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Tuesday May 10, 2022

Office of the Comptroller of the Currency (OCC)
400 7th Street SW
Suite 3E-218
Washington, DC 20219

Re: Docket ID OCC-2022-0002

cc: Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation; and Office of the Comptroller of the Currency, Treasury

Dear Sir/Madam,

We understand that "the OCC, Board, and the FDIC, (together referred to as 'the agencies') seek feedback on changes to update and clarify the regulations to implement the CRA. The CRA encourages banks2 to help meet the credit needs of the local communities in which they are chartered, consistent with a bank's safe and sound operations, by requiring the Federal banking regulatory agencies to examine banks' records of meeting the credit needs of their entire community, including low- and moderate-income neighborhoods.

The agencies implement the CRA through their CRA regulations. The CRA regulations establish the framework and criteria by which the agencies assess a bank's record of helping to meet the credit needs of its community, including low- and moderate-income neighborhoods, consistent with safe and sound operations. Under the CRA regulations, the agencies apply different evaluation standards for banks of different asset sizes and types."

We are submitting the comments below, and note that incompetence, anti-Black discrimination and exclusionary practices based on race are currently operational globally[a]. Given this fact, we decline to directly address the issues raised, having done so over the past 30 years:

See: Social Performance Indicators for Banks, 2002.
https://www.creativeinvest.com/SocialPerformanceIndicatorsfortheFinanceIndustry.pdf

Creative Investment Research testifies at the Joint Public Hearing on CRA in 2010:
https://www.prlog.org/10802461-creative-investment-research-inc-to-testify-at-the-joint-public-hearing-on-cra.html

"Environmental Issues and Stock Returns." Our 2015 report quantifies the impact environmental issues have on company stock prices. https://www.eventbrite.com/e/how-environmental-issues-impact-stock-returns-tickets-2029288657

Additional specific input would be futile.

[a] See: "Viewpoint on Ukraine: Why African Wars Get Different Treatment." Published 6 March 2022.Online at: https://www.bbc.com/news/world-africa-60603232

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We question the legitimacy of this effort. Declines in African American homeownership and wealth, in some cases fostered by the institutions the OCC ostensibly "supervises," establish the ineffectiveness of this regulatory effort.

This understanding is borne of significant experience in the community development and policy area:

- We developed the first targeted Mortgage-backed Security investment CRA securitization, an MBS pool backed by loans from minority financial institutions. We designed and created the investment in 1992. (See: https://www.creativeinvest.com/wglelca.pdf)
- In 1993, at the First Annual Greenlining Institute Conference on Community Development, we suggested the creation of government backed venture capital funds to take first risk position in the provision of equity capital to small, minority businesses on Georgia Avenue in NW Washington, DC. This morphed into the New Markets Tax Credit program, a real estate "community development" program that, without our participation in its development, has fueled gentrification.
- We launched one of the first community investing websites on November 16, 1995 (See: http://www.creativeinvest.com/image/be1996.jpg)

Wells Fargo

Wells Fargo, ostensibly "supervised" by the OCC and the third largest bank in the United States, acknowledged that it improperly foreclosed on 545 distressed homeowners after they asked for help with their mortgages.

The bank has exhibited a seemly firmly established pattern of negative behavior:

- "2016 - September 8: Federal regulators reveal Wells Fargo employees secretly created 3.5 million unauthorized bank and credit card accounts without their customers knowing it.
- September 28: Wells Fargo is accused of illegally repossessing service members' cars.
- 2017 - January 23: Wells Fargo acknowledges it retaliated against workers who tried to blow the whistle on the fake accounts.
- March 27: Federal agency accuses Wells Fargo of 'egregious,' 'discriminatory and illegal' practices.
- March 27: Wells Fargo settles class action suit. The preliminary deal promises $110 million for wronged consumers.
- June 14: Wells Fargo is accused of modifying mortgages without authorization from the customers.
- July 27: The bank admits it charged at least 570,000 customers for auto insurance they did not need.
- August 4: Wells Fargo overcharging small businesses for credit card transactions by using a "deceptive" 63-page contract to confuse them.
- October 3: Wells Fargo admits that 110,000 mortgage holders were fined for missing a deadline — even though the delays were the company's fault.
- October 16: Regulators say Wells Fargo sold dangerous investments it didn't understand.
- November 13: Wells Fargo admits it illegally repossessed more service members' cars. The company says it found that it had taken vehicles from another 450 service members. Wells Fargo agrees to pay an additional $5.4 million, according to the Justice Department. The company promises refunds.

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- 2018 February 23: The city of Sacramento, California, accuses Wells Fargo of a 'long-standing pattern and practice' of illegal lending in minority and low-income communities that reduced home values, limited property tax revenue and drove up foreclosures." See: Ninth Circuit Rules In Favor of Wells Fargo, Against African Americans https://www.prlog.org/12887315-ninth-circuit-rules-in-favor-of-wells-fargo-against-african-americans.html

Our economic models show that the next financial crisis starts with a major problem....at Wells Fargo.

We understand that an African American focused and managed organization would be closed immediately if even falsely accused of such transgressions: "In 2009, workers at offices of the Association of Community Organizations for Reform Now (ACORN), a non-profit organization that had been involved for nearly 40 years in voter registration, community organizing and advocacy for low- and moderate-income people, were secretly recorded by conservative activists Hannah Giles and James O'Keefe – and the videos 'heavily edited' to create a misleading impression of their activities. ACORN filed for Chapter 7 liquidation on November 2, 2010, effectively closing the organization."

OCC examiners have been singularly ineffective in regulating on behalf of the public interest with respect to Wells. Given this, we have no confidence the agency will be able to competently "modernize the regulations that implement the Community Reinvestment Act of 1977 (CRA)."

We note Creative Investment Research and Mr. Cunningham (WMC) have long been concerned with the failure of bank and financial institution regulatory agencies to protect the public interest[b]. We base this on the following:

- We stated, on February 5, 2015, in testimony to the Norwegian Ministry of Finance (http://www.creativeinvest.com/NorwayTestimonyFeb52015.pdf) and on April 22, 2015 in testimony to the Government of the United Kingdom:

"As the market value of environmental, social and governance factors continues to grow, companies and investment managers will engage in fraudulent practices related to these factors. These practices will range from simple falsification of environmental, social and governance records to more sophisticated, but no less fraudulent methods related to environmental, social and governance ratings."

On September 22, 2015 automaker Volkswagen admitted that "'defeat devices' used to cheat emissions testing were installed in 11 million vehicles worldwide."

- WMC designed the first mortgage security backed by Targeted Energy Efficient Mortgages in June 2006. https://www.creativeinvest.com/EnergyEfficientMortgageMBSJune2006.pdf

[b] On July 3, 1993, WMC wrote to SEC Commissioner Mary Schapiro to notify the Commission about a certain, specific investing "scam." A timely warning was not issued to the investing public and members of the public were damaged. See: https://www.creativeinvest.com/SECNigerianLetter.pdf

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- WMC designed the first mortgage security backed by home mortgage loans to low- and moderate-income persons and originated by minority-owned institutions. (See: Security Backed Exclusively by Minority Loans, at https://www.creativeinvest.com/mbsarticle.html)

- In October, 1995, the Washington Gas Light (WGL) Company retained WMC to create mortgage-backed securities (MBS) consisting of one to four family residential home loans originated by minority-owned financial institutions serving areas of high social need. Mr. Cunningham developed a completely original approach that involved geocoding and mapping, for the first time, the location of every loan in an MBS pool and tying that location to social data. A sample map WMC created in 1997 for this process is attached as Appendix A.

- On April 30, 1997, in Case 97-1256 at the US Court of Appeals for the DC Circuit, Mr. Cunningham opposed the merger of Citigroup and Travelers and the elimination of the Glass–Steagall Act.

- In November, 1997 and, again in December, 2003, WMC wrote to the Division of Market Regulation at the Securities and Exchange Commission, on behalf of WMC and Creative Investment Research to request that CIR be considered a nationally recognized statistical rating organization ("NRSRO"). WMC requested this status only with respect to rating securities issued by financial institutions owned by women and minorities. WMC never received a reply from the Commission. We have attached a copy of a letter sent to Ms. Nazareth, Director, Division of Market Regulation, Securities and Exchange Commission, as Appendix B.

- In October 1998, in a petition to the United States Court of Appeals for the District of Columbia Circuit in opposition to the Citigroup/Travelers merger, we cited evidence that growing financial market malfeasance greatly exacerbated risks in financial markets, reducing the safety and soundness of large financial institutions. We went on to note that:

"The nature of financial market activities is such that significant dislocations can and do occur quickly, with great force. These dislocations strike across institutional lines. That is, they affect both banks and securities firms. The financial institution regulatory structure is not in place to effectively evaluate these risks, however. Given this, the public is at risk."

