From: Renée Jenkins
To: RICH BankSup Applications Comments
Subject: [External] Public Comments
Date: Thursday, July 25, 2024 12:36:45 AM

NONCONFIDENTIAL // EXTERNAL

ATTN: Jerome Powell, Federal Reserve Chairman

Dear Mr. Powell:

My name is Renée Jenkins and I am writing to you to offer insights about the partnership between my organization, Bedford-Stuyvesant Restoration Corporation and Capital One has been beneficial for the community in which we serve.

In my capacity as EVP and Chief Advancement Officer, I work to ensure that our partnerships are aligned in areas of economic development, particularly for low to moderate income marginalized communities. For the past several years, we have partnered with Capital One on our homeownership counseling program that prepares homeowners to become homeownership ready after going through a rigorous counseling program. The support from Capital One has enabled us to fortify staff needs, widen our counseling services and offer over 600 counseling sessions in-person and virtually to over 2,000 individuals who wish to buy a home.

As the nation's first community development corporation, we are focused on strategies that build assets and increase personal net worth. Working with Capital One has been so impactful because Capital One understands the significance of homeownership and how empowering it is, especially for persons of color who often are overlooked. And Capital One has been phenomenal in how it engages with us and the considerations with which it treats its own customers.

Most compelling is that Capital One personifies an institution that makes the banking process more engaging and welcomes diversity in approach.

Therefore, the merger of between Capital One and Discover can affect positive change and hopefully an even greater investment in community banking for all.

--
Renée D. Jenkins
Chief Advancement Officer
Bedford Stuyvesant Restoration Corporation

rjenkins@restorationplaza.org
718-636-6969

schOOL AFTER matters

Ann E. Misback
Secretary of the Board
Federal Reserve Bank
20th Street and Constitution Ave NW
Washington, DC 20551

Dear Ms. Misback:

I'm writing to you on behalf of After School Matter. After School Matters inspires Chicago's teens to discover their passions, develop skills for life, and thrive in a supportive community. We provide 26,000 paid opportunities for teens to participate in high-quality after-school and summer programs each year throughout the city, reaching the teens most in need of programs and services.

After School Matters is funded by public and private support including grants from state and city government, corporations, foundations, and individual. We depend on donations from corporate partners, such as Discover, to serve the community. Together, these funding sources enable us to provide transformational programs for Chicago's teens. This impact could not be achieved without fiscal support from all of these partners.

We have worked with Discover for almost 10 years. Discover has provided critical support for After School Matters programs and specifically for programs in financial literacy and programs on the south side of Chicago. We've come to rely on their partnership to continually deliver the programming we provide to thousands of Chicago teens each year.

We are thankful for Discover's involvement over the years and look forward to the prospect of partnering with a combined Discover/Capital One to provide vital support to our community.

Thank you so much.

Warm regards,

Katrina Ferreyra

Katrina Ferreyra
Chief Development Officer

Andrew Palmer
Corporate Partnership Coordinator
pronouns: he/him/his
After School Matters®
66 East Randolph Street

Chicago, IL 60601
P: (312) 768-5203
www.afterschoolmatters.org
Help us build Chicago’s future. Get involved.

From:	Luz Urrutia
To:	RICH BankSup Applications Comments
Subject:	[External] Docket ID OCC-2024-0006 - Comment on proposed Discover - Capital One Merger
Date:	Thursday, July 25, 2024 6:29:58 PM
Attachments:	image001.png

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To Whom It May Concern:

Attached please find our response to your request. Please let us know if you need anything else.

Thanks,
Luz

Ann E. Misback
Secretary of the Board
Federal Reserve Bank
20th Street and Constitution Ave NW
Washington, DC 20551

Dear Ms. Misback,

I'm writing to you on behalf of Accion Opportunity Fund (AOF), a non-profit Community Development Financial Institution (CDFI) that promotes an equitable financial system by advancing economic opportunity for underinvested small businesses and communities across the country. Our mission is to advance economic mobility for women and people of color who own small businesses and low-income communities through affordable financial services, knowledge resources, networks, and policy. We accomplish this by providing quality financial services and resources, building cross-sector partnerships, and advocating for fair policies so all individuals can build financial well-being and improve their lives.

Discover has partnered with AOF and its predecessor Accion U.S. Network since 2011 to support our mission. We depend on donations from corporate partners, such as Discover, to support thousands of underserved entrepreneurs with access to capital and business education resources. Last fiscal year alone, AOF reached nearly 2,800 entrepreneurs with coaching, 8,000 small business owners attended our webinars and events, and we disbursed

$97 million through more than 1,800 loans.

This impact could not be achieved without financial support from partners like Discover and we are thankful for Discover's support over the years.

We look forward to continuing our partnership with Discover and Capital One to provide vital support to the ever-changing needs of the small business community.

Thank you for considering our perspective.

Warm regards,

Luz Urrutia

Luz L Urrutia | CEO
111 West St. John St. Suite 800
San Jose, CA 95113
Phone (669) 214-4376
E-mail lurrutia@aofund.org
Accion Opportunity Fund | aofund.org
Hablo español

ACCION OPPORTUNITY FUND

Loans made by Accion Opportunity Fund Community Development. California Finance Lenders license number 6050609.

From:	Melissa Koide
To:	RICH BankSup Applications Comments; LicensingPublicComments@occ.treas.gov
Cc:	Kelly Cochran
Subject:	[External] FinRegLab Comment Letter on Capital One's Community Benefits Plan
Date:	Thursday, July 25, 2024 6:31:06 PM
Attachments:	4A547B3F8E3345ABAEEA727B04E33AA9.png FinRegLab Comment Letter Re Capital One Discover copy.pdf

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To Whom It May Concern:

Please accept this letter on behalf of my organization, FinRegLab, in response to the solicitation regarding Capital One's proposed merger with Discover Bank.

Thank you for the opportunity to share our comments.

Melissa

Melissa Koide
CEO, FinRegLab
melissa.koide@finreglab.org
@melissakoide | 202.210.7993
finreglab.org

Sign up for our newsletter to get updates at ***FinRegLab News*****.**

FinRegLab

Sign up for our newsletter to get updates at FinRegLab News.

July 24, 2024
BY EMAIL

Brent B. Hassell
Assistant Vice President
Federal Reserve Bank of Richmond
P.O. Box 27622
Richmond, Virginia 23261
Comments.applications@rich.frb.org

Jason Almonte
Director for Large Bank Licensing
Office of the Comptroller of the Currency
New York Office
7 Times Square, 10th Floor Mailroom
New York, New York 10036
LicensingPublicComments@ occ.treas.gov or

Dear Mr. Hassell and Mr. Almonte,

I write as a member of Capital One's Community Advisory Council who has provided input on the bank's proposed Community Benefits Plan for 2025-2029 in connection with its proposed merger with Discover Bank.

FinRegLab is a nonprofit, nonpartisan innovation center that tests new technologies and data to inform public policy and drive the financial sector toward a responsible and inclusive financial marketplace. With our research insights, we facilitate discourse across the financial ecosystem to inform public policy and market practices. Financial inclusion is critical to FinRegLab's mission, as an inclusive financial system is a crucial component to increasing broader economic participation, financial health, and equity among historically marginalized and excluded populations.

FinRegLab is engaged in a significant workstream focusing on the potential use of data and technology to scale lending to minority business enterprises and other underserved small businesses, particularly through expanding the operations of mission-based lenders such as minority depository institutions and community development financial institutions. As outlined in our most recent report, there has been a significant increase in small business formation since the COVID-19 pandemic—particularly among entrepreneurs of color, women, and other historically underserved groups—and a number of encouraging lending industry trends, despite substantial economic uncertainty and other hardships.[1] Mission-based lenders play a critical role in delivering affordable capital to the communities that face the greatest barriers to accessing traditional financial services. However, additional investments are critical to sustain the momentum among mission-based lenders, both to support investments in data and technology infrastructure and to provide liquidity for lending. We are encouraged that Capital One's

[1] FinRegLab, "From Crisis to Opportunity: Financing for Underserved Small Businesses Since COVID-19," June 2024.

proposed Community Benefits Plan includes a 600% increase in Capital One's current CDFI lending and investment, a 300% increase in grants to CDFIs, and substantial expansions in its pro bono technical assistance programs to assist nonprofits particularly when working with data, cyber, technology infrastructure, machine learning and artificial intelligence applications.

Capital One's Community Benefits Plan also proposes an expansion of the bank's direct products and services to underserved small businesses and consumers in low- to moderate-income communities. This includes a mission-based credit card with below-market rate pricing that involves partnerships with CDFIs to deliver wrap-around services and a free digital dashboard to help small businesses manage budgets and understand their own cash flows. Access to affordable capital is critical to the growth and survival of small businesses, and with the proposed merger, Capital One may be well positioned to deliver this at scale.

We believe that transparency is critical to measuring the overall impact of these initiatives and publicizing lessons learned to benefit the broader mission-based sector. We are encouraged that the plan commits to expanding Capital One's partnership-based research initiatives, as well as to regular reports to regulators, the Community Advisory Council, and the general public via its website. We believe that accountability is critical to produce meaningful benefits for both mission-based lenders and the populations that they serve.

Sincerely,

Melissa Koide

Melissa Koide
CEO

From:	Lisa Anselmo
To:	RICH BankSup Applications Comments
Subject:	[External] Zeiler testimony
Date:	Friday, July 26, 2024 1:08:07 PM
Attachments:	JZ Testimony 072624.pdf

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Lisa Anselmo
Administrator/HR
Hudson Housing Capital
630 Fifth Avenue
Suite 2850
New York, NY 10111
212-218-4489
www.hudsonhousing.com

HUDSON
HOUSING CAPITAL

JOHN ZEILER
MANAGING MEMBER

July 26, 2024

Re: Testimony of John Zeiler
Hudson Housing Capital
Federal Reserve Hearing

To Whom it May Concern,

I am writing in support of Capital One's application to acquire Discover. My firm has an extensive track record with Capital One in their program to invest in affordable housing—which in my experience extends far beyond their CRA obligations; and one of the many ways in which they aim to meet their mission of "Changing Banking for Good".

By way of background, my firm Hudson Housing Capital, is a financial intermediary between affordable housing developers and financial institutions that want to invest in housing that relies on Low Income Housing Tax Credits ("LIHTC") for its equity. We source the transactions and asset-manage the investments for the 15-year regulatory compliance period. Hudson focuses on developments in urban areas and many of our investments are with mission driven non-profit organizations that specialize in the development of affordable housing and provide social programs to residents. Since 2007 we have worked closely with Capital One in the implementation of their community finance program. During this time, we have invested on their behalf in over 21,500 apartments in 233 properties across the country—which represents $3.1 Billion in equity investment.

During this period, our industry experienced turmoil through various events including the 2008 Financial Crisis, 2017 Tax Reform and of course the COVID 19 pandemic. For many reasons associated with each of those events, there was a contraction in the market and many financial institutions halted new investments but Capital One was a steadfast partner throughout. In each instance, Capital One honored the deals they made and, in some instances, honored the deals made between other financial institutions and developers. Their actions ensured that construction could continue, and that the long-term viability of the developments would be protected with the required funding.

Hudson Housing Capital LLC
630 Fifth Avenue, Rockefeller Center, 28th Floor . New York, NY 10111 . Tel. 212-218-4474 . Fax. 212-218-4467

One high profile example is the Parkside transaction in the Anacostia neighborhood of Washington, DC—a 316-unit apartment complex that received an allocation of tax-exempt bonds and tax credits along with city subsidies. The original investor reneged after making an initial payment. The rehabilitation was stalled until Capital One agreed to fulfill the outstanding obligations of others. Community Preservation and Development Corporation, the DC based non-profit was then able to complete the $67.8MM redevelopment on schedule.

During the COVID 19 pandemic, Capital One closed on the financing for Austin 147, an 80-unit affordable housing development in the Bronx, NYC. Their approach of being hands on to structure the deal appropriately with the developer and the housing finance agencies in face of the crisis was representative of their corporate culture. For instance, due to scarcity of materials they adjusted their funding requisition process and increased limits on stored materials to allow earlier procurement and storage of materials. This helped ensure the $37MM development to be built and completed within budget during such uncertain times.

