FEDERAL RESERVE BOARD

PUBLIC MEETING REGARDING NOTICE BY

CAPITAL ONE TO ACQUIRE ING BANK

Renaissance Hotel

999 Ninth Street, NW

Washington, D.C.

Tuesday, September 20, 2011

BEFORE:

SANDRA BRAUNSTEIN, Director, Division of Consumer and Community Affairs, Federal Reserve Board

ROBIN PRAGER, Deputy Associate Director, Division of Research and Statistics, Federal Reserve Board

ALISON THRO, Assistant General Counsel, Legal Division Federal Reserve Board

JOAN GARTON, Vice President, Supervision, Regulation and Credit Department, Federal Reserve Bank of Richmond

KEITH GOODWIN, Senior Attorney, Legal Department, Federal Reserve Bank of Richmond

COURT REPORTER: JANE W. BEACH

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APPLICANT PRESENTATION:

JOHN G. FINNERAN, JR., Head of Corporate Reputation and Governance, General Counsel and Corporate Secretary,

Capital One Financial Corporation

DOROTHY BROADMAN, MVP, Community Development Banking, Capital One Financial Corporation

KRISTINE WELLMAN, General Counsel, ING Direct USA

PANEL ONE:

CHRISTOPHER COLE, Senior Vice President and Senior Regulatory Counsel, Independent Community Bankers of America

ALBERT PINA, Chair, Florida Minority Community Reinvestment Coalition

JOHN TAYLOR, President and CEO, National Reinvestment Coalition

PANEL TWO:

NEIL BOSS, Director of Risk Management, ACCION USA

DAVID BOWERS, Vice President, Enterprise Community Partners

KEVIN KELLY, Managing Director, ECDC Enterprise Development Group

KATHERINE LUCAS-SMITH, Policy Analyst, Corporation for Enterprise Development

JILL NORCROSS, Executive Director, HAND

JANICE SNEED, Vice Chancellor, Southern University at Shreveport, Louisiana

PANEL THREE:

STELLA ADAMS, Housing Committee Chairperson, NAACP, North Carolina Branch

KENNETH W. EDWARDS, Policy Counsel, Center for Responsible Lending

ALEXIS IWANISZIW, Senior Program Associate, Neighborhood Economic Development Advocacy Project

MOISES LOZA, Executive Director, Housing Assistance Council

RASHMI RANGAN, Executive Director, Delaware Community Reinvestment Action Council

GEORGE ROTHMAN, President and CEO, Manna, Inc. For Jim Dickerson, Chairman and Founder, Manna

PANEL FOUR:

ALAN GORDON, Deputy Director, Housing Action Council

NINA JANOPAUL, President and CEO, Arlington Partnership for Affordable Housing

CATHERINE MELOY, President and CEO, Goodwill of Greater Washington

JEWELL MIKULA, Executive Director, Shelter House, Inc.

T.K. SOMANATH, President and CEO, Better Housing Coalition

JOHN WELSH, Director, Multifamily Division, AHC, Inc.

PANEL FIVE:

DAVID BENITEZ, Research Analyst, Pittsburgh Community Reinvestment Group

ERICA KUESTER, on behalf of TOVA SOLO, Member, Maywood Community Association

JOSH SILVER, Vice President of Research and Policy, National Community Reinvestment Coalition

PANEL SIX:

ARTIE HARRIS, Director of Real Estate and Neighborhood Development, Montgomery Housing Partnership

MANNY HIDALGO, Executive Director, Latino Economic Development Corporation

MICHELLE KROCKER, Executive Director, Northern Virginia Affordable Housing Alliance

NURY MARQUEZ, Executive Director, Hispanic Committee of Virginia

MICHELLE NEUGEBAUER, Executive Director, Cypress Hills Local Development Corporation

MICHAEL PITCHFORD, President and CEO, Community Preservation and Development Corporation

PANEL SEVEN:

LEE BEAULAC, Senior Vice President, Community and Economic Development, PathStone Corporation

CHARLES HARRIS's statement read by Mr. Beaulac.

CHARLES PERRY, Chairman and Executive Director, PERICO Institute for Youth Development and Entrepreneurship

PANEL EIGHT:

KENNETH AMPY, CEO, Astrya

KENNETH CLARK, President and CEO, MD/DC Minority Supplier Development Council

CHARLES DUCKWORTH, Director, Prince George's County Small

Business Initiative and Technology Assistance

MALCOLM GIBSON, Owner, Professional Funeral Services Getting Down to Business--Capital One Seminar

SAMUEL YOUNG, President Astrya

PANEL NINE:

MARY AGEE, President and CEO, Northern Virginia Family Service

EILEEN ANDERSON, Senior Vice President, Community Development Corporation of Long Island

PETER ELKOWITAZ, President and CEO, Long Island Housing Partnership, Inc.

