into growing its already large credit card and auto lending empires. Proof of that plan is Capital One's stated intent to acquire credit card giant, HSBC, immediately following this application.

California is already Capital One's number one target for credit cards. Yet, Capital One's business model exploits consumers. The bank collects finance charges and other customer fees equal to 42 percent of its profits. That's not a number I made up, that's just looking at how much they charge from finance charges and other consumer fees and compared it to what their income after losses and it's right in the 10K.

Also in its 10K, it admits that if borrowers begin avoiding late fees, over-the-limit fees, finance charges, and other fees, it could have an adverse impact on our revenues. That might be common sense, but it's rare that a company would raise that to the attention of an SEC filing.

California cardholders pay an estimated 142 million dollars in just service charges and other customer fees alone. These cards don't meet the needs of consumers. They're expensive, chalked full of hairline fee triggers and, most recently, I don't know if you've been following the news or a consumer story is collected by Consumer's Union or the blogs, but I've seen story after story of customers who are seeing their rates jump 6 to 10 percentage points and being told that Capital One gave them notice that something like this would happen in 2009, two years ago.

A few health groups steady, a few health group studies recently in May pointed out that Capital One is among the lenders who market business cards which are not subject to the Truth-in-Lending and CARD Act protection to households, including households living near the federal poverty level. Such practices may well violate laws and they certainly do not provide benefits to the communities or to the public, especially in California, where we receive the most of these cards in all of the marketplace.

At the very least, the Federal Reserve should consult with the CFCD the OCC and other regulators to determine whether and how often Capital One has violated Truth-in-Lending and CARD Act protections.

For both 2008 and 2009, Capital One was the fifth largest recipient of all consumer complaints filed with the OCC. Again, those are their numbers they put out and they put out the ranges. Being the fifth largest recipient of consumer complaints is markedly disproportionate to the market share among credit cards. Capital One recently complained that --

MS. BRAUNSTEIN: Can you please wrap up.

MS. LUQUETTA: Yes. Has fallen but the OCC has not made this information public yet. We have requested that, through FOIA, Capital One said they also requested this information so we urge you to wait and look to see whether this is in fact the case.

To wrap up, the public does not benefit by the increased strength of a lender that prays on its customers. The public loses when that lender then also refuses to commit CRA investments in the area where it does the most business. The Federal Reserve should not fall for the cynical repackaging of high-cost lending strategy, such as the 180 billion dollar credit card and auto loan package, that makes no attempt to adjust pricing access or volume to meet the needs of community's most vulnerable practices. Thank you.

THE COURT: Thank you. Ms. Al-Mansour.

MS. AL-MANSOUR: Good afternoon. I'm Chancela Al-Mansour, Executive Director of the Housing Rights Center, which is the largest civil rights fair housing organization in California. We're primarily located in Los Angeles County. I'm also on the board of CRC, California Reinvestment Coalition. As tentative as I am to say ditto to everything that was said before me, so I can avoid the stress of the one minute and stop card, I am going to say ditto. Especially, the comments of Kevin Stein that is of great concern to me, especially about what's happening with the actual law itself, the CRA and the fact that it hasn't had teeth for a long time.

Everybody's known that there have been problems with it and it's disappointing that here were are in 2011, once again, still arguing the CRA isn't strong enough, it doesn't have the teeth we're waiting for, it could be stronger. I would very much urge the Federal Reserve to at least delay approval or possible denial of this acquisition until the CRA rules do come out.

That being said, about 15 years ago, I was fortunate enough to be at a similar meeting representing consumers in the San Fernando Valley when their Brick and Mortar Bank was going to be acquired. This was many, many banks ago. The only kind of teeth we really had about the CRA that there would have been a Brick and Mortar bank. There would have been an obligation that it meet the economic needs of the communities in which it was in and it had to serve those needs. Right now in our time of more and more physical bank closures and internet banking. It makes it a little easier for financial institutions to skirt their responsibility, such as Capital One has done, to say we're not physically there so we don't have this obligation. That is completely the backwards way of thinking. The Federal Reserve, as well as other regulators, have to look outside of that kind of traditional thought and say they are here, and if you have investments in California, those investments have not been great in California same thing with ING's as well. California is one of the most diverse states. Has a very large low income population, especially in Los Angeles, especially in Los Angeles County and Riverside County where we've been hit with foreclosures.

There is no place for especially minority-owned businesses to turn to for viable loans and they really do rely on this entire state relies or their strength and integrity to stay in business, they need to have these lending products that aren't predatory, that do provide good products for them as well.

So we really do appreciate the Federal Reserve taking the time to have these hearings in California. It is extremely important. I think by the number of the different organizations and the distances we've traveled through storms and everything else to be here today to say there is great concern about this acquisition, that Capital One has to do more in terms of investments and low income of communities and communities of color it has to in order for this to be approved and I thank you for the time.

MS. BRAUNSTEIN: Thank you. Any questions for this panel? No. Okay. Thank you for your testimony. Welcome to the next panel. You each have three minutes. Please keep an eye on Ian, the timekeeper, who will give you a note when you have one minute left and when your time is one. Additionally, please make sure to speak into the microphone so people can hear you and when you start your statement, please begin with your name and affiliation. Let's get started.

MR. CAVAZOS: Good afternoon. My NAME is Rudy Cavazos Junior. I'm with Money Management International. Thank you for the opportunity to address this panel. Money Management International is the largest nonprofit full-service credit counseling agency in the United States. The agency's purpose is to provide consumers with tools and solutions they need to achieve financial freedom. Through its family of former consumer credit counseling services agencies, MMI has over 50 years of experience helping consumers get control over financial loss and reduce their debt. MMI successfully achieves its mission to improve lasting financial education.

I offered a wide array of money management programs and tools providing height quality counseling services and generally community involvement at the local level.

These services are offered free of charge or at low cost and no one is denied services because of their inability to pay. In 2010, 83 percent of people served by the organization were from low to moderate backgrounds. MMI has been fortunate to work with Capital One bank for three years providing money management training with an asset-building component to small business owners. Capital One Bank first reported MMI's Getting Down to Business Program in Houston and then when the program demonstrated success, helping entrepreneurs grow their small businesses, Capital One Bank funded the expansion of the program to Baton Rouge and New Orleans, Louisiana.

Getting Down to Business offered support for small businesses development through asset building, money and credit management classes, business plan development, marketing strategies, small business legal matters, human resource training, and credit counseling session as.

Capital One Bank has fully committed to the Getting Down to Business program and provides a $2 match for each $1 the participant contributes to their IDN account.

Class and credit counseling to help getting down to business incorporate the principals in their small business plans. Effective credit management, effective money management, effective sustain ability plan. Getting down to business has received positive feedback in graduates who productivity levels have increased since the participation in the program. In addition, participants noted how helpful it was to have the opportunity to meet with MMI financial counselors to review the credit records and finances.

The collaboration between Capital One Bank continues to empower small business owners, overcome financial challenges even during economic setbacks. They are more likely to qualify for loans and leverage capital to sustain or evitalize the communities where they conduct business.

Ultimately, the Getting Down to Business program benefits more than just small business owners, the communities in which businesses are located also reaps substantial benefits. Thank you very much.

MS. BRAUNSTEIN: Ms. Flix.

MS. FLIX: Good afternoon. I'm LaTanya Flix, I'm Executive Director of the Women's Resource of Greater Houston. Our organization is 21 years old and we are one of the largest providers of free personal finance classes in the greater Houston area.

Since our founding in 1990, we've taught over 18,000 low income and underserved Houstonians. We teach in 45 zip codes. At agencies, we range from Harris County Women's Jail, I often say we go to places where other people do not, to the Veterans, Salvation Army Public Libraries, colleges, universities and high schools. We do all of this work with volunteer instructors. We recruit from the greater Houston area, taking 45 zip codes and primarily about 80 percent of those volunteers come from banking and financial services. By the nature of what we do, our mission is a match for those people in those industries. Capital One happens to be one of the corporations that sends volunteers out.

What makes Capital One unique in our relationship is that they've gone beyond the tacit acknowledgment about what good work, to provide financial literacy and really have become an engaged partner. They work with our organization in several ways. The first is a financial commitment. For the last three years, they made a commitment to our organization. It is a commitment that has increased, despite the economic downturn in some places where we no longer receive grants or there was consolidation, Capital One has increased the commitment.

In 2008, our organization taught 2500 people. Last year we taught over 4800. 90 percent growth and a lot of that can be contributed to the financial support of Capital One. I have a huge staff of three people so a third of our work force is here today in California. Volunteers matter to us. So the second way Capital One is engaged in our organization is to actually teach free personal finance classes. When we sent out the opportunity for the jail, this is just one quick example, three of the seven people who were approved for that first round to go to the jail came from Capital One. It's not something they have to do, it's something they chose to do and that continues to be remarkable to us.

Between 2008 and 2010, Capital One sent 46 associates to teach 226 classes to over 1,000 low income and underserved Houstonians. The value of that time is about $14,000. Thirdly, Capital One provides the board members to our organization an element required the Houston market present for Capital One. That means all of their retail branches serve on our board, most importantly, she still continues to teach classes and helps us access other corporate resources in the community.

Lastly Capital One has been a sponsor of or membership reception. We are not a United Way agency, we receive no government funding. We rely on the support of corporations, individuals, foundations, and corporations. Capital One has sponsored or membership reception, they also sponsored our luncheon.

Lastly, we work with Capital One to sponsor the Future Leaders Forum for Young Girls. This is a one-day event building leadership skills, providing financial education for low income and underserved girls. The goal for that event this year is 250 girls. So we're fortunate and grateful for Capital One's commitment beyond just saying you do good work and sending a few volunteers for financial support, for their board support, for their commitment to us. And, most importantly, we're grateful for the thousands of lives that they have helped us touch. This year we reached over 5800 Houstonians in largely in part to their generosity. Thanks.

MS. BRAUNSTEIN: Thank you.

MS. HARPER: Good afternoon, Chairman and committee members. My name is Sarah Harper and I'm testifying in support of Capital One's acquisition of ING Direct. I am the owner of 1st Community Tax and Bookkeeping Service. My company has been preparing federal and state income taxes for individuals and small businesses in our community since 2008 via National Franchise.

In 2010, we became an independent community tax office. Becoming an independent office was liberating in many aspects, scary nonetheless. It is often quite difficult to go from having the support of a national franchise to having no franchise support. I no longer have access to peer mentors, legal, marketing, operations, financial support and a proven blueprint for franchisees to follow to be successful. I also no longer have access to daily, weekly, and monthly informative and motivational conference calls. For a moment,

I felt I had to chase this new challenge alone, but I am truly grateful that moment did not last long.

When we became an independent office, I received a local newspaper and found an article advertising Capital One's Getting Down to Business Program. I was so excited about the opportunity that I immediately researched and completed the application in supporting business documents needed to apply for the program and the rest is history. I am a proud 2010 graduate of Capital One's getting down to business small business program. Through the overwhelming support from my fellow small business owner class mates, Capital One and Capital One community partners.

Being in this program quickly filled that void of being a small business owner trying to stay afloat in this rough economy. It filled the void of not having peer mentors, legal, marketing operations, financial support, and the proven blueprints to match that I had when I previously operated as a franchisee. Yes, I didn't have the weekly conference calls with franchisees across the nation, but I had bi-monthly informative and motivational seminars and meetings with top community leaders and fellow small business owners that taught me a wealth of information and that I could incorporate into my daily business goals.

Yes, I did not have legal support of a corporate office, but I had the legal support of SCORE, who hosted a legal seminar for our class. Through the class, I received essential legal advice that transitioned from being a franchisee to an independent office. They answered all of my legal questions and for that I'm thankful. Yes, I didn't have a proven blueprint of a national franchise to follow, but I had the pleasure of meeting with Don Ball with the loan (inaudible) via Capital One. Through this meeting, I developed a five-year strategically planned blueprint for my office. I also expanded my office to service other small business owners to offer some keeping consulting and services.

Yes, I did not have fellow franchisees to reach out to, to share my business triumphs and struggles with, but I had Capital One and fellow classmates to share it with and I am proud to say that I have still have that support today and even prouder that some classmates became clients.

Yes, I did not have national branding and marketing support, but Capital One sponsored a marketing class, Marketing on Shoe String, which gave me many ideas on how to build my brain on a budget. Since then I had extended my database and I not only service local clients, but I can now offer customers nationwide the opportunity to prepare their income taxes on my website via online filing.

Yes, I did not have the financial support of a national franchise, but Capital One made sure that I received counseling on building personal and business credit which helped increase my credit score. I also learned how to develop a base plan and saved over $1,000 and match Capital One's getting down to business savings program.

As a result of this financial support, I was able to jump start my payroll and hire two tax preparers and expand my office to open two satellite office during the tax season. I have also developed great business relationships with my bankers to keep in contact with my business gross and ensure that all my business banking needs are met. Capital One has become the support that I did not have. Thus, I am in honored to support Capital One Bank. As a result of my testimony and great banking relationship with Capital One, my family, friends, and business colleagues have all opened personal and business accounts with Capital One and I support the merger of Capital One with ING. Thank you.

MS. BRAUNSTEIN: Thank you.

MR. SHAPIRO: Good afternoon, folks. Thank you very much for having us here. My name is Allen Shapiro. I am past chairman of the SCORE group in Houston. I am currently chairing the community development and marketing.

Recently, SCORE used the local chapter of a national nonprofit organization dedicated to advising small business and entrepreneurs made an in-depth assessment of our extensive community programs called the Small Business Alliance, created with direction and support from our partner Capital One Bank.

You've heard that name before I think.
Capital One brings on the tear as a commitment of time and money to programs and organizations that work to create sustainable social change in the community, coupled with SCORE'S volunteers who educate, counsel and mentor this alliance has been a resounding success in the grassroots effort that reach more than 1,000 people who represent promising businesses, a need throughout Houston.

