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Bobbie Rice  
8630 Tonowanda  
Dallas TX 75216

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Federal Reserve  
Chicago Illionois

The reason I have a savings account with Bank One is exactly because I need to save my money. I am on a fixed income, supporting several children, and I must save as much as I can. However, Bank One charges me ten dollars per month to maintain my account. The only way the service charge is forgiven is if I maintain a \$1500 balance at all times. If I cannot possibly afford to keep this amount, then why must I pay this outrageous sum of money per month? I am penalized for being poor. I used to have a checking account with Bank One also, but I found it impossible to balance my book according to the statements. Many times there were mistakes on the statements, but the bank never took credit for them. I would have certain amounts drafted twice instead of once, but nothing was ever done to make the corrections to my account. Often times, because amounts were drafted more than once, or my deposits were not added to my account when they were supposed to, my checks would bounce. Rather than the bank picking up the charge for their mistake, I would have to pay the overdraft fee of \$25 per check. I tried calling several times to speak to someone in a management position, but either was not be able to speak to the person, or left a message, and no one called me back. Bank One is not concerned about their customers. This is only a business to them, and they're out for money.

Sincerely,

Bobbie Rice  
Dallas Texas ACORN

## Statement of Dallas ACORN on Banc One's record in Texas

Good morning my name is Rev. Wesley Sims and I am from Dallas Texas. We are opposed to the merger of Bank One with First Chicago. I am here to testify to Banc One's poor record of servicing Texas communities, especially low-income and minority communities and consumers. In general, Banc One under serves and redlines minority neighborhoods and rejects African Americans and Latinos at much higher rates than white applicants. Banc One's performance in Dallas and Houston lags significantly behind the market averages.

I first will talk about Banc One's lending record. In Dallas, African Americans were rejected for conventional home purchase loans at Banc One nearly three times as frequently as white applicants in 1996. This rate is higher than the market average of conventional home lenders rejecting African Americans at twice the rate of white applicants. Even African Americans earning above 120% of the median income were rejected more than two and a half times as frequently as whites of similar incomes. In fact, the African Americans were rejected at rates double that of moderate income white applicants -- 35% and 17% respectively.

Dallas Latinos received comparable treatment at the Banc One offices. Latinos were rejected more than twice as frequently as white applicants for conventional mortgages in 1996. This rate again is higher than the market average rejection ratio of 1.78 for all Dallas lenders. Upper income Latinos were also rejected twice as frequently as upper income white applicants.

A similar pattern is found in Houston, where African Americans and Latinos are rejected much more frequently than white applicants. African Americans were rejected more than three and a half times as frequently as whites in 1996 -- up slightly from the 1995 of just shy of three and a half in 1995. This figure is more than double the market average of African Americans being rejected more than one and a half times as frequently as whites. Incredibly, the rejection rates for upper income African Americans is nearly triple that of moderate income white applicants -- 29% and 11% respectively.

The picture was no brighter for Houston Latinos. Latinos were rejected nearly twice as frequently as white applicants in 1996. This figure is also an increase from the one and a half times Latinos were rejected in comparison to white applicants in 1995. Again, the ratio is measurably higher than the market average, where Latinos were rejected 27% more frequently than whites. Upper

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income Latinos were rejected nearly twice as frequently as moderate income white applicants.

These figures are appalling. If the stories from Dallas consumers are any guide, these numbers may be understating the problem. Minorities in Texas don't have a chance at the Banc One lenders office. Meanwhile, many neighborhoods are in desperate need of access to credit and new homeowners. It is unlikely that they will find it at Banc One. ACORN has discovered that Banc One is most likely to lend to the whitest and wealthiest neighborhoods in Houston and Dallas.

In Dallas, 23% of the nearly 400 conventional mortgage loans Banc One made in 1996 went to census tracts where whites made up more than 90% of the population. Only 11% went to census tracts where minorities made up the majority of the population. A mere 4% of these originations went to census tracts below 50% of the area median income. 88% of these low-income tracts received no loans at all.