SHEENA WRIGHT, President and CEO, Abyssinian Development Corporation

PANEL TEN:

ROBERT DICKERSON, Executive Director, Birmingham Business Resource Center

BRITTANY NIXON for LENA BELL

GREGORY SQUIRES, Professor of Sociology, George Washington University

SAMUEL THOMPSON, Professor of Law, Pennsylvania State University

PANEL ELEVEN:

BISHOP C. MATTHEW HUDSON, JR., Matthew Memorial Baptist Church

ADRIAN MAYES, Owner, Accounting Solutions and Services, Baton Rouge, Louisiana

PANEL TWELVE:

BARTLETT NAYLOR

CEMBRE ROSS

MITRIA WILSON FOR IRVIN HENDERSON

PANEL THIRTEEN:

TOBIKO GREEN, CEO, Communities In Schools of the Nation's Capital

CHERYL LOGAN, Principal, Parkdale High School

BLADIMIR HERNANDEZ, Student, Parkdale High School

NINA SMITH, Student Parkdale High School

PANEL FOURTEEN:

LISA REYNA

SUSAN WAGNER

KATHY WHEELER

BARBARA GOLDBERG GOLDMAN

CHANNELLE HARDY

PANEL FIFTEEN:

GRANCES BOYD FARLOW, Business Owner, Getting Down To Business—Capital One Seminar

MAURITA COLEY, Executive Director, Capital Area Asset Builders

ROBERT SNYDER, Incubator Manager, Bethesda Green

VANESSA SPENCER, Owner, Vanessa's Hair Salon, Getting Down To Business--Capital One

P R O C E E D I N G S

(8:28 a.m.)

MS. BRAUNSTEIN: Okay, good morning everybody. I am quite pleased to welcome you this morning to this important public meeting on the application by Capitol One Financial Corporation to acquire ING Bank, FSB.

Let me first introduce myself. I am Sandra Braunstein, Director of the Division of Consumer and Community Affairs of the Federal Reserve Board in Washington, D.C. I am the presiding officer for this public meeting.

Our other panelists are--and I will start to the left of me--Robin Prager, Deputy Associate Director in the Federal Reserve Board's Division of Research and Statistics; Alison Thro, Assistant General Counsel in the Federal Reserve Board's Legal Division; Joan Garton, Vice President in the Department of Banking, Supervision and Regulation from the Federal Reserve Bank of Richmond; and Keith Goodwin, Senior Attorney in the Legal Department from the Federal Reserve Bank of Richmond.

We are here today because Capital One Financial corporation in McLean, Virginia, has applied for approval to acquire ING Bank, FSB, in Wilmington, Delaware, and its subsidiaries, Sharebuilder Advisors, LLC, Seattle, Washington, and ING Direct Investing, Seattle, Washington, and thereby engage in activities relating to operating a Federal Savings Bank, investment and financial advisory and securities brokerage services.

When the Federal Reserve System considers an application, we look at a number of factors under the Bank Holding Company Act. These include: financial issues, managerial issues, competitive issues and the convenience and needs of the communities affected. In doing so, we particularly look at the record of performance of the parties under the Community Reinvestment Act or the CRA.

The CRA requires the Board to take into account an institution's record of meeting the credit needs of its entire community. The purpose of the public meeting today is to receive information regarding these factors and to clarify factual issue related to the application.

We are pleased that so many witnesses have come to testify at this public meeting. We will have approximately 71 individuals testifying, some representing themselves and their organizations, and others representing multiple organizations.

Let me make a few remarks about the procedures. This is what is called an informal public meeting. Members of the panel may ask those who are testifying about their testimony, but this is not a formal administrative hearing so we are not bound by rules regarding evidence, cross-examinations and some of the formal trappings of that kind of a proceeding.

And because we have so many witnesses, we need to stick to the schedule, so that everyone who has asked to offer testimony will have the chance to do so. We are going to ask the witnesses today to be mindful of the needs of others, and to help us to stay on the schedule. The panels of witnesses will be expected to keep within their allotted times.

We have a timing system here and we have timekeepers, and I'm looking--the timekeeper is right there, I'm sorry--and we will ask that the people who are testifying kind of keep their eye on the timekeepers. They are going to give you a signal. We have a box there with three lights at the top. There is a red light, a yellow light and a green light, and the yellow light will come on when you have two minutes left to speak--right? correct?--and they will have another signal when there is one minute left to speak, and a final signal when your time has expired.

There may be some individuals who were unable to sign up in advance, and so to the extent possible we want to give them a chance to speak as well. At the end of the scheduled meeting today, we will make the mic available to anyone who would like to make a presentation, time permitting.

One more comment about the testimony. Witnesses may submit a written supplement to their oral testimony, but must do so by Wednesday, October

12th at 5:00 p.m., and then the record will be closed. Any written supplements should be provided to the Federal Reserve Bank of Richmond, and there is contact information on a sheet of paper that is available at the registration desk, and feel free to pick up one of those sheets while you are here and it will tell you where to send any written testimony.

If you have not turned in copies of your written testimony, or you have any other statements that you want to put into the record today, please leave them with the Federal Reserve staff at that registration table. It is very important that we get this material for the formal record.

In response to requests for access to the public portions of the Capital One ING file and related comments, the Freedom of Information Office at the Federal Reserve has created a reading room on the Board's public website. The submissions will be placed in that FOIA reading room as well. That web location is also specified on this information sheet that you can get at the registration table.

Finally, the official transcript of this meeting will be available by next week, and it will also be on the Board's public website, and that address is also on the information sheet that you can get.

So with that, we are going to begin he

proceedings. We would ask each panelist to start by stating their name and their organization before they speak. And with that, we can get started, and I would like to welcome the first panel.

MR. FINNERAN: Great. Thank you very much, Sandy.

Good morning. My name is John Finneran, and I serve as General Counsel of and lead the Corporate Reputation and Governance functions for Capital One Financial Corporation. My role includes oversight of the team responsible for community development banking, community relations and Community Reinvestment Act compliance.