The small Business Alliance Program in 2009 to 2011 include: Eleven Surviving the Tough Times seminars in ten locations throughout Houston, including the International Trade Center and Houston Community College. Nine breakfast brainers. Business round tables held at Capital One branches and other locations. Five guest lectures at Texas Southern University and the first ever business lecture to two TSU law school students. Green power initiative awards conference at

TSU Law School to present awards for business that developed superior business plans. Cash awards totaling $9,000 were funded by Capital One. Houston small business awards, part of the national small business week award luncheon sponsored by the SBA, SCORE, and Capital One who was also a platinum sponsor for the past several years.

Capital One has been rightly described as a beacon to the company development effort. Under the leadership of Ms Laurie Vignaud, the bank is working with SCORE to develop more programs and hands-on workshops, like getting down to business that focus particularly on businesses and disadvantaged areas to learn better marketing, cash management, and other subjects.

Because of Capital One's vision and support, SCORE has seen a dramatic growth in its own sphere and as an 83 percent increase in attendance at educational events and a 10 percent increase in one of the -- in one-to-one counseling activities. Capital One has also pledged to help develop programs for SCORE, SCORE's other major partners such as the Metropolitan Transit Authority of Harristown, Houston and the Port of Houston.

We at SCORE used to implore the dedicated efforts of the Capital One in developing programs to assist small and emerging businesses in our area and respectfully request your positive consideration of their pending merger with ING Direct. Thank you.

MS. BRAUNSTEIN: Thank you.

MS. PATEL: Good afternoon. Thank you for this opportunity to speak before you today in support of Capital One's acquisition of ING Direct. My name is Daxa Patel and I own and operate Knights Inn, a 16-years-old finance franchise hotel. I have managed my hotel for three years. My establishment has 50 rooms and is located NEAR Houston's Bush Intercontinental Airport.

In 2009, my business was not doing well. My management skills were weak and the future of my business was not very bright. I was on the verge of bankruptcy and the bank that I was working with was in the process of taking my hotel. I was working with the Smart Squad at SCORE in Houston to save my business when the counselor suggested that I consider securing a place in Capital One's Getting Down to Business Program.

Joining this program, I learned a crucial business skill, tips and strategies. I not only became a more confident businesswoman, I was able to keep my hotel doors open. I learned how to make my staff a stronger team. I identified and magnified what became my hotel strengths in cleanliness, affordability, and customer service and, most importantly, I learned how to effectively market my business in various settings and to different audiences. I was able to bring in new customers that are still our loyal clients and I was able to turn the hotel's perception around in a short time period. Today, I have over 13 employees working for me.

Additionally, I was awarded 2010's Manager of the Year for the Knights Inn Brand.

Capital One is committed to helping small businesses invest, grow and thrive. They believe it is important to provide access to information, resources, mentors, and financing to support small business, including those in low and moderate income communities.

Courses were dedicated to topics like Writing a Business Plan, Business Credit Reports, Marketing, HR, Financing, and Insurance. This program was one of the best things to happen to me as a small business owner. Capital One continues to offer support to me and my business. When I recently mentioned to Mrs. Marvett Sawyer Howard, the Project Manager of the program, that I need help with public speaking, she immediately invited me to join any of this year's course, including new one on public speaking. In my culture, I was raised not to speak confidently in front of a group. With Capital One I learned to be more comfortable in my voice and I know they will continue to help me in improving my public speaking skills.

I thought my pathways to success were limited, but Capital One's Getting Down to Business Program opened new doors to a brighter future for me. Knowledge is power and Capital One has helped me grow with the knowledge they gave me. Capital One Bank has done a wonderful job and they continue to offer various opportunities to the local communities. Each of the courses and opportunities they provided me and continue to provide to others are beneficial.

Thanks to the team of partners and Capital One. I was blessed to be part of the Getting Down to Business Program that gave me the foundation I needed for my business.

I support the Capital One acquisition of ING Direct. Thank you.

MS. BRAUNSTEIN: Thank you. Ms. Paul.

MS. PAUL: Good afternoon. My name Natashia Paul. I'm the owner of Wink Eyelash Bar and Makeup Studio and I am here today to support Capital One's acquisition of ING. I, too, am a graduate of the Getting Down to Business Program and I would like to share with you today the role that that program has had in the success of Wink. I had previously adapted the same attitude that all banks were the same. After spending 6 weeks with Mark Boucree, I realize that was my misunderstanding. Capital One has played an intricate part in the rebuilding of New Orleans and the development of many a small businesses in the city and I have prospered from their efforts.

The Getting Down to Business Program helped me to realized that I am not merely self-employed, but I am a business owner with the power and ability to create jobs. I am responsible to help stimulate the economy, positively impact the community that I surround myself in, and empower the lives of others. Mark Boucree also helped me by tapping into useful resources that my business is not have access to financially. He introduced me to candidates that offered their expertise as lawyers, accountants, and bankers.

Through these connections, I started to develop my team. One of the intricate members of my team was my business banker, Patrick Becker. One day following the Getting Down to Business class, I stepped aside to talk to Patrick and explain to him the complications my business was facing at the time.

We had recently moved to a new location in Old Metairie, a prestigious neighborhood right outside New Orleans. Our business was well received, well very well received. The phones were ringing. People were making appointments, but I did not have the resources or the staff to accommodate the demand. I explained this to Patrick, not knowing that having too many clients was just as bad as not having not enough clients.

He instructed me to call him the next day and after the brief conversation, he offered me a $5,000 line of credit.

Many people might say $5,000 is not a whole lot, but it was exactly what I asked for and what I thought I needed and surprisingly I got it within 24 hours. I had previous experiences with other lending institutions and they would typically take 30, 60, even 90 days to assist me. That time line would take a business under. So I'm extremely thankful for Patrick. Why? Because he listened. He listens to my needs, he understood the demands of my business. He did not judge the fact that it's a makeup company, nobody gets it. But he did not understand eye shadows and lipsticks and the plannings of weddings. What he understood was a supply and demand.

Capital One is no longer just a business mentor, I've graduated from the program. They are now my business partner in sharing my vision. Thank you very much, Mark Boucree and Patrick Becker for helping Wink to grow to be what it can be and we look forward to continue to do business with you as we grow to be the change that this nation needs. Thank you very much for listening to me today.

MS. BRAUNSTEIN: Thank you. Any questions? Okay.

Thank you very much for your testimony.

Okay. I would remind the panelists to please talk into a microphone when it's your turn to speak and begin your statement by stating your name and your organization. Please keep an eye on our timekeeper, Ian, who is flash you a one-minute sign when your time is up. You have three minutes and we'll start with Mr. Hidalgo.

MR. HIDALGO: Thank you. Good afternoon and thank you for the opportunity to speak to you today about Capital One's proposed acquisition of ING Direct and how it will impact the community that I work to serve. My name is Edmundo Hidalgo and I am the President and CEO of Chicanos Por La Causa, based in Phoenix, Arizona.

CPLC's span of operations include over 100 employees throughout 22 cities in Arizona in over the last year we expanded into Clark County Nevada and currently our new expansion in New Mexico. More importantly, CPLC serves more than 125,000 people every year.

CPLC has been providing service for over 42 years. It has a unique and distinguished focus. CPLC's primary reason for existence is to provide the community an economic opportunity. Economic opportunity is our value proposition, it is the benefit of all we do.

We deliver on our value proposition through four pillars of service: Education, social services, economic development, and quality affordable housing. Thus, considering the work that CPLC does, I strongly urge you to deny this acquisition.

As we struggle to make access to capital for small business more readily available, as we struggle to keep homeowners at risk of foreclosure in their homes, and as we try to assist new homeowners achieve the dream of home ownership, We need financial partners that will help us to strengthen our communities.

Allow me to share some concerns that I have with this acquisition. In 2007 in Arizona, Capital One issued 747 prime home loans in our state. Yet in 2009, Capital One made four loans in our state. This is a 99 percent decline in lending. Meanwhile, all other lenders in our state, as a group, increased their prime lending by 43 percent to low-and-moderate-income borrowers during this same period of time. Capital One has withdrawn from affordable home lending in Arizona favor of high cost and problematic high credit card lending. This shift does not meet the credit needs of our communities in a responsible manner.

ING issued only 5.1 percent of its loans through low and moderate income borrowers while all lenders of the group made 32.2 of their loans to this group in Arizona. Likewise, ING issued only 1.7 percent of its loans to Hispanics in Arizona while all lenders, as a group, made more than 11 percent of its loans to Hispanics.

Capital One issued only 24 credit card small business loans in Arizona through the same period of time, during 2009. Only two of those loans, or 8.3 percent, were to the smallest of small businesses, those with revenues under 1 million dollars. In contrast, all banks, as a group, made 36.5 percent of the loans to these small businesses.

These are not the actions of an institution providing public benefit. These are the actions of an opportunist institution. As devastated as Arizona has been during our economic crisis, we can deal with yet another entity that does not seek to positively impact our community while raping profit from it.

Because of our direct experience in Arizona, again, we strongly oppose this acquisition. As a past banker of ten years, a participant of Pacific Coast Baking School, a founder and current Board Secretary of community bank, I understand the importance of sound banking. Having an entity whose primary focus has been credit card lending and expect that will now begin to meet the market needs of our community is not realistic. The proof is in their banking history. That is why we oppose this acquisition. Thank you for the opportunity to speak to you.

MS. BRAUNSTEIN: Thank you. Mr. Nu±o.

MR. NU-O: My name is Jose Nu±o and I'm with Visionary Homebuilders of California. Visionary HB has been the leading nonprofit affordable housing developer for the Central Valley. We are based in Stockton. We have been founded in 1993. Our mission is to create healthy, vibrant communities. There's development for affordable housing for low and moderate income families, seniors and individuals. The mission has been realized with construction of rehabilitation of 375 single families homes, along with the construction and rehab of 1,000 units and multifamily housing.

Additionally as a HUD-certified housing counseling agency, we have counseled families through foreclosure mitigation and pre-purchase home buyer education classes. We serve families ranging from those wanting (inaudible) ownership and those who want it as routine ownership. My agency has not previously worked with Capital One or ING. I am concerned that however that Capital One does not invest in

California's efforts to build affordable housing for low income families and the bank only supports national affordable housing investment funds without any focus in California and any other funds being local nonprofits who work to house families in California.

This is part of the concern that I have with this merger. In my community, we face drastic problems that tackle partnership with banks such as Capital One and ING. According to realty tracks information pulled yesterday, October 4, 2011, in California one in every 226 housing units receive filing in August 2011. South county 1 in every 132 and in my community in Stockton, 1 in every 134.

My community has been severely affected by foreclosures. As mentioned previously, even though my agency has not worked with Capital One or ING, we have worked with other banks. By them awarding us grants to affordable housing to low income families. In my opinion, there are several things Capital One can do to meet community needs to California. They are the following: Invest in California-based affordable housing finance efforts, such as predevelopment, construction, and permit financing to provide housing as affordable to low income families in California. Lend to California-based affordable housing developers that build housing affordable units to low income people.

Participate in foreclosure mitigation programs such as the keep your home California program. Support nonprofit HUD-approved counseling agencies to help Californians avoid foreclosure. Participate in any program such as VHD option, which helps a person become to become homeowners in three to five years. These are all excellent programs for Capital One to be part of to help stabilize communities in California. Thank you.

MS. BRAUNSTEIN: Thank you. Ms. Shahan.

MS. SHAHAN: I'm Rosemary Shahan, President of Consumers for Auto Reliability and Safety. We're based in Sacramento and we have actively sponsored numerous consumer protection laws in California that have been enacted over the decades. I appreciate the opportunity to speak today about he proposed acquisition and we have a number of concerns regarding Capital One's auto lending and their auto lending practices and their portfolio.

They stated in their most recent filings with the SEC, that they were holding approximately 19.2 billion dollars in auto loans for investment and that 1.1 billion of those are 30 days or more delinquent which is a rate of 6.09. This is at a time when Trans Union has noted that the national 60-day delinquency rate is at historic lows.

In the first quarter, they pegged the rate at less than one half of one percent. So I think this should be a red flag. They recently settled a class action in California where the allegation was they were failing to comply with California laws regarding notices of intent when vehicles are repossessed. In a state like California where consumers have their cars repossessed, usually, their life basically falls apart. They lack access for jobs, schooling, medical care and some exceptions. A repo on their record stays there for seven years. It can become a barrier to employment. These allegations were not proven or admitted. They did not admit to wrongdoing, but they did agree to weigh 189 million dollars in deficiencies and clear the credit of approximately 23,000 consumers who were members of this class and I think that's another red flag.

We're also concerned about the interaction between auto lending and other forms of lending according to the California Union Car Dealers Association. It would lead up to the collapse of our economy. 40 percent of California car buyers were stripping he can quit out of their homes to purchase cars. It wasn't just they were buying cars they couldn't afford, it was become lenders were engaged in some irresponsible lending practices. The amount of negative equity in cars has been soaring and consumers have compensated for that. The only way they could afford it was for the lenders to make the loans so long the cars died before the loans were paid off.

Just very briefly, another concern we have is our military. California is the home to more active duty military who are stationed to be deployed in our state than any other state and, according to the U.S. Department of Defense and the military within California, they repeatedly stated on the record and in testimony that auto lending is the number one financial readiness issue for our troops and their families. We hope you'll give that more thought. Thank you.

MS. BRAUNSTEIN: Thank you. Mr. Roller.

MR. ROLLER: Good afternoon. My name is Shamus Roller. I'm the Executive Director of Housing California. We're a state-wide coalition of affordable housing developers, homeless service providers, and other interested advocates in how people can achieve and finance affordable housing.

My members are increasingly serving people who are the victims of foreclosure, who are also a tenants who have been evicted while in foreclosure, so we increasingly see how some of the banking practices in the past are impacting the way who we serve and how who clients are.

I guess I'm here to ask the Federal Reserve to recognize that the way the CRA has been considered doesn't really follow the way banking practices have modified themselves. Facing CRA requirements on how many regular banks you have in the state just ignores the fact that how much banking has changed.