Capital One's mission of "Changing Banking for Good" is not just exemplified in their innovative approach to financing very complex affordable housing transactions, but also demonstrated in their efforts to finance beyond the brick and mortar. They have established various initiatives to enhance programing offered to enrich the lives of the residents. One example is the Capital One Digital Access (CODA) Program. In an effort to bridge the digital divide, Capital One provided over 1,000 participants at seven sites in the Bronx and in the DC metro area with access to free internet service and tablets. One of the seven sites that has benefited from this program is Lee Goodwin Apartments, a 60-unit supportive housing development for youth aging out of foster care. Having access to the internet was especially critical for those youth during the pandemic and Capital One's program was responsive to them and so many other households in our portfolio.

Throughout the last 17 years, we have reached many important milestones with Capital One and one that I'm particularly proud of involves the Forune Society, a Harlem based non-profit that runs state of the art programs for formerly incarcerated. In 2009, Capital One provided equity and debt for Castle Gardens, a complex incorporating apartments for low-income families and units for formerly incarcerated individuals who receive extensive counseling and life skill and job training. While some considered it risky, Capital One was willing to bet that these distinct populations could be housed successfully within a single development if the design was well executed, and the requisite social services provided. It worked amazingly and a few years ago celebrated their 10th Anniversary. Many of the current residents have lived there since it opened and recognized that having safe, affordable housing enabled them to successfully provide for their families and be contributing members of society. I'm sure many residents of the other 232 properties Capital One has invested in through us would tell a very similar story.

Hudson Housing Capital LLC
630 Fifth Avenue, Rockefeller Center, 28th Floor . New York, NY 10111 . Tel. 212-218-4474 . Fax. 212-218-4467

I hope this information is helpful.

Sincerely,

From:	Erika Hval
To:	RICH BankSup Applications Comments
Subject:	[External] Comment
Date:	Friday, July 26, 2024 2:44:42 PM

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Capital One has been a long-time partner of Project Renewal, Inc., one of the largest homeless services providers in New York City. Their generous support of our workforce development programming has assisted individuals with significant barriers to employment—including homelessness, substance use, mental illness, and justice involvement—to train for, obtain, and grow in meaningful employment. We are grateful for Capital One's collaboration and for their contributions that uplift Project Renewal's programming.

Erika Hval
Director of Institutional Giving
Project Renewal, Inc.

From: Monzel, Andrew
To: RICH BankSup Applications Comments
Subject: [External] PUBLIC MEETING
Date: Saturday, July 27, 2024 6:19:45 PM
Attachments: DFS COF Merger Opinion .pdf

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Good evening,

I hope this note finds you well!

Attached above is my written comment regarding the proposed merger between Capital One Financial and Discover Financial Services. I just realized that the window to submit comments has closed, unfortunately I thought it was at a later date.

I sincerely apologize and ask that my comment still be put into the record, I worked incredibly hard on this paper over the last three months and would really appreciate its acceptance into the comments.

I am once more sorry and I hope you have a great weekend!

Best,
Andrew Monzel

Andrew Monzel
Finance and Economics ‘26
Fisher College of Business Undergraduate
The Ohio State University
513-713-4397 Phone
Monzel.4@osu.edu

Capital One Financial/Discover Financial Services Merger

Dissenting Opinion

Andrew Monzel

The Ohio State University

July 19th, 2024

On September 17th, 1985, the first purchase was made on a Discover Financial Services (NYSE: DFS) credit card. A Sears, Roebuck & Co. employee swiped their slab of plastic in Atlanta for $26.77, marking the beginning of a new era for the American credit industry. The following year, Discover Card promoted their new creation during Super Bowl XX, officially launching their credit card portfolio. The company positioned themselves uniquely, being one of two credit card issuers to be backed by their own deposits, joining American Express. Eleven years later, in 1994, Capital One Financial (NYSE: COF) was founded by current CEO, Richard Fairbank, and Nigel Morris. Beginning as a minute monoline credit card bank, Capital One has since grown to become the fourth largest credit card issuer based on value of transactions for goods and services [(1)]. On February 20th, 2024, Capital One Financial announced that it was planning to purchase Discover Financial Services in an all-stock deal, at a 26.6% premium of DFS's closing price on Feb. 16th, $110.49, or $35.3 billion. If approved by shareholders and governmental agencies, this deal would take the crown as the fifth largest merger [(2)] of credit card companies in U.S. financial institution history by deal volume. I write today to strongly implore the Federal Reserve to block this merger from occurring.

Capital One Financial claims the purchase of Discover Financial Services will lower credit card transaction fees and create a more competitive market while still being able to usher loans to lower income individuals and small businesses. I believe their rationale is contradictory due to their questionable consumer practices, the adverse economic environment, and the financial instability of both institutions which will eventually force their hand to either maintain competitive transaction fees and refrain from lending to marginalized consumers or continue their exposed lending habits and increase transaction fees. Ultimately, this will lead to troubled waters for consumers and/or merchants in the foreseeable future.

Discover appeared poised to rival the duopoly that had been created by Visa and Mastercard. Yet, thirty-nine years have passed since its inception, and the company continues to charge some of the highest interchange fees for merchants. This has gravely stunted their growth and expansion into foreign countries as they are stuck in a never-ending cycle of high rates. Discover offers lucrative rewards to cardholders, including cash-back incentives and no annual fees. However, their practices harm the small businesses they claim to support. “Visa charges 1.79% (plus $0.08) per in-person transaction, Discover charges 2.05% (plus $0.08)” [(3)]. While this may seem like a small difference (0.26% per transaction), for a company making $5,000,000 in revenue, they are paying roughly an extra $13,000 in sunk expenses. The average small business owner in America earns $80,469 [(4)] per year, Discover’s extra credit card fees account for almost 14% of owner’s total income. Yet, some transaction fees get passed on to consumers as a surcharge to their purchase. These higher swipe fees by Discover are what cause certain merchants, mainly small businesses, to not allow the card to be used at their store/company. Credit card fees and transaction fees are often times confusing and misinterpreted. Here are brief definitions and examples of terms that are used:

Credit card issuers: financial institutions, such as banks and credit unions, that provide credit cards to consumers. They are the lenders that cardholders borrow money from. Examples include J.P. Morgan Chase, Citi Bank, Wells Fargo, Barclays, Discover, U.S. Bank, PNC, Capital One, Bank of America, and American Express.

Credit card payment networks: financial systems that allow consumers to use their credit cards to make purchases. They act as intermediaries between cardholders, merchants, and credit card issuing banks, providing the technology and infrastructure needed to process credit card payments. Examples include Visa, American Express, Mastercard, and Discover.

Interchange fees: transaction fees that banks (credit card issuers) charge merchants (store owners) when a customer uses a credit or debit card to make a purchase. The fees are paid to the card-issuing bank to cover the costs of processing the transaction, fraud, bad debt, and the risk of approving the payment. They may also help pay for credit card rewards and fraud prevention.

Assessment fees: also known as card brand fees or association fees, are fees paid directly to credit card networks by merchants so they can use certain credit cards.

Swipe Fees: total charge to merchants for allowing a credit card to be used at checkout (interchange fee + assessment fee).

As I mentioned earlier, Discover placed themselves in a unique category of credit card issuers as they also own their own payment network. They have failed to take advantage of this by charging the second highest average return from swipe fees.

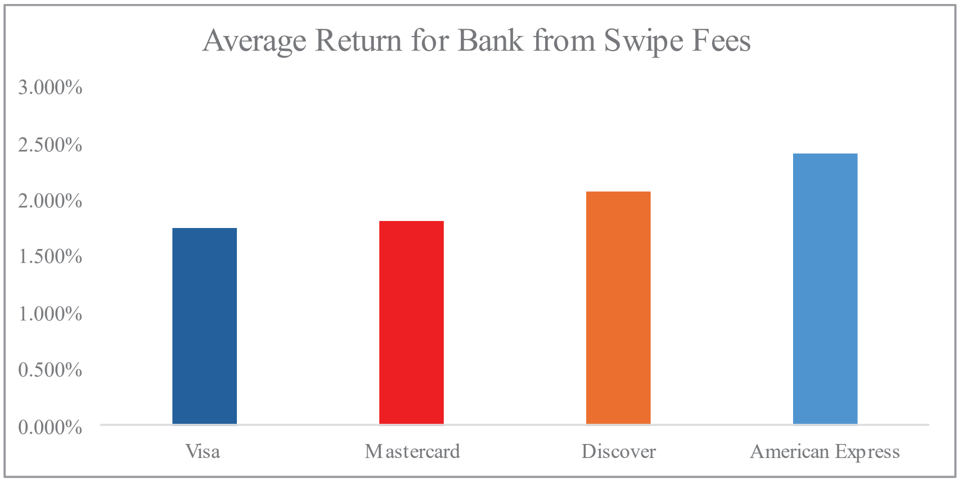
(5)

Payment Network	Avg. Interchange Fee Range	Average
Visa	1.23% to 3.15%	1.75%
Mastercard	1.15% to 3.15%	1.82%
Discover	1.56% to 2.40%	1.95%
American Express	1.10% to 3.15%	2.24%

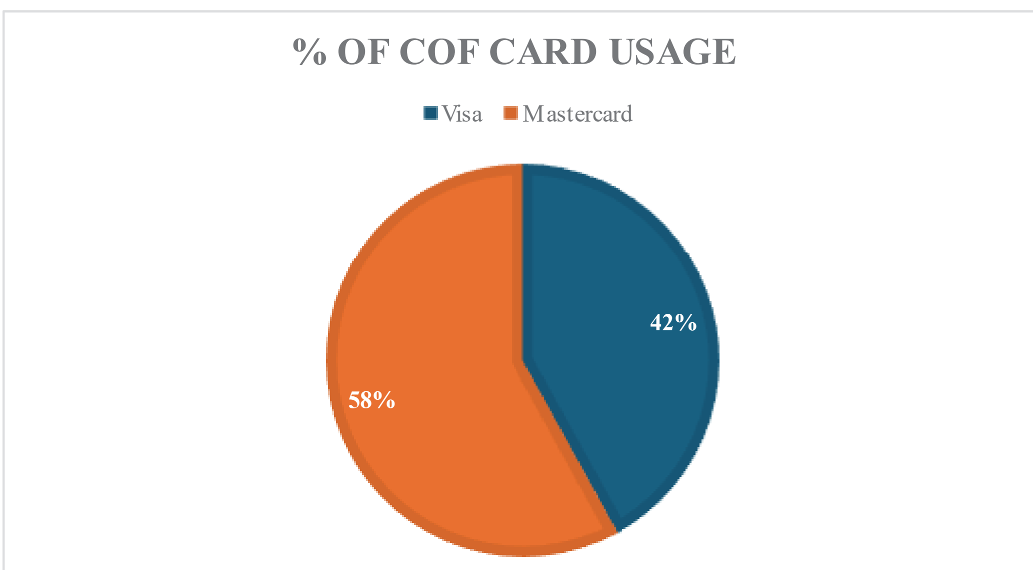
Payment Network	Assessment Fee
Visa	0.140%
Mastercard	0.145%
Discover	0.130%
American Express	0.170%

Payment Network	Swipe Fees
Visa	1.89%
Mastercard	1.97%
Discover	2.08%
American Express	2.41%

In the tables above, I outline the process of calculating the swipe fees associated with each credit card payment network. I found the average of the interchange fee range by adding up the breakouts of fees across a wide array of sectors, mainly weekly/monthly occurrences (ie. Super Market, Retail, Insurance, Services, Healthcare, Real Estate, Travel, and Restaurant). I then added the assessment fee to calculate the total average swipe fee per credit card payment network. Discover was the only credit card issuers with non-specific breakouts on their interchange rates, instead it is an average of all their cards. This follows suit for the company as they often times try to hide and miss categorize payments for their own financial benefit.



One of the major points of Capital One's thesis on acquiring Discover is their ability to capitalize upon Discover's in-house payment network. The chart above shows the average return for banks from swipe fees (total charge to merchants). For Visa and Mastercard, card networks, the amount that is returned to banks is only their interchange fee. For Discover and American Express, since they are card networks and issuers, they return their interchange fee and assessment fee, or the total swipe fee. Discover boasts the third highest total return. Capital One believes with their acquisition of Discover, they will be able to lower the overall swipe fee for merchants, creating a more competitive market.