I greatly appreciate the opportunity to come before you and discuss the merits of our plans to acquire ING Direct, and I also look forward to hearing the other participants share their views.

Capital One firmly believes that the record fully supports approval of this acquisition.

The acquisition satisfies all of the financial, managerial, competitive, public benefits and other factors the Board must consider under the Bank Holding Company Act.

Capital One's strong capital position and prudent risk management has enabled it to emerge from the Great Recession as a very strong financial institution. Neither Capital One nor ING Direct has engaged in the kinds of activities that precipitated the financial crisis, including the structuring or sale of mortgage-backed securities, collateralized debt obligations, credit default swaps or other exotic instruments.

The combined organization will remain a traditional consumer and commercial bank, with none of the complexity or interconnectivity that the Dodd-Frank Act sought to address in ending the concept of too big to fail. In fact, the acquisition of ING Direct will further reduce, rather than increase, any risk to the financial system, as well as the overall risk profile of both institutions on a stand-alone basis.

Importantly, this merger will provide substantial public benefits that far outweigh any potential adverse effects. Capital One possesses a proven ability to generate prudent loan growth, leading to a vastly superior deployment of ING Direct's deposits from a customer, prudential and economic perspective.

Given its business model, ING Direct has been limited in its ability to use its deposits to offer the kind of credit needed to help strengthen the U.S. economy. Capital One has far greater capacity to extend credit to consumers, small businesses and commercial customers. In addition, Capital One's marketing capabilities will significantly broaden the reach of ING's direct savings products, thus appealing to a larger and more diverse range of potential new customers.

This acquisition will also provide customers of ING Direct greater access to a wider variety of products and services than ING Direct currently offers. The acquisition will also serve as a catalyst for community development, local job creation and economic growth. The key to success in achieving the full economic recovery in the U.S. is job creation. At a time when many financial institutions are announcing sizeable reductions in employees, we anticipate not only maintaining current employment levels at Capital One and ING Direct, but also adding thousands of new jobs this year as we expand our business.

Finally, the acquisition will not produce any other adverse effects such as undue concentrations of resources, decreased or unfair competition, conflicts of interest or unsound banking practices. Accordingly, the balance of public interest factors, as well as the other statutory factors the Board must consider are entirely consistent with approving the application.

I would like to address in a little bit more detail the public benefits that will result from

Capital One's acquisition of ING Direct. First, ING Direct's customers will enjoy access to a broader array of products and services than ING Direct currently provides, including traditional fixed rate mortgage loans, auto loans, award-winning credit cards, traditional and rewards checking accounts, and expansive ATM network, small business loans, small business technical assistance programs and commercial loans.

Today, ING Direct offers only certain types of mortgage loans. As many of the community groups present here today will agree, adding a wider range of products, including a 30-year fixed rate mortgage to this mix, will help ING Direct reach a broader customer base.

Further, as a savings association, ING Direct has been limited in its ability to provide small business and commercial loans, and has not offered these products to its customers. As a full-service national bank, Capital One will be able to add these important products and services to ING Direct's lending portfolio.

We have a proven track record of success in this regard, as demonstrated by the significant expansion of these activities, following our acquisition of another savings association, Chevy Chase Bank here in the Washington, D.C. area.

Second, in marked contrast to most bank mergers and current trends in our industry, Capital One plans to increase employment this year, adding thousands of new jobs in the U.S. Notably our growth plans include adding-- creating additional jobs at ING Direct's headquarters in Wilmington, Delaware, a city which has seen significant job loss as a result of prior mergers in the financial services industry.

Our job-growth plans provide a rare bright spot amidst the recent announcements of significant cutbacks numbering in the tens of thousands at other banks across the country.

Third, Capital One has a record of substantially increasing community development banking and investments in local markets after each of our prior acquisitions, acquisitions we note that did not involve branch closures or reductions in overlapping services that can be common in other bank mergers. In each of our prior bank acquisitions, we have substantially increased our investments that serve low and moderate communities, providing 2.2 billion over and above the predecessor banks.

Following our acquisition of Hibernia National Bank, we increased the dollar amount of community development loans and investments in New Orleans and Baton Rouge, Hibernia's largest markets, by 250 percent, as compared to what Hibernia had done in the prior six years.

As many will recall, our acquisition closed just days after Hurricane Katrina. We made the decision to move forward with the merger, even as many expected us to abandon the transaction and the pressing needs of the local community at that time.

Similarly, following our acquisitions of North Fork and Chevy Chase, we increased the dollar amount of community investment by 570 and 970 percent, respectively, above those institutions' records for the period prior to the acquisition.

Capital One will continue this strong post-acquisition record of expanded community reinvestment activity by expanding the scope and increasing the amount of community reinvestment that ING provided its communities prior to the acquisition. Our Community Development Finance Group is dedicated to originating specialized, highly-impactful community development loans and investments throughout Capital One's communities.

As was the case with the prior three acquisitions, ING Direct has not had a specialized finance group focused in this area. And today we are announcing a 10-year commitment totaling over $180 billion in new community development lending and investments, as well as increased lending and services to LMI borrowers. My colleague, Dorothy

Broadman, will be discussing the details of our commitment in a moment.

Turning to the question of whether this acquisition will result in any material adverse effects, the short answer is that it will not. It will not lessen competition or result in any undue concentration of resources in any product or geographic market. It will be consistent with all applicable guidelines and Board precedents, and present minimal increases in the concentration of a limited number of business lines.