On July 25, 2012, the New York Times reported that Sanford I Weill, former chairman and chief executive of defendant Citigroup "called for a wall between a bank's deposit-taking operations and its risky trading businesses. In other words, he would like to resurrect the regulation (Glass-Stegall) that he once fought."

- On June 15, 2000, we testified before the House Financial Services Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises (GSE's) of the US Congress. We suggested that the GSE's (Fannie Mae and Freddie Mac) be subject to a thorough "Social Audit." A Social Audit is an examination of the performance of an enterprise relative to certain social objectives. It also includes a review of ethical practices at the firm. Had they been subject to this audit, certain flaws in their operation which led to their failure, including ethical shortcomings, may have been revealed earlier. See: https://www.creativeinvest.com/fnma/

- In 2001, Mr. Cunningham helped create the first wide scale home mortgage loan modification project. See: Property Flipping Remediation Yields Investment-grade Security at: http://www.creativeinvest.com/remediation.pdf and

https://www.creativeinvest.com/PropertyFlipping.pdf

- On December 22, 2003, statistical models we created using the Fully Adjusted Return® Methodology predicted the financial crisis of 2008. See page 6: http://www.sec.gov/rules/proposed/s71903/wmccir122203.pdf

- On Monday, April 11, 2005, we testified before Judge William H. Pauley III in the U.S. District Court for the Southern District of New York on behalf of investors at a fairness hearing regarding the $1.4 billion-dollar Global Research Analyst Settlement. https://www.creativeinvest.com/fairness.html

- In 2005, we served as an expert witness for homeowners in a case against PMI Group, Credit Suisse First Boston, Moody's, Standard and Poor's, Fairbanks Capital Corporation, Select Portfolio Servicing, US Bank National Association, as Trustee of CSFB ABS Series 2002-HEI, et. al., in the New Jersey Superior Court Law Division - Monmouth County. Our expert witness testimony held corporate parties responsible for facilitating predatory lending practices. *Had this single case been successful, we believe the financial crisis of 2008 would not have occurred.*

- On December 22, 2005, Mr. Cunningham met with Ms. Elaine M. Hartmann of the Division of Market Regulation at the U.S. Securities and Exchange Commission. At that meeting, he issued a strongly worded warning that system-wide economic and market failure was a growing possibility.

- On February 6, 2006, statistical models created by WMC using the Fully Adjusted Return ® Methodology signaled the probability of system-wide economic and market failure. (See page 2: http://www.sec.gov/rules/proposed/s71005/wcunningham5867.pdf)

- On June 18, 2009, WMC testified before the House Ways and Means Select Revenue Measures Subcommittee at a joint hearing with the Subcommittee on Domestic Monetary Policy and Technology of the Financial Services Committee concerning ways to improve the New Markets Tax Credit Program. See: https://www.creativeinvest.com/nmtctestimony.html and https://financialservices.house.gov/media/file/hearings/111/printed%20hearings/111-47.pdf)

- On January 25, 2012, WMC submitted a "Friend of the Court" brief in a case before the United States Court of Appeals for the Second Circuit (Case 11-5227). As a friend to the Court, Mr. Cunningham provides an independent, objective and unbiased view in support of broad public interests. His education and experience uniquely positioned him to provide objective, independent research and opinions concerning the issues central to the case. https://www.prlog.org/11948760-william-michael-cunningham-files-revised-brief-in-sec-vs-citigroup-2nd-cir-ct-of-ap.html

- On August 13, 2015, Mr. Cunningham provided testimony on the Department of Labor's Fiduciary Rule. Online at https://youtu.be/kOGS-DdLYe0

- Our June 11, 2016 forecast predicted the election of Donald J. Trump. See: *Why Trump Will Win.* https://www.linkedin.com/pulse/why-trump-win-william-michael-cunningham-am-mba/

- Following the election, our December 26, 2016 forecast stated:

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"Under any conceivable scenario, the current situation is very bad, and I mean toxic, for democratic institutions in general and for people of color specifically. Bottom line: our Fully Adjusted Return Forecast indicates that, over time, ***things will get much, much worse....."***

See: Trumpism. https://www.linkedin.com/pulse/trumpism-william-michael-cunningham-am-mba/

- As we predicted on January 27, 2022, the Russian Federation and the Bank of Russia have agreed on a future regime..in which cryptocurrencies are recognized as an analogue of currencies, and not digital financial assets (DFA)." See: https://youtu.be/n1i4J8df0t0

- Mr. Cunningham has been concerned with using new financial technologies to maximize social and financial return. See: Bitcoin and Blockchain Explained. https://www.udemy.com/course/bitcoin-explained/

- Mr. Cunningham was in the pool of Corporate Governance Advisors and Diversity Investing Advisors to CalPERS. He is currently under contract for Portfolio Assistance (Non-Fiduciary) Investment Consulting Spring-Fed Pool 2020 to the fund. See: http://www.creativeinvest.com/Calpers1.pdf http://www.creativeinvest.com/Calpers2.pdf and http://www.creativeinvest.com/Calpers3.pdf

- Creative Investment Research was one of the first signatories to the UN Global Principles for Responsible Investment (www.unpri.org). See: http://www.creativeinvest.com/PRINews2009land.jpg

Mr. Cunningham has a long track record of analyzing and offering solutions as part of his response to proposed regulatory agency rules:

- October 04, 2006. Roundtable discussions relating to the use of eXtensible Business Reporting Language (XBRL). [File No. 4-515]. https://www.sec.gov/news/press/4-515/wcunningham7465.pdf Page 17.

- Our 2003 comments on proposed proxy voting rules that would, under certain circumstances, require companies to include in their proxy materials security holder nominees for election as director. https://www.sec.gov/rules/proposed/s71903/wmccir122203.pdf

- See: Comments on Proposed Rule: Internet Availability of Proxy Materials Release Nos. 34-52926 IC-27182 File No. S7-10-05. Confirmed that system-wide economic and market failure was a growing possibility. (See page 2: http://www.sec.gov/rules/proposed/s71005/wcunningham5867.pdf)

- Shareholder Proposals Relating to the Election of Directors. Release No. 34-56161 File No. S7-17-07 https://www.sec.gov/comments/s7-16-07/s71607-495.pdf

- We have requested that the U.S. Securities and Exchange Commission (SEC) develop mandatory rules for public companies to disclose high-quality, comparable, decision-useful information concerning BLM Pledge fulfillment. See: https://www.sec.gov/rules/petitions/2021/petn4-774.pdf

- This Week in ESG and Impact Investing: SEC's Proposed Climate-Related Disclosure Requirements. https://www.impactinvesting.online/2022/03/secs-proposed-climate-related.html?spref=tw

- Seaweed as a Substitute for Russian Fertilizer. https://www.impactinvesting.online/2022/03/seaweed-as-substitute-for-russian.html?spref=tw

- Climate Change and the OCC. Emily G. Fowler, Impact Investing Intern, McGill University. https://www.impactinvesting.online/2022/03/climate-change-and-occ-emily-g-fowler.html?spref=tw

As this record shows, over the past 30 years, Mr. Cunningham has sought to protect the public by working with private sector and Federal regulatory agencies, including the Federal Reserve Board (FRB), the Securities and Exchange Commission (SEC), the Federal Deposit Insurance Corporation (FDIC), the Financial Crisis Inquiry Commission (FCIC), the U.S. Department of Justice (DOJ), the Consumer Financial Protection Bureau (CFPB), the Federal Housing Finance Agency (FHFA), the Department of Commerce (Minority Business Development Agency) and the US Treasury, as an employee or as a contractor. Despite his education and experience, all offers to provide consulting services and all employment applications have been denied (due to age, racial and class discrimination.) Further attempts to work with these institutions would be futile. This leaves Mr. Cunningham no option but to file this comment in order to have his independent, objective technical knowledge and experience given consideration. Mr. Cunningham's interest in this matter stems from his role as an economist and an expert in marketplace innovation and ethics and rests upon his status as a citizen of the United States.

Our economic models clearly predict the outcome of this and related regulatory efforts. Detailing and describing these outcomes would serve no purpose other than to enrich a set of non-African American individuals and entities while simultaneously damaging the public. While we decline to do so, note the following: As Mr. Cunningham has demonstrated, inadequate consideration of the public interest damaged the public and investors.[c] Current regulatory practices protect the monetary interest of a small set of non-African American persons, fail to protect the general public, and damage long term economic prospects.