Above is Capital One's current split of credit card network usage. In total, there were about $606 billion dollars spent on Capital One Financial credit cards in 2023 [6]. $255 billion was spent using Visa's payment network and $351 billion was spent using Mastercard's payment network. COF plans to switch over parts of their credit card issuances to the DFS payment network, the company claims, "The acquisition is expected to generate network synergies of $1.2 billion in 2027, driven by adding Capital One debit purchase volume and selected credit card purchase volume to the Discover network" [7]. If the card issuer continues forward with this plan of switching over selected credit card purchase volume, assuming 50% and 65% of their Visa and Mastercard issuances respectively, they will be able to generate close to an extra $1 billion dollars in revenue. While this may be enticing for Capital One to capture such coveted revenue synergies, it completely disregards their investment thesis. COF claims they will work to lower the overall costs associated with their credit card transactions, but when it comes to losing out on potential income, Capital One and Discover are not ones to let bygones be bygones. These subprime giants will do anything in their power to make a single dollar, whether it be overcharging individuals on their student loans and credit cards to charging obscene $37+ late fees on missed payments. Discover has been well documented as being a deceptive and corrupt organization. In 2012, the Federal Deposit Insurance Corporation (FDIC) and Consumer Financial Protection Bureau (CFPB) issued a consent order for their "marketing" techniques. The FDIC and CFPB's investigation "concerned deceptive telemarketing and sales tactics used by Discover to mislead consumers into paying for various credit card "add-on products" – payment protection, credit score tracking, identity theft protection, and wallet protection" [8]. For years, Discover Financial Services misled card users into believing these add-on products were free. They would also place these charges on individuals accounts without their knowledge, often times hurting the American consumer just to make a stolen dollar. These stolen dollars have added up throughout the years, by the time the FDIC and CFPB were able to catch DFS's deceptive mannerisms, more than 3.5 million people had been harmfully affected. They were issued to refund approximately $200 million to the individuals who were illusively taken advantage of by a "trusted" company.

The Great Financial Crisis was a major headwind for many credit card companies during the late 2000's. Discover was one of the hardest hit companies during the crisis as its net income had dropped more than 45% from 2006 to 2007. Being in a state of panic, former CEO, President, and COO of Discover, Roger Hochschild, began their worst practice to date. The company started overcharging merchants on their credit card transaction fees. They lied to the very people they swore to protect. Discover was established as a company that was meant to free the American consumer from the duopoly that had been created by Visa and Mastercard. While they saved face for years, lying about their rates, an FDIC probe found them guilty of their misconduct. They will now have to pay $1.2 billion in settlement charges [9]. This has caused Discover to lie and mislead their shareholders about their true revenue and net income, which has led to a severe overvaluation of the card network. In a time of such trepid waters for DFS, I do not believe it is responsible for the Federal Reserve to allow them to merge companies with Capital One.

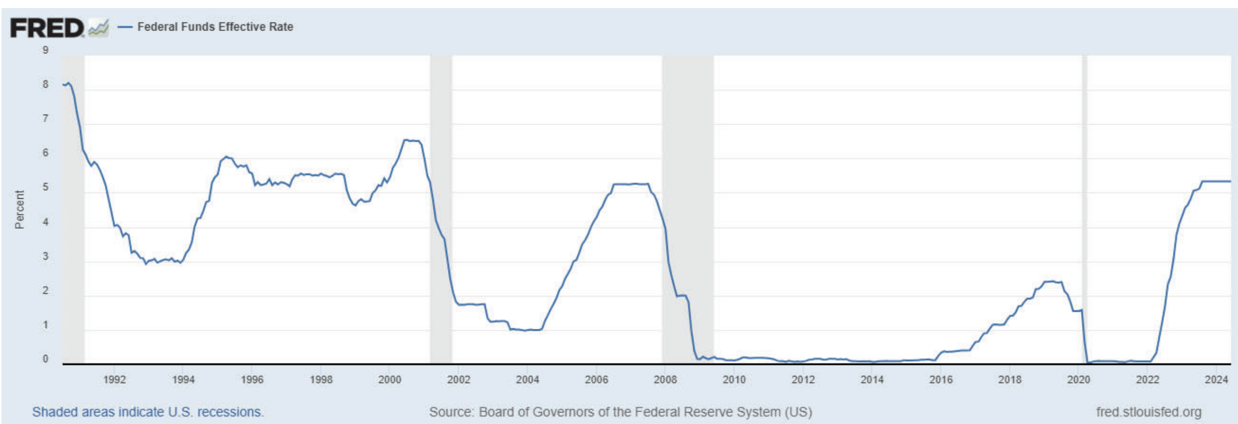
The malpractice by Discover Financial Services does not end there. In 2015, they were once more issued a Consent Order by the Consumer Financial Protection Bureau. "The Bureau's 2015 Order was based on the Bureau's finding that Discover misstated the minimum amounts due on billing statements as well as tax information consumers needed to get federal income tax benefits. The Bureau also found that Discover engaged in illegal debt collection practices. The Bureau's 2015 Order required Discover to refund $16 million to consumers, pay a penalty, and fix its unlawful practices servicing and collection practices" [10]. This time around, Discover did not "accidentally" misclassify credit card charges, they committed outright fraud against their users. The mid-2010's was not an easy period for the American people. Consumers were still struggling with high unemployment rates and crawling out of the hole we had found ourselves in during the Great Financial Crisis. Luckily enough, the borrowing rate set by the Federal Open Market Committee (FOMC) was at all-time lows, housing was becoming affordable once again, and inflation had begun to settle around its 2% target. Luckily, consumers were in a decent enough financial position to take on these overcharges by Discover. Sadly, this was not the last time the predatory company overcharged their customers. The CFPB issued their 2020 Consent Order that "found that

Discover violated the 2015 Order's requirements in several ways. Discover misrepresented the minimum loan payments consumers owed, the amount of interest consumers paid, and other material information, such as interest rates, payments, due dates, and the availability of rewards, among other things. Discover also did not provide all of the consumer redress the 2015 Order required. The Bureau found that Discover engaged in unfair acts and practices by withdrawing payments from more than 17,000 consumers' accounts without valid authorization and by cancelling or not withdrawing payments for more than 14,000 consumers without notifying them. This conduct violated the CFPA, EFTA, and Regulation E. The Bureau also found that Discover engaged in deceptive acts and practices in violation of the CFPA by misrepresenting to more than 100,000 consumers the minimum payment owed and to more than 8,000 consumers the amount of interest paid. Some consumers ended up paying more than they owed, others became late or delinquent because they could not pay the overstated amount, while others may have filed inaccurate tax returns" [(10)]. Discover was ordered to pay $10 million in consumer redress and a $25 million civil money penalty for violating the 2015 Consent Order. Doing some quick math, let's say Discover overcharged users by $10 on their minimum payments. That is an extra $120/year (12 months x $10/month). The credit card issuer would be making a minimum extra $12 million in revenue, close to an extra $200 million over the period they misrepresented consumer statements. They could have been charging well over an extra $20 on their card payments, these outlandish charges have created an overvaluation of the company due to misrepresented income. Unfortunately, Discover is not alone in their malpractices toward their customers.

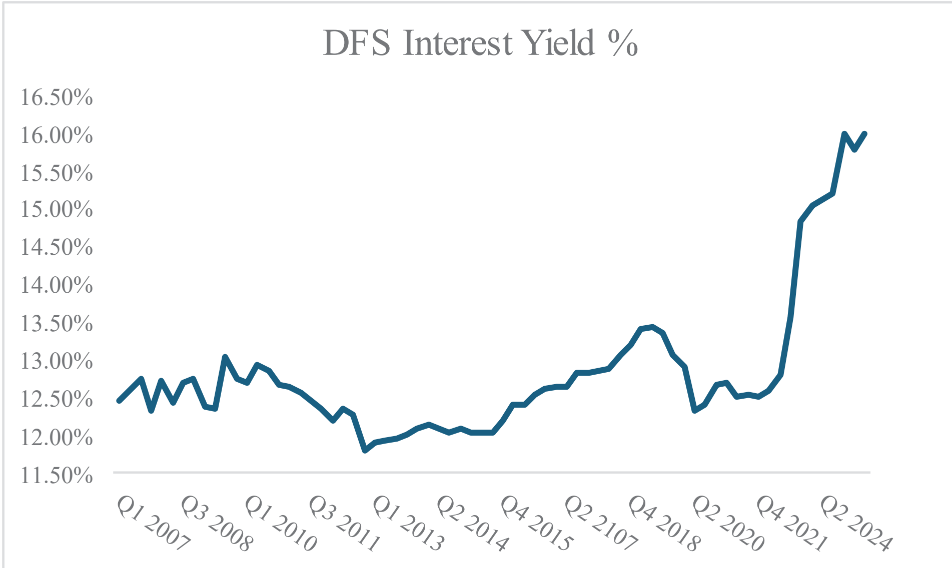
Capital One Financial has seen its fair share of fines and regulation penalties over the past few years as well. The credit card issuer was actually the first financial institution to be penalized by the Consumer Financial Protection Bureau in July of 2012. They issued "an order requiring Capital One Bank (U.S.A.), N.A. to refund approximately $140 million to two million customers and pay an additional $25 million penalty. This action results from a CFPB examination that identified deceptive marketing tactics used by Capital One's vendors to pressure or mislead consumers into paying for "add-on products" such as payment protection and credit monitoring when they activated their credit cards. "Today's action puts

$140 million back in the pockets of two million Capital One customers who were pressured or misled into buying credit card products they didn't understand, didn't want, or in some cases, couldn't even use," said CFPB Director Richard Cordray" [11]. Capital One was willing to mislead low income, disabled, and unemployed individuals into paying high monthly dues to fatten their pockets, I find it incredibly difficult to envision this despicable company lowering credit card transaction fees just to create a "competitive market". Thankfully, these tactics and avaricious practices for both Discover and Capital One took place mainly during times of low interest rates and easing financial conditions.

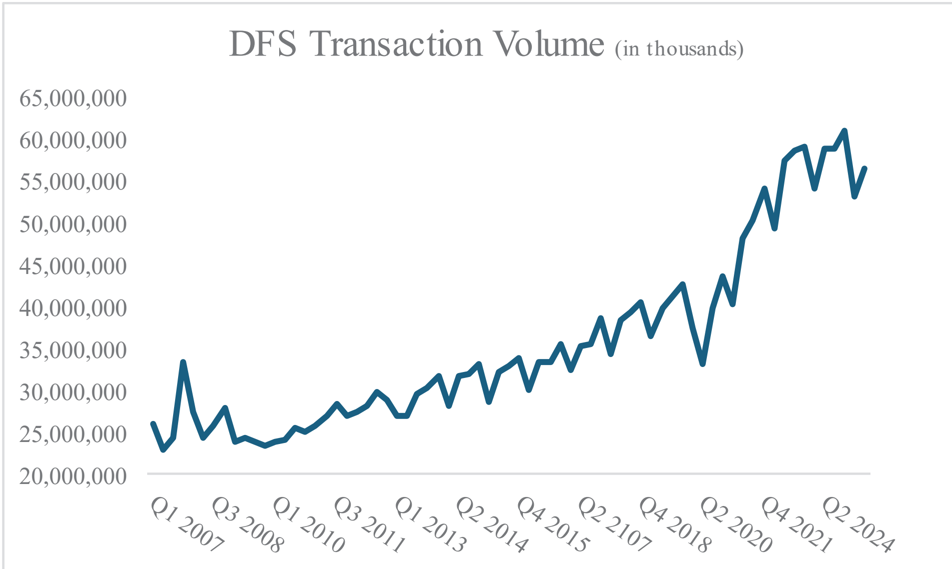
Over the last two years, we have seen our financial conditions become the worst since the financial crisis in '07. The Federal Funds Rate, or the interest rate depository institutions charge each other for overnight loans of funds, is higher than it was during the financial crisis, its highest level since the Dot Com Bubble in 2000.



In turn, this has caused many credit card lenders to raise their own internal average yield, interest rate, on card loans. Many of these credit card interest rates are at their highest point in nearly three decades. Discover is among the leaders in high interest yield %, the yield is a way of measuring how lucrative the credit card business is for the bank. A high yield for a bank is a strong indication that costs are high for its average cardholder [12].