The acquisition will not result in any conflicts of interest or unsound banking practices. Capital One has strong risk management practices and its banks are well-capitalized. Throughout the economic downturn, Capital One delivered solid results through conservative balance sheet management and sound underwriting standards. Capital One has emerged from the financial crisis as a strong institution, and is among a small number of banks that delivered positive operating earnings during each year of the downturn.

We are well capitalized under both a Basel I and a Basel III standard, and have more than sufficient liquidity to withstand significant market disruptions. We were part of the first group of financial institutions to pay back TARP. Capital

One's prudent risk management and sustained performance through the economic crisis demonstrate the company's balanced commitment to both safety and soundness and consumer protection. Capital One's approach protected taxpayers, customers and shareholders, and will continue to do so following the acquisition of ING Direct.

Several commenters have suggested that the Federal Reserve should not approve the acquisition because it would create an institution that would be too big to fail. This assertion is neither consistent with the standard the Federal Reserve is required to apply, nor supported by the facts when one understands the simplicity of our basic business model. The Dodd-Frank Act was crystal clear on a key point. There is no automatic finding of increased risk to our financial system in the event one institution acquires another, even if those institutions are relatively large.

Congress specifically chose not to impose a prohibition on acquisitions of banking or non-banking companies by bank holding companies with $50 billion or more in total assets. Instead, it chose to continue to require the appropriate federal banking agencies to evaluate proposed acquisitions on a case-by-case basis. Governor Tarullo reinforced this point in a speech just last week.

Congress's decision to avoid an arbitrary ban on such acquisitions was a deliberate one. A ban would inhibit competition and ultimately harm consumers, businesses and the economy. The only acquisition ban based on an organization's size that Congress has imposed is the ten percent limitation on nationwide total deposits, and the ten percent cap on total nationwide liabilities.

The merger of Capital One and ING Direct would increase our share of deposits only modestly, to about two percent of the market, and our share of liabilities to about one percent of the market. The law and the evolving regulatory framework requires us to look beyond mere size in analyzing potential risk to financial stability.

They emphasize the role of interconnectivity, substitutability, complexity and the extent of international or cross-jurisdictional activity. When fully considered under this framework, it's clear that this acquisition will not result in greater risk to our financial system.

At our core, Capital One is a very simple, traditional banking business model. We accept deposits from and we make loans to consumers, small businesses and commercial customers. ING Direct primarily offers simple savings accounts. None of this will change as a result of this acquisition.

As a result, the combined institution will further reduce, rather than increase risk to the system. Capital One will strengthen ING Direct's balance sheet by expanding its asset generation capabilities, and at the same time, ING Direct's deposits will supplement Capital One's access to stable, lower-cost funding for its diverse and traditional consumer and commercial lending activities.

None of these institutions' business lines are highly specialized or critical financial products or services available only from a small number of providers. Capital One and ING Direct have a very small market share and there are few overlapping lines of business. There are numerous providers of each of their products and services nationally, and in all local banking markets throughout the United States.

In addition, neither Capital One nor ING Direct provide the types of critical financial services, the disruption of which would pose significant risk to the financial stability in the U.S. Neither Capital One nor ING Direct is a core clearing and settlement organization. Neither has any significant presence in any critical financial market, which includes federal funds, foreign exchange, commercial paper, U.S. Government and agency securities, and the corporate and debt securities markets. And neither is a market-maker in any financial market.

Similarly, Capital One's proposed acquisition would decrease rather than increase the interconnectedness of the system. Neither Capital One nor ING is engaged in trading derivatives, writing credit default swaps, financial guarantees, structured products or other complex derivatives. In addition, as institutions with robust access to stable retail deposits, neither is reliant on uncommitted short-term funds from institutional or wholesale sources.

Moreover, ING Direct will become part of a U.S.-based banking holding company, and will be no longer owned by a foreign bank. The broader context of this merger is also critical. The status quo of ING Direct as a stand-alone business is not a realistic alternative, and thus is not an appropriate baseline against which to compare elements of financial stability risk.

The divestment of ING Direct is part of a package of restructuring measures mandated by the European Commission. Not surprisingly, the size and business model of ING Direct greatly limited the pool of interested acquirers. The only viable alternative to an acquisition by Capital One would have been the sale of ING Direct to a larger and more complex institution, or a more interconnected foreign bank, which would have greatly--which would have created a substantially greater probability of heightened risk to the financial system than the acquisition by Capital One.

Moreover, in the current environment many banks are not interested in the substantial additional deposit funding an acquisition of ING Direct would bring. Many banks face significant challenges in generating sufficient asset growth in the current economy. As I mentioned earlier, Capital One emerged from the financial crisis as one of the strongest institutions in the country, and is truly--and is uniquely positioned to deploy ING Direct's balance sheet from less reliance on mortgage-backed and other securities, to originating direct loans to consumers and small businesses.

The consumer and economic benefits of this shift in the use of ING Direct's deposit base are significant and self-evident.

Dorothy will address our community development record, as well as describe the extraordinary support we have received from our community partners and civic leaders, many of whom are here to testify today, and many more of whom have written unique and personal stories of our commitment to their success.

In my remaining time, I would like to invite the panelists' attention to the comment letter that Capital One filed on Friday, September 17th. In that letter, we responded to a number of assertions that were contained in some of the other comment letters the Federal Reserve has received, from those who oppose this acquisition.