[c] For example, see: Fed Unveils Stricter Trading Rules Amid Fallout From Ethics Scandal. Jeanna Smialek, Oct. 21, 2021. The New York Times. Online at: https://www.nytimes.com/2021/10/21/business/federal-reserve-trading-ethics.html and Bankers Cast Doubt On Key Rate Amid Crisis https://www.wsj.com/articles/SB12083116416781829?reflink=desktopwebshare_twitter via @WSJ

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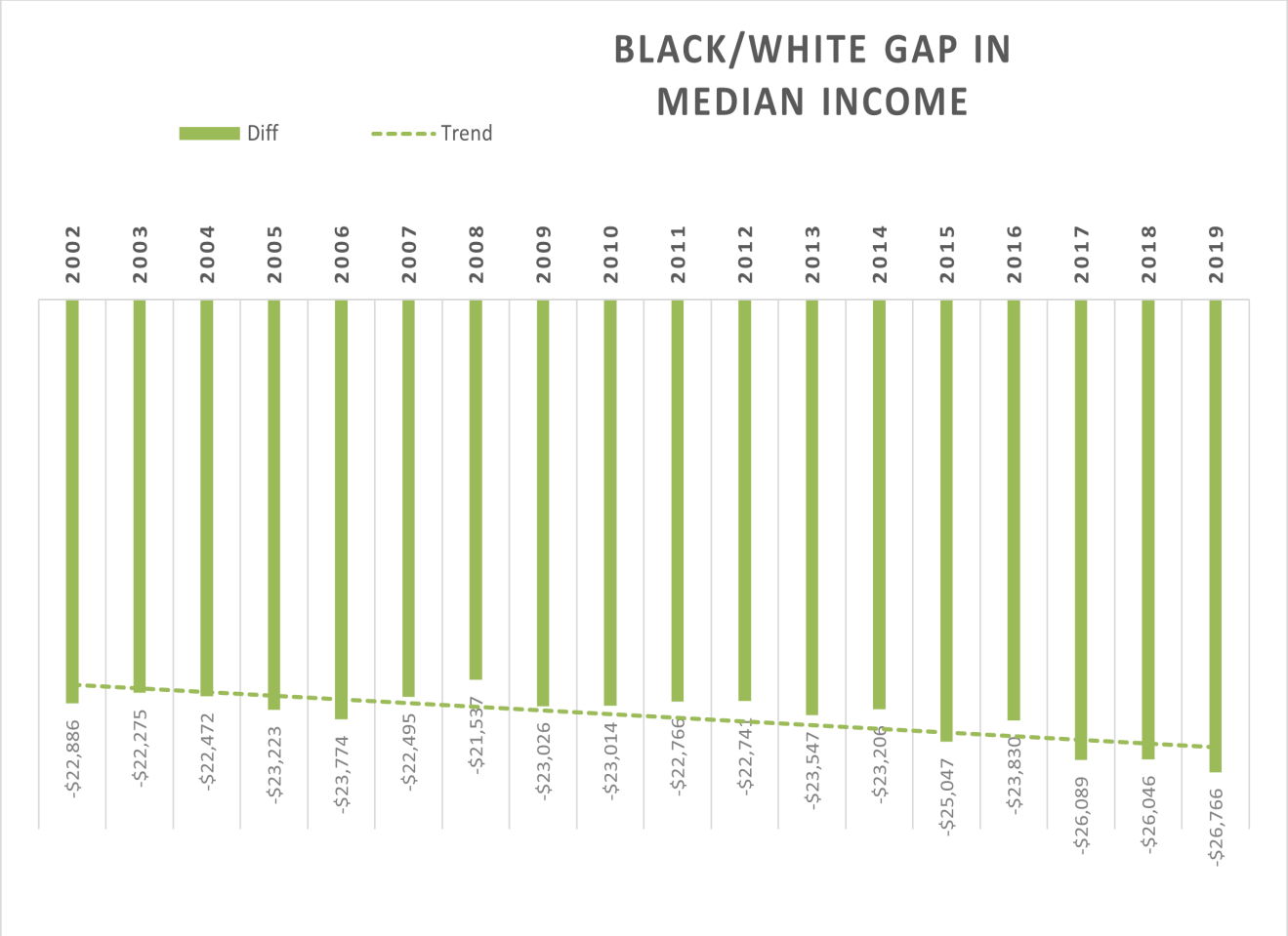

Despite CRA efforts of the agencies, the difference in Black/white median income has continued to widen. This leads to other regulatory failures, noted below.

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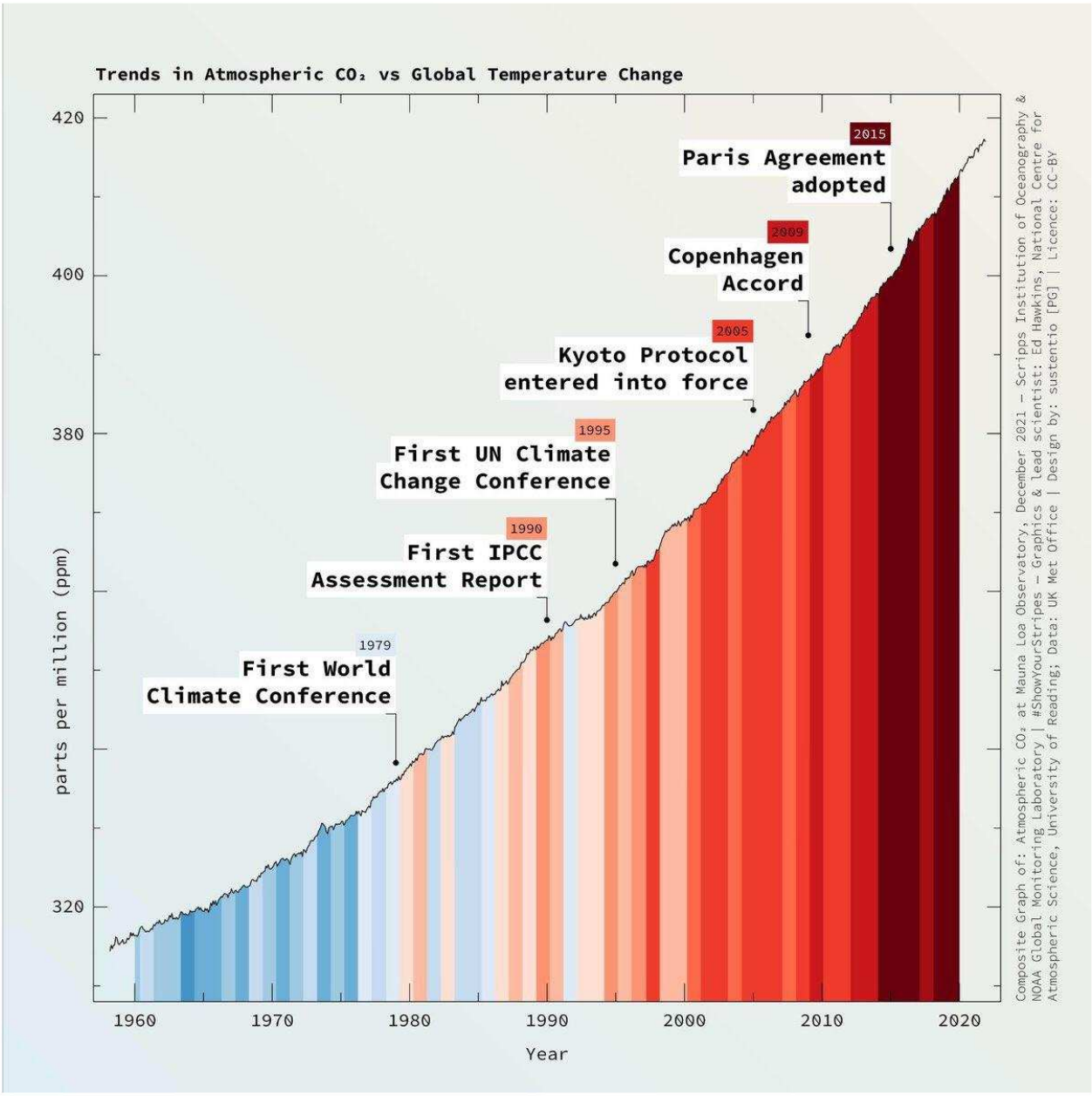

These regulatory failings have real implications for the public. Regulators may have abdicated their responsibility to consider the public interest, if that interest includes maintaining a fair, competitive financial services industry. Note that, with growing competition from fintech firms and alternatives, like bitcoin, this may imply the wholesale exit of banking institutions from financial institution regulatory systems.

This would not be in the public interest.

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We have included below our comments on CRA reform from 2010, since the overall social efficiency of CRA from an impact perspective has not changed.

We incorporate all linked documents by reference.

Thank you.

Sincerely,

William Michael Cunningham, Economist

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2010 Comments

Geographic coverage.

What are the best approaches to evaluating the geographic scope of depository institution lending, investment and/or deposit-taking activities under CRA?

We seek open and market based CRA performance evaluation standards. We believe the FDIC should define minimum standards for the geographic scope of depository institution lending, investment and/or deposit-taking activities under CRA and let the marketplace determine whether the performance of an institution is credible. Under this market-based model, penalties for CRA non-compliance must increase significantly, however, to provide an incentive for increased scrutiny. In this way, users will determine the extent to which CRA performance is reasonable.

Should geographic scope differ for institutions that are traditional branch-based retail institutions compared to institutions with limited or no physical deposit-taking facilities?

Yes.