For an organization like ourselves representing a lot of affordable home developers, the contributions that banks make as far as redeveloping lending that Mr. Nu±o has talked about, construction lending, permanent lending is really essential to the developments that we do and making sure the low income people in California have access to safe and affordable housing.

It's really I think essential that banks like Capital One have a responsibility to invest in community development, that they're providing -- that they're investing in tax credits, that they're providing that investment in low income communities in order to serve the people we serve. That investment from banks is really essential from other financial institutions.

In your ability to encourage Capital One to make that sort of investment on this merger is really important I think to making sure that both low income people in California have a safe place to call home, but also that the federal resource that we put into affordable housing get used efficiently and having financial partners is essential to that.

As you make this consideration, I think that piece and also the donations that banks make to nonprofit organizations in California, makes a huge difference to many of our members, especially the smaller ones, those that invest to their foundation or CRA. It pops up a lot of organizations and really supports the work that they do supporting low income Californians.

I think extending that to a bank like Capital One who doesn't have branches but is doing a tremendous amount of banking in California it really makes a difference to my members and my organization. Thank you.

MS. BRAUNSTEIN: Thank you. Ms. Campbell.

MS. CAMPBELL: I am Jackie Campbell from the Housing and Community Development Division of the City of Oakland. Thank you for holding these hearings and hearing concerns about this proposed acquisition. There are concerns about Capital One's pending acquisition of ING Direct in several areas for both California and the City of Oakland.

In the area of banking, this acquisition of ING Direct will make Capital One the fifth largest U.S. bank by deposits, yet not only they do not have any bank presence or branches in California; in fact, they only have them in nine states. California is not one of those states. Even though Capital One conducts a significant amount of credit card and loan business in the State of California.

As in many cities, Oakland lacks bank branches in low income areas. For a city like Oakland, it is critical that small businesses and residence of low income areas have access to finance services such as lines of credit, home loans and car loans. Large financial institutions need to be held to a higher standard and contribute their fair share of these services to the communities.

Additionally, Oakland and many cities have high numbers of pay day loan branches that are predatory for many low income communities. We will request that Capital One not add to that and finance pay day bank locations.

In the area of housing, California, of course, is among the hardest hit states during this down turn of the housing market. The Bay Area and Oakland in particular have experience significantly high number of foreclosures. Data indicates that over 19 percent of Capital One's home loans are in California. So it then should follow that Capital One should support affordable housing and invest in California's housing market by providing financing for predevelopment, construction, and permanent financing.

Under mortgage lending, Capital One has filed more than 1,000 foreclosure notices in California since 2008, but it has not participated in the hardest hits provided systems for unemployed homeowners or the federal home modification program non as HAMP.

The city is particularly concerned with loan modifications and refinancing that will help to reduce future foreclosures and blighting communities that result from these foreclosures. Capital One should participate in the California Keep Your Home Program and make loan financing, refinancing and modifications available to California homeowners and help to reduce the number of foreclosures and side effects such as neighborhood blight, crime, and decreasing home values.

Under community reinvestment, the commitment to California and community development products and services should be proportionate to the profits received. No bank, and especially a bank of this size, should be able to avoid commitment to community needs under the Community Reinvestment Act. Capital One should make CRA loans and other related investments and services in California, including partnering with nonprofits that provide counseling services that aid in buyers making wise choices that decrease delinquencies and foreclosures.

Capital One was not in the banking business five years ago, but now it is expected to triple its asset base in less than five years. We request that conditions be put in place now that require their commitment to respond and address community needs and services and provide a benefit to the public that outweighs possible adverse acts and rising.

Thank you.

MS. BRAUNSTEIN: Thank you. Selma.

MS. TAYLOR: Good afternoon. Thank you for the opportunity to speak today. My name is Selma Taylor. I'm the Executive Director of California Resources and Training, CARET is the short version of that, the diamond caret, not the vegetable carrot. I will keep my comments brief. I am also a member of the National Community Reinvestment Coalition and California Reinvestment Coalition. I have some concerns about the acquisition which I will express in my comments.
CARET is a 15-year-old economic development nonprofit in California. We provide services state wide. Our primary focus over the last 15 years has been research and development and program design and implementation as it relates to technical assistance services to small business owners in California.

CARET annually trains about 150 to 300 staff persons of technical assistance, provided in California, and has developed many tools to support their delivery of services to the small business owners.

California has a vast underserved population of small businesses needing access to capital, as well as managements and technical assistance support services to assist them in starting and sustaining their business operations. I was glad to hear about some of the services that were being provided in Houston as some of the people spoke and also in Louisiana.

The small businesses here in California need affordable capital and appropriate financing vehicles which are in most instances not high-interest credit cards. Ongoing discussions by many of my colleagues and CARETS constituents who run community based lending operations and technical assistance organizations involve the need for at least mending and technical assistance support services. The economic downturn in the economy has hit California as well as many of the existing businesses and they're in dire need of restructuring and need positioning assistance.

Additionally, many people out of work are turning to self-employment as an option and need technical assistance to support their businesses.

In conclusion, my concern is that Capital One needs to bring products and services into California that fit the market needs of the small business owners which I don't see adequately served by the current product mainly high-interest interest cards.

The second concern is there is miniscule commitment, if any, to support in a philanthropic way technical support services that are needed. I would urge that a philanthropic and community benefit is made by Capital One to California to support the needs of the California small business owners. Thank you.

MS. BRAUNSTEIN: Thank you. Any questions?
MR. KIDD: I have a question.

MS. BRAUNSTEIN: Yeah, you look like you did.

MR. KIDD: Earlier, Mr. Finneran had outlined some of the increased community development in the areas which they have acquired, in cases of North Folk and Hibernia and the case of Chevy Chase. The fact they've increased significantly the level of community development, does that give you any reason to actually look at the application in a more favorable manner if they did in fact -- this application was approved and it would have a cafe here in California.

It's open to the entire panel. Would you mind commenting on that?

MR. HIDALGO: Sure. Not being from California but being from Arizona, if that's a qualifier that they have to have a community development, then when would it be that Arizona would start to get some of the investment dollars that they have made in other communities? I haven't heard any plans for Capital One to have a footprint. They have had a history through the credit card business of serving our community but there's been a lack of investment, lack of involvement throughout their history.

Even given the fact they have a track record where they have a physical presence, I don't see them opening up branches in Arizona that would provide investment capital to our communities. So I don't see any open in the near future.

MR. KIDD: Okay.

MR. ROLLER: Shamus Roller, Housing California. I would just say that if they make clear commitments around their community development and responsibilities, I think better is a clarification around whether, you know, if CRA does apply to them and if they have clear CRA commitments, that's the best I think of the results out of this. I would like to make very clear commitments of what they're going to do around community development lending and investments.

MS. SHAHAN: I would say I think that would help but our concerns go deeper to their lending practices.

MS. TAYLOR: I think in California what we find is that given the vastness of the state and diversity and the state at all levels, not just ethic or economic or whatever regional, that commitments to California have to be crafted very customized.

What we see, we hear a big announcement about a commitment, it tends to be a little too general to provide the needs that are evident in the many markets in California. I think working with groups here in California that know the market and have been in the trenches for a long time, serving the marketplace, would be helpful to really accept and understand that commitment can make a difference in the California marketplace.

MR. NU-O: I also want to say I agree with that, too, knowing what the intent to be. Because in California there's definitely a lot of funding dollars needed for some of these projects to provide housing. I think that would less than my concern.

MS. TAYLOR: Same.

MS. BRAUNSTEIN: Thank you very much for your testimony.

Welcome to the panel. Just a few housekeeping notes. When it's your turn to speak, speak directly into a microphone so everyone can hear you. Keep an eye on Ian over there who is the timekeeper. You each will have three minutes and he'll give you a signal when you have one left and then one when your time is up. Please begin your statement by stating your name and affiliation. With that, Mr. Boney, you're up first.

MR. BONEY: My name the Jeffery L. Boney. I'm the founder and CEO of the Texas Business Alliance. I want to start off by thanking you all for holding this allowing me to share my support unequivocally for this acquisition of Capital One Bank, acquiring ING Direct. On behalf of the Texas Business Alliance, also known as TBA, board of directors, it is with great excitement that I express my approval for our TBA member, Capital One Bank.

TBA is a state-wide membership driven nonprofit organization that is committed to promote, advocate, and development minority and women businesses, small businesses to better compete in the mark place, at home and abroad, grow jobs and contribute to the health and vitality of our economy.

We truly care about the prosperity of people in Texas and abroad. Capital One Bank and their representative, Laurie Vignaud, have been tremendous advocates of TBA's programs and initiatives to equip women and minority business, owners in developing youth through financial literacy and leadership development. Some of the programs that they've been integrated from the onset supporting are our business enterprise academy, which is a six-month incubator program for minority women businesses where we teach minority women businesses how to build a bitter business in six months as well as how to complete effectively in RPFs in the private sector, public sector, and governmental arena.

Another program they support is our one woman initiative and our one woman national business conference, which is a two-day development conference whereby Capital One provides alleged capital as well as resources to help equip women businesses to better build businesses and go for opportunities to grow as business owners.

Lastly, they support our youth entrepreneurship academy, which is a six-month academy where we teach teens, ages 14 to 19, not only how to build businesses and learn about business, but they actually start businesses. Through their resources, these young entrepreneurs open up business accounts, they get business plans, they have DBAs, and they actually make money.

TBA was very fortunate to have Capital One host our class of recent graduates for the entire year this year and over the year, we've helped to successfully create nearly 20 small businesses for ages 14 to 19. We're very excited about Capital One's support and initiative in being a part of what we're doing.

As a matter of fact, Capital One Bank was the first major bank partner and corporate contributor of the Texas Business Alliance and its programs. Because of their dedication and support from the onset, we have been able to deliver quality programs to the Texas small business community and our youth. The resources and partnership with ING Direct should allow for more bankers, resources and engagement for the minority and women-owned business community. Capital One Bank's acquisition of ING Direct provides an optimal and financial combination of financial and banking assets to add capacity sooner than later and provide an opportunity to strengthen the community in the near term for both bank's customers and partners.

Once again, I want to share my sincere excitement as a former banker of eleven years myself in the small business banking arena about this acquisition and hope you approve this acquisition with all confidence. Thank you.

MS. BRAUNSTEIN: Thank you.

MR. SCHEUER: Hi. I'm Jeff Scheuer. I'm Director of Corporate and Foundation Relations at Common Ground. We're a 501c3 nonprofit, probably the largest supporting housing provider in the country, but certainly in New York state. I'm not here to support or not support Capital One, I'm just here to speak on their contribution to our work.

Over the last five years, they have provided very generous, unrestricted grants to our programs. But, most recently, they have become an investor, they have helped us create a new 160 unit supportive housing property. It's going to be a 43 million dollar structure in Brownfield Brooklyn.

They are providing 13 million dollars in equity and they're doing I think about half of the construction loan at 22 million dollars. More importantly, we are the recipient of their first social purpose investment grant ever. So I think the concept is to take some of the profits that they're making out of these investments, these CRA investments, and funnel them into social services within -- related to the project that they're making money in.

In our instance, they're funding a five-year program to add employment, counseling, job readiness, education, continuing education, and financial literacy at $70,000 a year for five years. What's sort of extraordinary, it's probably very noteworthy, is that they have asked us to make the program available to other residence in the community outside of the project they're supporting. This project I should note is for chronically homeless individuals if we have the capacity to do so. So they have, you know, in our instance, they've definitely demonstrated a commitment on a large scale to community betterment. So that's what I have to say.

MS. BRAUNSTEIN: Thank you.

MS. ANDERSON: Thank you very much. I'm Una Anderson with New Orleans Neighborhood Development Collaborative. I'm delighted to be here to speak in support of Capital One's acquisition of ING Direct. NONDC creates high-quality housing choices in Central City New Orleans. Central City is a very disinvested neighborhood and NONDC takes a holistic approach. We not only build housing, both high-quality and energy-efficient homes, but we actively work to eliminate blight, which if you know New Orleans history even before Katrina we had a great deal of blight, we had a great deal of blight within that city, and we replaced it with new homes. We demolished and maintained a lot. We link and leverage residents to various resources, especially around community safety. We encourage the development of community assets such as parks, libraries, community centers and commercial corridors and we're also the local development partner on the redevelopment of the old CJ Peete Pubic Housing site with McCormick Baron, which shall remain, with 460 mixed-income rental units.

Capital One has been a very responsive and community partner in this work. Their contribution has allowed NONDC to make significant strides for the renaissance in the New Orleans Central City. Capital One, through its community development department made the first lending available to NONDC to prepare our low-income buyers for home ownership. Since this catalytic funding, NONDC has further developed the system for credit counting and remediation for low-income home buyers and has sold this year five homes to new home buyers in Central City neighborhood and has plan, purchase agreements for an additional five and plans to complete 20 sales by the end of this year.

In that particular effort, Mark Boucree, of the Community Development Department, has taken a leadership role in what we call the Own to Credit Program (phonetic), which is a marketing effort to bring people into home ownership who may not have thought about it previously. He has been instrumental in funding that marketing effort.

In addition to that, Laurie Vignaud, in the Community Developing Department has previously served on the NONDC's Board. Mark Boucree currently serves on NONDC's board. They have made financing available at rates that bring down or total cost on or houses and make those homes for available for first time home buyers. In that effort they have partnered with enterprise. It was an effort that took a lot of work. NONDC is really the first customer that is able locally to take advantage of that partnership with enterprise through Capital One's efforts. So we appreciated their work.

MS. BRAUNSTEIN: Thank you.

MS. WARE: Good afternoon, I'm Jennifer Ware with the YWCA Metropolitan Dallas and thank you for the opportunity to be here today and for your patience and your focus you get 60 perspectives on this situation. Forgive me as I read, but I want to keep us track, Ian.