We firmly believe that when all the facts are presented in a fair and balanced manner, it is clear that Capital One is a responsible and prudent provider of all its products and services, including deposits, mortgages and credit cards. We care about our customers, and we are committed to working with those who might be having difficulty in this economic environment.

In conclusion, we believe that the benefits to the consumers and the public of this transaction are substantial and clear. The European Commission has directed that ING Direct be sold. The issue is not whether an acquisition should occur, but rather who the acquirer will be. Capital One is better positioned than any other U.S. bank to take on this business, thereby enhancing the safety and soundness of both institutions, and more effectively deploying ING Direct's deposits to the advantage of consumers, communities and the economy at large.

Capital One is also uniquely positioned to increase jobs, at a time when other businesses are struggling to do so, and other financial institutions are announcing thousands of layoffs. We are confident that the record fully supports approval of this acquisition. The acquisition more than satisfies all the financial, managerial, competitive, public benefits and other factors the Board must consider in its deliberations.

I thank you again for this opportunity to appear before you, and look forward to the testimony of any participants, and any questions that the panel might have.

MS. BRAUNSTEIN: Thank you.

MS. BROADMAN: Good morning. My name is Dorothy Broadman. I manage Capital One's Community Development Banking team. I am also Capital One's CRA officer. I am honored and personally pleased to have the opportunity to discuss Capital One's innovative and high-impact CRA program.

Our program has improved the lives of thousands of lower income individuals and families by providing safe, decent and affordable housing, by helping small business owners grow and develop sustainable businesses, and by helping lower income individuals access a range of vital banking services to encourage savings.

Core to our success is the active engagement of our executive management team. Under their leadership, a shared objective of achieving the highest standard for CRA performance has been integrated across multiple lines of business with clear accountabilities.

This approach has been noted by influential community representatives. The Association for Neighborhood and Housing Development in New York stated the following, quote:

"It is clear that Capital One's senior leadership has integrated the bank's CRA strategy into all of its business lines, and aligned its reinvestment goals with its commitment to serve its shareholders." End quote.

Our Community Development Banking Program is characterized by the significant growth of our team, from 9 associates in 2005 to 82 today. This represents growth substantially greater than the CRA teams inherited through our bank acquisitions, but the numbers alone tell only one part of the story. Who our people are, what motivates them and the passion they bring to the job is the true heart of our CRA story.

Cypress Hills Local Development Corporation in New York put it this way, quote:

"Capital One is unique in the New York City affordable housing and community development market. They have an experienced, knowledgeable and hard-working team that is on the ground, listening to what non-profit, community development and housing counseling organizations need, and translating that into direct loans, financing and new mortgage products. And as proud as I am of the team, I'm even more proud of the results we achieve and the way we do business."

We began to build our housing finance team shortly before the recession. And while other institutions reduced community development lending and investing, we continued to increase our originations right through the depths of the recession. For example, our CDF team's total originations since 2007 totaled $2.4 billion. Our originations grew from 100 million in 2006 to 732 million in 2010.

Significantly, during the recession, as the market decreased 45 percent for community development or CD loans, we increased ours 270 percent. Even in 2009, we increased our CD lending 22 percent, while the market dropped 52 percent. Again, the numbers alone don't tell the full story. It is our willingness to step up and remain locally engaged and responsive that distinguishes Capital

One.

In 2008, as the recession was intensifying, many affordable housing developers were unable to find tax credit investors. Even worse, some lenders and investors were unable to fulfill their obligations to fund ongoing construction projects. When we were approached with the novel idea of stepping into developments that were already underway, something that had not been done before, we showed great agility and resolve.

Over the course of six months, we closed 93 million in investments, to replace the money promised in original development plans. Shortly after we acquired Chevy Chase Bank, we completed the Parkside transaction, a stalled development in Anacostia in Washington, D.C. This allowed the local nonprofit developer to complete the 67 million redevelopment on schedule.

We are equally committed to working with lower income families to become successful home buyers. Our Community Development Mortgage Group initiates specialized, high-impact loans to lower income borrowers. These are high touch labor intense loans originated for our portfolio that involve home buyer counseling and leveraging of public sector down payment assistance programs.

Our team also engages in affordable

housing policy initiatives, often in leadership roles. In New Orleans following Hurricane Katrina, we took a leading role in reshaping HUD and Fannie Mae loan programs designed to help families with homes that were destroyed and those who sought to acquire their first home in the city.

Our CRA program also includes a specialized focus on small businesses which none of the three banks we acquired had in place. We provide financial and other support to CDFIs that lend and provide technical assistance to not yet bankable micro and small businesses. One of our anchor programs is our Second Look program. Through it, we have referred more than 1,100 small businesses to CDFI Partners for technical assistance and financing.

We are also committed to providing quality technical assistance to small businesses. Our Getting Down to Business Program is an innovative seven month program that features technical training and one-on-one mentoring. The program also includes IDAs to build equity. We currently provide a match of up to $2,000 for each business in the program.

Another example is our partnership with the Latino Economic Development Corporation, an organization serving the Washington, D.C. area. This collaboration expands the availability of credit to small businesses that are not yet bankable. Our CRA record includes an aggressive expansion of branches in low and moderate income areas after the previous bank acquisitions.

