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July 21, 2000

Ms. Jennifer J. Johnson
Board of Governors of the Federal Reserve System
20th and C Streets NW
Washington DC 20551
RE: Docket No. R-1069

Communications Division
Office of the Comptroller of the Currency
250 E Street SW
Washington DC 20019
RE: Docket No. 00-11

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington DC 20429
Attn: Comments/OES

Manager, Dissemination Branch
Information Management & Services Division
Office of Thrift Supervision
1700 G Street NW
Washington DC 20552
Attention: Docket No. 2000-44

Re: COMMENTS ON THE PROPOSED "CRA SUNSHINE" REGULATIONS

Dear Madam or Sir:

As founder and President of the Rainbow/PUSH Coalition, I urge you to make significant changes in the proposed sunshine regulations under the Gramm-Leach-Bliley Financial Services Modernization Act of 1999. I appreciate that the federal banking agencies had the difficult task of developing regulations for a confusing and mean-spirited statute. And in fact, the regulatory agencies have taken steps to reduce the burden for neighborhood organizations, banks, and other parties interested in community development. However, there are definite

steps the agencies can take to protect the Community Reinvestment Act and support the communities that the provision, as it exists, threatens.

The struggle for civil rights in America can be compared to a symphony with four distinct movements. The first movement was the end of slavery. The second movement was the end of legal segregation. The third movement was the right vote. The fourth movement, which is being composed now, is economic justice. Fair access to capital is a civil right. The Community Reinvestment Act is to economic justice what *Brown vs. Board of Education* was to public accommodations.

The Graham-Leach-Bliley Act, while conserving the spirit of CRA, has the potential to damage relationships between banks and community groups that have been nearly twenty years in the making. In particular the sunshine regulations will place an undue burden on community organizations with limited resources and could discourage them from seeking partnerships that are integral to creating vibrant, healthy communities.

Despite the unfounded allegations of various legislators, including Banking and Finance Committee Chairman, Senator Phil Gramm, CRA does not allow community organizations to block mergers or extort monies from financial institutions. It is not contrary to the sound fiscal judgment and caution of those institutions. In fact, CRA has allowed banks and other financial institutions to build valuable partnerships with community organizations, small businesses and community members. It has spurred an increase in home ownership, small business development and overall economic growth. The Community Reinvestment Act is key to continued U.S. economic expansion.

Recognizing the money, market, talent and location of underserved areas makes good business sense. Emerging areas, like the Englewood neighborhood on the South Side of Chicago, do not receive capital as a result of an agreement made when a bank is merging or before a bank's CRA exam. These areas receive investment because the bank sees their potential and wants to do business there. Furthermore there is no evidence that individual CRA agreements have any material impact on regulating agencies' decisions on individual banks applications or CRA ratings. Around 98% of all banks routinely receive ratings of "satisfactory" or better.

Financial institutions, rather than continuing the old habits of redlining and disinvestment, must remove their cultural blinders and see the money, market and potential of underserved rural and urban areas. Community organizations must not be discouraged from forming meaningful ventures with banks and other institutions as they work to revitalize their neighborhoods and create opportunities. The CRA is a critical tool for ensuring that the necessary capital flows from Wall Street to residents and small business owners on Main Street and in our inner cities.

I believe, however, that the sunshine statute threatens the heart of the Community Reinvestment Act. At its core, CRA gives members of the general public a voice with which to engage banks and federal banking agencies to meet their credit needs. It empowers Americans who are too often overlooked, underserved and excluded. CRA stimulates partnerships for the purpose of revitalizing inner city and rural communities. The sunshine statute, by making CRA-related speech suspect, threatens to undo more than twenty years of bank-community partnerships and progress.

The sunshine statute requires banks, community organizations, and a large number of other parties to disclose private contracts to federal agencies if the parties engage in so-called CRA "contacts" or discussions about how to help the bank make more loans and investments in low- and moderate-income communities. I find it troubling that private, non-profit organizations have to disclose contracts they have with a bank and provide details on how they spend grant or loan dollars under those contracts. This will add needless difficulty to the uphill work of making access to capital fair and equitable. Many private sector organizations will simply do less CRA-related business because they lack the resources and expertise to handle the disclosure requirements. The result will be fewer loans and investments reaching the low to moderate income urban and rural communities of this nation. It will effectively cut off the flow of capital to these communities, an act as deadly as cutting off the flow of blood to the parts of the body.

Specifically, because of the profound damage that the CRA contact portion of the sunshine provision will cause, the Rainbow/PUSH Coalition asks that the federal banking agencies refrain from implementing the CRA contact rules until they have sought an opinion from the Department of Justice's Office of Legal Counsel regarding its constitutionality. In addition, the Federal Reserve Board has the discretionary authority to exempt agreements or contracts from disclosure based

on CRA contacts. The Rainbow/PUSH Coalition asks the Federal Reserve to use that discretion to eliminate that part of the provision that makes all CRA contacts a trigger for disclosure. Instead, we believe the federal banking agencies should revise their material impact standard, according to the suggestions made by community groups that are supported by CRA.

While it may be impossible for the sunshine provision to be a non-meddlesome regulation, we believe that the comments on the provision submitted by the National Community Reinvestment Coalition, the Woodstock Institute and other non-profit community organizations regarding material impact, CRA contacts, means of disclosure and who must report, will reduce the burden and the damage the provision causes to revitalizing inner city and rural communities. We strongly urge the federal banking agencies to adopt their suggestions for streamlining the sunshine regulation.

The Rainbow/PUSH Coalition will continue working with the National Community Reinvestment Coalition, local and national community organizations, public agencies, legislators, banks, and other concerned parties to repeal this counter-productive statute. We will continue to build bridges that bring together the resources and capital of banks and financial institutions on one end and the markets and potential of underserved communities on the other.

These comments are submitted on behalf of the Rainbow/PUSH Coalition. Rainbow/PUSH is a multi-ethnic, international membership organization that works to create a fair and equal society through educational programming, public policy advocacy and engaging public and private institutions. One of our key issues has been the fair and equitable access to capital for America's underserved communities and underutilized businesses.

Thank you for considering these comments. If you have any questions or wish to discuss these comments in more detail feel free to contact us at (312) 629-0500.

Sincerely,

A handwritten signature in black ink that reads "Jesse L. Jackson Sr." in a cursive, slightly slanted script.

Rev. Jesse L. Jackson, Sr.