I'm here today to talk about our work with Capital One in the Dallas, Texas area. Capital One's been an outstanding partner with us over the last five years providing financial support, volunteer leadership on the board of directors, and hands-on volunteer work with our clients. Capital One's investment and programs targeting low-to-moderate income families, allowed YW to reach more families in need, with stronger programs that support asset-building initiatives including: Comprehensive financial education, continuing education, individual development accounts or match savings and individual financial coaching. on asset-building initiatives. Through working collaborative partnerships, YW is reshaping the way local organizations work with their clients. We're introducing the concepts of asset-building strategies as a long-term solution to moving families out of poverty. Capital One support helps drive YW's success.

In the recent -- since this date of release about two weeks ago, a frightening statistic came out in Dallas, which is one in three female head of households lives in poverty. Working and earning minimum wage, a single mother in Dallas struggles to get by. She has no savings, no retirement, and no rainy day fund when her car breaks down and her children get six. She barely gets by. She certainly does not get ahead. This is where YW steps in to help break the circle of poverty and this is where we get support, like Capital One helps make a difference.

This year at YW will serve 4,000 families with results showing a reduction in debt, increased credit scores, savings goals and purchasing assets.
Sorry, I was listening and adding, writing quickly.

In July of 2010, YW received a grant through Assets for Independence for $195,000 to be expended over the next five years. With the AFI grant, YW provides Individual Development Accounts, matched savings, for LMI clients saving to purchase an asset. Assets include: First-time home, starting a business, or post-secondary education. YW matches 4 to 1 up to $4,000 per individual. We offer -- we're the only IDA program available In North Texas.

Capital One helped us provide the first match dollars for this grant and is our banking partner. They gave us an award of $45,000, which allowed us to leverage an additional $45,000 in federal monies to use to match the savings of LMI participants. To date, Capital One is the only financial institution that has invested in the Individual Account Program.

The majority of clients served by the YW are minority clients, majority are female and their ages are between 25 and 44. What we like about Capital One is they offer outside-of-the-box ideas to strengthen LMI families and communities. Whether it's a sport engagement, we had board representation from Capital One since 2007 or program design, Capital One is always responsive to our needs. This level of communication and engagement is critical to our needs. Oh, I have to stop -- is critical, let me get to the last sentence.

Capital One is not a bank that makes a contribution and waits twelve months for a program report. Rather, they are a philanthropic investor who provides input, volunteer support and leadership throughout the lifetime of the gift to maximize the return on their investment for the working poor and the community. Thank you.

MS. BREMOND: Good afternoon. I am Lucy Bremond and in my capacity as Senior Manager of Community Engagement with the Houston Independent School District, I am very pleased to support Capital One bank's desire to merge with ING Direct.

Capital One's bank level of commitment with the district and the Houston community has been phenomenal. Our students, teachers, and administrators have greatly benefitted from Capital One's bank generosity and support. The Houston Independent School District is the largest district in the state of Texas, the seven largest district in the United States. 298 schools, more than 200,000 students, the 301-square mile district is one of the largest employers in Houston. Our student population is very diversion. 60 percent Hispanic, 27 percent African-American, 7 percent white and 3 percent Asian. 80 percent of our students come from economically-disadvantaged homes.

We exist to strengthen the foundation of Houston and we're working to achieve our vision of having an effective teacher in every classroom, effective principals in every school, and a culture of trust through action. As you consider Capital One's application, please keep in mind the following contribution and commitments in support of the district's visions and goals.

This year Capital One was the major contributor for HISD back to school fest, in partnership with the city of Houston. We wanted to insure that every single student in the Houston Independent School District was ready to start school. 25,000 students benefited from this effort. Capital One has provided sponsorship in volunteers for the principals-for-a-day program where we bring together business executives and community leaders to go into the schools with the possibility of forming ongoing partnerships. They have provided support for HISD middle school principal leadership development, they have committed volunteers to renovate three of our libraries. They have partner with organizations, a lot of them you heard today to provide academic and literacy programs to help learn financial skills and it was their idea to develop an early childhood commitment to financial liberty in the Houston Independent School District.

Most importantly, Capital One, at every, the presidential level, had taken the time to go into our schools learning first happened by talking with principals what do you need to improve student achievement at your school and they have collaborated with us to provide the resources and collaborate with other businesses in Houston to get the resources for these schools.

I believe with its proven track record and willingness to help, that the merger between Capital One Bank and ING can only strengthen the company's resolve in its capacity to enrich, contribute, and better engage in the communities in which it serves. We look forward to the continued support in collaboration to positively impact student achievement in the Houston School District. Thank you.

MS. BRAUNSTEIN: Thank you. Mr. Henry.

MR. HENRY: Good afternoon. My name is Norman Henry and I'm the President and founder of Builders of Hope CDC in Dallas, Texas. We were formed eleven years ago to address the economic and instability issues within in inner-city communities in our area.

One of the things we want to do today is talk about Capital One, not from just a banking perspective, but Capital One has been a corporation that is involved in changing systems, changing the way we do things and the way that creates sustainable healthy communities. Capital One has been involved in our organization not just from a funding perspective, but also looking at how do we do things better. Fannie Mae did a study back in 2005 that said 50 percent of Americans who got sold prime loans could have got a fixed rate loan. The system was wrong in delivering affordable housing mortgages. We need to change that, the way things are done. Capital One is working with the nonprofits in the Dallas area. They have formed a collaborative with us to help bring together partners within the community from the banking -- from the title company, the builders and the counselors to work together to say how do we not only help families buy a home, but how do we help them keep a home?

We have a system that works and helping families to acquire home ownership but also looking at those support services those families need for them to stay in a home. Capital One is not just a bank about lending money, but it's also about caring about our communities in a personal way.

We support the application because Capital One is an excellent bank with a great reputation and they're a great community partner in our community. They can take those assets, those deposits that are in ING sitting there and get money back out into our communities in the form of loans and banks. Most importantly they also get their corporate employees out not community, to get involve and provide technical assistance and support service for nonprofits. Capital One is the innovative and creative corporation. They have the abilities to deliver on the needs of these consumers and the needs of our community and we support the application very much so.

I just want to say that as an organization, as a leader that's been involved in nonprofit for over 25 years, Capital One is a bank that deserves the opportunity to acquire this institution. We believe they will be a good steward of those resources to reinvest those back into the community in a meaningful way that will make an impact. Thank you for your time and we appreciate this opportunity very much.

MS. BRAUNSTEIN: Thank you. Any questions from this panel? Thank you very much for your testimony. At this point we are going to take a short break. We will reconvene at 3:45. Take 15 minutes.
(Whereupon, a recess was taken at 3:30 p.m.)

MS. BRAUNSTEIN: It's a few minutes early, but we'll get started. Oh, hey, Gayle. I didn't get to say hi to you. Just some reminders, please when you give your statements, speak directly into the microphone and start with your name and your affiliation.

Also, keep an eye on our timekeeper who will give you a sign when you have one minute left and then when you're time is up, then you have three minutes. With that, we can get started. Do you want to lead off.

MS. BROWN: Absolutely. Thank you very much and thank you for the opportunity to speak today and for holding these hearings. My name is Maeve Elise Brown, I'm the Executive Director of Housing and Economic Rights Advocates.

We're a legal service nonprofit located in Oakland, California. We focus on predatory mortgage lending abuses, abusive mortgage servicing practices. We opened our doors in June of 2005. We do modification advocacy as well as litigation and trainings, et cetera, so we deal with consumers, a huge amount. This year we counseling over 1500 people already, which is more people than last year. So we're very familiar with the home modification program, we're familiar with mortgage lending and affordable mortgage lending and unaffordable mortgage lending which has helped to contribute to the crisis.

Access to affordable home mortgage lending with reasonable terms is absolutely critically important for California's low and moderate income residents. As mortgage lending has dried up nationally, and as hundreds of financial institutions have closed their doors as a result of very risky lending practices, a lot, many having closed because of high-cost lending with onerous loan terms, inadequate lending practices. Consumers are in more need than ever of affordable, fair, reasonably-priced mortgage lending products.

We're particularly concerned as the drum beat gets going for home mortgage lending to begin again that we make sure proactively this time that there are -- that we are aware of who is in the market and how they do business before coming into the market and take steps to make sure the same predatory, abusive practices that took place and helped lead to the crash don't reoccur.

We are concerned about Capital One's proposed takeover -- purchase of ING Bank. Capital One does not meet California's need for these types of affordable loans with reasonable terms. It has not been a big mortgage lender in California as yet. In fact, the bank has refused to loan to many borrowers nationwide who are otherwise qualified for FHA loans which is of some deep concern to us. As you know, FHA lending, the primary form of lending that's being done to consumers right now, is a safer way for lenders to get into the low and moderate income community mortgage lending. Even though it does have homes facing foreclosure, Capital One does not participate in the California Keep Your Home Program. It filed over 1,000 foreclosures in California since 2008. I have submitted written comments I'm not going to read everything on this page.

I will note as far as ING, we have dealt with ING in our office a few times. They have, according to first American core logic over 17,000 loans in California and they have offered very little in the way of modification assistance. So we are concerned there is not a structure in place even at ING to really compensate any concerns. Thank you very much.

MS. BRAUNSTEIN: Thank you. Mr. Corral.

MR. CORRAL: Hi, good afternoon. My name is Victor Corral. I'm the evaluation analyst at the Mission Development Economic Development Agency. We are a 38-year-old organization that provides asset-building terms to the low and moderate income, Latino population in San Francisco. We provide financial education, home ownership counseling, foreclosure, intervention, counseling, business, technical assistance, and free tax preparation services.

Three-fourths of our clients are people of color, over half are Latino and 60 percent are immigrants. 70 percent of our clients have earnings below 80 percent of the area median income as established by the Department of Housing and Urban Development.

A large percentage of our members in our community are unbanked and lack access culturally and linguistically appropriate financial products and services that are safe and affordable. Without adequate financial institutions, the mission district has the greatest number of check cashing establishments per capita in California.

As a result, many in our community don't save their money, build credit by phones or have the capital to start a business. When banks invest in our community, people have a place to put in growing money and access loans to start a business or buy a home. When banks give to community organizations, they increase the capacity to provide critical services to the clients and help move them to become economically secure. Therefore, to ensure a merger that provides critical financial services to these communities in a way that is fair and equitable, we request that Capital One commit to the following: Offer products that are accessible to low-income households and accept matricula consular as ID and have no or limited fees for ATM use. Offer consumer loans that help lower income families save and build their credit with low annual interest rates and fewer and smaller finance charges and fees.

We request a return to offering small business administration products for California small businesses, especially those in low to moderate income neighborhoods that are minority and women owned. Also offer small business loans under $250,000 to micro entrepreneurs. Invest in small businesses loan pools that work with very small businesses and set aggressive goals to originate affordable home loans, including to California's large racial and ethnic minority populations.

We also ask they participate in the Keep Your Home California Program and include the principal reduction component of the program: We also ask to support nonprofit housing counselors for helping Californians avoid foreclose and to vote a significant percentage of all net income before taxes from California to California nonprofits and target 50 percent of all philanthropy to housing community developments.

As you know, it is precisely during these tough economic times that family need banks to serve their needs.

That will help them rebuilt their economic security and put them on path's prosperity. We can no longer afford to have banks that take and not give. It is not sustainable for our communities or for California. Right now Capital One is not reinvesting in the very communities that help drive their profits.

On behalf of the Mission Economic Development Agency and the community we serve, I urge the Federal Reserve to require that Capital One reinvest is California and help our communities succeed. Thank you.

MS. BRAUNSTEIN: Thank you. Ms. Gonzales.

MS. GONZALES: I'm Viola Gonzales, I'm the Chief Executive Officer for A New America Community Corporation. I come today to speak against the acquisition unless you, as Federal Reserve Bank, require Capital One to meet CRA reinvestment obligations like other banks that serve our community. We look to the federal government to create a fair playing field for commerce and communities, a goal that all Americans have for their government.

Capital One has managed to paper its name on every form of public transit, reaching out to every market segment and very income strata with the help of a broad marketing campaign. Capital One has clearly identified the community of California as a market. If it chooses to reach into every nook and cranny of this community, then it must also meet its obligations to the consumer base it serves. Why should Capital One be less obligated than the next bank? Not having physical branches here is a marketing choice, not an obligation choice. Saving by not opening branches should not lead to saving by avoiding the Community Reinvestment Act. We must change the rules to keep up with the times. Capital One sidesteps opening branches to avoid community responsibility.

I come here as Chief Executive Officer of a nonprofit also an asset-building organization, micro development organization. We serve low-income families throughout the nine county San Francisco Bay Area. Our mission is to promote the long term economic empowerment of new Americans, new citizens, immigrants and refugees, and to encourage their full participation in the political, social and cultural growth of America.

Our metrics have always included creation of jobs and increase in assets. In over a decade, we certainly touched the lives of over 11,000 low-income individuals, the majority through financial education.

Our clients seek banking relationships. Our signature program follows a client up to three years. Formal business planning followed by technical assistance for either startups or expanding the businesses. We get to know our clients, the credit and other financial needs of their businesses and the families they support. For these micro enterprises, often with five or fewer employees and often with credit needs under $100,000, there is no difference in consumer and small business lending.

I also add my voice to the recommendations that have been going previously by Victor Corral. Capital One should offer affordable banking products that help families save and build good credit. They should be offering savings and checking tools that do not require direct deposit. With so many unemployed and the shift to self-employment, this is no longer a viable option. It should be offering bank accounts to be opened with government IDs. It should be offering SBA products for California SBA. It should be offering small business loans under 250,000, investing in CDFIs in small business loan pools that benefit low-income families and neighborhoods. It should be supporting small business technical assistance programs. It should be using some of its vast wealth or for creative philanthropy to invest in financial education, technical assistance and support of non-traditional micro lenders across the country in proportion to that market's contribution to Capital One's own wealth. Thank you very much.

MS. BRAUNSTEIN: Thank you.

MR. LANE: Thank you so much for your patience and endurance today; we appreciate the opportunity. My name is Michael Lane and I serve as Policy Director for the Nonprofit Housing Association of Northern California.
I speak to you on behalf of more than 750 members, including over 60 nonprofit affordable housing developers with well over 100,000 units of affordable housing produced.