From 2007 to 2010, we opened 33 branches in low and mod income areas, despite a very challenging economic environment. As an example, though our Houston branch market share was only four percent, our eight branches represented two-thirds of the total new low and moderate income branches for all banks in that market.

One of our new branches was opened in a small business incubator on the Historically Black Southern University campus in Shreveport, Louisiana. We were the first branch to open in the Martin Luther King community, a badly under-served area. Through our branch, we both serve small businesses in the incubator, and the greater MLK community.

Another innovative branching program is our student-run high school branches in four low-mod income locations, in the Bronx, Harlem, Newark, New Jersey and Prince George's County in Maryland. This has proven to be a dramatically life-changing program, as many of our student bankers graduate high school and go on to college.

Providing access to banking, financial education, and asset-building activities is another core focus. We partner with non-profits to create innovative programs that help lower income individuals become part of the financial mainstream. One example is our collaboration with the Office of Financial Empowerment, a New York City anti-poverty effort.

As the largest bank participant in OFE, we piloted safe and affordable products and services for lower income residents. We also partner with Grameen America, to offer low balance savings accounts, currently 1,300, to entrepreneurs living below the poverty line, as well as capital for relending to micro-businesses.

Philanthropy is also a strong component of our program. Since January 2009, we have distributed more than 4,200 grants to non-profits, totaling over $60 million. Most of these grants primarily serve lower income populations. In addition, in 2009 and 2010, we delivered more than 200,000 hours of volunteer service to further community impact.

As John mentioned earlier, we are very pleased to announce that we are making a $180 billion community investment commitment over the next ten years. This commitment reflects expected growth in our businesses resulting from this acquisition. It will build on our strong record, and represents a comprehensive approach that includes housing, economic development and support for individuals, consumers, families and non-profits.

The commitment covers all major lines of business including low and moderate income home mortgages and home equity lending, 28.5 billion; small business and small farm lending for 22.5 billion; affordable housing development and commercial revitalization for 25 billion; low-mod income consumer lending, including auto loans, credit cards and other consumer loans for 104 billion; grants to support critical community services, including housing, economic development and financial education for 450 million. The full commitment is available at our website, www.capitalone.com.

Critical to our success will be our ongoing collaboration with local partners. Many of these partners are here today, and we are very grateful for their support. Many more provided individually crafted letters, describing our meaningful and substantive programs. They are intimately familiar with our work, and well positioned to evaluate it effectively.

Our program demonstrates our ongoing commitment to CRA as we have grown, and we will continue this commitment following consummation of the proposed acquisition. Thank you.

MS. BRAUNSTEIN: Thank you.

MS. WELLMAN: Good morning. My name is

Christine Wellman, and I am the General Counsel of ING Bank FSB, which operates as ING Direct in the U.S. Thank you for the opportunity to testify this morning in support of Capital One's acquisition of ING Direct.

ING Direct is a Federal Savings Bank headquartered in Wilmington, Delaware. Since our launch in 2000, we have been focused on our mission: leading Americans back to saving.

We offer simple and transparent financial products such as consumer savings, checking accounts, consumer loans, residential mortgages, as well as investment services for American consumers. Our consistent brand promise "save your money," and simple easy-to-use products, pave the way for us to serve 7.7 million customers today. Over the past decade, we grew from a start-up to roughly 2,500 employees across the United States, including Delaware, Minnesota, California and Washington State.

Let me touch briefly on some of the background of this transaction. As you know, ING Direct is a wholly owned subsidiary of ING Group NV, headquartered in Amsterdam, The Netherlands. ING Group has been a strong supporter of ING Direct since we started.

Like in the U.S., governments around the world took measures in 2008 and 2009 to stabilize the financial markets, which included providing support to specific institutions. ING Group was among the institutions that received Dutch state support, but as a condition to its approval of the support, the European Commission required ING Group to divest itself of several subsidiaries, including ING Direct by the end of 2013.

In light of this directive, ING Group undertook an extensive review of its strategic options, and ultimately chose to partner with Capital One. ING Group's selection of Capital One was based on a number of factors, including purchase price, and ING Group's belief that Capital One recognizes, and is interested in preserving the value of ING Direct.

ING Group believes that a combination with Capital One would create a strong, profitable and leading consumer banking company. At ING Direct, we see our primary purpose as helping people grow and manage their savings. Although we are relatively large, we are a very simple organization. We are essentially a traditional savings and loan, with a direct-to-consumer method of offering our financial products and services. We do nothing exotic and nothing more than what traditional community banks do.

Our difference is that we operate through a low-cost business model with the goal of making it as easy as possible for consumers to save and grow their money. We are proud of our focus on basic but essential consumer savings and lending products that offer good value for your money.

As a result of this combination with Capital One, our customers will have access to an even broader range of products for personal and small business matters. Going hand in hand with ING Direct's commitment to help our customers save their money is our commitment to financial literacy.

ING Direct has been a leader in financial literacy through our Kids Foundation, our interactive website for kids and teachers called Planet Orange, our popular "We the Savers" blog, and our newest accounts, the Kid Savings Account and Money Checking for Teens.

Furthermore, ING Direct since its founding has been an active corporate citizen in our local communities. A measure of our engagement with our communities is the outstanding rating the bank received from our most recent OTS Community Reinvestment Act performance evaluation. This rating was the result of a great deal of work on our part, to market and make our products and services available not just in Wilmington, but nationwide.

We continue to strive to make our deposit and loan products accessible to as many people as possible, and to make investments and loans and grants that improve the lives of people in need.