Should it differ for small local institutions compared to institutions with a nationwide customer base?

Yes.

If so, how?

We suggest you conduct a "credit needs" based review, subject to financial institution lending and service capabilities. In other words, we suggest you look at total credit needs in areas served by small institutions, calculate the potential impact that the small institution has in meeting those needs, calculate the actual impact (number and dollar amount of loans provided), and use this metric as part of the CRA review process. For nationwide banks, we suggest a similar review: calculate total credit needs in all areas served, calculate the performance of the institution in meeting those needs (number and dollar amount of loans provided), and base your performance evaluation on this metric.

As the financial services industry continues to evolve and uses new technologies to serve customers, how should the agencies adapt their CRA evaluations of urban and rural communities?

We suggest you conduct a credit needs-based evaluation, subject to capacity limitations and constraints at the institution being reviewed. New technologies are irrelevant. What matters is performance in meeting credit needs in a nondiscriminatory manner.

CRA performance tests, asset thresholds and designations.

Should the agencies revise the criteria used to assess performance under the current CRA tests: Small institution; intermediate small institution; large institution; wholesale and limited purpose institution or strategic plan?

Yes.

Are the current asset thresholds that apply to institutions and tests appropriate?

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No.

Affiliate activities.

Currently, the agencies consider affiliate activities only at the request of the related depository institution. Should the agencies revise the regulation and, instead, require that examiners routinely consider activities by affiliates?

Yes. In a letter to the Federal Reserve Board dated May 16, 1996, we protested the approval of a merger application submitted by Morgan Guaranty Trust. The Board approved the merger on April 29, 1996. On May 6, 2010, we filed a complaint with the Federal Reserve against the Goldman Sachs Group, Inc. ("Goldman") and Goldman Sachs Bank USA Holdings LLC ("Goldman Holdings"), (collectively referred to as Goldman) under the Community Reinvestment Act (12 U.S.C. 2901 et seq., Pub.L. 95-128, Title VII of the Housing and Community Development Act). Affiliate activities form the basis for both protests.

In 1996, we suggested that certain exemptions granted to banks and bank holding companies require Board staff to more broadly analyze activities of banking organizations in meeting the credit needs of the community. We feel this includes reviewing the social and community impact of securities activities. Advancements in information technology make this a reasonable suggestion. The creation of an Investment test under Community Reinvestment Act guidelines suggested that the Board agreed this can be done efficiently. Our research indicated that tools to conduct this type of "social and financial return analysis" can be readily developed. (See, for example, the Creative Investment Research Fully Adjusted Return® methodology.)

Our 1996 protest described our belief that the grant of a securities market (section 20) exemption does not relieve the Board from an obligation to review and uncover any discriminatory business lending practices on the part of these firms. This includes inspecting the gender and ethnic makeup of firms using the following services provided by subsidiaries active in the following areas:

a. Municipal Revenue Bonds/Securities
b. Mortgage related securities
c. Commercial Paper
d. Consumer - receivable related securities ("CRR's")

Activities in at least one of the above functional areas have been defined by the Federal Reserve Board (in An Order Approving Application to Engage in Commercial Paper Placement to a Limited Extent (Federal Reserve Bulletin, Feb. 1987, p. 148)) as "so functionally and operationally similar to the role of a bank that arranges a loan participation or syndication that banking organizations are particularly well suited to perform the commercial paper placement function."

In our view, banking organizations should be required to provide all credit services in a nondiscriminatory manner.

If so, what affiliates or activities should be reviewed?

All securities market related activity. See our comment above. On May 6, 2010, we filed a complaint with the Federal Reserve Board (the Fed) against the Goldman Sachs Group, Inc. ("Goldman") and Goldman Sachs Bank USA Holdings LLC ("Goldman Holdings"), (collectively referred to as Goldman) under the Community Reinvestment Act (12 U.S.C. 2901 et seq., Pub.L. 95-128, Title VII of the Housing and Community Development Act). Goldman, effective September 21, 2008, was granted "approval under section 3 of the Bank Holding Company Act ('BHC Act') (12 U.S.C. § 1842) to become a bank holding company on conversion of Goldman Sachs Bank USA, Salt Lake City, Utah ('Goldman Bank'), to a state-chartered bank."

Congress passed CRA in 1977 "to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low and moderate income neighborhoods, consistent with safe and sound operations." A lawsuit filed by the US Securities and Exchange Commission on April 16, 2010 reveals that actions of affiliates to Goldman Sachs Bank USA Holdings LLC (the CRA-relevant entity) damaged the credit markets and were not consistent with safe and sound banking practices. These actions were specifically designed allow a client to profit from actions that did not to meet the credit needs of communities served by the firm. The suit reveals that the firm is not now and has never been in compliance with CRA.

How should consideration of affiliates affect the geographic coverage of CRA assessments?

We suggest you conduct a "credit needs" based review, subject to financial institution lending and service capabilities. In other words, we suggest you look at total credit needs in areas served by small institutions, calculate the potential impact that the small institution has in meeting those needs, calculate the actual impact (number and dollar amount of loans provided), and use this metric as part of the CRA review process. For nationwide banks, we suggest a similar review: calculate total credit needs in all areas served, calculate the performance of the institution in meeting those needs (number and dollar amount of loans provided), and base your performance evaluation on this metric.

Small business and consumer lending evaluations and data.

Should the agencies revise the evaluation of and/or data requirements for small business and small farm lending activities or for consumer lending activities, including activities or products designed to meet the needs of low- and moderate-income consumers?

Yes.

If so, what changes are needed?

Review loans to women and minority-owned businesses. This data should be detailed by gender and race.

Access to banking services.

How should access to financial services be considered under CRA?

Access to financial services is irrelevant. What matters is performance in meeting credit needs in a nondiscriminatory manner.

What changes would encourage financial institutions to expand access to un-banked and under-banked consumers in a safe and sound manner and to promote affordable, safe transaction and savings accounts?

Monetary incentives for doing so. These can take the form of regulatory forbearances.

Should the agencies revise CRA to include additional regulatory incentives to provide access to services for historically underserved and distressed areas?

Yes.

Community development.

What are the opportunities to better encourage community development loans, investments and services to support projects that have a significant impact on a neighborhood?

Green investing. As an 8(a) firm, we submitted an unsolicited proposal to Department of Housing and Urban Development (HUD) on April 7, 2006. In our proposal, we offered to research and create a collaborative, market-based approach to increase participation in HUD 's Energy Efficient Mortgage (EEM) Program. The proposal was submitted to the Senior Energy Management Officer in the Office of Environment and Energy, US Department of Housing and Urban Development, Washington, DC. Our proposal offered to help build the EEM infrastructure. We set up a method and process to create green investments, starting with a minority-owned financial institution serving an area of high social need and older housing stock, and ending with the creation of a Green MBS security, which we proposed to manage on behalf of a pension fund.

The proposal was rejected by HUD.

Should the agencies consider revisions to the Community Development Test or to the definition of community development?

Yes.

How could the rules most effectively balance support for community development organizations of different sizes, varying geographic scope, and in diverse rural and urban communities?

The geographic scope, size and location of a given community development organization is irrelevant. What matters is performance in meeting credit needs in a nondiscriminatory manner.

How might they balance incentives for meeting local needs as well as the needs of very distressed areas or those with emergency conditions?

We have done so via the Creative Investment Research Fully Adjusted Return® methodology.

Ratings and incentives.

Is there an opportunity to improve the rules governing CRA ratings to differentiate strong, mediocre, and inadequate CRA performance more consistently and effectively?

Yes.

Are there more effective measures to assess the qualitative elements of an institution's performance?

Yes. See the Creative Investment Research Fully Adjusted Return® methodology.

Are there regulatory incentives that could be considered to encourage and recognize those institutions with superior CRA performance?

Yes. Banking institutions with superior performance in granting access to un-banked and under-banked consumers in a safe and sound manner and those that promote affordable, safe transaction and savings accounts should be grated relief from certain CRA reporting tasks.

Effect of evidence of discriminatory or other illegal credit practices on CRA Performance Evaluations.

Currently, the agencies' evaluations of CRA performance are adversely affected by evidence of discriminatory or other illegal credit practices as outlined in the CRA rules. Are the existing standards adequate?

No.

Should the regulations require the agencies to consider violations of additional consumer laws, such as the Truth in Savings Act, the Electronic Fund Transfer Act, and the Fair Credit Reporting Act?

Yes.

Should the regulations be revised to more specifically address how evidence of unsafe and unsound lending practices adversely affects CRA ratings?

As we noted above, the actions of affiliates to Goldman Sachs Bank USA Holdings LLC (the CRA-relevant entity) damaged the credit markets and were not consistent with safe and sound banking practices, according to the US Securities and Exchange Commission. The Bank received a Satisfactory CRA rating on 9/1/2006.