As you know, the Community Reinvestment Act is critical to ensuring that large financial institutions are investing in the communities in which they do business.
CRA-mandated investments provide key financing for the construction of homes affordable of lowest-income Californians.

If this merger were to be approved, Capital One would be the fifth largest bank in the country.
While Capital One issues more credit cards
California than in any other state, unlike the other large banks, it has not made investments in California for affordable housing and community development. We would like to see this discrepancy addressed and remedied before the acquisition of ING Direct is approved. Capital One does not invest in California's effort to build and preserve affordable housing for low-income families.

Currently, the bank only supports national affordable housing investment funds without any focus on California-based funds that meet the needs of local nonprofits that work to house families in affordable housing.
In our view, the Board should follow the precedent of the OCC and impose CRA area assessments for housing and community development on virtual or internet banks in the geographic areas where the bank has customers, does business and makes its profits.

The fact is, Capital One is not reinvesting in California and won't unless the Federal Reserve requires them to do so. Capital One should be required to reinvest in

California and support our community development needs.

A majorities of renter households in every Bay Area county cannot afford a two-bedroom apartment at fair-market rent, meaning that more than 30 percent of their income is spent on rent.

California needs 220,000 new homes and apartments each year to keep pace with population growth, but in 2009, the state issued its lowest number of building permits since tracking of the data began in 1967.
There is a tremendous need for affordable, workforce housing in our state and in the Bay Area, including both rental family housing and homeownership. Capital One is needed in this space. Ensuring additional competition, investors and lenders to finance the construction of affordable housing is an extremely important business and public policy goal that the Federal Reserve should recognize and endorse in this merger process.

As the other mega-banks do, Capital One must invest in California-based affordable housing efforts and finance for pre-development, construction, and permanent finance for housing that is affordable to low-income families and lend to California-based affordable housing developers that build affordable low-income people. And we appreciate the opportunity to provide this testimony.

MS. BRAUNSTEIN: Thank you.

MS. BURKS: Good afternoon and thank you for the opportunity to speak. I know you're tired. We submitted comments and we'll be supplementing those comments. Today I would like to make three quick points, mostly related to Nevada.

My name is Gail Burks, I'm with Nevada Fair Housing Center. We've been around for a very long time, since 1995. We've worked enforcement issues, consumer, and housing issues.

Over the last couple of years, the idea of community reinvestment has been demonized from both ends of the spectrum. On the one hand, you have people saying that it's a bad rule and it caused the meltdown and on the other hand you have people asking for things that are defined and trying to say the capital system should come to an end. The real answer and the reasonable answer is someplace in the middle.
Capital One, in the State of Nevada, May in 2007 and we don't have real-time HMDA data, which has always been a problem. They made 621 prime loans and of those, only 9.5 percent went to moderate communities.

If terms of their small business, less than 14 percent, about 13 to be exact, went to small businesses that had revenues less than 250,000. The majority of the small business loans, and they haven't admitted that they looked at that market, went to businesses earning $250,000 or more.

One of the things that has declined in Nevada with the 13.4 percent unemployment rate, as you probably know, is all lending in 2009 and 2010. We say if Capital One decides to buy HSBC, one of the things that we need is a clear plan as to how the community will be served. HSBC is a major credit card facility in Nevada, it employs lots of people. We don't want the employment rate to go up another 2 percent. So a global commitment we think does not really address the communities that they serve. They do serve our market and we need to know how they continue to plan to serve that market.

In addition to that, we are not here to debate the legitimacy of sub-prime. As an agency that works from preservation and of foreclosure prevention, we know if you don't have credit in the market, something will come to replace that. Legitimate sub-prime is needed and appropriate. What we don't want is something that comes along after sub-prime that's worse.

I think the biggest opportunity that we have with this merger is to restore confidence to the capital system and it's a tough job, but I have faith that this body can do that.

So how do we do that? If we approve the merger, we make sure they address how they're going to be lending in the market they serve. We make sure that we let the public know that we believe in safe and sound lending and that's it's important and, more importantly, despite the grants, the investments or any service that Capital One has provided that cannot replace what would be appropriate lending to the consumers that we all see. Thank you.

MS. BRAUNSTEIN: Thank you. Mr. Helms.

MR. HELMS: Hi. I'm Charlie Helms with Apprisen Financial Advocates; I'm based in Seattle. I want to take this opportunity to thank the Federal Reserve Board of Governors for granting me this opportunity to speak out about Capital One's proposed acquisition of ING Direct and I'm going to switch to reading so I don't miss anything and stay within my time limits.

Apprisen Financial Advocates founded in 1955, is the first and oldest nonprofit consumer credit counseling agency in the nation. We have offices in ten states and in 2010 we conducted 58,000 no-charge, confidential financial counseling sessions and touched 36,000 more individuals through our function education programs. The majority of the people participating in our programs are low to moderate income.

Judging from its past performance, I'm very concerned about the negative impact this acquisition and Capital One's subsequent growth could have on our community.

We are reeling from the near-collapse of the too-big-to-fail banks and I find it preposterous that we are even considering allowing the creation of one more too-big-to-fail financial institution.

We need and want strong banking partners in our communities. Without meaningful commitments from our banks, I see no way that our nation will rebuild our battered economy and restore employment.

However, Capital One's track record in my home state of Washington indicates that this financial institution, while desiring a stronger national presence, has little interest in helping strengthen the communities from which they derive revenue.

After hearing the testimony of some of the preceding panelists, I now know Capital One consciously abandoned the majority of the areas where they do business to focus their community investments within their limited CRA assessment areas, like Texas for example.

According to AD Age, Capital One reduced its annual advertising budget to 362 million dollars 2010. That's a reduction of about 288 million dollars from 2008 spending, a more or less 43 percent cut.

Now, however drastic a 43 percent advertising budget cut my sound, it pales in comparison to what Capital One decided to do in Washington communities.

They decided to cut the number of prime rate home loans they made from 2007 to 2009 by 99 percent. On top of that, they also decreased their lending to low-to-moderate-income borrowers by 99 percent during that same period. In contrast, during the same period, all other lenders, as a group, increased their prime lending by 55 percent to low-to-moderate-income borrowers.

As a staff member of HUD-approved housing counseling agency that counseled over 13,000 individuals and families last year, I know how critical it is to our nation and individual recovery that strong financial institutions step up to the plate and make responsible home loans to help rebuild our communities.

Very recently Capital One announced, in reference to their acquisition of ING Direct, 180 billion ten-year community commitment. I find it disingenuous that 104 billion of this commitment is targeted on consumer lending, focused on credit cards, auto loans, and other consumer loans, which represent no deviation from Capital One's primary business loans.

In closing, I do not see any public benefit identified by Capital One that outweighs the risk to our financial system by creating an additional too-big-to-fail bank. Their last-minute commitment to a limited number of communities lacks proper focus and the risk of this deal far outweighs any potential benefit. Thanks for granting me the time to testify before you today.

MS. BRAUNSTEIN: That you very much. Any questions for this panel? Thank you very much for your testimony. Bring up the next.

Okay. Welcome to our panelists. Just a few notes to make sure, which I see you're ready to do right into the microphone, and begin your statement with your name and affiliation. Keep an eye on our timekeeper who will signal you when you have one minute left and then when you're time is up. Everybody has three minutes. Ms. Ragsdale.

MS. RAGSDALE: Thank you for this opportunity. My name is Diane Ragsdale, I am the Managing Director of Inner-city Community Development Corporation, known as ICDC of Dallas, Texas.

ICDC has existed for 25 years. ICDC provides housing, counseling, business coaching. We sell and build homes, as well as we provide financial literacy. We have had several, should I really say many relationships with financial institutions over 25 years and I'm going to say that this is a unique relationship with Capital One with respect to its responsiveness, its leadership, and its impact.

When George Campbell, the Vice President of Community Development Banking of the Dallas market of Capital One came into Dallas, if you will, she began to communicate with nonprofit Community Development Corporation to determine our needs and to identify our gaps. She recognized, with our help, that a collaborative was needed to education and to qualify new home buyers. The name of the collaborative is the Dallas Home Connection.

One of the major programs of the collaborative is the HomeBuyers Club and the HomeBuyers Club is administered by the Dallas Urban League and this shows that a number of entities come forward as a result of Capital One's initiative to do something good in the community and, in particular, to help people qualify for homes as well as to keep their homes.

As a result of HomeBuyers Club, the CDC members pool our limited resources to educate and qualify home buyers. Capital One has been the driving force behind the HomeBuyers

Club. Capital One stepped forward with professional support and funding to help with the staffing of the HomeBuyers Club. The national marketing department of Capital One donated and continue to donate their resources.

The CDC collaborative members became inspired and motivated and as a result of such, we, too, contributed financially to the collaborative, to the Dallas HomeBuyers Club. The enterprise community partners requested to come forward and to be part of the collaborative as well.

The bottom line and, in closing, is that the collaborative has begun to grow and expand as a result of Capital One's initiative. As a result of that, the neighborhoods within Southern Dallas, the disenfranchised neighborhoods within Southern Dallas have begun to change. Thank you, so very kind.

MS. BRAUNSTEIN: Thank you. Could you pass the microphone, please? Mr. Matthew.

MR. MATTHEW: Good afternoon. My name is Rohan Matthew. I'm the Executive Director of the Intersect Fund of New Brunswick, New Jersey. I'm here today to testify about the charitable support our organization has received from Capital One and their commitment to investing in our work and micro financing and method building in low-income communities.

The Intersect Fund is a nonprofit organization based in New Brunswick, New Jersey whose mission is to empower entrepreneurs so they can build strong businesses that generate income, build assets and force dramatic social changes in their communities.

Since our founding in 2008, we have provided more than 500 caterers, cleaning services and handy men with expert training, coaching and micro financing under $10,000. Through these efforts we're creating jobs where unemployment is at an all-time high. We have a vision for a thriving local economy where businesses are opening instead of closing and children have entrepreneurial role models in their lives.

The Intersect Fund also believes that a strong credit score and credit profile is an asset for entrepreneurs in life and business. Last year we launched a credit builder loan product that included an opportunity for borrowers to obtain a $200 Capital One secure credit card and establish an active trade line while also receiving financial coaching to learn how to manage credit responsibly.

When we needed help to make sure our borrowers were able to access these cards, despite barriers such as language proficiency, inexperience with the formal financial system, Capital One went above and beyond to help. One of these went to Jorge, one of our clients that lives in Newark, New Jersey. Jorge wakes up at 4 a.m. each morning to work as a forklift operator at a local warehouse. A local immigrant, Jorge came to us without a bank account or credit score. In fact, according the credit bureaus, he didn't even exist.

After we approved him for a credit loan things started to change. After just six months of payments, he had a 660 FICO sore and was shocked to find out he didn't have to put down a sizable deposit when he was signing up for a cell phone.

He was able to use his Capital One credit card as in interest-free loan when he needed to buy groceries a few days before his pay day. After he paid off his credit loan, he came back to apply for a $2500 loan to buy a hot dog cart and start a new business. When we reviewed his application, we found out he now had a bank account and was getting his paycheck direct deposited instead of going to a check cashier like he was before.

Jorge is now on his third loan and has bought multiple carts he's well on his way to building a hot dog cart empire in Newark, New Jersey.

We would see support from a number of banks, but in our opinion, Capital One has distinguished itself by not just providing financial support, but the active engagement in the company to make their product available in a responsible and productive way to underserved communities.

Through our partnership, we have made 53 credible loans in less than twelve months. 88 percent of these clients were able to increase their credit score with an immediate increase of 70 points. The Intersect Fund is proud to partner with Capital One to bring more Americans in the financial mainstream and is grateful for the long-term economic empowerment in the areas that need it most.

We hope they continue with us so over time more communities can benefit from the of power micro finance and micro enterprise development.

MS. BRAUNSTEIN: Thank you. Mr. Gross

MR. GROSS: Thank you. My name is Rich Gross. I'm the Vice President of Market Leader for Northern California for Enterprise Community Partners. Enterprise is a national nonprofit organization committed to providing opportunities to low and moderate income people by making decent, affordable housing possible in strong and vibrant communities.

Since 1982, we have invested more than 11 billion dollars to create nearly 300,000 homes across the United

States. I'm here to today to highlight how Enterprise and Capital One have partnered over the years and to voice our hope that Capital One will grow that partnership here in California.

Our work would not be possible without active and responsive private sector institutions like Capital One. Today our nation faces a critical shortage of affordable housing in a recession that has left many people struggling economically. Families with children has become fastest growing segment of the homeless population.

Further, the economic and political changes in the past, several years have created unprecedented challenges. Community-based nonprofit and for-profit developers of affordable housing, particularly in California, face depleted financial resources and increasing demand for housing and services they provide. These factors threaten the viability of affordable housing as well as the organizations that build and support them throughout our community.

Against this backdrop of risky, Capital One has contributed equity, loan, and grant support in many of our markets. Capital One invested more than 200 million dollars in Enterprise alone, helping to develop 22,000 affordable homes.

Creating affordable housing and revitalizing communities requires thoughtful tailored approaches and we believe Capital One understands that.
In the Gulf Coast region, Enterprise remained on the ground since the hurricanes of 2005 and Capital One stepped in early to help Enterprise and partnered with Enterprise to create the Louisiana Loan Fund.

Our experience with Capital One gives the hope and expectation that similar ventures can be developed to address the needs that are specific to California. Capital One has shown it can be a natural ally in support of these efforts. California has a crisis and affordable housing in both rental and home ownership markets and neighborhoods have been devastated in the recent economic crisis. There's a thriving and innovative housing sector in California but researchers of reorganizations to function are increasingly scarce.

Current CRA regulations did not provide incentive to invest outside defined assessment areas or activities outside the established eligible, credible list. This topic deserves far more discussion than we are able to give it today, but Enterprise strongly supports updating CRA to reflect the modern branch industry and to ensure the needs of lower-income communities are adequately met across the country.

In the meantime, we encourage Capital One to ramp up their work with local and national organizations like Enterprise and do more to respond to the needs of California, a state which provides considerable revenue and business to Capital One each year.