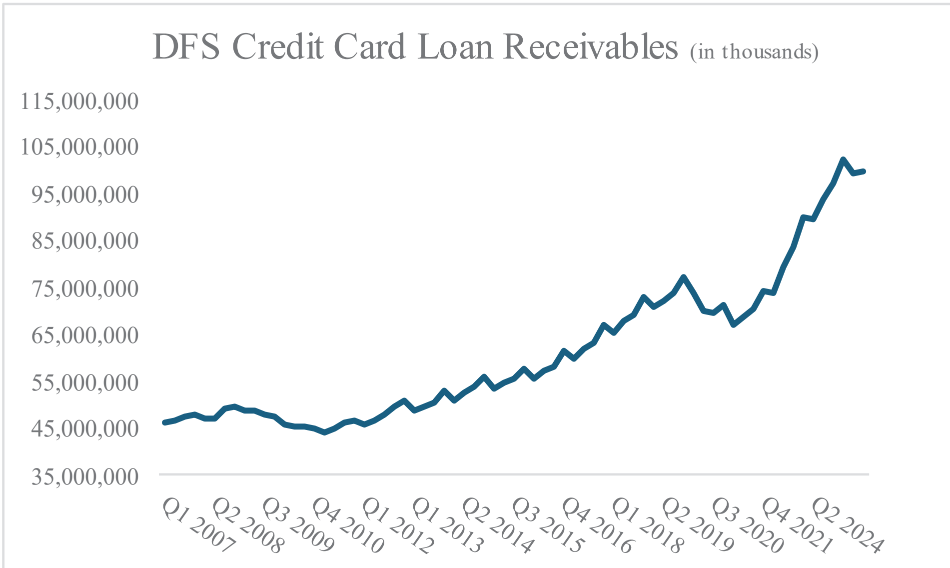
Since the FOMC began hiking rates in March of 2022, Discover Financial Services interest yield percentage has hit all-time highs. Rates like these were not even seen during the Great Financial Crisis in 2007. It is clear that during the near 0% interest rates of 2020, 2021, and early 2022, Discover got overly ambitious in their credit card lending practice, ushering out loans to anyone who requested a credit line. This is evident in Discover's promotional credit card advertising of first year credit cards having a 0% Annual Percentage Rate (APR) for years during the golden age of the Federal Funds Rate. They were able to capitalize upon their increase in purchase volume like never before, leading to their highest net income in the company's history.



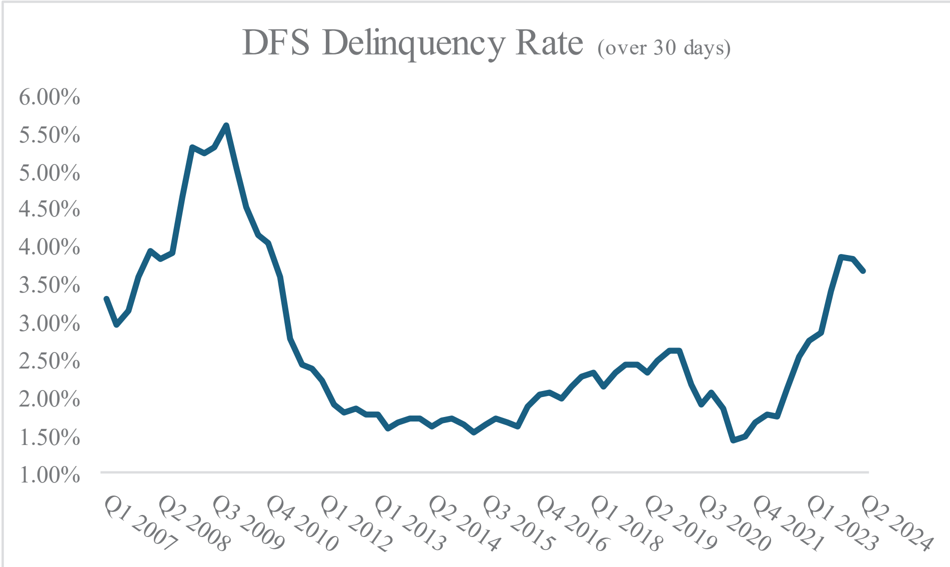
Discover Financial Services, as well as many other credit card companies, overestimated the supposed golden age of the Federal Funds Rate. Coming out of the Covid-19 Pandemic, no one could clearly see what the future may entail. I do not blame Discover for being eager to increase corporate profits to the highest levels they have seen, many credit card companies did so. JP Morgan, Capital One, and American Express also experienced an influx in their purchase volume from 2020 to 2023, primarily due to their increase in issuance of credit cards and an unfortunate trend of consumers reliance upon on credit, specifically in ’23.

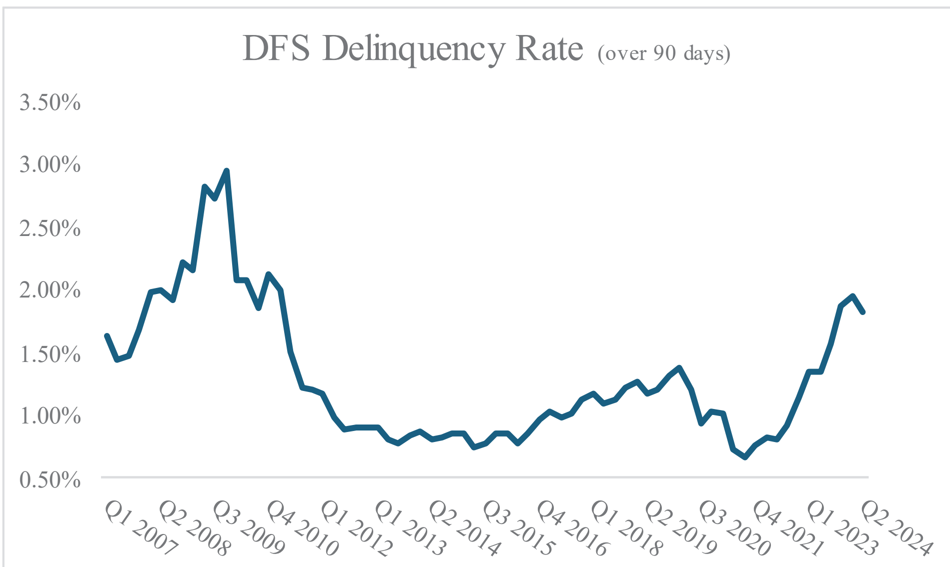
In Q2 of 2024, Discover saw much needed relief by capturing $1.5 billion in net income. While this is great for the company and “outlook” of the subprime credit card industry, a more examined look into what made their Q2 net income increase 70% YoY (year over year) shows a graver picture. Discover grew their net interest income revenue due to increasing their credit card loan receivable balance and continued “margin expansion” on their interest yield percentage. DFS has bettered their margin by hiking interest rates to outrageous levels. Discover also continues to make obscene profits off their late payment fees. In March of 2024, the Consumer Financial Protection Bureau implemented the Truth in Lending Act (TILA), “to address late fees charged by card issuers that together with their affiliates have one million or more open credit card accounts (referred to as “Larger Card Issuers” herein). This final rule adopts a late fee safe harbor threshold of $8 for those issuers and provides that the annual adjustments to reflect changes in the Consumer Price Index (CPI) do not apply to this $8 amount” [(13)]. The act has seen backlash by some regulators, but will hopefully be passed later this year, as it is estimated to save Americans $10 billion annually in late fees. Discover currently charges $30 if you don’t pay your minimum payment by the due date and haven't been charged a late fee in the previous six billing periods. If you have been charged a late fee in the previous six billing periods, the fee is $39. Discover makes hundreds of millions of dollars extra in revenue thanks to their late fees. This is just another example of the company profiting while hurting the American consumer. DFS also made an 18% gain on their discount/interchange revenue, primarily due to their 7% drop in rewards cost YoY. The credit card company, renowned for their cashback rewards and all of the potential synergies associated with the program through their merger with Capital One, decreased their rewards by nearly $80 million. They also recognized $239 million in other income that increased due to “favorable litigation settlement in Payment Services”, meaning they did not have to pay as high of retributions to consumers they harmed through their shady business practices, and “a facility sale”. Excluding these two offhand revenues, Discover’s Q2 YoY revenue net of interest expense would have increased by just 11%. In the company’s earnings call, it was noted that without these special addbacks, they would have earned “$915 million in net income without unusual items”, instead of the $1,530 million net income they earned, or just a 1.6% increase in Q2 income YoY. This is still a formidable number and impressive, until you recognize the interest rate collar they placed on their credit users. If consumers pay only their minimum payment every month, they will never escape their debt. Discover, Capital One, and other credit card companies have overcharged and manipulated their customers to increase their own bottom line. These subprime credit lenders claim they champion small businesses and marginalized individuals yet charge them ridiculous fees which are often times hidden so they can continue this mantra while carrying out their hidden agenda. They truly do not care about consumers, the former CEO of Discover, Roger Hochschild, and current CEO, Michael Shepherd, both have made tens of millions of dollars to run a deceptive business model. I do not see a path for

Discover to be able to capture nearly as much income as it has in the past 20 years without its fraudulent and illegal actions, charging ultra-high rates on interest and late fees, and without continuing to raise their credit card transaction fees.



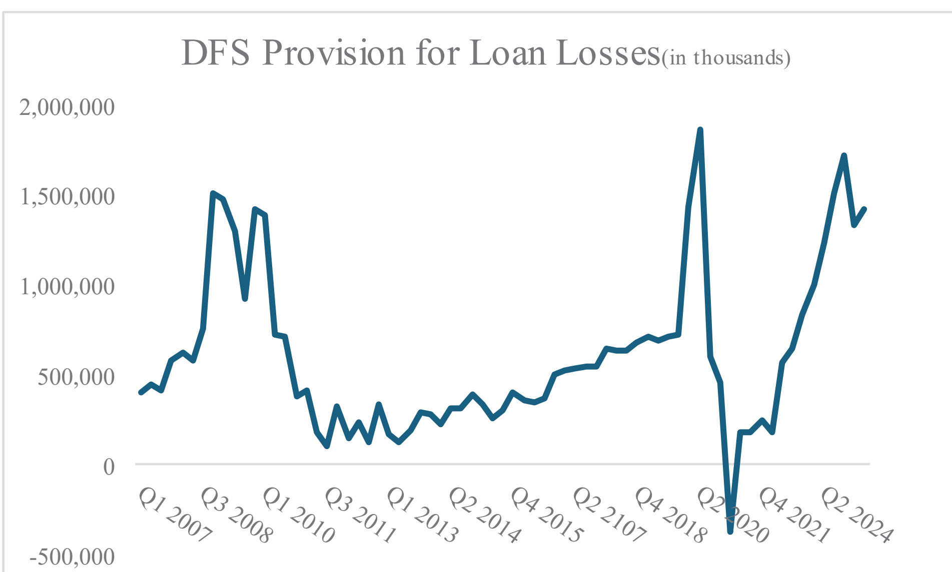
From 2004 to 2006, rates were hiked to a Federal Funds Rate of 1.25% to 5.25%. During this time, Discover increased their credit card loan receivables balance by 0.03%. From 2015 to 2018, rates were hiked to a Federal Funds Rate of 0.25%-0.50% to 2.25%-2.50%. During this four-year stretch, Discover increased their credit card loan receivables balance by 25.87%. From March of 2022 to July of 2023, about a year and a half, rates were hiked from 0.25%-0.50% to 5.25%-5.50% (14), Discover increased its credit card loan receivables balance by roughly 23%. The credit card issuer increased their receivable balance by nearly the same amount in a fourth of the time, comparing 2015-2018 to 2022-2023. Coupled with this was their 375.20% year over year (YoY) increase in net income from 2020 to 2021. DFS also experienced a 283.35% increase in net income during 2022 compared to 2020. These high-income periods gave Discover the greenlight to open season lending. Unfortunately, Discover Financial Services has trapped themselves. Their greedy lending methods have significantly damaged the future outlook of the company in order to capture short-term profits. Discover increased their transaction volume for goods and services by 53% from 2020 to 2021. At the same time, Discover increased their loan receivables balance by 43%. Clearly, DFS overextended themselves and guaranteed credit to less than qualified consumers. While this practice is admirable and necessary for our economy, the interest rate they charge these marginalized consumers traps them in an everlasting cycle of debt. What makes this whole situation even harder to bear is that they saw these issues arising and chose to do nothing. In their 2022 10-K, Discover notes, "A customer's ability and willingness to repay us can be impacted by changes in their employment status, increases in their payment obligations to other lenders and by restricted availability of credit to consumers generally. Our collection operations may not compete effectively to secure more of customers' diminished cash flow than our competitors. In addition, we may fail to quickly identify customers who are likely to default on their payment obligations and reduce our exposure by closing credit lines and restricting authorizations, which could adversely impact our financial condition and results of operations. Our ability to manage credit risk also may be adversely affected by legal or regulatory changes (such as restrictions on collections, bankruptcy laws, minimum payment regulations and re-age guidance), competitors' actions and consumer behavior, as well as inadequate collections staffing, resources, techniques and models. **There can be no assurance that we will be able to grow the loan receivables portfolio in accordance with our strategies or manage credit and other risks associated with the loan products. Our failure to manage credit and other risks may materially adversely affect profitability and the ability to grow the loan receivables portfolio and further diversify the business"**. Discover Financial Services saw these challenges that could potentially arise ahead of them if they continued to expand their credit card loan receivable portfolio. Yet, in 2023, the portfolio grew by another 13.48% YoY, the organization's second highest YoY growth, subservient only to 2022. A year and a half after Discover mentioned these "risks" that "may materially adversely affect profitability", their day of reckoning is upon them. Below are some of the most daunting statistics that show the harm their "failure to manage credit and other risks" caused:



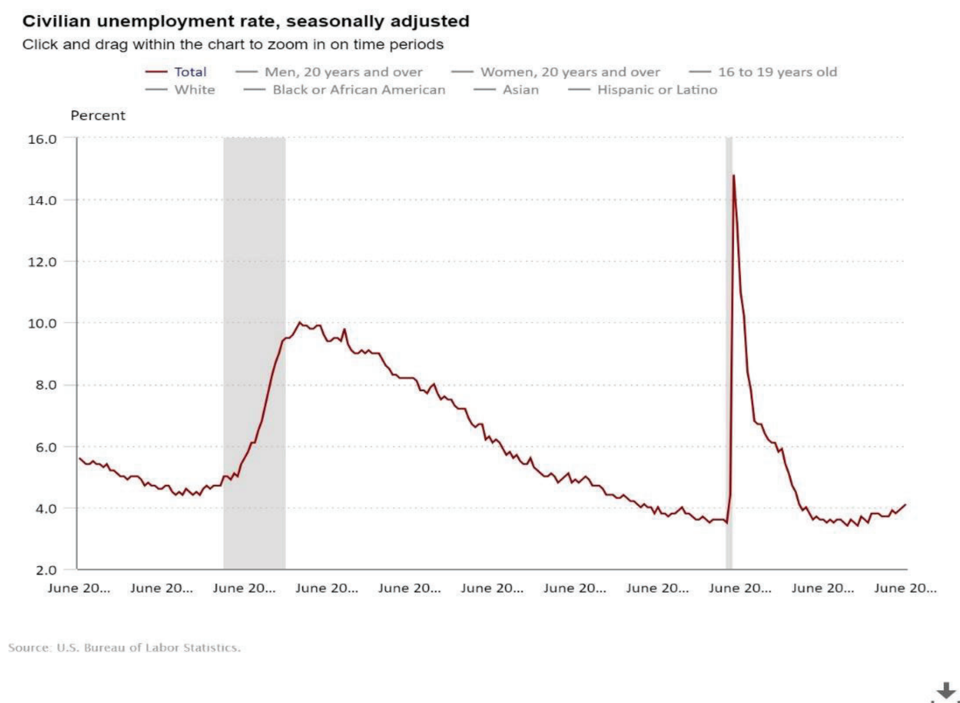


Credit card delinquency rates are the percentage of credit card debt that is past due. The delinquency rate can be measured in two different ways, including: 30-day delinquency rate, the percentage of credit card balances that are at least 30 days overdue, and severely delinquent rate, the percentage of credit card debt that is more than 90 days overdue. Since 2021, when 30-day delinquency rates hit an all-time low of 1.43% for Discover Financial Services, they have risen by 158.04% to a delinquency rate of 3.69% in Q2 of 2024. Their 30-day delinquency rates are higher than what was measured in 2007. Similarly, Discover Financial Services 90-day delinquent rate is also 27% greater than what was observed in 2007. Since 2021, their 90-day delinquency rate has increased by 177.27% from 0.66% in 2021 to 1.83% in the second quarter of 2024.

The next alarming financial statistic is DFS's provision for loan losses. A provision for loan loss is "an income statement expense set aside to allow for uncollected loans and loan payments. Banks are required to account for potential loan defaults and expenses to ensure they are presenting an accurate assessment of their overall financial health" (15). This expense is meant to cover the net charge-offs that the bank incurs during a specific period. A company tries to predict what their expenses incurred will be by looking ahead at certain macroeconomic factors. In Discover's Q1 2024 10-Q, they stated that "the allowance estimation process begins with a loss forecast that uses certain macroeconomic variables and multiple macroeconomic scenarios among its inputs. In estimating the allowance at March 31, 2024, the Company used a macroeconomic forecast that projected the following weighted average amounts: (i) unemployment rate ending 2024 at 4.03% and, within the Company's reasonable and supportable period, peaking at 4.17% in the third quarter of 2025 and (ii) 2.48% growth rate in real gross domestic product in 2024".

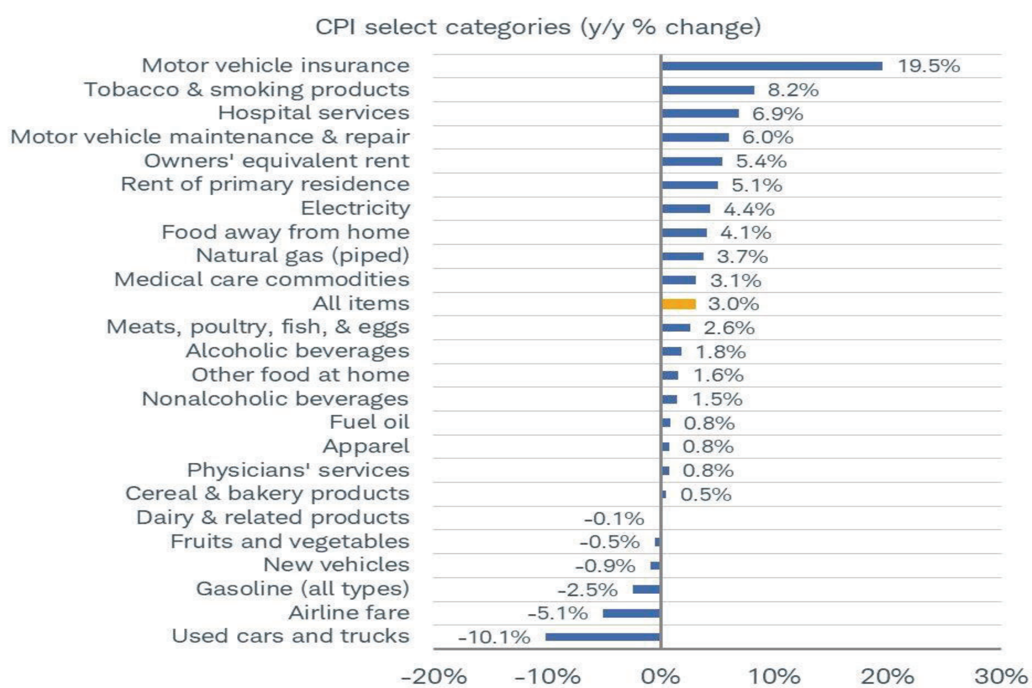


Delineated above is Discover's provision for loan losses quarter to quarter over the last seventeen and a half years, Q1 2007 to Q2 2024. DFS is expecting their greatest loan losses incurred ever in back-to-back years, significantly higher than their pre-Covid provision for loan losses. The drop-off in the second quarter is heavily weighed by the recent sale of their student loan portfolio. While this may be within their expected and acceptable loan provision range, it becomes worrisome when you look at the company's macroeconomic assumptions. After the first quarter of 2024, Discover projected the "unemployment rate ending 2024 at 4.03% and, within the Company's reasonable and supportable period, peaking at 4.17% in the third quarter of 2025".



Since this assumption was made in March of 2024, when the unemployment rate was 3.8%, unemployment has unfortunately jumped all the way to 4.1%, its highest level since November of 2021. Prior to the dramatic increase in unemployment due to the Covid-19 pandemic, the 4.1% threshold had last been breached in December of 2017. In just three months, Discover's estimated unemployment rate for the end of 2025 has almost been surpassed. Another statistic that is incredibly concerning goes back to

DFS's net charge-offs and delinquency rates over the past two years. The massive influxes seen in these three categories were mainly due to inflation. With the economy being reopened and over stimulated in 2020, it led to an overheated monetary environment which caused the Federal Funds Rate hikes in the first place. Consumer affordability of basic everyday products has deteriorated since the near 2% inflation Americans experienced in the 2010's. While the Federal Reserve has been proud of the work they have accomplished on decreasing the YoY inflation rate, I believe they are not delving deep enough into the products that are actually causing this stark drop-off in the Consumer Price Index (CPI).



Source: Charles Schwab, Bureau of Labor Statistics, as of 6/30/2024.

As seen in the chart above, as of June 30th, 2024, the Consumer Price Index has fallen to a 3.0% YoY change for all items, a sharp decline from its 9.1% YoY change in June 2022. Looking deeper into the specific categories of the CPI, it becomes evident that the main drivers of inflation escalation are still considered some of the main expenses consumers must incur throughout the year. The most obvious being motor vehicle insurance, increasing by 19.5% YoY, rent, electricity, and food away from home.

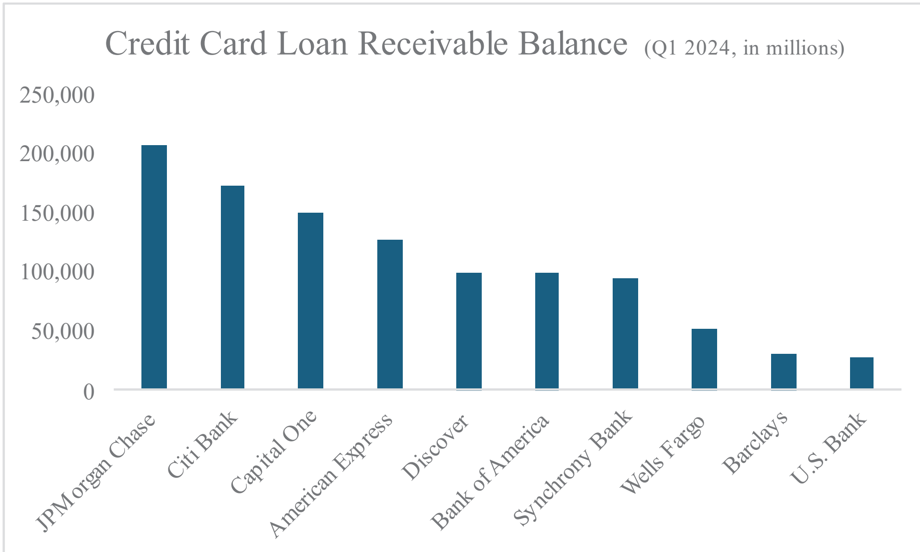
Thankfully, used cars and trucks have seen the largest decline in YoY pricing. Automobile payments hold a large portion of the American consumers month to month budget. Unfortunately, mortgage rates and housing prices have not seen the same dramatic decline.

With the average mortgage rate still being at levels not seen in nearly three decades, the housing supply has plummeted. Individuals who were able to lock into mortgage rates at 2-4% during the 2010's are seeing no net positive in selling their home at the moment. While the price to sell their home may be at all-time highs, the same goes for the cost to buy a new home, this time with a mortgage rate potential double or triple what they are already paying for. Any new homebuyer will be stuck with these absurd rates until the Fed finally does decide to cut rates.