Further, according to **Best On-line Banks for Women and Minorities** (online at: http://www.minorityfinance.com/banks.html), "(Wells Fargo)..set up a special sales office to steer risky subprime loans to residents in Prince George's County, Baltimore city and other predominantly black communities..Wells Fargo Bank employees allege in a lawsuit. According to the sworn statements by two former loan officers filed June 1 in U.S. District Court of Maryland as part of a lawsuit being pursued by the city of Baltimore against Wells Fargo alleging discriminatory and predatory lending, bank employees targeted black neighborhoods and churches for the escalating-interest mortgages, which some in the office called 'ghetto loans.' This problem was not limited to Maryland: In August, 2009, the State of Illinois filed a lawsuit against Wells Fargo & Co. accusing it of discriminating against black and Latino homeowners by employing racially biased lending practices. The bank's CRA rating is listed below:

Bank	City	State	Evaluation Date	**Rating**	Examination
Wells Fargo Bank, N.A.	Sioux Falls	SD	12/1/2009	**Outstanding**	Large Bank

Clearly, the CRA rating system is, like much of the bank regulatory apparatus, broken.

CRA disclosures and Performance Evaluations.

Should the agencies consider changes to data collection, reporting, and disclosure requirements, for example, on community development loans and investments?

Yes.

What changes to public Performance Evaluations would streamline the reports, simplify compliance, improve consistency and enhance clarity?

A single online access point for CRA ratings, HMDA and small business data, accessible online, covering all regulated financial institutions and all affiliates, across regulatory agencies (OCC, OTS, FDIC, FRB, SEC, CFTC, etc.).

Should the agencies consider changes to how Performance Evaluations incorporate information from community contacts or public comments?

Yes. We have been online since November 16, 1995. Consider the social networking (Facebook, Linked-In, etc) media model.

Decline in Ethical Standards

Widespread fraud in the marketplace revealed a generalized, deep and pervasive decline in ethical standards of business behavior. Between 2003 and 2006, the U.S. Securities and Exchange Commission reported multiple, overlapping violations of U.S. securities laws:

- On April 28, 2003, every major US investment bank, including Merrill Lynch, Goldman Sachs, Morgan Stanley, Citigroup, Credit Suisse First Boston, Lehman Brothers Holdings, J.P. Morgan Chase, UBS Warburg, and U.S. Bancorp Piper Jaffray, were found to have aided and abetted efforts to defraud investors. The firms were fined a total of $1.4 billion dollars by the SEC, triggering the creation of a Global Research Analyst Settlement Fund.

- In May, 2003, the SEC disclosed that several "brokerage firms paid rivals that agreed to publish positive reports on companies whose shares..they issued to the public. This practice made it appear that a throng of believers were recommending these companies' shares." This was false. "From 1999 through 2001, for example, one firm paid about $2.7 million to approximately 25 other investment banks for these so-called research guarantees, regulators said. Nevertheless, the same firm boasted in its annual report to shareholders that it had come through investigations of analyst conflicts of interest with its 'reputation for integrity' maintained."

- On September 3, 2003, the New York State Attorney General announced he has "obtained evidence of widespread illegal trading schemes, 'late trading' and 'market timing,' that potentially

cost mutual fund shareholders billions of dollars annually. This, according to the Attorney General, "is like allowing betting on a horse race after the horses have crossed the finish line."

- On September 4, 2003, a major investment bank, Goldman Sachs, admitted that it had violated anti-fraud laws. Specifically, the firm misused material, nonpublic information that the US Treasury would suspend issuance of the 30-year bond. The firm agreed to "pay over $9.3 million in penalties." On April 28, 2003, the same firm was found to have "issued research reports that were not based on principles of fair dealing and good faith .. contained exaggerated or unwarranted claims.. and/or contained opinions for which there were no reasonable bases." The firm was fined $110 million dollars, for a total of $119.3 million dollars in fines in six months.

- On December 18, 2003, the Securities and Exchange Commission "announced an enforcement action against Alliance Capital Management L.P. (Alliance Capital) for defrauding mutual fund investors. The Commission ordered Alliance Capital to pay $250 million. The Commission also ordered Alliance Capital to undertake certain compliance and fund governance reforms designed to prevent a recurrence of the kind of conduct described in the Commission's Order. Finally, the Commission found that "Alliance Capital breached its fiduciary duty to (it's) funds and misled those who invested in them."

- On October 8, 2004, the Securities and Exchange Commission "announced..enforcement actions against Invesco Funds Group, Inc. (IFG), AIM Advisors, Inc. (AIM Advisors), and AIM Distributors, Inc. (ADI). The Commission issued an order finding that IFG, AIM Advisors, and ADI violated the federal securities laws by facilitating widespread market timing trading in mutual funds with which each entity was affiliated. The settlements require IFG to pay $215 million in disgorgement and $110 million in civil penalties, and require AIM Advisors and ADI to pay, jointly and severally, $20 million in disgorgement and an aggregate $30 million in civil penalties."

- On November 4, 2004, the Securities and Exchange Commission "filed a settled civil action in the United States District Court for the District of Columbia against Wachovia Corporation (Wachovia) for violations of proxy disclosure and other reporting requirements in connection with the 2001 merger between First Union Corporation (First Union) and Old Wachovia Corporation (Old Wachovia). Under the settlement, Wachovia must pay a $37 million penalty and is to be enjoined from future violations of the federal securities laws."

- On November 17, 2004, the Securities and Exchange Commission announced "charges concerning undisclosed market timing against Harold J. Baxter and Gary L. Pilgrim in the Commissions' pending action in federal district court in Philadelphia." Based on these charges, Baxter and Pilgrim agreed to "pay $80 million – $60 million in disgorgement and $20 million in civil penalties."

- On November 30, 2004, the Securities and Exchange Commission announced "the filing..of charges against American International Group, Inc. (AIG) arising out of AIG's offer and sale of an earnings management product." The company "agreed to pay a total of $126 million, consisting of a penalty of $80 million, and disgorgement and prejudgment interest of $46 million."

- On December 22, 2004, "the Securities and Exchange Commission, NASD and the New York Stock Exchange announced..enforcement proceedings against Edward D. Jones & Co., L.P., a registered broker-dealer headquartered in St. Louis, Missouri." According to the announcement, "Edward Jones failed to adequately disclose revenue sharing payments that it received from a select

group of mutual fund families that Edward Jones recommended to its customers." The company agreed to "pay $75 million in disgorgement and civil penalties. All of that money will be placed in a Fair Fund for distribution to Edward Jones customers."

- On January 25, 2005, "the Securities and Exchange Commission announced the filing in federal district court of separate settled civil injunctive actions against Morgan Stanley & Co. Incorporated (Morgan Stanley) and Goldman, Sachs & Co. (Goldman Sachs) relating to the firms' allocations of stock to institutional customers in initial public offerings (IPOs) underwritten by the firms during 1999 and 2000."

- According to the Associated Press, on January 31, 2005, "the nation's largest insurance brokerage company, Marsh & McLennan Companies Inc., based in New York, will pay $850 million to policyholders hurt by" corporate practices that included "bid rigging, price fixing and the use of hidden incentive fees." The company will issue a public apology calling its conduct "unlawful" and "shameful," according to New York State Attorney General Elliott Spitzer. In addition, "the company will publicly promise to adopt reforms."

- On Feb. 9, 2005, the Securities and Exchange Commission "announced the settlement of an enforcement action against Columbia Management Advisors, Inc. (Columbia Advisors), Columbia Funds Distributor, Inc. (Columbia Distributor), and three former Columbia executives in connection with undisclosed market timing arrangements in the Columbia funds. In settling the matter, the Columbia entities will pay $140 million, all of which will be distributed to investors harmed by the conduct. The SEC also brought fraud charges against two additional former Columbia senior executives in federal court in Boston."

- On March 23, 2005, the Securities and Exchange Commission "announced that Putnam Investment Management, LLC (Putnam) will pay $40 million. The Commission issued an order that finds Putnam failed to adequately disclose to the Putnam Funds' Board of Trustees and the Putnam Funds' shareholders the conflicts of interest that arose from..arrangements for increased visibility within the broker-dealers' distribution systems."

- On March 23, 2005, the Securities and Exchange Commission (Commission) "announced that it instituted and simultaneously settled an enforcement action against Citigroup Global Markets, Inc. (CGMI) for failing to provide customers with important information relating to their purchases of mutual fund shares."

- On April 19, 2005, the Securities and Exchange Commission "announced that KPMG LLP has agreed to settle the SEC's charges against it in connection with the audits of Xerox Corp. from 1997 through 2000." As part of the settlement, KPMG paid a fine totaling $22.475 million.

- On April 12, 2005, the Securities and Exchange Commission "instituted and simultaneously settled an enforcement action against the New York Stock Exchange, Inc., finding that the NYSE, over the course of nearly four years, failed to police specialists, who engaged in widespread and unlawful proprietary trading on the floor of the NYSE." As part of the settlement, the "NYSE agreed to an undertaking of $20 million to fund regulatory audits of the NYSE's regulatory program every two years through the year 2011." On that same date, the Commission "instituted administrative and cease-and-desist proceedings against 20 former New York Stock Exchange specialists for fraudulent and other improper trading practices."