Enterprise is glad to partner with Capital One, they're a trusted resource integral fan of giving capital, helping us identify and implement community solutions. Thank you.

MS. BRAUNSTEIN: Thank you. Mr. Kong.

MR. KONG: Good afternoon. I am Kevin Kong. As a Director of Asian Americans for Equality, also known as AAFE, a community-based organization that has served New York City's Asian an immigrant communities for over 37 years, I am testifying in support of Capital One's long-time involvement in community development in all five boroughs New York City. AAFE first partnered with Capital One through our common membership in the in the New York Mortgage Coalition, a New York City-based network of financial institutions and community housing agencies dedicated to helping low-to-moderate-income families become first-time homebuyers.

One of the mortgage loan products the AAFE and other New York Mortgage Coalition members often find suitable for low-to-moderate first-time homebuyers is the Capital One Affordable Mortgage Program, which offers an affordable loan product that assists low-to-moderate-income first-time homebuyers to leverage HUD-approved home buying education, up to $6,000 closing cost assistance and waiver of private mortgage insurance towards successful home ownership.

Over the years, Capital One Mortgage Program has enabled hundreds of New York City's Asian and immigrant residents to become sustainable first-time homebuyers. Capital One also sustains many of New York City's community stabilizing and community building programs. One most recent example is Capital One's support of AAFE's Energy Efficiency Loan Pool Network. In light of New York City's aging housing stock and instability for many homeowners to move or relocate due to financial restraints, retrofitting one's home toward energy efficiency has become a strategic way of cost-effective home maintenance.

In Spring 2011, Capital One's $200,000 line of credit investment to AAFE's rehabilitation loan fund enabled the organization to the Loan Pool Network, working in concerted with neighborhood based non-profits to low and moderate income homeowners to obtain low cost home repair loans. This support greatly benefitted low-to-moderate-income homeowners in Queens and Brooklyn, two of New York City's boroughs that now have the largest and fastest growing Asian immigrant populations.

Capital One has been strategic in making a positive impact in New York City's next generation of immigrant youth leaders as well. AAFE offers English as a Second Language classes, financial literacy education, and college readiness preparation that often stem from community reinvestment efforts made by Capital One. Hundreds of students have received leadership development training from our Project College Bound initiative and subsequently pursued college education.

I am confident that with the acquisition of ING Direct, Capital One will continue to expand its community investments in New York City and beyond. Thank you.

MS. BRAUNSTEIN: Thank you. Ms. Palmer.

MS. PALMER: I am Lori Palmer. I am Chief Executive Officer of Girls Incorporated of Metropolitan Dallas. I visit with you today to share with you positive experiences we've had with Capital One over a period of ten years, actually more than ten years, and the ways in which Capital One's community reinvestments have positively impacted our organization and the community that we serve.

Girls Inc. is an out-of-school girl time program for girls ages 16 to 18. We provide educational opportunities, designed to build competencies in three areas: Academics, personal effectiveness, and college and career planning. With the critical objective being that our girls graduate from high school with real options for college and career and future economic independence.

We currently serve more than 1,000 girls after school during the school year and all day during the summer. Our new robust strategic plan calls for us to double that number by the year 2015. 62 percent of our girls live in a single-parent home or with neither parent. 80 percent reside in homes with the annual family income less than $25,000.

Currently, one-third of the girls are Hispanic and two-thirds are African-American. With our greatest growth occurring in the Hispanic community which now makes up 42 percent of the population of Dallas.

Our decade-long partnership with Capital One is based on three successful strategies: One, annual financial investments by Capital One in the education of girls from low-income families. Two, ongoing and effective engagement for Capital One associates in creating additional educational opportunities. Three, pro bono grants in which Capital One provide subject matter expertise to help expand our organization's capacity to achieve our goals.

In my written testimony, I have given several examples of each of these strategies. The positive results of this long term strategic relationship are many. Above all, the partnership has enabled us to significantly expand the scope and quality of our educational programming, understanding that the successful involvement of a girl in an out-of-school time program starting when she is very young is critical to her success in school. Success in school is in turn critical to her educational and career opportunities and in the long run, the success of a child, in this case a daughter, helps build a successful family which then contributes to a successful community.

In summary, it is my conclusion that after many years of leadership of experience in the nonprofit sector, our partnership with Capital One is both unique and distinct, putting Capital One at the top of the top tier in the formulation and sustenance of a successful strategy for educating low-income children.

It is my further conclusion that the corporate culture of Capital One clearly cultivates and fosters a high level of service in the community, among its employees at every level, based on a genuine respect for the value and the potential of a low-income children and families in which it invests and the community-based organizations with which it is working.

Thank you for receiving my comments. They are intended to support Capital One's proposed acquisition of ING.

MS. BRAUNSTEIN: Thank you. Ms. Taylor.

MS. TAYLOR: My name is Pamela Taylor and I am the Cofounder Executive Director of Dress For Success San Antonio and I am grateful for the continued support Capital One has provided for our nonprofit agency. I am here to testify in support of the merge between Capital One and ING.

In 2008, Dress For Success San Antonio was struggling for cash flow. We were a small, nonprofit agency that had been with a local bank since September 2002. We were dependent upon fundraisers, grants and some city and county funding, but could not quite grow to the next level. Our banking partner at the time, which was local, was not forthcoming any helping us to navigate which seemed like a daunting task.

When I met the team at Capital One, they were professional, compassionate and innovative, offering us a small line of credit which was all that we needed to stabilize our funding. This enabled us to hire and pay the staff necessary to serve our increased number of clients and to pay other operating expenses while waiting to receive the next infusion of cash from our fundraising efforts and grants. Dress for Success San Antonio is an affiliate of a worldwide organization with 114 affiliates in 14 countries.

The scope of support from our worldwide office generally does not entail financial assistance; therefore, all funding must come from other sources, particularly the local community. We have a direct impact on the city of San Antonio and Bear County by providing work force development service to low-income women and their families. Since September 2002, we have served over 5,000 women and positively affected over 12,000 children. We are now serving an average of 1200 women a year.

In 2009, dress for Success San Antonio was named the Professional Women's Group Affiliate of the Year by Dress for Success worldwide. It's an honor that is bestowed upon only one affiliate annually. We were selected for this top award from more than 100 affiliates in nine countries. It is the second international award that we have received.

One way they were able to distinguish ourselves from our sister affiliates is due to the financial literacy empowerment series that is underwritten by Capital One Bank. It a comprehensive program that includes modules on basic banking, building credit and much, much more.

For the more than 90 percent of our clients that have been victimized by domestic violence, economic abuse has been used as a way of keeping the victim in the abusive relationship. Knowledge is indeed power and financial literacy training empowers victims and gives them the tools they need in order to fight for themselves and their families, thus helping to break the cycle of domestic violence, homelessness, and poverty.

Capital One not only supports this program financially, they have also been instrumental in progress in the program development and implementation providing ongoing consultation, volunteers and speakers. Examples of success stories, of our success stories include clients who were literally living under the bridge in San Antonio who are now homeowners. Clients who didn't even have a GED who are now graduating from college and clients who have advanced in their years with multiple promotions. 100 percent of our clients are at or below the poverty level and either are on or eligible for public assistance. The vast majority of our clients come from homes where they experienced generational poverty, generational welfare and poverty. Over 80 percent of our clients are underrepresented minorities and 60 to 70 percent of our clients are initially homeless.

Were it not for Capital One Bank and the forward thinking that their team has provided in this small nonprofit, I do not believe where we are today. They are wonderful partners, not only providing financial support but also by volunteering and prompting nonprofit board membership of their staff. Jordana Barton, who is Vice President of Community Development Banking as Capital One serves on our board of directors and takes an active role in agency governance and fundraising. Mark Koshnick, San Antonio marketing president, also supports or fundraising efforts and financial empowerment series. I have no doubt Capital One Bank will continue their philosophy of serving the community, communities throughout our country, especially in today's economic climate, need compassionate corporate partners that will step up. Capital One is a shining example of what every company must strive to model.

I have summarized the letter I wrote to you that did submit for my testimony. One thing that is not in the letter that I want to share with you is the fact --

MS. BRAUNSTEIN: You need to wrap up.

MS. TAYLOR: Okay. I'm a survivor of domestic violence. I was homeless and I was on public assistance. I know that that it is absolutely critical that the financial literacy component to help victims of domestic violence, to not only help the women by the generational effect, it is imperative. Thank you so much.

MS. BRAUNSTEIN: Thank you very much. Any questions?

MS. GARTON: I actually had a very specific question for Mr. Gross. You indicated that your organization serves Northern California and I was just wondering how long have you had this or been engaged in this partnership with Capital One?

MR. GROSS: We're not engaged in Northern California because they are not active here. But for at least five years they're active in our equity investments and lending and grants in our other markets.

MS. GARTON: Thank you.

MS. BRAUNSTEIN: Anything else? Thank you very much for your testimony.For this panel, you've been around long enough totalk into the microphone, watch the timekeeper. Claudia, why don't you lead us.MS. VIEK: Good afternoon, it's nice to see you here and thanks for this opportunity.

My name is Claudia Viek and I'm the CEO of CAMEO, California Association for Micro Enterprise Opportunity. We're the network, the trade association for the micro enterprise and micro lenders in California. We have 85 members, which include 28 CDFIs, and they served collectively 21,000 businesses last year. Those businesses created 42,000 jobs. That's what we stand on and

I'm here today really to express our concern about the merger and its effect, how it could effect California.

You have heard so much today already about the needs in our state and the unemployment. Bottom line, California is a substantial customer base for Capital One and I just found this in my own wallet so I thought I would bring it up as a little prop. I'm a good example of that customer base for I think 15 years.

You heard the great work of Capital One from our colleagues in Texas and other states and what we would like the Federal Reserve to do is really take a look at the emerging markets in California. These are the ones served by CAMEO members and see what a great business opportunity they represent for Capital One. So it isn't just doing the right thing, it's doing something that's good for their business.

The small micro business sector of creating the jobs, the additional grants that Capital One could bring to California would help these businesses add more jobs. If just one out of three million non-employer businesses in California added one job, our unemployment problem would be almost solved. It takes capital and grants, technical assistance to do that.

We're calling upon Capital One and we would like the Federal Reserve to stipulate if you do approve the merger that they invest and provide grants to California because it will really experience a strong return on investment, not just financial but also in the well-being of the communities that are their current customers today. You've heard this, I know it's sort of smug for us in California to say that, but what's good for California will be good for Capital One. Thanks.

MS. BRAUNSTEIN: Thank you. Adam.

MR. FISHER: I have the honor of reading the testimony of Marva Smith Battle-Bey, she's Executive Director of Vermont Slauson Economic Development Corporation in Los Angeles, California.

I am here today to offer my testimony in opposition to the proposed acquisition of ING by Capital One. First and foremost the item that concerns me is the creation of yet another large institution without public benefit to taxpayers that balances out the associated risk. 75 percent of Capital One's income, 66 percent of its revenue comes from its credit card business.

The concentration on its credit card business and its failure to diversify means Capital One engages in a high-risk business motto that is not healthy for our economy. If this merger goes through, Capital One will use ING deposits to purchase HSBCs credit card business, turning safe deposits into sub-prime risk.

In addition, Capital One is the largest sub-prime auto lender in the United States with troubling practices that need to be looked at closely. Looking back add Capital One's acquisition of other banks should cause some concern. Chevy Chase, North Fork Bank, and Hibernia were all acquired by Capital One. Soon after this, prime home loans and small business lending to low-income borrowers significantly decreased.

This merger provides no public benefit and in fact this merger increases systemic risks to our financial system and will not serve to meet the credits of the minority and working-class communities. Thank you.

MS. BRAUNSTEIN: Thank you. Mr. Neri.

MR. NERI: I am Francis Neri, President and CEO of Advocates for Neighbors, a nonprofit based in Vallejo, California and we are a member of the California Reinvestment Coalition.

Our participation is home ownership preservation and including the quality of life in our community. But this won't happen if Capital One does not reinvest in California and emulate the footprints of other big banks in our great state.

Vallejo ranks among the highest foreclosure rates in California. We see blight in our communities because of lack of and cut backs in health and social services, economic and small business assistance, housing, mortgage lending, education, especially among the underserved minorities who often times have literacy problems and difficulty understanding their social and economic rights.

Capital One, which is acquiring ING Direct, is not reinvesting in California unless the Federal Reserve requires them to do so. We are here today to raise our vigilant voice against such a policy that has no place in civil society. We implore the Federal Reserve to require Capital One to invest in California and support California's communities to help improve our quality of life. Thank you.

MS. BRAUNSTEIN: Thank you. Ms. Pittman.

MS. PITTMAN: Thank you for the opportunity to give testimony today. My name is Asa Pittman and I represent the Law Foundation of Silicon Valley which is a San Jose-based nonprofit organization. We have provided legal services to low-income individuals in the area for nearly 40 years. Our services include helping homeowners avoid foreclosure and promoting fair lending practices, but our success in these efforts depends upon cooperation of banks and other lending institutions like Capital One.

Given Capital One's history of underserving low-income consumers, we are concerned about its expansion. For this reason, we are against the Capital One-ING merger.

We ask that the Federal Reserve make approval of the Capital One-ING merger contingent on Capital One's commitment to opening its financial services to all Californians regardless of their income level. Specifically, we would like to see several commitments, you've heard many of them today and we echo those concerns. But I would like to address two right now.

One is we would like to see Capital One provide more low-income accessible services. Due to the lack of financing options available to low-income families, many of them term to expensive, small loans called pay day loans to get by. The Law Foundation is a member of community movement against pay day usury. As a part of this movement, we encourage traditional lending issues to open branches in low-income areas and provide financial products that reduce the need for these fringe financial services.

However, Capital One's current baking services are virtually inaccessible able to low-income consumers. Capital One offers only online saving and checking accounts that require Social Security or state IDs to be opened. Low-income clients are less likely to have these documents or internet access.