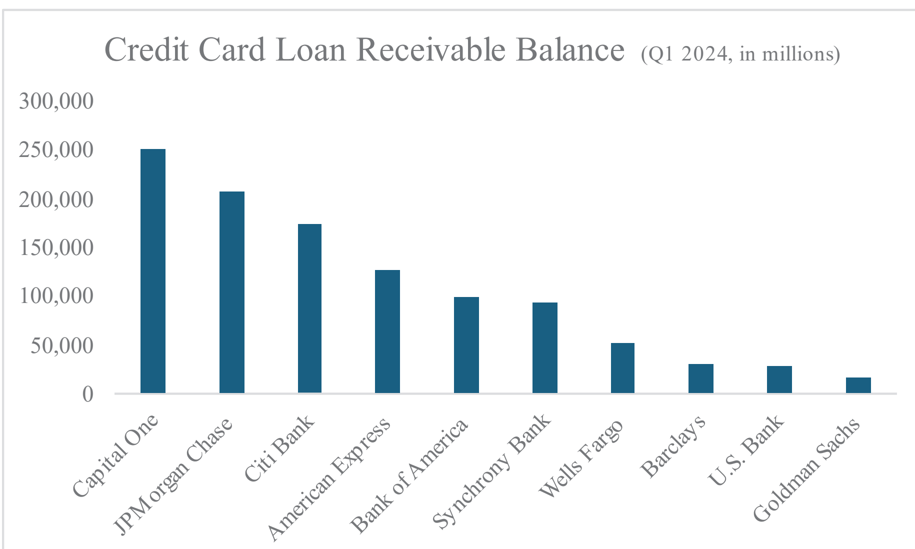
Having mentioned the current unaffordable state of the economy, but still strong labor market, Discover's net charge-off and delinquency rates are charting as though the American economy is back in the Great Financial Crisis. With Fed chair, Jerome Powell, recently explaining his belief that the Federal Funds Neutral Rate, or the interest rate at which the economy is operating at full capacity, with stable inflation and maximum employment, is higher than we had previously seen, what will happen if rate cuts are only 100 bps? What if the contemporary Neutral Rate is at levels similar to the 1990's? Will unemployment regress back to a 6% level seen in the 2010's? How would this affect Discover Financial

Services and its credit card loan receivables portfolio? I believe a vast majority of their loans would have to be written off as uncollectable, and the Federal Reserve agrees with me. Last month, the Fed conducted their annual bank stress test. “The Federal Reserve conducts stress tests to ensure that large banks are sufficiently capitalized and able to lend to households and businesses even in a severe recession. The stress tests evaluate the financial resilience of banks by estimating losses, revenues, expenses, and resulting capital levels under hypothetical economic conditions” [16]. Under the Stress Test, Discover Financial Services would incur $21.4 billion in provision for loan losses from 2024:Q1-2026:Q1. If the Capital One/Discover merger were to be approved, they would charge off nearly $53.6 billion in credit card receivables alone, or close to 21.5% of their combined loan receivable balance. The merged company would report an estimated negative $16.3 billion in net income, the sixth lowest amongst the 31 banks tested. In total, it is expected Capital One Financial combined with Discover Financial Services, would realize $76.9 billion in lost loans, with only JPMorgan Chase ($84.3 billion) topping them.

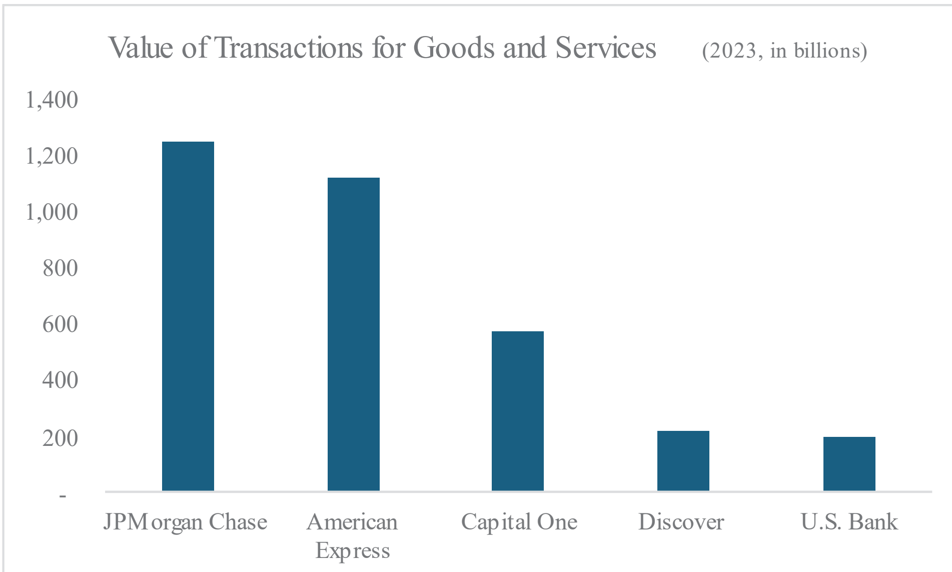
I believe Discover is not in a financially stable position, neither is the United States economy or Capital One, to allow for such a merger to occur between two of the largest credit card lenders. Credit cards are often times the last monthly payment expense consumers think about repaying. Mortgage, car, and insurance payments tend to consume the vast majority of an individual’s income. Consumers putting credit card payments on the backburner stems from the new American sentiment of “Buy Now Pay Later” (BNPL). This idea, which has been a staple of our economy over the last four years as credit card interest rates were low and cash back from credit card companies were at some of their highest points ever, has led to the American credit card debt reaching unfathomable numbers. This is exactly what led consumers to push off their credit card payments and why we saw such an influx in credit card loan receivables over the past four years. Graphed below are the top ten banks with the highest loan receivables after the first quarter of 2024:



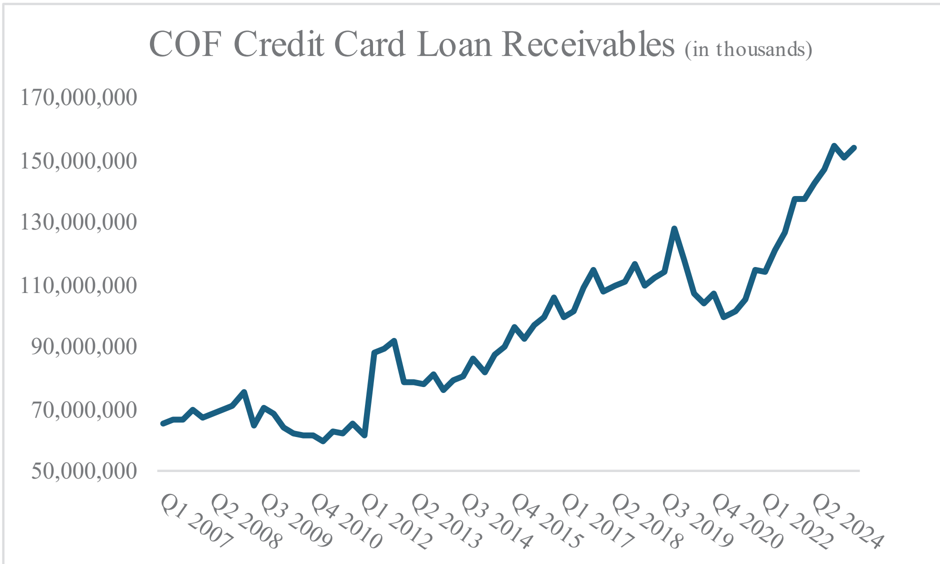
JPMorgan Chase currently has the highest loan receivables balance as of Q1 2024 at ~$207 billion. Followed by Citi Bank, who currently has ~$173 billion in loan receivables, or a 16.4% drop off from JPMorgan. Next, we find one of the companies in discussion, Capital One. COF currently holds the third highest credit card loan receivable balance amongst all card issuing companies, with American Express on its heels. With the current distribution of credit card debt, Capital One and Discover hold a market share of 13.51% and 8.92%, respectively. The distribution of debt amongst the top ten banks is clearly skewed toward the top four lenders in the industry, as there is ~3% decrease in total market share from American Express to Discover and a 16% decrease in market share from JPMorgan Chase to U.S. Bank. Recently, the Consumer Financial Protection Bureau has noted the threat of high concentration in market share amongst credit card issuers and its impact on the American consumer. "CFPB research has found high levels of concentration and evidence of practices that imply anti-competitive behavior in the consumer credit card market. As we noted in 2023, the top 30 credit card companies represent about 95 percent of credit card debt, and the top 10 dominate the marketplace. We discovered and reported that about half of the largest credit card companies simultaneously stopped sending payment information to the credit bureaus, making it harder for consumers to find better deals. Companies further distort the credit card shopping experience by providing incentives to comparison websites that might promote more expensive products over cheaper alternatives. We also have concerns about the ways high interest rate products drive consumers into persistent debt. These concerning tactics may limit price competition, prop up higher rates for consumers carrying a balance, and have the potential for harm… The stakes are high for the millions of Americans who swipe, tap, or input their credit card information online. Ensuring that consumers can obtain attractive rates can save billions of dollars for households. The CFPB is working on a number of fronts to jumpstart competition in the credit card market, including the development of rules to promote consumers' freedom to switch providers, addressing loopholes that obscure upfront pricing, taking enforcement actions against illegal rewards conduct, and scrutinizing comparison websites for deceptive design and business practices" [17]. Pictured below is what the credit card loan receivables market would look like if Capital One were to acquire Discover:

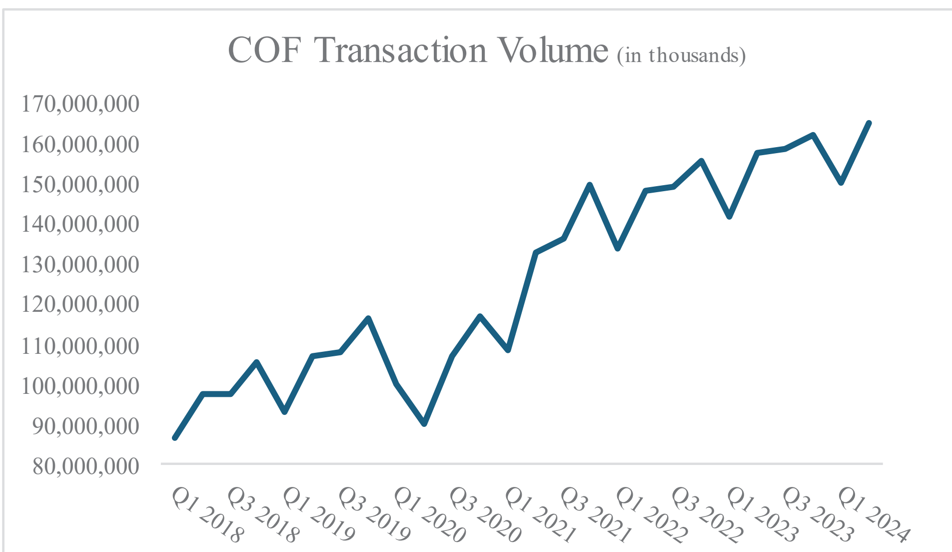


Capital One Financial now finds themselves as the number one receiver of credit card debt in the United States, surpassing the likes of JPMorgan and Citi. Post-merger, the difference in market share between the number one receiving bank and the number ten, is 20.91%. The market share of the number one bank with credit card receivables outstanding increases by 21%. Capital One's market share will personally grow by 66% after the merger. The merger causes further consolidation of the credit card market, continuing to broaden the gap between large and small issuers.

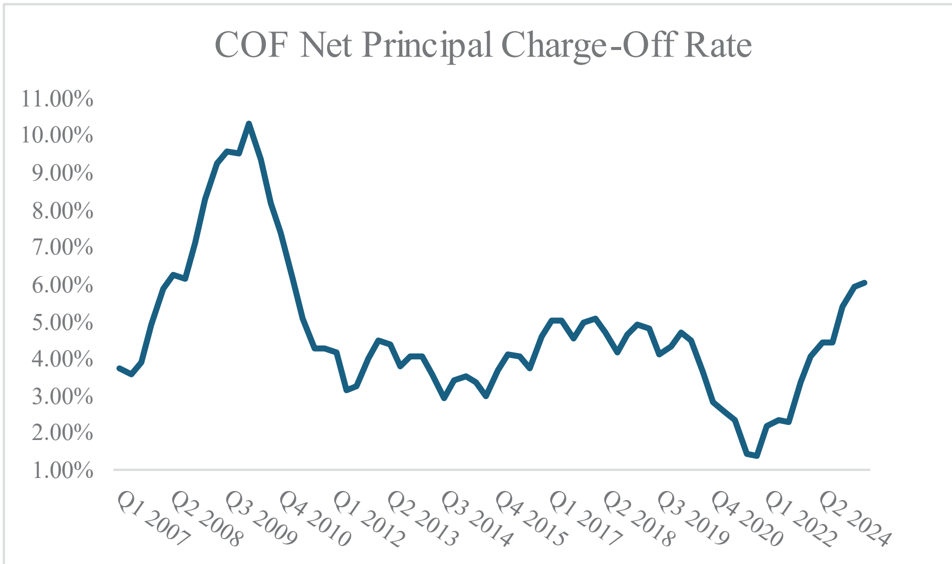


Shown in the chart above is the total amount of purchases for goods and services on different credit card company’s issued cards. JPMorgan Chase and American Express lead the way by a vast margin with both having 2x the dollar amount of purchases on their cards than Capital One. Even combined with Discover, JPMorgan still has 1.5x the amount of dollar transaction volume. These last two charts are the clearest indication of the type of credit that Capital One and Discover lend. Combined, COF and DFS have 15% greater credit card loan receivables than JPM, while having 150% less transaction value on their cards. JPMorgan also currently receives an average of 9.61% interest yield on their credit card receivables, nearly half of what Discover and Capital One charge. Looking to the right of the chart, U.S. Bank is noted as having $200 billion in purchases on their cards during 2023, almost the same as Discover. Yet, they manage $27.8 billion in receivables, 257% less than Discover, at the end of Q1. The market that DFS preys upon is quickly drying up. If Discover Financial Services was being acquired by a more stable financial institution, such as American Express or JPMorgan Chase, I believe there would be less concern (still substantial due to the size of Discover). Capital One is not in the right position to make such an acquisition. In fact, they find themselves in almost as bad of a lending position as Discover.