- On April 19, 2005, the Securities and Exchange Commission announced "that KPMG LLP has agreed to settle the SEC's charges against it in connection with the audits of Xerox Corp. from 1997 through 2000. As part of the settlement, KPMG consented to the entry of a final judgment in the SEC's civil litigation against it pending in the U.S. District Court for the Southern District of New York. The final judgment..orders KPMG to pay disgorgement of $9,800,000 (representing its audit fees for the 1997-2000 Xerox audits), prejudgment interest thereon in the amount of $2,675,000, and a $10,000,000 civil penalty, for a total payment of $22.475 million."

- On April 28, 2005, the Securities and Exchange Commission announced "that it has instituted settled enforcement proceedings against Tyson Foods, Inc. and its former Chairman and CEO Donald "Don" Tyson. The SEC charged that in proxy statements filed with the Commission from 1997 to 2003, Tyson Foods made misleading disclosures of perquisites and personal benefits provided to Don Tyson both prior to and after his retirement as senior chairman in October 2001."

- On May 31, 2005, the Securities and Exchange Commission "announced settled fraud charges against two subsidiaries of Citigroup, Inc. relating to the creation and operation of an affiliated transfer agent that has served the Smith Barney family of mutual funds since 1999. Under the settlement, the respondents are ordered to pay $208 million in disgorgement and penalties and to comply with substantial remedial measures, including an undertaking to put out for competitive bidding certain contracts for transfer agency services for the mutual funds."

- On June 2, 2005, the Securities and Exchange Commission "filed securities fraud charges against Amerindo Investment Advisors, Inc., Alberto William Vilar and Gary Alan Tanaka, Amerindo's co-founders and principals, for misappropriating at least $5 million from an Amerindo client."

- On June 9, 2005, the Commission announced that "Roys Poyiadjis, a former CEO of AremisSoft Corporation, which was a software company with offices in New Jersey, London, Cyprus, and India, agreed to final resolution of fraud charges brought against him by the Securities and Exchange Commission in October 2001. In documents filed with the federal district court in Manhattan, Poyiadjis consented to disgorge approximately $200 million of unlawful profit from his trading in AremisSoft stock -- among the largest recoveries the SEC has obtained from an individual."

- On July 20, 2005, the Securities and Exchange Commission "announced a settled administrative proceeding against Canadian Imperial Bank of Commerce's (CIBC) broker-dealer and financing subsidiaries for their role in facilitating deceptive market timing and late trading of mutual funds by certain customers. The Commission ordered the subsidiaries, CIBC World Markets Corp. (World Markets), a New York based broker-dealer, and Canadian Imperial Holdings Inc. (CIHI), to pay $125 million, consisting of $100 million in disgorgement and $25 million in penalties."

- On August 15, 2005, the Securities and Exchange Commission "charged four brokers and a day trader with cheating investors through a fraudulent scheme that used squawk boxes to eavesdrop on the confidential order flow of major brokerages so they could 'trade ahead' of large orders at better prices."

- On August 22, 2005, the Securities and Exchange Commission "filed civil fraud charges against two former officers of Bristol-Myers Squibb Company for orchestrating a fraudulent earnings management scheme that deceived investors about the true performance, profitability and growth trends of the company and its U.S. medicines business."

- On August 23, 2005, the Securities and Exchange Commission "filed charges against two former top Kmart executives for misleading investors about Kmart's financial condition in the months preceding the company's bankruptcy."

- On November 2, 2005, the Securities and Exchange Commission "filed enforcement actions against seven individuals alleging they aided and abetted a massive financial fraud by signing and returning materially false audit confirmations sent to them by the auditors of the U.S. Foodservice, Inc. subsidiary of Royal Ahold (Koninklijke Ahold N.V.)."

- On November 28, 2005, the Securities and Exchange Commission announced "that three affiliates of one of the country's largest mutual fund managers have agreed to pay $72 million to settle charges they harmed long-term mutual fund shareholders by allowing undisclosed market timing and late trading by favored clients and an employee."

- On December 1, 2005, the Securities and Exchange Commission "announced settled enforcement proceedings against American Express Financial Advisors Inc., now known as Ameriprise Financial Services, Inc. (AEFA), a registered broker-dealer headquartered in Minneapolis, Minn., related to allegations that AEFA failed to adequately disclose millions of dollars in revenue sharing payments that it received from a select group of mutual fund companies. As part of its settlement with the Commission, AEFA will pay $30 million in disgorgement and civil penalties, all of which will be placed in a Fair Fund for distribution to certain of AEFA's customers."

- On December 1, 2005, the Securities and Exchange Commission "announced a settled administrative proceeding against Millennium Partners, L.P., Millennium Management, L.L.C., Millennium International Management, L.L.C., Israel Englander, Terence Feeney, Fred Stone, and Kovan Pillai for their participation in a fraudulent scheme to market time mutual funds. The respondents will pay over $180 million in disgorgement and penalties and undertake various compliance reforms to prevent recurrence of similar conduct."

- On December 19, 2005, the Securities and Exchange Commission "announced that it filed and settled insider trading charges both against an accountant and a former executive of Sirius Satellite Radio, Inc. who illegally profited from advance knowledge of radio personality Howard Stern's $500 million contract with Sirius."

- On December 21, 2005, the Securities and Exchange Commission "sued top executives of National Century Financial Enterprises, Inc. (NCFE), alleging that they participated in a scheme to defraud investors in securities issued by the subsidiaries of the failed Dublin, Ohio company. NCFE, a private corporation, suddenly collapsed along with its subsidiaries in October 2002 when investors discovered that the companies had hidden massive cash and collateral shortfalls from investors and auditors. The collapse caused investor losses exceeding $2.6 billion and approximately 275 health-care providers were forced to file for bankruptcy protection."

- On January 3, 2006, the Securities and Exchange Commission announced "that it filed charges against six former officers of Putnam Fiduciary Trust Company (PFTC), a Boston-based registered transfer agent, for engaging in a scheme beginning in January 2001 by which the defendants defrauded a defined contribution plan client and group of Putnam mutual funds of approximately $4 million."

- On January 4, 2006, the Securities and Exchange Commission "filed securities fraud charges against McAfee, Inc., formerly known as Network Associates, Inc., a Santa Clara, California-based manufacturer and supplier of computer security and antivirus tools. McAfee consented, without admitting or denying the allegations of the complaint, to the entry of a Court order enjoining it from violating the antifraud, books and records, internal controls, and periodic reporting provisions of the federal securities laws. The order also requires that McAfee pay a $50 million civil penalty, which the Commission will seek to distribute to harmed investors pursuant to the Fair Funds provision of the Sarbanes-Oxley Act of 2002."

- On January 9, 2006, the Securities and Exchange Commission "announced that Daniel Calugar and his former registered broker-dealer, Security Brokerage, Inc. (SBI), agreed to settle the SEC's charges alleging that they defrauded mutual fund investors through improper late trading and market timing. As part of the settlement, Calugar will disgorge $103 million in ill-gotten gains and pay a civil penalty of $50 million."

- On February 2, 2006, the Securities and Exchange Commission "announced that it filed an enforcement action against five former senior executives of General Re Corporation (Gen Re) and American International Group, Inc. (AIG) for helping AIG mislead investors through the use of fraudulent reinsurance transactions."

- On February 9, 2006, the Commission announced "the filing and settlement of charges that American International Group, Inc. (AIG) committed securities fraud. The settlement is part of a global resolution of federal and state actions under which AIG will pay in excess of $1.6 billion to resolve claims related to improper accounting, bid rigging and practices involving workers' compensation funds."

- On March 16, 2006, the Securities and Exchange Commission "announced a settled enforcement action against Bear, Stearns & Co., Inc. (BS&Co.) and Bear, Stearns Securities Corp. (BSSC) (collectively, Bear Stearns), charging Bear Stearns with securities fraud for facilitating unlawful late trading and deceptive market timing of mutual funds by its customers and customers of its introducing brokers. The Commission issued an Order finding that from 1999 through September 2003, Bear Stearns provided technology, advice and deceptive devices that enabled its market timing customers and introducing brokers to late trade and to evade detection by mutual funds. Pursuant to the Order, Bear Stearns will pay $250 million, consisting of $160 million in disgorgement and a $90 million penalty."

- On April 11, 2006, the Securities and Exchange Commission announced "charges against individuals involved in widespread and brazen international schemes of serial insider trading that yielded at least $6.7 million of illicit gains. The schemes were orchestrated by..a research analyst in the Fixed Income division of Goldman Sachs, and a former employee of Goldman Sachs."

