



NAACP
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**TESTIMONY BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCIAL SERVICES
ON THE MATTER OF
“BANKS, MERGERS, AND THE AFFECTED COMMUNITIES”
BOSTON, MASSACHUSETTS**

**PRESENTED BY JUAN M. COFIELD, PRESIDENT
NEW ENGLAND AREA CONFERENCE OF THE NAACP**

DECEMBER 14, 2004

INTRODUCTION

I am Juan Cofield, President of the New England Area Conference of the NAACP (“NEAC”). NEAC is the coordinating/governing body for the Branches of the NAACP in the states of Rhode Island, Massachusetts, New Hampshire, Maine and Vermont. I want to express my sincere appreciation to Chairman Bachus, Ranking Minority Member Frank, and the other Committee Members for conducting this hearing here today. This hearing, in and of itself, has already had an impact on the delivery of banking services, in this community.

COMMUNITY ADVISORY COMMITTEE

NEAC is part of a loose coalition of non-profit organizations called the Community Advisory Committee (“CAC”) formed to advocate for people of color and low and moderate income people in pursuit of improved banking services. In general, my testimony is supported by the CAC. More specifically, I wish to indicate that the general thrust of my testimony has the support of the Lawyers Committee for Civil Rights Under Law of the Boston Bar Association and the Fair Housing Center of Greater Boston.

NAACP

To put my testimony in context, I would like to provide for you the vision and mission of the NAACP. The vision of the NAACP is to ensure a society in which all individuals have equal rights and there is no racial hatred or racial discrimination. The mission of the NAACP is to ensure the political, educational, social and economic equality of all persons and to eliminate racial hatred and racial discrimination.

BANK OF AMERICA

NEAC and the CAC requested two commitments from Bank of America which relate to the Bank's employment (at all levels) of people of color and women, and the procurement of goods and services from businesses owned by people of color and women. Statistical data will clearly show that the percentage of people of color and women employed by Bank of America nationally and in Massachusetts is not matched by these categories of citizen's percentage of the population. An even worse disparity is reflected regarding the percentage of goods and services purchased from businesses owned by people of color and women. NEAC and the coalition have requested that Bank of America set a goal and develop a plan such that the Bank's employment (at all levels, including senior and executive management) of people of color reflect the percentage of people of color in the general population in the Commonwealth of Massachusetts. A similar request has been made regarding the Bank's procurement of goods and services.

These disparities are certainly not unique to Massachusetts, and Bank of America alone, did not create the disparity in Massachusetts or in our great nation. It is a problem of our American society and economy. However, Bank of America must be part of the solution. The lack of employment and business opportunities has attributed to economic destabilization in communities with a dominate population of people of color.

The Community Reinvestment Act begins by reciting Congress' three findings in passing the law. First, banks are required to serve the "convenience and needs" of the communities in which they are chartered to serve. Economic stabilization is a dire need in many communities of color. Adequate employment and business opportunities will greatly attribute to stabilizing these communities. Since Bank of America, in its normal course of business, provides employment opportunities and opportunities for businesses to sell the Bank goods and services, NEAC and the coalition maintain that the Bank has an affirmative obligation, under the CRA, to provide

these same opportunities, on an equal basis, to communities with dominate populations of people of color.

I aver that further evidence of Bank of America's affirmative obligation to provide employment and business opportunities is found in the Investment Test of CRA regulations for large banks. The investment test evaluates the bank's community development investments. Of the four measures of a bank's investment, two are directly relevant: the bank's responsiveness to community development needs, and the degree to which investments are not provided by other private investors.

Bank of America can present no reasonable argument, that providing equal access to job and business opportunities in destabilized communities with dominate populations of people of color, is not addressing a community need. Further, these investments are not being sufficiently provided by other private investors. NEAC and the coalition have sought a reasonable investment plan of employment and business opportunities from the Bank, to address these stark community needs. At this point, Bank of America has not presented NEAC and the coalition, such a plan. Up until Thursday morning, December 9th, discussions with the Bank had been quite disappointing, to say the least. But on Thursday morning, I had a lengthy discussion with two senior Bank officials, Doug Woodruff, President of CD Banking, Bank of America and William Fenton, Senior Vice President of Bank of America. I am more hopeful today, as a result of that conversation, than I had been prior to last Thursday.

The Bank's attitude has been that it is developing a national plan and that Massachusetts will fit within that national plan. It is a "one size fits all" approach. However, this approach, in my humble and lay opinion, is not what the CRA was intended to require. CRA is the acronym for

the Community Reinvestment Act and not the Country Reinvestment Act. Any plan developed by the Bank should be specific and tailored to the needs of the communities which each of you, our most honorable Congressmen represent, if the Bank is providing banking services in your districts.

MAJOR MASSACHUSETTS COMPETITORS

By contrast, I would like to point out what Bank of Americas' two largest competitors in Massachusetts are doing. Sovereign Bank New England and Citizens Bank Massachusetts have made a commitment and are developing plans for their respective bank's employment, at all levels, and procurement programs of goods and services, which reflect the diversity of the Commonwealth of Massachusetts. These banks did not simply say "come in and let us show you what we plan to do." These commitments were the result of an openness of attitude, a willingness to provide the best service to the communities which they serve, and an extended period of negotiations. I know that each of these banks is proud of their commitments. They feel that implementation of the commitments will enhance their ability to serve the community. Additionally, they believe that implementation of these commitments will help grow their revenue and profits.

SOVEREIGN BANK NEW ENGLAND

In particular, and because you are reviewing Sovereign Bank's acquisition of Seacoast Banks, I want to take this opportunity to publicly state, on behalf of the New England Area Conference of the NAACP and the other organizations whose views are reflected in this testimony, that Sovereign Bank New England has distinguished itself in developing a relationship with the Community Advisory Committee. The Bank recently signed a comprehensive agreement with the CAC which includes definitive language on workforce and procurement diversity to reflect

the ethnic and gender diversity of the Commonwealth of Massachusetts. The Bank, I believe, is a prime example of a bank attempting to serve the totality of needs of the community. The leadership of Sovereign Bank New England “gets it!”

SUFFICIENCY OF CURRENT LAWS

I do urge that you, the Financial Services Committee of the House of Representatives, move forward to strengthen the CRA in three important aspects. One aspect is to ensure that major national banks develop and implement plans that truly serve the totality of needs of the communities they serve. The communities that you represent will be the beneficiaries of such legislation.

Second, I would ask that you take action on is to provide for specific language in the CRA to address the issue of ethnic and gender diversity. The issue of race continues as a serious problem in our nation. It is not too much to ask that a bank, in its normal course of business, be part of the solution, and not part of the problem. The interest of our nation will certainly be enhanced.

Exactly eleven months ago today, I addressed the Federal Reserve Bank of Boston at its public hearing regarding the acquisition of Fleet/Boston by Bank of America. At that hearing, I urged the Federal Reserve to defer a decision on the Bank of America’s application for approval of the acquisition until such time that a definitive plan was presented addressing the full range of community needs. I continue to believe that such action would have been the proper decision of the Federal Reserve Bank. Third, I request that you strengthen the language of the CRA to provide for such plan, prospectively.

CLOSING

I am honored, and again, I do appreciate the opportunity to address the Committee on this important aspect of your work.