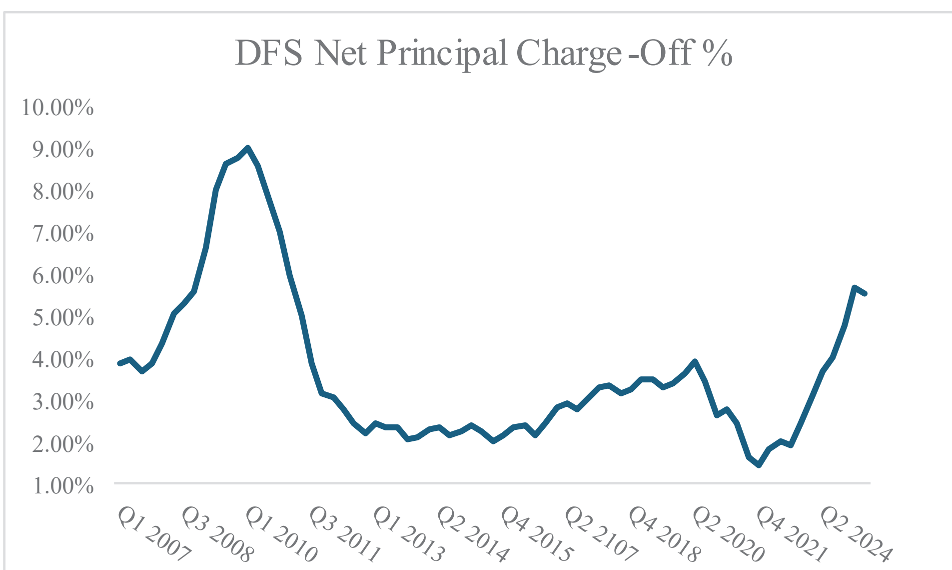




Just like Discover, Capital One Financial drastically increased their loan receivable balance during the near 0% Federal Funds Rate. The issuer has increased their outstanding payments on credit cards by 44% from its balance in 2020. Since 2020, Capital One has increased their credit card purchase volume by 66% as well. With both their receivables and volume of purchases increasing, their net principal charge-off rate has risen to levels only seen during the Great Financial Crisis.



What are net charge-offs? Net charge-offs are the debt owed to a company unlikely to be recovered by that company [18]. Over the past three years, Capital One's annual net-charge off rate has increased by 210% and is higher than the rate seen in 2007. Discover finds themselves in an incredibly similar situation.



DFS's annual net principal charge-off percentage has increased by 170% since 2021. While every credit card company has seen major hits since 2021. Very few as pronounced as Capital One and Discover's hardships. As seen below, the two major subprime credit card lenders have seen their charge-off rates grow exponentially. JPMorgan, again with more than 2x the purchase volume of Capital One, has nearly half of the net charge-off percentage. Discover and Capital One have made a killing off overcharging and trying to hide their true interest rates and money-grab schemes to card users and it is finally starting to catch up to them.

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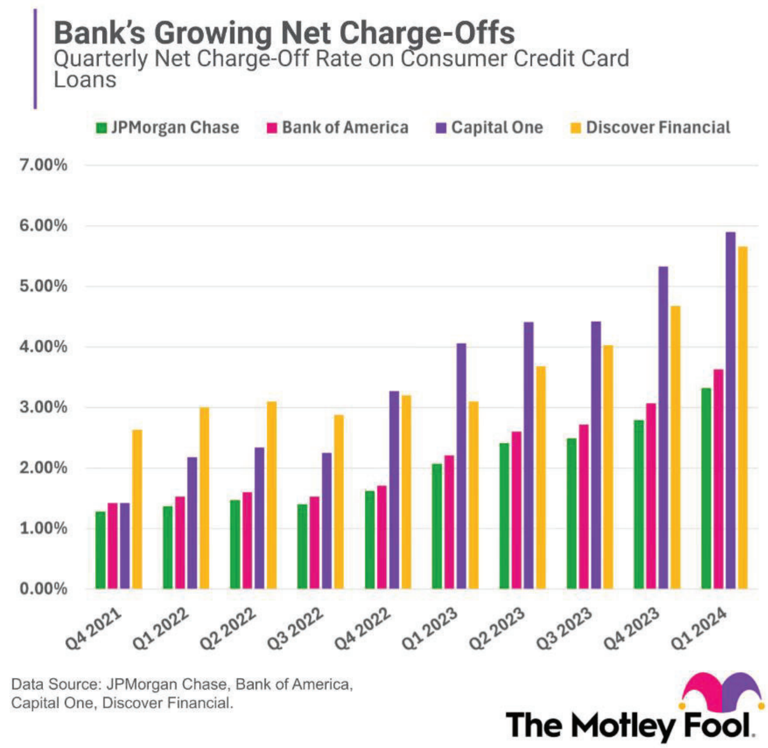
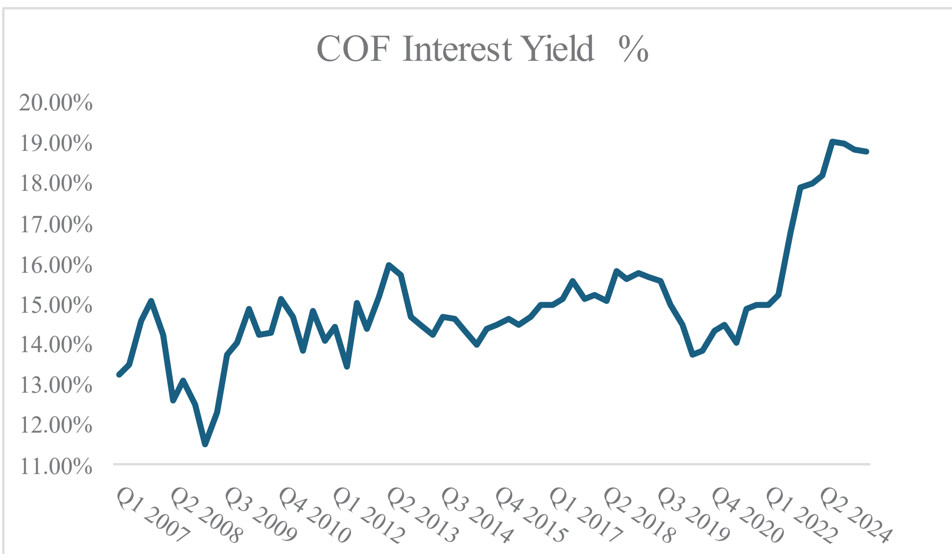


Analogous to Discover's recent hike in interest yield percentage, Capital One has taken it to a new level. While their yield and interest rates have always been on the higher end of credit card issuers, they were able to lure millions of new customers in during 2020 with their lowest annual yield rate since 2009. In four years, their annual interest yield grew by 33%. Capital One markets themselves as a bank for small businesses, marginalized consumers, and young adults (mainly students) looking to build credit. Unfortunately, the company's actions speak much louder than their words. Capital One Financial is no longer in a healthy financial position to make outrageous profits, such as those seen in 2021, without charging absurd interest yields. From 2010 to 2019, Capital One's average annual yield percentage was 14.82%. In 2021, their annual yield percentage was 14.60%, but they were able to make 100% more, $12.39 billion, than their highest earning year between 2010 and 2019 (they earned $6 billion in 2018). This incredible increase in income is primarily due to their transaction volume growing by 27% YoY, the highest year-over-year growth in company history. The increase in their transaction volume, also came with massive increases in their credit card loan receivables balance. With more balances than ever being written off as uncollectible, Capital One has turned to high interest rates on their cards to maintain their profit levels seen in previous years, overall, hurting their card users, marginalized individuals and small businesses, even more.



This past week, Capital One pledged that they "will commit $265 billion over five years to lending, philanthropy and investment if its takeover of Discover Financial Services (DFS) is approved, the bank said on Wednesday, as it aims to appease critics and win over regulators" [(20)]. The headline of this potential offering shows great potential for the entire economy if this deal were to be consummated. Yet, of the $265 billion commitment to "lending, philanthropy, and investment", $125 billion will be in credit card loans to low and middle-income Americans, $75 billion in auto lending, and only $44 billion in community development. "“The reason Capital One isn't making any mortgage commitments here has some dark irony: They quit mortgage seven years ago, breaking promises they made the last time they bluffed regulators to get a merger through," said Jesse Van Tol, CEO of the National Community Reinvestment Coalition, a group that often works with banks to develop these community lending programs. NCRC did not work with Capital One on this plan, but has worked with other banks on mergers of similar size and scope" [(21)]. It is clear that Capital One views these "promises" as minuscule and not important, basically a steppingstone to get their mergers and deals passed by concerned regulators. The company's violation of their prior commitments should be an obvious red flag and another prime example of the lack of true effort put into caring for and helping the American consumer. I believe they will never fully execute on these promises, hurting their credit users even more, just to continue to increase their bottom line.

The proposed merger between Capital One Financial and Discover Financial Services must be critically evaluated against the backdrop of the current financial instability of both companies and the broader credit card market. Discover's history of regulatory fines, legal settlements, and persistently high interchange fees, interest yields, and volatile credit health indicates systemic financial vulnerabilities. Similarly, Capital One's own financial challenges, including significant legal and lending costs, exacerbate concerns about the merger's viability. Merging two financially unstable entities could lead to greater market volatility, potentially increasing transaction fees, increasing interest rates, and reducing lending to consumers, particularly in marginalized communities. Additionally, the entire credit card market is experiencing heightened scrutiny and regulatory pressure, which could further destabilize the merged entity. Given these factors, blocking the merger is essential to maintaining a stable, competitive, and fair credit card market.

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From:	The Drive to 850
To:	RICH BankSup Applications Comments
Subject:	[External] Capitol One Merger
Date:	Wednesday, July 31, 2024 12:12:58 PM

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PLEASE NOTE: This email is not from a Federal Reserve address.
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I would hope that this merger would be denied because of the issue of raising costs and fees to the average consumer. These are two major players and when competition is eliminated, costs naturally increase for the consumer. I am all for capitalism, but not when companies merge to create less opportunities for Americans, and more about making more money for the post merger company.

Companies should innovate and create more opportunities to make more money, not create a monopolistic situation.

Thank you,

Al Bingham
Author
The Road to 850

From:	Linda NAGY
To:	RICH BankSup Applications Comments
Subject:	[External] (PUBLIC MEETING) Stop the Credit One/Discover mega-merger.
Date:	Wednesday, July 31, 2024 12:32:41 PM

NONCONFIDENTIAL // EXTERNAL

Federal Trade Commission PUBLIC MEETING,

Capital One, one of the largest banks in the U.S, announced a 35.3 billion dollar deal to acquire Discover Financial Services. This merger would add Discover's 305 million cardholder network to Capital One's existing 100 million customers, creating the nation’s sixth largest bank with a massive impact on the credit card industry.

If approved, this mega-merger would lead to further consolidation of power and influence in the lending market. This concentration would make it harder to hold banks accountable while limiting competition and reducing banking options for consumers nationwide.

A healthy economy relies on robust competition, and a successful democracy requires an economy that benefits all. This proposed merger poses a threat to both, hindering competition and economic inclusivity.

The federal regulators must stop this mega-merger immediately.

Sincerely,

Linda NAGY
Nagylinda@outlook.com
3441 Hebard Hill Rd
Randolph, Vermont 05060

From: Michael A Honeycutt <noreply@adv.actionnetwork.org>
Sent: Wednesday, July 31, 2024 10:57:32 PM (UTC+00:00)
To: Jerome Powell
Subject: Stop the Credit One/Discover mega-merger.

NONCONFIDENTIAL // EXTERNAL

Jerome Powell,

Capital One, one of the largest banks in the U.S, announced a 35.3 billion dollar deal to acquire Discover Financial Services. This merger would add Discover's 305 million cardholder network to Capital One's existing 100 million customers, creating the nation’s sixth largest bank with a massive impact on the credit card industry.