We ask that Capital One expand its qualifying forms and develop a physical presence in California. If Capital One continues to have a principally internet base presence in California, we ask that the Federal Reserve follow the precedent of the office of the currency which imposes CRA assessment standards on internet banks based on where the banks do the most business.

Another commitment we would like to see from Capital One prior to a merger is their participation in affordable housing efforts in California, they have not done at this point. The Law Foundation supports state and municipal and affordable housing initiative and represents homeowners in foreclosure litigation. Capital One, in contrast, does not invest in California's efforts to deal with affordable housing.

It is not yet a major mortgage lender in California, making its lending practices and foreclosure protocols unknown. We are seeking a pre-merger commitment from Capital One to promote affordable housing in the state. We propose that Capital One do this by setting aggressive goals to originate affordable home loans and by joining the Keep Your Home California Program.

We would also like to see Capital One pledge to negotiate home negotiate loan modifications with delinquent homeowners in lieu of foreclosure.

As a concerned stakeholder, the Law Foundation in Silicon Valley can only request that Capital One only contribute to the community from which it profits. The Federal Reserve has the power to protect California and turn these requests in requirements. We ask you use it. Thank you for your time.

MS. BRAUNSTEIN: Thank you. I understand we have a statement from Ms. Ruiz that's going to be read by Liana Molina.

MS. MOLINA: Yes. My name is Maggie Ruiz. I'm the Senior Program Analyst for the San Diego City-County Reinvestment Task Force. Our office is located in San Diego, California, where we advocate for affordable housing, encourage small business development, and promote fair access to financial services by assisting financial institutions in identifying the credit and savings needs in the San Diego region. Even though I was not able to travel to San Francisco to personally present my testimony, I would like to hereby provide this written testimony about our concerns of Capital One's acquisition of ING.

Our primary concerns include: As a fair access to financial services advocate, our agency is mostly concerned that the proposed merger would create the fifth-largest bank in the nation, and as unlikely as it sounds, Capital One has no branches in San Diego or the entire State of California and only two ING Direct cafes. This merger is not good for the economic recovery of San Diego or California and will result in lower income neighborhoods being largely ignored when it comes to home mortgages and small business lending and job creation.

This access to financial service has been documented with Capital One's business practices and policies which have led to a pattern of discriminatory lending when they implemented a policy that disallowed federal housing administration loans to borrowers with credit scores between 580 and 620, even though FHA fully guarantees these loans.

Further, this proposed merger is being planned at a pivotal turning point, as it will represent the first true test in the Dodd-Frank Wall Street Reform and Consumer Protection Act, requirement that the Federal Reserve Board analyze systemic risk. I hereby recommend the Federal Reserve ensures the new entity is good for the lower-income communities and is in full compliance with the Community Reinvestment Act.

As an economic development and small business advocate, we are extremely concerned that even though we all have heard that in order for our nation to recover, the main focus should be on job creation and until this is the main strategy of our economic recovery fund, our nation economic recovery will continued to suffer. Capital One's small business lending under the Small Business Administration lending programs has essentially evaporated over the past four years. Small businesses are the backbone of our economy and they have been and will continue to be the principal mechanism for the economic recovery.

Capital One's abandonment of a major small business lending market for women, minorities, and veterans at such a crucial time is too significant to ignore.

We respectfully urge the Federal Reserve Board to consider our concerns when making a final decision on this proposed transaction and would like to thank you for the time to publicly express our concerns on behalf of San Diego with Capital One's proposal to acquire ING Direct. Thank you.

MS. BRAUNSTEIN: Thank you.

MR. FISHER: I am adopting a new persona.

MS. BRAUNSTEIN: Okay.

MR. FISHER: Liana decided that I might fit better the older Jewish man profile. I'm speaking for Ralph Lippman, Executive Director of the California Community Economic Development Association. CCEDA has served California since 1986. Its membership is comprised of organizations actively engaged in revitalizing California's neighborhoods, including resident-driven community development corporations, local governments, community action agencies and faith-based institutions.

CCEDA's members produce results through a full range of community building strategies, including real estate development, housing, retail and commercial business assistance and lending, social services, job training and creation. CCEDA provides its members a clearinghouse for information and action that advances the field of community economic development through training and continuing education, technical assistance, and advocacy on public policy.

The proposed institutions credit card, small business, auto and mortgage lending activity, as well as the fact that they except deposits, has extensive impact on California. Their lending in our state is not in keeping with an institution of this size in terms of low and moderate income areas and to minority and women-owned businesses.

There is a lack of California community development lending and investment even though ING Direct recognizes its obligation to five metropolitan areas of California in its internal goals. Capital One has shown a lack of responsibility to commitment needs in its lending.

The proposed new institution's profit from numerous products in California demands that there be a significant community development commitment to California counties where it has and will have significant presence.
Capital One should be required to invest in California if it profits from Californians. The Federal Reserve should require Capital One to clearly explicate its plan and support California's unique needs. Thank you.

MS. BRAUNSTEIN: Thank you. Any questions? Thank you very much for your testimony.

MS. BRAUNSTEIN: We're going to get started with this panel. Just a few usual housekeeping notes. Please when you make your statement, talk directly into the microphone.

Also start with your name and your affiliation and keep an eye on our timekeeper who will signal you when there is one minute left and then when your time is up. Each panelist has three minutes. We'll start with Mr. Schwartz.

MR. SCHWARTZ: Thank you very much. My name is Matt Schwartz and I'm president and Chief Executive Officer of the California Housing Partnership.

We were created by the State of California in 1988 to provide leadership and affordable housing finance in this state, which I trust those of you who are local certainly know is one of the least affordable housing markets in the United States. I wish I could tell you that after 22 years of working on these issues we have solved the affordable housing problems, no, we have not. If anything, they have deepened.

The recession has increased dramatically the pressures on the low-income rental markets.

All those foreclosed homeowners have also pushed into the need for rental housing. Our rental housing shortage at the lower end is as acute as it's ever been. My Board is appointed by the Governor and state legislature. I'm here today to talk to you about our relationships with financial institutions. We, in many cases, are the intermediaries; we work with nonprofit housing groups across the state, helping them work with banks, like Capital One and others, who have made long-term commitments to the state. We help them structure investments, inviting low-income housing tax credits. We help them make pre-development loans, construction loans, permanent loans. We help them find ways of meeting community Redevelopment Act obligations as well as prior written commitments to the communities in which -- from which they are profiting. And I want to echo the comments from Mr. Fisher, according to Mr. Lippman is making, which is I think it's absolutely essential from a low-income housing perspective if financial institutions are profiting in our state, they must contribute back and invest, particularly in low-income rental housing, or it will simply exacerbate the problems that we are already facing. There are many ways to do that successfully.

There are a number of major banks with whom we have worked who have made public commitments of billions of dollars to invest in low-income housing under the community Reinvestment Act guidance. Not only have they succeeded in meeting those investments, which initially seemed overwhelming and large to them, but they succeeded in surpassing them.

They've met those obligations and, then because they find investing in low-income housing in California can actually be profitable in and of itself as well as doing good, they have continued and expanded their investments. I think there are people involved in Capital One who have experience in other financial institutions like California Fed which was acquired by Citibank. There are lots of examples of how these merges have resulted in good investment work by the banks.

But the key is having clear written goals that the community can hold the banks accountable to. Without those goals we will oppose this merger. Thank you.

MS. SIMON-WEISBERG: Good afternoon. My name is Leah Simon-Weisberg and I'm the Legal Director of Tenants Together. I want to thank the Federal Reserve for taking this merger so seriously and listening closely to all of the concerns that have been expressed today.

Tenants Together is a nonprofit organization dedicated to defending and advancing the rights of California tenants and affordable housing. As California's only statewide renter's rights organization, tenants together work to improve the lives of California's tenants for educational organizing and advocacy.

Since the beginning of the housing crisis, one of the most pressing issues facing tenants in California is the displacements caused by foreclosure. In California, 37 to 38 percent of the properties in foreclosure are occupied by tenants. Tenants together respond, operates a hot foreclosure and has counseled over 5,000 tenants in all over California who trying to figure out what their rights are because these not getting them generally from their banks.

There are 15 million tenants in California. We are here representing those 15 million and opposing the merger between Capital One and ING. We believe this merger would not provide any public benefit for renters in California. We believe this because of three concerns that we have based on past actions by these banks.

Presently, ING and Capital One have failed to adopt policies that would allow tenants to continue renting in post-foreclosure properties. Several things, including Fannie Mae, Freddie Mack, J.P. Morgan Chase have all established such policies where tenants in foreclosed properties can continue to rent. Fannie Mae's policy, for example, allows tenants to sign one-year leases. This creates enormous stability for tenants, prevents properties from creating blight and continue to maintain the available renting housing stock.

As my colleague previously just expressed, it's very difficult to find housing in California. We now have a situation where all of these families who are in homes who have lost properties, their homes in foreclosure are now being forced onto the rental market, combined with this 37 percent renters already. We are receiving more and more calls from families that a year ago were being foreclosed in their home are living in a second home that's being foreclosed. There's just not enough housing and not having a policy where you allow tenants to continue to rent, particularly in communities where you're not going to be able to sell those properties right now, is real problematic and a concern for us in California.

The second is also rent to foreclosure. Both Capital One and ING have refused to participate to keep home California. Their rates of modifications in general are very low if not existence. This, of course, leads to higher rates of one to four-unit properties going into foreclosure which, again, leads to more and more tenants being forced to vacate because when they foreclose their only policy is to empty the property which doesn't make any sense to leave a property empty when so many people need housing.

The third is that, again, we need investment in California for affordable housing. If you're going to be able to make money off of Californians paying high interest rates and unnecessary fees, we need you at minimum to give back to California.

Absolutely, we, again, oppose this merger but if it were to go through, it absolutely has to include investment into California and, particularly, for affordable housing for renters.

MS. BRAUNSTEIN: Thank you. Ms. Abrams.

MS. ABRAMS: Good afternoon. Last year was announced this time. Julie Abrams from the Women's Initiative for Self-Employment, I'm the CEO. Last year at this time it was announced we hit our 50-year high in the poverty rate in the United States and this month we hear that it has gone up another 5 percent. Our country's economic policies have created dramatic polarization. There are more people living in severe poverty than ever before in our country and the continued predatory practices and the business practices that we're talking about today are hurting job creation and must be scrutinized.

He want to thank you for taking the time to think about this so very seriously. We see people coming through our doors every day with the credit card bills and the ruined credit that is a result of the practices that we're talking about today.

80 percent of all new jobs in our economy are coming from brand new business start-ups, according to the Kauffman Institute. This merger and Capital One's investment are not supporting small business start-ups but in fact are perpetuating poverty. The organization that I represent, the Women's Initiative for Self-Employment, helps low-income women start their own businesses. We provide micro loans and other financial products and help them grow their businesses over time and I can tell you that a woman who comes to us with an average income of $12,000 a year is still in business five years later. 70 percent of our graduates are still in business five years later, but that's not thanks to Capital One investment in California.

Capital One has ten percent of its profits coming from California but they are not investing in California today. It is surprising to me that a company that is gaining so much wealth out of the California marketplace needs to be required by the community reinvestment, the Reinvestment Act to contribute to California small business and economic and job growth. If this merger goes through, our request of you is that you hold them to a high standard for the number of small business loans that they give and their practices of contributing back to the housing and to the small business development in the State of California.

MS. BRAUNSTEIN: Thank you.

MR. RUST: I'm Adam Rust from the Community

Reinvestment Association of North Carolina. I'm here to ask what's in this bank? So what I want to talk about is I'm hoping that the Fed will impose conditions on this application. We know what the issue is. There's a poor fit between the Community Reinvestment Act and the branchless system, that is branches in nine states before business across the country. The question is how can we apply the spirit that is appropriate and serve the needs of the public benefit?

I'm going to echo what my peers set about debt collection and move on. I want to talk about small business lending, about concentration of deposits, and then I want to suggest and ask for better small business -- for a small business administration loan program at Capital One for a better prepaid card product that would address the unbanked and that they shed some branches in some of the MSA's when they already have too high concentration of deposits.

The only one thing I want to say about small business lending is I will do the CRA data for 2010 and from what I can tell, the eight largest banks in the United States, Capital One has the lowest share of small business loans in low, moderate income census tracts. One and ten percent respectively. These are small business credit card loans so there's an issue of consumer protections. There's an issue of cost of the loans and the patients of the capital. On top of that, there's a poor allocation.

I'm really concerned about the compensation of deposits. The FTC and the DOJ have a standard for when there's any kind of horizontal merger and there's a lack of competition it produces a threat for consumers. Right now Capital One has 30 percent of deposits in New Orleans, 16 and a half percent in Washington D.C., 48 percent in Richmond and there are a whole host of small cities in Texas and Louisiana, Shreveport, Lafayette where the concentration is about 20 percent as well. ING has 20 percent. We know in some ways this is a game in how deposits are accounted because this is where the deposits are held in a branch not where the consumers are. Either way, we have to acknowledge there's a concentration problem that effects consumers. We ask from my part there be some effort by the Federal Reserve to force them to shed some branches.

I think what's going on in our economy is a withering away of consumer surplus. Consumers have a bad choice right now. They can accept a 5 or $10 service fee, that will be any large bank has a large ATM credit, city, Wells, it goes on and on. They can accept that but they can try a bank but they won't have an option to escape it there or they can move to be unbanked. No one wins when people become unbanked.

One has to do with a prepaid card that works in the

Dodd-Frank framework. It's a fixed cost highly-transparent cost that allows access to PINS and signature transactions for free and provide enough real ATM, it can be from the but enough real access to make a functional card that we can offer people a chance to have a real presence, an ongoing means to returning to the banking system through a prepaid card. Those are my statements and I appreciate the time. Thank you.

MS. BRAUNSTEIN: Okay. Thank you very much. You're back. Who are you today?

