

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

June 18, 2024

The Honorable Merrick B. Garland
Attorney General
U.S. Department of Justice
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Mr. Michael Hsu
Acting Comptroller
Office of the Comptroller of the Currency
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The Honorable Kristen Clarke
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The Honorable E. Martin Estrada
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Attorney General Garland, Assistant Attorney General Clarke, U.S. Attorney Estrada, and Acting Comptroller Hsu:

I write to share my appreciation and views on the implementation of recent enforcement actions your agencies have taken with respect to City National Bank, which was found to be engaging in the discriminatory practice of redlining in Los Angeles County to the detriment of Black and Latinx residents.¹ I encourage the Department of Justice (DOJ) and the Office of the Comptroller of the Currency (OCC) to consider taking steps to ensure the bank, like any other bank that settles allegations or is found to have engaged in such misconduct, satisfies their obligations under your respective consent orders in a robust and transparent manner for the benefit of all consumers that they allegedly harmed. This kind of follow-through with respect to redlining or other discriminatory practices is critical to ensuring that our nation's anti-discrimination and community reinvestment laws are being implemented the way Congress intended.

First, I commend steps both of your agencies have taken in recent years to promote fair, inclusive, and equitable lending. Specifically, I am glad that DOJ has prioritized combating redlining through an initiative that was launched in October 2021,² which resulted in the largest redlining settlement in DOJ's history with respect to City National Bank's case. I am also pleased that the OCC worked to rescind harmful Trump-era rules that

¹ DOJ, [Justice Department Secures Over \\$31 Million from City National Bank to Address Lending Discrimination Allegations](#) (Jan. 12, 2023).

² DOJ, [Justice Department Announces New Initiative to Combat Redlining](#) (Oct. 22, 2021).

undermined the Community Reinvestment Act,³ and then collaborated with other banking regulators to jointly update CRA rules last October to crack down on modern-day redlining that persists to this day.⁴ Moreover, I appreciate that the OCC not only downgraded City National Bank's CRA rating earlier this year,⁵ but also took an enforcement action and imposed a \$65 million penalty to ensure they clean up their fair lending operations, among other reforms.⁶

Over the years, there have been too many instances where I've seen government agencies levy fines and issue consent orders to banks, but little changes on the ground and the needs of underserved communities continue to go unmet.⁷ I hope this time is different. I appreciate that City National Bank's Head of Personal and Business Banking was willing to participate in a town hall I convened last December to discuss challenges my constituents have faced in accessing various banking products and services,⁸ but many more steps are needed.

For example, the consent order requires the bank to establish at least one full-service branch ("new branch") in a majority-Black and Hispanic census tract in the Los Angeles area, as well as consider opening additional branches consistent with the goals of the consent order.⁹ Given how both Black and Latinx borrowers have been underserved and were identified to be harmed by the bank, multiple branches should be established in areas to ensure the bank better meets the need of both communities.

Furthermore, the consent order requires the bank to establish a loan subsidy fund to provide a minimum \$29.5 million within five years to expand home mortgage credit in majority-Black and Hispanic neighborhoods in the Los Angeles area.¹⁰ I understand the bank has established their Ladder Up Home Loan Program and has been providing borrowers with up to \$20,000 that can go to interest rate reductions, closing cost reductions, or down payment assistance,¹¹ but there is not a lot of transparency about how much of these subsidies have been provided to date, how many mortgage loans have been supported, or where these homes being supported are located. While the bank is required to report certain information to relevant authorities, more specifics about this loan subsidy fund and other obligations should be periodically disclosed so that the public, especially the Black and Latinx communities that were harmed by the bank, can better understand what progress is being made in addressing these concerns.

³ OCC, [Community Reinvestment Act: Final Rule to Rescind and Replace Community Reinvestment Act Rule Issued in 2020](#) (Dec. 15, 2021). Also see FSC, [Waters Applauds OCC, FDIC, and Federal Reserve Efforts to Undo Damage from Trump-Era Community Reinvestment Act Rule](#) (Jul. 22, 2021).

⁴ OCC, [Community Reinvestment Act: Interagency Final Rulemaking to Implement the CRA](#) (Oct. 24, 2023); OCC, [Community Reinvestment Act \(CRA\)](#) (accessed Jun. 5, 2024); FSC, [Ranking Member Maxine Waters Applauds Final Rule to Strengthen Community Reinvestment Act](#) (Oct. 24, 2023). Also see Aaron Glantz and Emmanuel Martinez, [For people of color, banks are shutting the door to homeownership](#), *Reveal* (Feb. 15, 2018).

⁵ OCC, [CRA Performance Evaluations](#) (Apr. 2024); OCC, [Public Disclosure – CRA Performance Evaluation for City National Bank](#) (Mar. 27, 2023, updated May 6, 2024); Rise Economy, [California Coalition Applauds Rare, Failing Reinvestment Grade For City National Bank \(CNB\): Rise Economy Says CNB And Its Royal Bank Of Canada \(RBC\) Parent Are Bad For California Communities Due To Redlining And Fossil Fuel Finance Practices](#) (accessed Jun. 5, 2024)

⁶ OCC, [OCC Assesses \\$65 Million Penalty Against City National Bank](#) (Jan. 31, 2024).

⁷ For example, see FSC, [Waters Releases Staff Report on Pattern of Consumer Abuse from Wells Fargo](#) (Sep. 29, 2017); FSC, [In Advance of Wells Fargo Hearings, Waters and Green Release Investigative Report Exposing Failures of Megabank's Management, Board, and Regulators](#) (Mar. 4, 2020); FSC hearing, [Holding Megabanks Accountable: A Review of Global Systemically Important Banks 10 years after the Financial Crisis](#) (Apr. 10, 2019); FSC hearing, [Holding Megabanks Accountable: Oversight of America's Largest Consumer Facing Banks](#) (Sep. 21, 2022).

⁸ American Banker, [Rep. Maxine Waters asks PNC, Wells to put bank branches in her district](#) (Dec. 3, 2023).

⁹ DOJ, [Justice Department Secures Over \\$31 Million from City National Bank to Address Lending Discrimination Allegations](#) (Jan. 12, 2023).

¹⁰ *Id.*

¹¹ City National Bank, [Ladder Up Home Loan Grant](#) (accessed Jun. 5, 2024).

Similarly, OCC required the bank to implement a robust Fair Lending Risk Management Program,¹² and while the bank must provide updates to its examiners, it is unclear how the public will be periodically made aware of the progress being made in addressing these requirements. While there are reasons certain information with respect to banks needs to be kept confidential, I would encourage your agencies to maximize transparency when implementing these type of consent orders for the benefit of the public. To the extent that you encounter any laws that needlessly limit disclosure that unduly undermines accountability and transparency in these cases, please let me know.

In closing, I raise these issues as an example to help ensure that all Americans indeed have a fair chance at pursuing their dreams of home ownership so they can build wealth for their families and strengthen their communities. I appreciate your hard work and that of your agency's staff to combat redlining and promote equity in our financial marketplace, and I look forward to your response.

Sincerely,



Representative Maxine Waters
Ranking Member

CC: The Honorable Rohit Chopra, Director, Consumer Financial Protection Bureau (CFPB)

¹² OCC, [OCC Assesses \\$65 Million Penalty Against City National Bank](#) (Jan. 31, 2024).