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A healthy economy relies on robust competition, and a successful democracy requires an economy that benefits all. This proposed merger poses a threat to both, hindering competition and economic inclusivity.

The Federal Reserve must stop this mega-merger immfediately.

Sincerely,
Michael A Honeycutt

Michael A Honeycutt
michaela226@gmail.com
2305 N 162nd St
Shoreline, Washington 98133

From:	William Shirey
To:	RICH BankSup Applications Comments
Subject:	[External] (PUBLIC MEETING) Stop the Credit One/Discover mega-merger.
Date:	Friday, August 02, 2024 6:22:19 AM

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Federal Trade Commission PUBLIC MEETING,

Capital One, one of the largest banks in the U.S, announced a 35.3 billion dollar deal to acquire Discover Financial Services. This merger would add Discover's 305 million cardholder network to Capital One's existing 100 million customers, creating the nation’s sixth largest bank with a massive impact on the credit card industry.

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A healthy economy relies on robust competition, and a successful democracy requires an economy that benefits all. This proposed merger poses a threat to both, hindering competition and economic inclusivity.

The federal regulators must stop this mega-merger immediately.

Sincerely,

William Shirey
williamshirey61@gmail.com
1304 2nd Ave SW
Decatur, Alabama 35601

From: Mona Schindler <innzorb@bellsouth.net>
Sent: Monday, August 5, 2024 6:42:37 PM (UTC+00:00)
To: Jerome Powell
Subject: Stop the Credit One/Discover mega-merger.
NONCONFIDENTIAL // EXTERNAL

Jerome Powell,

Capital One, one of the largest banks in the U.S, announced a 35.3 billion dollar deal to acquire Discover Financial Services. This merger would add Discover's 305 million cardholder network to Capital One's existing 100 million customers, creating the nation’s sixth largest bank with a massive impact on the credit card industry.

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A healthy economy relies on robust competition, and a successful democracy requires an economy that benefits all. This proposed merger poses a threat to both, hindering competition and economic inclusivity.

The Federal Reserve must stop this mega-merger immediately.

Sincerely,

Mona Schindler
innzorb@bellsouth.net
565 Lynnmeade Road
Gretna, Louisiana 70056

From: Thomas Limeburner
To: RICH BankSup Applications Comments
Subject: [External] Stop the Credit One/Discover mega-merger.
Date: Wednesday, August 28, 2024 1:43:44 PM

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Federal Trade Commission PUBLIC MEETING,

Capital One, one of the largest banks in the U.S, announced a 35.3 billion dollar deal to acquire Discover Financial Services. This merger would add Discover's 305 million cardholder network to Capital One's existing 100 million customers, creating the nation's sixth largest bank with a massive impact on the credit card industry.

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A healthy economy relies on robust competition, and a successful democracy requires an economy that benefits all. This proposed merger poses a threat to both, hindering competition and economic inclusivity.

The federal regulators must stop this mega-merger immediately.

Sincerely,

Thomas Limeburner
red69stingray427@aol.com
21 Lone Tree Drive
Camden, Delaware 19934

From:	Jane Markley
To:	RICH BankSup Applications Comments
Subject:	[External] (PUBLIC MEETING) Stop the Credit One/Discover mega-merger.
Date:	Friday, September 13, 2024 8:13:10 AM

NONCONFIDENTIAL // EXTERNAL

Federal Trade Commission PUBLIC MEETING,

Capital One, one of the largest banks in the U.S, announced a 35.3 billion dollar deal to acquire Discover Financial Services. This merger would add Discover's 305 million cardholder network to Capital One's existing 100 million customers, creating the nation's sixth largest bank with a massive impact on the credit card industry.

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A healthy economy relies on robust competition, and a successful democracy requires an economy that benefits all. This proposed merger poses a threat to both, hindering competition and economic inclusivity.

The federal regulators must stop this mega-merger immediately.

Sincerely,

Jane Markley
terry1jane@hotmail.com
10576 Lanell Woods
Festus, Missouri 63028

From: June Linhart <noreply@adv.actionnetwork.org>
Sent: Tuesday, September 17, 2024 8:11:58 PM (UTC+00:00)
To: Jerome Powell
Subject: Stop the Credit One/Discover mega-merger.
NONCONFIDENTIAL // EXTERNAL

Jerome Powell,

Capital One, one of the largest banks in the U.S, announced a 35.3 billion dollar deal to acquire Discover Financial Services. This merger would add Discover's 305 million cardholder network to Capital One's existing 100 million customers, creating the nation's sixth largest bank with a massive impact on the credit card industry.

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The Federal Reserve must stop this mega-merger immediately.

Sincerely,

June Linhart
james.linhart@gmail.com
4501 Rivershyre Way
Raleigh, North Carolina 27616-7412

From:	Elle Roberts
To:	RICH BankSup Applications Comments
Subject:	[External] We want it stopped now. Stop the Credit One/Discover mega-merger.
Date:	Wednesday, October 02, 2024 1:23:17 PM

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Federal Trade Commission PUBLIC MEETING,

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A healthy economy relies on robust competition, and a successful democracy requires an economy that benefits all. This proposed merger poses a threat to both, hindering competition and economic inclusivity.

The federal regulators must stop this mega-merger immediately.

Sincerely,

Elle Roberts
elleroberts100@gmail.com
17 Midland Lane
Wheatley Heights , New York 11798

From:	helgaleena h
To:	RICH BankSup Applications Comments
Subject:	[External] (PUBLIC MEETING) Stop the Credit One/Discover mega-merger.
Date:	Monday, October 07, 2024 8:49:01 PM

NONCONFIDENTIAL // EXTERNAL

Federal Trade Commission PUBLIC MEETING,

Capital One, one of the largest banks in the U.S, announced a 35.3 billion dollar deal to acquire Discover Financial Services. This merger would add Discover's 305 million cardholder network to Capital One's existing 100 million customers, creating the nation's sixth largest bank with a massive impact on the credit card industry.

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A healthy economy relies on robust competition, and a successful democracy requires an economy that benefits all. This proposed merger poses a threat to both, hindering competition and economic inclusivity.

The federal regulators must stop this mega-merger immediately.

Sincerely,

helgaleena h
helgaleenas@gmail.com
112 owen rd #6121
monona, Wisconsin 53716

From: Justina Gruling <blossomwolf24@frontier.com>
Sent: Monday, October 14, 2024 3:58:31 AM (UTC+00:00)
To: Jerome Powell
Subject: Stop the Credit One/Discover mega-merger.

NONCONFIDENTIAL // EXTERNAL

Jerome Powell,

Capital One, one of the largest banks in the U.S, announced a 35.3 billion dollar deal to acquire Discover Financial Services. This merger would add Discover's 305 million cardholder network to Capital One's existing 100 million customers, creating the nation’s sixth largest bank with a massive impact on the credit card industry.

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The Federal Reserve must stop this mega-merger immediately.

Sincerely,

Justina Gruling
blossomwolf24@frontier.com
163790 Townline Rd.
Wausau, Wisconsin 54403

From:	lee@fairfinancewatch.org
To:	RICH BankSup Applications Comments
Cc:	Matthew Lee
Subject:	[External] Supplemental Written Testimony Opposing Capital One"s Bid to Acquire Discover on new class action asserting that Capital One improperly shares customers" information with Meta and Google without customers" consent - comment period should be...
Date:	Wednesday, September 04, 2024 1:35:44 PM

NONCONFIDENTIAL // EXTERNAL

Supplemental Written Testimony Opposing Capital One's Bid to Acquire Discover on new class action asserting that Capital One improperly shares customers' information with Meta and Google without customers' consent - comment period should be reopened / this considered timely

By Matthew R. Lee for Inner City Press / Fair Finance Watch

September 4, 2024

On behalf of Inner City Press / Fair Finance Watch this is a further supplemental written comment in opposition to the proposed merger of Capital One and Discover.

This concerns and makes part of the record the class action filed on August 26, 2024 - after the agencies' technical close of comment period, for good cause shown this must be considered timely - entitled "Vishal Shah, et al. v. Capital One Financial Corporation d/b/a Capital One, et al., Case No. 3:24-cv-05985, in the U.S. District Court for the Northern District of California, San Francisco Division."

Troublingly, the case inter alia demonstrates Capital One's "outrageous, illegal, and widespread practice of disclosing—without consent—the Nonpublic Personal Information1 and Personally Identifiable Financial Information2 (together, "Personal and Financial Information") of Plaintiffs and the proposed Class Members to third parties, including Meta Platforms, Inc. d/b/a Meta ("Facebook" or "Meta"), Google, LLC ("Google"), Microsoft Corp. ("Microsoft"), DoubleClick, NewRelic, Adobe, Everest, Skai/Kenshoo, Snowplow, BioCatch, Tealium, and possibly others... Capital One is a massive financial institution which provides financial services to customers across the globe and the United States."

See, and make part of the record,
https://storage.courtlistener.com/recap/gov.uscourts.cand.435418/gov.uscourts.cand.435418.1.0.pdf

In this application, Capital One proposes to become more massive, and subject more consumers to these practices. An evidentiary hearing should be held, and on the current record, the application should not be approved.

Since the July 19 public meeting, at which Inner City Press raised the insufficiency of the Freedom of Information Act responses of the OCC - and the complete failure of the Federal Reserve - no further records have been received. This is outrageous.

Again, the proposal is anticompetitive, and Capital One is making a mockery of the Community Reinvestment Act, with an absurdly small CRA assessment area and now, at the 11th hour, a cynical pledge that includes $75 billion in subprime, often predatory car lending.

On the current record, this proposed merger must be rejected. Capital One's application for regulatory approval must be denied.

Sincerely,

Matthew R. Lee, Esq.
Executive Director
Fair Finance Watch / Inner City Press

From:	lee@fairfinancewatch.org
To:	RICH BankSup Applications Comments
Cc:	Matthew Lee
Subject:	[External] Supplemental Written Testimony Opposing Capital One''s Bid to Acquire Discover on CFBP charges and two days of outage and counting - comment period should be reopened / this considered timely
Date:	Friday, January 17, 2025 4:57:26 PM

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Supplemental Written Testimony Opposing Capital One's Bid to Acquire Discover on CFBP charges and two days of outage and counting - comment period should be reopened / this considered timely

By Matthew R. Lee for Inner City Press / Fair Finance Watch

January 17, 2025

On behalf of Inner City Press / Fair Finance Watch this is a further supplemental written comment in opposition to the proposed merger of Capital One and Discover.

This concerns and makes part of the record the CFPB action against Capital One, as well as the ongoing outage by Capital One impacting its customers, which it seeks to blame on a third party vendor. Capital One should not be allowed to acquire another bank, and more customers.

In this application, Capital One proposes to become more massive, and subject more consumers to these practices. An evidentiary hearing should be held, and on the current record, the application should not be approved.

Since the July 19 public meeting, at which Inner City Press raised the insufficiency of the Freedom of Information Act responses of the OCC - and the complete failure of the Federal Reserve - no further records have been received. This is outrageous.

Again, the proposal is anticompetitive, and Capital One is making a mockery of the Community Reinvestment Act, with an absurdly small CRA assessment area and now, at the 11th hour, a cynical pledge that includes $75 billion in subprime, often predatory car lending.

On the current record, this proposed merger must be rejected. Capital One's application for regulatory approval must be denied.

Sincerely,

Matthew R. Lee, Esq.
Executive Director
Fair Finance Watch / Inner City Press

From: Sandrine Corbinand <noreply@adv.actionnetwork.org>
Sent: Friday, January 17, 2025 7:08:59 PM (UTC+00:00) Monrovia, Reykjavik
Subject: Stop the Credit One/Discover mega-merger.

NONCONFIDENTIAL // EXTERNAL

Jerome Powell,

Capital One, one of the largest banks in the U.S, announced a 35.3 billion dollar deal to acquire Discover Financial Services. This merger would add Discover's 305 million cardholder network to Capital One's existing 100 million customers, creating the nation’s sixth largest bank with a massive impact on the credit card industry.

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A healthy economy relies on robust competition, and a successful democracy requires an economy that benefits all. This proposed merger poses a threat to both, hindering competition and economic inclusivity.

The Federal Reserve must stop this mega-merger immediately.

Sincerely,

Sandrine Corbinand
sandrinecorbinand@gmail.com
331 Zenith Lane
Juno Beach, Florida 33408