- On September 27, 2006 CFO Magazine reported that:

  "A subcontractor hired on Monday by the Securities and Exchange Commission to work on its new, interactive regulatory filing system..is under formal investigation by the SEC because of the company's poor internal controls over financial reporting. BearingPoint, an international management and IT consulting company, was identified by SEC Chairman Christopher Cox on Monday, as being one of the subcontractors working on the technology project aimed at converting existing, and possibly future, regulatory filings from a static electronic format to an

> interactive XBRL format. XBRL, an Internet-language method of tagging financial data, has been championed by Cox, who has argued it would make the financial statements of public companies easier for investors to examine and compare."

In other cases, corporate management unfairly transferred value from outsider to insider shareholders at the following companies: Adlephia Communications, Alliance Capital Management, American Express Financial, American Funds, Arthur Andersen, AXA Advisors, Bank of America's Nations Funds, Bank One, Canadian Imperial Bank of Commerce, Canary Capital, Charles Schwab, Cresap, Inc., Empire Financial Holdings, Enron, Ernst & Young , Federated Investors, FleetBoston, Franklin Templeton, Fred Alger Management, Freemont Investment Advisors, Gateway, Inc., Global Crossing, H.D. Vest Investment Securities, Heartland Advisors, Homestore, Inc., ImClone, Interactive Data Corp., Invesco Funds Group Inc., Janus Capital Group Inc., Legg Mason, Limsco Private Ledger, Massachusetts Financial Services Co., Millennium Partners, Mutuals.com, PBHG Funds, Pilgrim Baxter, PIMCO, Prudential Securities, Putnam Investment Management LLC, Raymond James Financial, Samaritan Asset Management, Security Trust Company, N.A., State Street Research, Strong Mutual Funds, Tyco, UBS AG, Veras Investment Partners, Wachovia Corp., and WorldCom.

Suggested Policies

Given our focus on transaction costs, it is clear that policies that increase trust and thereby reduce transaction costs will help prevent a reoccurrence of the financial crisis. We support the Securities and Exchange Commission's efforts to modernize financial reporting technology and believe the eXtensible Business Reporting Language (XBRL) can reduce transaction costs by enhancing the flow of information to investors. This increased information flow should reduce the "risk of opportunistic behavior of one's transaction partner whose behavior is not under one's control in a situation in which the costs of violating the trust are greater than the benefits of holding the trust." We detail our reasons below.

Prior to the creation and adoption of high speed, massively networked public computer systems, providing a new method for financial reporting was a costly proposition, unfair to public companies and corporate management. This is, however, no longer the case. Many investors and shareholders currently use websites like www.google.com/finance/ to obtain corporate information. Internet technology was specifically designed for this type of problem.

Relevant XBRL-tagged information could be submitted using a secure, tamper resistant, management-independent website. Data would be tabulated in real time. We also believe public companies should be required to disclose executive and director compensation via the Internet.

Finally, we suggest using a fairness-enhanced, Dutch-auction style system to allocate and price initial and secondary debt obligations (CDO.) The network of prescreened buyers, already well known to Wall Street, could easily be moved to this system. The system would be designed to meet certain security and performance standards.

An Internet based, XBRL-enhanced, on-line system will significantly lower the cost of raising capital. We believe this lowered cost will result in more companies coming to market. More companies coming to market will result in, other things equal, higher levels of economic activity, lower unemployment and lower inflation. Graphically, the system would look as follows:

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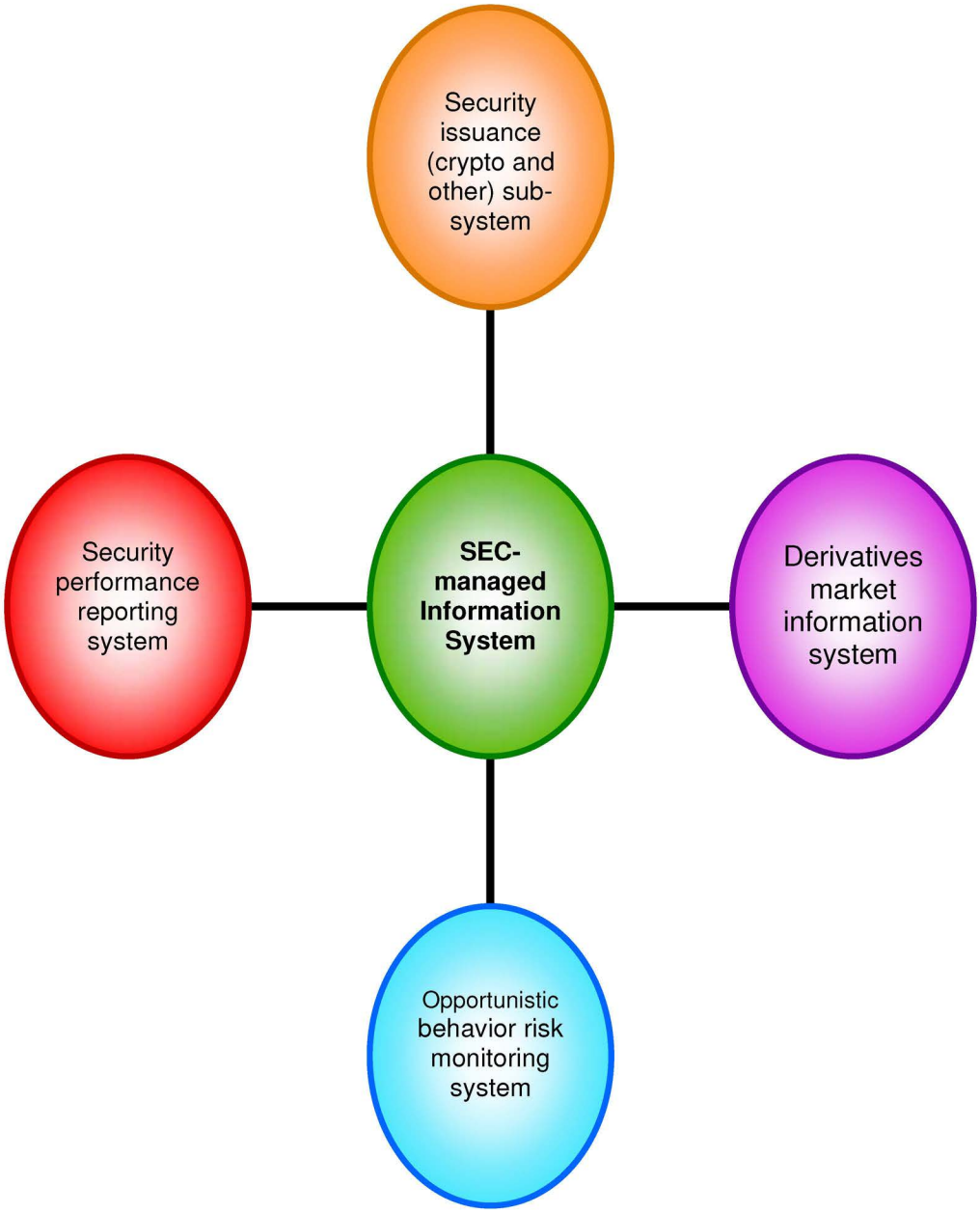

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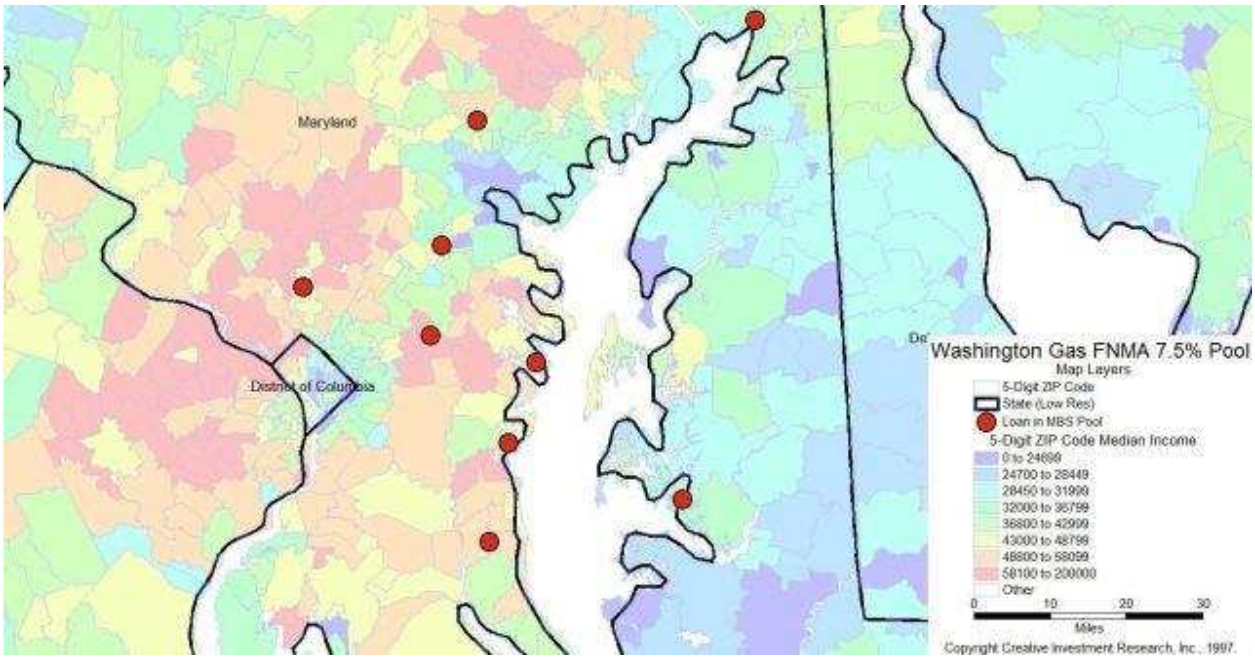
Appendix A

William Michael Cunningham manages an investment research firm, Creative Investment Research, founded in 1989 to expand the capacity of capital markets to provide capital, credit and financial services in minority and underserved areas and markets.