We also strongly encourage all of our associates to volunteer their time to CRA-related activities. Recently this has included work for Junior Achievement, several financial literacy programs, and assisting individuals with claims for the federal Earned Tax Credit.

In addition, we have our flagship Orange Days of Giving event, in which our employees volunteer a day of their time and effort to support local, charitable and non-profit institutions. This year's Orange Days of Giving featured over 14,000 hours of volunteer work in Delaware, as well as Los Angeles, Settle, St. Cloud, Minnesota and Hawaii.

To conclude, the combination with Capital One will be a partnership that has the potential, if approved, to further benefit the communities that we serve. Although we are institutions with unique strengths, we have a common commitment to innovation and designing and offering compelling consumer financial products and services. We also share a commitment to good corporate citizenship and giving back to our local communities, and hope to expand upon these efforts as they are ultimately responsible for our success.

Thank you again for this opportunity to

speak today.

MS. BRAUNSTEIN: Thank you. Before this panel leaves, I do have a question and I'm going to check and see if my other panelists have any questions.

I guess, John, this is to you or Dorothy, whichever. I have a question about the acquisition of ING. ING is a very different kind of bank than Capital One right now, and I was just wondering can you comment at all on kind of the future plans for are you going to kind of leave ING as a subsidiary of Cap One? Or are you going to export your Cap One model and change the model of ING? Can you comment on any of that at this time?

MR. FINNERAN: Yes. Certainly, one of the things that clearly attracted us to the ING business was the really compelling consumer franchise that they had built. As Christine mentioned, they've got over 7 million customers that they've acquired, and those customers are loyal and passionate about their relationship with ING.

So we are--our intent is to ensure that as we integrate our businesses and open up additional products and services to those customers, that we don't do anything to mess up that loyalty and passion that they have. So I think we will be operating it as a separate Federal Savings Bank for some time into the future. Exactly how far that goes, I think, you know, is obviously subject to how well the integration goes in building the systems, because obviously we do need to, you know, ensure that we can serve all of our customers through all of the channels that we have to bring them the benefits that we talked about earlier today.

MS. BRAUNSTEIN: Okay, thank you.

MS. PRAGER: I have a question for John or maybe Christine, I'm not sure. John, you mentioned that one of the benefits of the proposed transaction would be that ING Direct's deposits would provide a stable, lower-cost source of funding for Capital One. Can you say something about the stability of Internet deposits relative to other sources of funding?

MR. FINNERAN: Well first of all, I think that the deposit base that ING has built has been incredibly loyal. And I think that they measure up well in terms of how they build their deposits over time with customers and the loyalty of customers. That has been true through, you know, the entire economic cycle that we've seen in the last five or six years.

Also I think, as Christine mentioned, you know, one of the real differences and what enables ING to build that loyalty and offer a compelling value proposition to its consumers is that it's got a lower cost of doing business. And, you know, that has to be taken into account as well when you think about it. But right now, I think in terms of the actual performance, of attrition and how loyal these customers are, it matches up well against any traditional retail deposit gathered through the branch systems of all the competitors.

MS. BRAUNSTEIN: Any further questions?

(No response.)

MS. BRAUNSTEIN: Okay, thank you very much to this panel.

MR. FINNERAN: Thank you very much.

MS. BRAUNSTEIN: And we will bring the next panel forward.

(Pause.)

MS. BRAUNSTEIN: Okay, we will get started. Just to remind each panelist, if you could start by giving your name and affiliation, and speak clearly into the microphone, because of the court reporters, and also to keep your eye on the timer. That will let you know when your time is up. Right there in the box with the lights on the top will signal. The yellow light comes on when you have, I think, two minutes; is that correct, left or --

(Off mic comment.)

MS. BRAUNSTEIN: It blinks green at two and yellow at one minute left, and then of course it turns red and beeps when your time is up. With that, we will get started. Mr. Cole.

PANEL ONE:

MR. COLE: Thank you, Sandra. Good morning. My name is Chris Cole, and I am Senior Vice President and Senior Regulatory Counsel for the independent Community Bankers of America, a trade association representing nearly 5,000 community banks of all sizes and charter types throughout the United States.

We are pleased to have the opportunity to comment on the proposed acquisition of ING Direct USA, the online banking unit of Amsterdam-based ING Group NV, by Capital One Financial Corporation.

ICBA has always been concerned with the continued concentration of bank assets in the United States, and the effect this concentration has not only on bank competition, but on communities and customers alike. While Cap One is a well-capitalized and profitable banking organization, it is mainly a credit card lender. So we are concerned that only a portion of the deposits that Cap One is acquiring from the purchase of ING Direct USA, will be channeled into small business lending--the engine behind economic growth and job creation.

As prodigious small business lenders, a community bank acquisition of ING's deposits would more likely result in substantial small business credit, supporting a sector responsible for more job creation than any other. But our main concern with the acquisition today concerns systemic risk.

Section 604 of the Dodd-Frank Wall Street Reform and Consumer Protection Act amended the Bank Holding Company Act to require the Federal Reserve to consider the extent to which a proposed acquisition results in greater or more concentrated risk to the stability of the United States banking or financial system, in addition to other factors including the financial and managerial resources of the companies involved, their CRA record, and whether the acquisition will produce benefits to the public that will outweigh the adverse effects.