In Houston the pattern was, if anything, more troubling. 45% of Banc One's more than 700 conventional mortgages went to census tracts where whites made up more than eighty percent of the population. Only 13% of the loans went to census tracts where minorities made up the majority of the population -- less than half of those went to census tracts where minorities made up more than 75% of the population. A mere 2% of the conventional mortgages went to census tracts where household income was below 50% of the area median. Of the 117 low-income census tracts in the Houston area, 86% received no conventional mortgages.

Taken together, these two facts show a dual pattern of rejection at Banc One in Texas. Minority individuals are frequently turned down for loans at Banc One, more frequently than their white counterparts. Low-income and minority neighborhoods are likewise unserved by Banc One. The road to home ownership is an essential tool to build wealth for families and to shore up neighborhoods and communities. Home owners build equity in their families and in turn their neighborhoods benefit. With inadequate access to fair credit, these neighborhoods and families suffer unduly. Banc One is a contributor to this unfairness.

ACORN has tried to get commitments from Bank One to turn these problems around. ACORN met with Bank One with the help of our Congresswoman Eddie Bernice Johnson. I was at the meeting. I asked weren't they concerned that so

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few loans went to African Americans. They kept talking about their other lending, like credit card lending and personal loans. Well, getting people in debt is not the same thing as helping people to become homeowners. We need more homeowners in our neighborhoods. The banker at the meeting also kept talking about the loans they do with affordable housing groups. That's great. But ACORN is the group that is concerned about what happens to the ordinary every day person who walks into the bank. And with Bank One they seem not to make very many loans to make people homeowners. At the meeting we asked Bank One to do one of two things. Either make a commitment matching the commitments in Detroit and Chicago as to how much they would lend to minority and low and moderate income neighborhoods or tell what program they would use to do a better job of lending to minorities. They did not make either commitment. The Federal Reserve should take this opportunity to address this inadequate record and reject the proposed merger without practical and workable changes in Banc One's operation. Thank you.

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Good afternoon, my name is Shirley Vargas. I live in Pleasant Grove, Dallas TX. I have a bank account at Bank One and I am opposed to the merger because I feel like the bank discriminates against people who are trying to get loans, even when they are applying for loans that they can afford.

That happened to me, and to several other people whose stories I will tell.

Mr. Washington, an African-American, applied for a loan at Bank One about two years ago. He has lived in his house for 30 years. He had been at the same job for 20 years and it's a good paying union job. He has an account at Bank One. In 1996 he applied for a home improvement loan from Bank One for \$5000.00. He didn't hear anything from them in 2-3 months so he went up there to check it out. They hadn't even looked at his paperwork. He asked if they could process the application. It is now 2 years later and he still hasn't heard anything from them at all. Not even that he was denied.

This story is very disturbing because it is similar to a mortgage discrimination settlement Bank One reported at Arizona Republic in 1997. It made a cash settlement with five families, one of whom speaks off the record. She says her husband and her applied for a home loan and more than a month later, after they had lost the contract on their house, Bank One said it had lost their application. They tried again at Bank One, and this time were told after several weeks that their application was late, and that they had not filled out all the forms. The couple applied at a different lender and were approved within one week.

My fiancée and I had a similar experience at Bank One when we applied for a home loan.

We went to Bank One to apply for a home loan. I had an account there. My fiancée had been employed by his company since 1991. The company got changed

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around and he was changed from a regular employee to a contractual worker, but he was still doing the same work. We went to the bank to apply for a home loan that was for \$65,000. We had \$4500.00 cash to put down. The banker told my fiancée that he hadn't been on his job long enough to qualify. They told him he had to be self employed for 4 years, and he had only been self employed for 2. He then told me that I didn't make enough money anyway and that we should come back in 2 years. We were making together about \$27,000 a year. We had tax forms and everything for both of our jobs. The banker did not even run our credit report. He did not suggest any other program. I didn't go anywhere else because I thought that if I banked here and they turned me down, I don't have a chance anywhere else. I am glad to speak up today because I now know that what happened was wrong, we could have gotten that house if only we were treated fairly. We still rent, but we still have a dream to buy our own home.