We have done so by creating new financial instruments and by applying existing financial market technology to underserved areas. The Community Development Financial Institution Fund of the US Department of the Treasury certified the firm as a Community Development Entity on August 29, 2003. The Small Business Administration certified the firm as an 8(a)-program participant on October 19, 2005. (We did not receive any benefit or revenue due to our participation in the 8(a) program.)

In 1991, Mr. Cunningham created the first systematic bank analysis system using social and financial data, the Fully Adjusted Return® methodology. In 1992, he developed the first CRA securitization, a Fannie Mae MBS security backed by home mortgage loans originated by minority banks and thrifts.



In 2001, he helped create the first predatory lending remediation/repair MBS security. [d]

Also see:

- BLACK LIVES MATTER: CORPORATE AMERICA HAS PLEDGED $1.678 BILLION SO FAR. June 10, 2020. https://www.blackenterprise.com/black-lives-matter-corporate-america-has-pledged-1-678-billion-so-far/
- BLACK WOMENOMICS Maternal Mortality Reparation Facility https://blackwomenomics.com/
- CHILD TAX CREDIT https://www.childtaxcredit.net/
- FIFTEEN DOLLAR MINIMUM WAGE https://fifteendollarminimumwage.com/
- THE FAIRNESS ECONOMY https://thefairnesseconomy.com/
- The Crisis in Black Housing https://drive.google.com/file/d/11jfEtWfQY5Rpdbpw0s6stHhawY0iero6/view

d

Pool	Client	Originator	Social Characteristics
FN374870	Faith-based Pension Fund	National Mortgage Broker	Mortgages originated by minority and women-owned financial institutions serving areas of high social need.
FN296479			
FN300249			
GN440280	Utility Company Pension Fund		
FN374869		Minority-owned financial institutions	
FN376162			
FN254066	Faith-based Pension Fund	Local bank	Predatory lending remediation

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Appendix B

December 8, 2005

Ms. Elaine M. Hartmann
Division of Market Regulation
U.S. Securities and Exchange Commission
450 5th Street, NW
Washington, DC 20549

Dear Ms. Hartmann,

Creative Investment Research (CIR) has requested that the Division of Market Regulation not recommend enforcement action to the U.S. Securities and Exchange Commission if CIR is recognized as a Nationally Recognized Statistical Rating Organization (NRSRO) for purposes of applying Rule 15c3-1 under the Securities and Exchange Act of 1934, as amended and codified at 17 C.F.R. 240.15c3-1 with respect to rating short term debt vehicles issued by women and minority owned financial institutions.

As part of the NRSRO recognition process, we have provided you and your staff with information regarding our qualifications, including confidential, nonpublic information on our trade secret protected Fully Adjusted Return ® methodology.

Thank you.

Sincerely,

William Michael Cunningham
CEO and Social Investment Advisor

Sample page below

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Creative Investment Research, Inc. Minority Bank & Thrift Report Page No.:71

Dryades Saving Bank

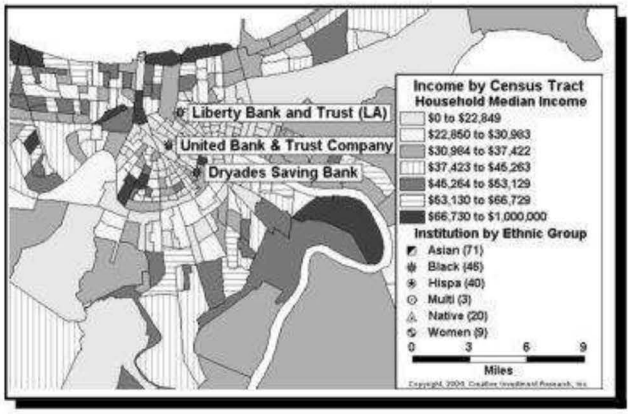
Branches: 4
Employees: 54
Ethnic Group: Black

233 Carondelet St
New Orleans LA 70130
Phone: (504) 581-5891
Fax: (504) 598-7233
Route #: 265070516 Certificate #: 1470512650 INSTTYPE: Savings Bank

Community Reinvestment Act Rating:
Latest Rating: Outstanding
Rating t-1: Outstanding
Rating t-2: Satisfactory
Rating t-3: Satisfactory

Management
President: Virgil Robinson
CFO: Frank J Oliveri
Loan Officer: Tomorr LeBeouf
Operations Officer: Hedy Hebert

Fully Adjusted Return *(TM)*: 173
Index of social and financial performance. Range 300 to 0. (Higher is better.)

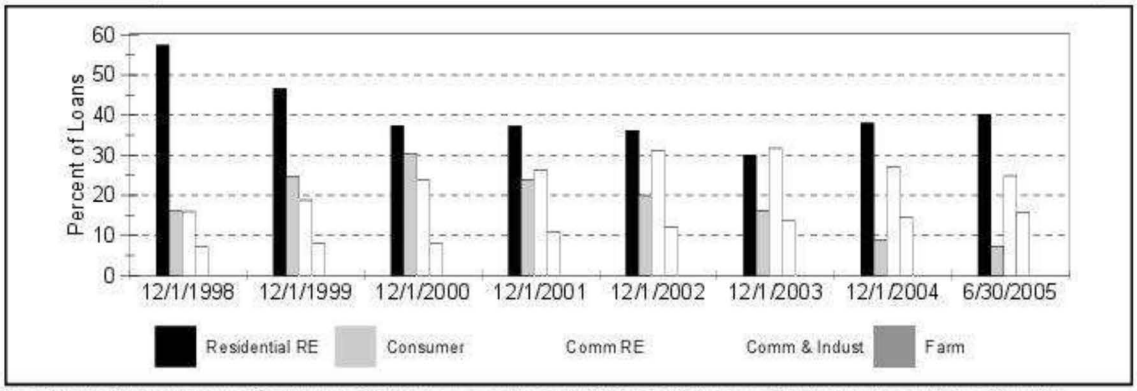


Regulatory and Business Status

Trading Status: Not Publicly Traded
Insurance Type: Savings Association Insurance Fund(SAIF)
Holding Company: Dryades Bancorp, Inc.

Social Data COUNTY:	Orleans
Unemployment, %, 7/1/2005:	5.60
Population, 7/1/04:	462,269
Population change, % 2000 to 2004:	-4.6 %
Offices of FDIC-Insured Inst, 8/22/05:	108
Minority population, % of total in County:	73.4 %
Per Capital personal income, 2003:	$30,152
Minority firms in County, % of total, 1997:	28.6 %
Women-owned firms in County, % of total, 1997:	26.6 %

Year	12/1/1998	12/1/1999	12/1/2000	12/1/2001	12/1/2002	12/1/2003	12/1/2004	6/30/2005
Assets	$88,946	$95,937	$105,717	$122,844	$123,349	$92,773	$103,456	$111,051
GrLns	$68,952	$74,217	$82,735	$76,801	$61,982	$56,390	$62,766	$66,165
Deposits	$79,132	$83,939	$87,046	$116,073	$114,874	$75,938	$86,965	$94,535
Equity	$6,112	$5,886	$5,779	$5,832	$7,119	$8,484	$7,046	$6,978
Salaries	$2,697	$3,039	$3,151	$3,132	$2,921	$2,793	$2,839	$1,428
Net Inc.	$365	$292	$3	($44)	$302	$1,733	($427)	($4)
Net Ch	0.14	0.16	0.61	0.43	0.30	2.16	0.66	1.35
Offs%	0.56	0.82	1.42	1.03	1.50	2.83	2.23	1.34
NonPerfLns	0.44	0.32	0.00	-0.04	0.23	1.71	-0.42	-0.01
%	6.21	4.85	0.05	-0.75	4.66	20.00	-5.35	-0.11
ROA								
ROE								



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Research Assistants:

Yu-Lin (Frank) Hung, Intern, MS (Finance) Candidate, George Washington University, School of Business, 2010
Pei-Shan Wu, Intern, MS (Finance) Candidate, George Washington University, School of Business, 2010