MS. MOLINA: I am reading a statement on behalf of Brian Heller de Leon of PICO California Network. PICO California's mission is to bring the voices and concerns of regular Californians to the statewide policy arena. PICO California is a statewide collaborative effort of a PICO national network, a faith-based community organization. PICO California is comprised of 19 congregation based community organizations representing 400 congregations and 450,000 families across the state.

Our mission is to develop leadership and encourage civic engagement in congregations and communities throughout California. California's faith communities have been deeply impacted by the foreclosure crisis, and the failure of large financial institutions to adequately respond through federal and state programs to designed to help distressed homeowners.

As the foreclosure crisis threatens to sink more and more communities into a permanently depressed economic state, Capital One has refused to adequately participate in the federal HAMP program to help struggling borrowers and does not participate at all in the Keep Your Home California Program. Principle reduction is the silver bullet in this foreclosure mess. For borrowers who are deeply underwater because of losses to home value, who are struggling to make payments because of lost or diminished employment or unanticipated health emergencies, principle reduction is the only way to break the cycle. As is already well documented, increased foreclosures lead to increased property taxes, neighborhoods that other taxpayers end up paying for.

It's been estimated that a single foreclosure can cost a California city in $19,000 in lost property tax and keeping up blighted properties.

The Keep Your Home California Plan uses federal dollars and only requires a 1 to 2 matching ratio from banks holding distressed loans. Only 30,000 from Capital One brings about 90,000 of principle reduction for a struggling borrower. Capital One would be saving money by participating in Keep Your Home California in order to complete permanent principle reduction for struggling borrowers, rather than face the losses also associated with foreclosures. Instead, like other major financial institutions, Capital One rushes to foreclosure instead of using existing resources to help California's homeowners.

Capital One should join the Keep Your Home California Program established by the California Housing Finance Agency and aggressively match existing federal funding in order to produce principle for their borrowers facing foreclosures. California needs a financial institution it can be proud of and that will practice good neighbor policies in our communities. Capital One bas the opportunity with the clean slate to do the right thing in California. Thank you.

MS. BRAUNSTEIN: Thank you.

MR. GRANDE: Good afternoon. My name is Oscar Grande. I'm an organizer with a local group named People Organizing to Demand Environmental and Economic Rights. We're a 300-plus membership based organization grassroots organization here in the Mission District and Excelsior districts of San Francisco. We work alongside members to do community organizing political advocacy on the acquisition of land and affordable housing development to eviction defense.

We green up our community through gardens and open space development and, most recently, looking towards job creation through cooperative development and a peer base mutual support efforts.

San Francisco, I'm a first general born and raised here in San Francisco in the Excelsior District and I'm a product of living in a household, homeowner. My parents bought a house over 30 years ago where they were duped. What could have been a $17,000 house ended up being a 30-year, arduous journey because they're exploited because of their language, because of their immigration status. That's the type of issues we see in our communities when -- we're in the most expensive housing market. Over the past ten years we've overbuilt, 140 percent of market rate housing development and barely scratch the surface of over 30 percent of affordable housing in San Francisco. Though we are leaders in terms of policies, where we see the gap and where we see the challenges is getting the capital and resources to create the type of houses working families need here in San Francisco.

In addition, we have a rich tradition of entrepreneurship, especially in Latino district. What's happening because of bad banking products, our communities are not able to be economically resilient. Instead of saving and investing back in local community and creating jobs, low and middle income Latinos are paying fees, surcharges and duped into exploited loans. What I want to express and what our organization is looking for is if this merger goes through, you have the power to mandate and put some stipulations and really put some rules so Capital One and ING invest in our communities. We're looking at accepting matricula consular, that's a legitimate ID, lower interest fees, finance charges and fees, invest in local affordable housing efforts, looking at micro enterprise and small business loans, targeted to under represented and first-time business owners.

A lot of families that are still here in San Francisco and barely holding on, we're being priced out and forced out of our city and we need good corporate citizens to be part of this effort. Thank you.

MS. BRAUNSTEIN: Thank you.

MS. VIEIRA: Good afternoon. My name is Donna Vieira. I'm a homeowner, a small business owner, and also a member of ACCE. I oppose the merger of Capital One and ING. California Reinvestment Coalition composed comprehensive reports indicating that the merger will not benefit the State of California and its citizens.

My question is whether this hearing is only going to be a formality before Federal Reserve grants the merger or Federal Reserve will weigh its decision in connection of 2008 housing crisis, financial institutions meltdown and logical reasoning why we need another too-big-to-fail banks before Federal Reserve and other regulatory agencies can seek for the accountability that caused the 2008 financial crisis.

Not so long ago, Countrywide operated in this very similar fashion as Capital One. Countrywide obtained retail deposits, primarily certificates of deposit, through the Internet, call centers and more than 200 financial centers as of April 1, 2007. There's limited services offered to its customers and communities. Why do we want to repeat a failed business model like Countrywide while the Americans and the financial institutions are still sorting through the wreckage of the 2008 financial crisis.

Banks should be something other than the machines that generate themselves profits and bonuses without providing services to their customers and reinvesting in the communities. Today, the banks are vastly more centralized than they were before the crisis, much more powerful than they were before and they have an incredible sneaky lobby in Washington.

Californians and the Golden State as a whole have been badly harmed by the 2008 crisis caused by the too-big-to-fail banks. For the past three years, it's a proven fact that our regulators can't reign the too-big-to-fail beasts and protect the American general public from the intentional and malicious banking fraud perpetrated by our largest financial institutions.

Capital One is the fourth largest credit card lender and largest internet auto lender in the United States, as well as the mortgage lender. It has no branches west of Texas.

The last thing Californians need is another too-big-to-fail bank which regulators can't control. The only regulatory authority we have seen Federal Reserve exercise is bailing out too-big-to-fail banks and leaving homeowners and communities to pick up broken pieces of their American dreams.

If the Federal Reserve follows the guidelines of qualifying bank mergers without bending the rules under the lobbying pressure, then only one conclusion can be reached. No more bank mergers. Instead, it's time to exercise the control. It's time to break up too-big-to-fail banks. It's time to put customers and communities first instead of corporate profits. Bank local, promote and provide resources to our local community banks and credit unions. Thank you very much.

MS. BRAUNSTEIN: Thank you. Any questions?

MS. PRAGER: I have one comment in response to something Mr. Russ said. Although the Federal Reserve has the authority to deny a denied proposed transaction if it would lead to an increase -- a significant increase in concentration in a local banking market, we do not have the authority to do what you suggested, which would be to require a reduction in concentration below the premerger level to be approved. That's not something that's part of the legal authority.

MR. RUST: Is there an alternative that meets the effect in these concentrated markets? Is there an alternative?

MS. PRAGER: I don't know what you mean.

MR. RUST: If the markets where the branch network is too many deposits, is there an alternative that can still help consumers have more choices?

MS. PRAGER: I mean, there's no -- we can't say your market share premerger's too big and therefore you have to lower it. That's just not -- the authority really applies only to the effects of the transaction itself.

MR. RUST: But with the additional in concentration. I don't want to go on and on and take up your time, but with the additional in concentration.

MS. PRAGER: We look at that.

MS. BRAUNSTEIN: Post merger.

MS. PRAGER: We look at the change associated with the merger.

MS. BRAUNSTEIN: Anything else? Thank you very much for your testimony.

We're going to move into the open mike portion. The sign up for open mike is closed. We have five people who have signed up. I would like to remind each of the speakers that this specifically is a hearing about Capital One's acquisition of ING and the remarks should be pertinent to that particular transaction.

The first one is Nina Galin. Is she here? You have three minutes. You have a tame keeper sitting next to you who will signal you.

Could you start by stating your name and affiliation?

MS. GALIN: My name is Nina Galin. I'm a concerned California citizen and graduate student at University California Davis. I would like to thank you very much for your time and allowing members of the public such as myself to enter the public forum.

I'm speaking as an individual, not officially on behalf of the University, nor of the occupied San Francisco protest that's camped out outside. My remarks will be brief.

I am opposed to the merger of Capital One and ING on general principle on the grounds this merger will have negative consequences for California public university students and educators such as myself. By creating yet another financial entity that is too big to fail, this merger will perpetuate an environment in which predatory lending practices can flourish. Thank you very much for your time.

MS. BRAUNSTEIN: Thank you very much. The next one is Zegan Cabeer (phonetic). Is he here? He or she? No. Okay. We'll go on to the next one. Jessie Jergen.

MR. JERGEN: Hi. My name is Jessie Jergen. I'm a citizen of California. I have been asked to say from some people from the protest outside that we request that you work with us and work with the People of California and help us to grow our state, make more jobs for us and get us some more employment. That's some of the things we want. Please, listen to California as a whole, listen to us. I don't personally don't think this merger is a good idea. Thank you.

MS. BRAUNSTEIN: Thank you. Is Phil Abraham here? Phil Abraham? No. Okay. We have one more and the name that's listed is Magic.

MAGIC: There are some other people that were not asked to sign in. We were not asked to sign in when we came in. We are just given little name things. There's a gentleman here who wants to speak, are there other people that didn't get to sign up that want to speak? Keep this gentleman here, okay.

My name is Magic. I wasn't planning on speaking today, we just found out about the meeting. There's a lot of young people outside, many of them have student loans and now they can't pay them back because they can't get work.

I think that you heard from this entire panel it was wonderful to be here during that. All those people, as opposed to being greedy, have chosen to devote their lives to giving and told you all kinds of problems this merger can cause and we need to think about the people.

I am part of a movement called Move Your Money and that is to move our money out of big banks and in to small community banks in which people know the people in the banks and the banks are supporting small businesses which are on the rise and we need to move to local economies and be able to be self-sufficient in our communities.

In fact, the word economics, as a poet I like to go to the root of things. It comes from econocos which means the budget of the household which means it came from the idea of the woman carrying for the food shelter, clothing, loving care of the family and that we need to bring this back. Banks were once trusted because we thought they were conservative and they would only give loans when it was feasible for the person and the bank and now with the derivatives and the sub-prime, people are suffering all over this country and one of the biggest failures in our country is the failure of regulatory institutions like yourself to fulfill the will of the people.

I am sad to say it's because there's a revolving door between most regulatory officers and the very industry that they are supposed to regulate. And I will be finding out where you all come from, but I hope even if you did come from industry that you will represent the people of this country because we are failing. And I would also request that all of you when leave here go and speak to these young people. People are walking out of this building and turning their face like we don't exist.

A whole new group of people are coming up and saying what happened to the America you taught us about? Where is the freedom? How is this world? There is nothing too big to fail. In fact, if we let those banks fail, small banks would be thriving now. This is a failure of democracy and a failure of morality as people. We can no longer act this way and these young people want something changed and they're going to occupy open spaces and they're practicing consensus. I'm not speaking for them because we don't speak for our group unless we consent together to agree on grounds that we all believe in because that's what democracy looks like.

It's your job so stop mergers like this. It's your job to stop bailing out banks that robbed us and do things for Bank of America that was saved by the people and is now charging more funds.

A comedian said the other day, it's like a fireman puts out your fire and then you turn around and kick him in the balls. This is not the way we treat the American people. It's your job to stand up for us. I hope you hear me and please say hello to these people and don't act like they don't exist when you walk out of here. They're citizens of this country. We are not consumers, we are people.

MS. BRAUNSTEIN: That was all that signed up. There's a gentleman, would you like to speak?

MR. STEINBERG: Sure, why not.

MS. BRAUNSTEIN: Could you introduce yourself?

MR. STEINBERG: My name is Andrew Steinberg. I'm unaffiliated. I want to register my opposition to this merger. I think in general, this is the wrong direction for things to be going in. I think that as part of the government you represent me as well as everybody else. There are far fewer extraordinarily wealthy people and there are people in my position so you represent more of me than you represent people that own gigantic banks.

Because that's the case I think that you should be doing things in my interest and things in my interest do not include the conglomeration of wealth into these major financial institutions that are extraordinarily economically heavy, especially in a corporate climate where CEO's and the person at the top of these banks are not personally liable for anything the bank does. There's no reason to not do it.

In fact, there's a profit motive to continue to grow and if you make the fifth largest bank in American history, it will eventually become the fourth, the third, the second and all the while taking up those other big ones next to it until there's one gigantic bank and that does not provide for a situation of economic equality.

I think in general the fact we're here even discussing whether or not these two banks should be allowed to get together is kind of proof they shouldn't be. I walk into a store and I buy a banana, I don't have to call the federal government and say does this put the rest of the American people at risk if I buy this banana. Of course not. This is a bad thing to do and that's it. Thank you very much.

MS. BRAUNSTEIN: Thank you. At this point we're going to bring this hearing to a close or this public meeting.

I would like to first take the opportunity to thank all of our witnesses today. We really appreciate you coming out and testifying. Everyone who was here all day, a lot of them are not here any longer, but for the record, we really want to thank you for your time and your testimony as we think this is a very important issue.

I would also like to -- this is the last of our three public meetings on this particular transaction. I would like to thank my co-panelists for their assistance and their work and I also would like to thank a number of the staff at the Federal Reserve Board for the work they have done on putting together all three of these. Last, but certainly not least, I want to extend a big thank you to Scott Turner and everybody at the San Francisco Reserve Bank who hosted us today. These things take a lot of work to pull together and I really appreciate the work of Scott, his staff, as well as other Reserve Bank, people including the folks that ran the AV for the web streaming and all the people who did the support work and Laura who helped pull together the agenda and thank you all very much. With that I will adjourn this public meeting.

(End of proceedings at 5:23 p.m.)

COUNTY OF ALAMEDA)
) ss.
STATE OF CALIFORNIA)

CERTIFICATE OF REPORTER

I, MARY E. FERREIRA, Certified Shorthand Reporter, do hereby certify that I reported the proceedings had in the above-entitled matter at the time and place set forth herein.

I further certify that my stenographic notes were thereafter prepared by computer-assisted transcription into typewriting, and that the foregoing pages numbered 1-294 constitute a full, true, and correct transcription of said notes in the above-entitled proceedings to the best of my ability.

Dated at Hayward, California, this 6th day of October, 2011.

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MARY E. FERREIRA