Another man, William, applied for a bill consolidation loan in May of 1996. At that time he had 3 or 4 accounts at the bank with \$10-11,000 total in them. He also had several loans prior to that, and had paid those loans off early. He wanted a consolidation loan mostly for credit cards. He needed \$10-11,000. About half of that amount was on Bank One credit cards. The bank said that they could not do the loan. A few weeks after that Bank One sent him a "check" for \$2500 at 23.49% interest rate. It was one of those checks where if a person cashes it turns into a loan. He then went back to the bank and checked on the "regular" interest rate which was around 8.5%. He asked someone at the bank why they would send him this "check" when they wouldn't give him a loan, but they had no answer. Shortly after this he closed his accounts with the bank.

ACORN is very concerned about these cases for several reasons. By creating a hassle for the customer who wants a loan, Bank One may be prescreening some applicants away. If the application is never taken, it does not show up on HMDA reports. This undercounts the number of applicants from minorities, but more importantly,

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it may signal a prescreening of applicants it plans to reject, artificially lowering its rejection rates and ratios for minorities.

Thank you for your time.

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Good afternoon my name is Bobbie Rice. I am from a low and moderate income area in Dallas Texas. I am against the Bank One merger because of my experiences with Bank One, and because of the stories that I have heard from others about their treatment by the Bank.

Bank One is not a bank that does a very good job at servicing people in my community. Some people in my community have a difficult time understanding the complex banking fee structures and no one takes the time to explain the fees to them until it is too late or they are rude, insensitive, and in some cases racist.

For instance a man named Ogan Defreeze.

Mr. Defreeze is an African American senior citizen living on a fixed income of about \$500.00 a month. He has been a Bank One customer for many years. He even banked at the same bank before it got a name change to Bank One. He always went in to use the teller because that is what he had always done. The only problem was that Bank One decided to start charging people \$2.00 to use a teller. \$2.00 may not sound like a lot to you, but we do not have much room in our budgets to waste money. Mr. Defreeze wrote checks to pay bills on money he thought he had, but because of the fees, he bounced checks and had to pay bounced check fees. He estimates that Bank One took almost \$200.00 from him in bounced check fees before someone explained about the teller fee. \$200.00 is nearly half of his monthly income. Bank One also lost a \$10.00 deposit, then found it, and still refused to refund a bounced check fee that occurred due to their mistake.

I have had a similar experience.

I have a savings account at Bank One. The reason I have a savings account is exactly because I need to save my money. I am on a fixed income, supporting ~~several~~ <sup>my</sup> ~~my~~ <sup>Grand</sup> children, and I must save as much as I can. However, Bank One charges me ten dollars per month to maintain my account. The only way the service charge is forgiven is if I maintain a \$1500 balance at all times. If I cannot possibly afford to

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The Soria family had similar problems with Bank One and their account. They are a Mexican American couple who were slightly overdrawn on their checking account in December of 1995. They took a Treasury check to deposit and withdraw three hundred dollars for Christmas shopping – paying off their account and accessing their money. The teller refused to cash any portion of the check, called the Sorias "dirt bag Mexicans," and closed their account. Mrs. Soria called a regional manager to resolve the matter who informed them the teller had acted improperly and opened a new account for the couple and cashed their check.

Unfortunately, the bank was still drawing from their closed account. The Sorias were not informed of this until Bank One froze their new account without telling them why. Bank One charged the Sorias ten dollars to look through their records where the couple found a two hundred dollar overdraft on the account the rude teller closed. The Sorias never asked to have their first account closed, nor did they receive any notice from Bank One about the overdrafts on the first account. Three months later their account is still frozen and Bank One wants them to close their accounts and change banks. In the words of Mrs. Cynthia Soria "We believe they