With assets of over $300 billion, this acquisition will catapult Cap One into the fifth largest bank, from the standpoint of deposits from 8th place. After the proposed acquisition of the U.S. credit card business of HSBC Holdings PLC is consummated, Cap One will be the seventh largest bank in terms of assets, and will remain the fifth largest credit card lender in the country.

One of the critical goals of the Dodd-Frank Act was not only to end too big to fail, but also to level the playing field between the megabanks and the rest of the industry. So far, community banks have not seen much movement towards either goal. Indeed, since the beginnings of the economic crisis in the middle of 2008, our banking system is even more concentrated than ever.

The percentage of deposits held by the top4 five U.S. banks as of June 30th, 2011, was 36 percent, up 4 percent from the end of 2008, and the percentage of deposits held by the top ten U.S. banks was 42 percent, also a 4 percentage increase from 2008.

Although the Cap One acquisition will not increase significantly the concentration of the top five banks, it does increase the number of banks over $300 billion, thus adding to the number of potentially too big to fail banks that may have to be bailed out if we have another economic crisis.

Not only are the large banks getting larger, their funding advantages over community banks, which have been estimated to be approximately 50 basis points, appears to be even getting larger. The latest FDIC Quarterly Bank Profile reflects this funding problem. During the second quarter of this year, banks with assets greater than $100 billion experienced a large 12.6 percent increase in domestic deposits, with balances greater than $250,000, while all other banks only experienced a 2.8 percent increase in large balance deposits.

Given the fact that the industry is becoming more concentrated, and the Federal Reserve's new responsibility to consider systemic risk when considering an acquisition, we believe it was both prudent and responsible that the Federal Reserve requested, on August 29th, further information from both Cap One and ING, about their exposures to counterparties, commercial paper holdings, mortgage-backed security holdings, lending to foreign institutions through foreign exchange swaps, and derivatives trading.

However, this last-minute request by the Fed points out a fundamental problem that regulators are struggling with when considering acquisitions involving financial institutions with over $50 billion in assets--and that is, the lack of information about these institutions' systemic risk, a way to measure their interconnectedness to other financial institutions on both sides of their balance sheets, their total exposures to counterparties, and more importantly how they will be liquidated if they were to fail.

In fact, it has been 14 months since the Dodd-Frank Act was passed, and we still don't have a regulatory apparatus in place to deal with banks over $50 billion, the so-called SIFIs, as they are commonly referred to. We haven't figure out a way to measure their systemic risk or, for that matter, we've not come up with a way to identify the non-bank SIFIs.

For instance, the banking agencies still have not issued rules on enhanced prudential regulation of SIFIs that would spell out such things as capital surcharges, increased liquidity and early remediation. While the Dodd-Frank Act calls for financial institutions that are over $50 billion in assets to be subject to enhanced regulation, FSOC has yet to designate any non-bank financial company as systemically important.

Although the FDIC just adopted a final rule that requires SIFIs to submit periodic resolution, contingent resolution plans, or living wills, the Federal Reserve has yet to approve the final rule. And in any case, SIFIs will have as long as the end of 2013 to file their resolution plans. Until all these plans are filed and approved by the regulators, we still do not know exactly how close SIFIs could be, or how SIFIs could be resolved or liquidated if there is another economic crisis, particularly if that liquidation involved offices in foreign countries.

Since the banking regulators don't have sufficient information yet to exactly determine the systemic risk that SIFIs pose on our economic system, or how SIFIs can be safely and quickly resolved if there was another economic crisis, ICBA strongly recommends that the regulators impose a moratorium on all acquisitions and mergers involving financial institutions with over 100 billion in assets, including Cap One's acquisition of ING Direct.

This moratorium should continue until the banking agencies have finalized all their rules under Dodd-Frank, all the SIFIs have filed their living wills or contingent resolution plans, their credit exposure reports and their capital plans, and have undergone another full year of stress testing.

FSOC has completed its designation of the non-bank SIFIs, and the Office of Financial Research, which still has not gotten going yet, has completed at least the first round of their data collection to determine systemic risk in our financial system. While this could take another two or three years, it would at least give the regulators the opportunity to make a more informed decision with regard to whether an institution is systemically risky, and whether an acquisition or merger would impact the stability of our financial system.

In some cases, and as a result of the filing of contingent resolution plans, the banking regulators may insist on reorganizing or breaking up certain large SIFIs to address their systemic risk.

This additional period would give them that time to, prior to the mergers or acquisition involving a SIFI, to make that determination.

ICBA also recommends that the banking agencies immediately issue rules under Section 604 of the Dodd-Frank Act that would establish standards for evaluating systemic risk involving SIFI mergers and acquisitions. Such standards should start with the presumption that any acquisition or merger that increases the number of institutions over $100 billion poses a systemic risk to our economy since it increases the potential number of institutions that are too big to fail.

These standards should discourage the creation of more institutions over that size, and whenever possible should encourage a community bank acquisition of deposits or assets over a SIFI acquisition.

In short, community banks were the common sense lenders during the economic crisis. When community banks thrive, they create a diverse, competitive financial services sector offering real choice, including customized products to consumers and small businesses alike.

An economy dominated by a small number of large banks wielding too much market power and offering commodity products would not provide the same level of competitive pricing and choice. Promoting a vibrant community banking sector should be an important public policy goal.

I thank you for letting me speak today on this acquisition.

MS. BRAUNSTEIN: Thank you. Mr. Pina.

MR. PINA: Good morning. My name is Albert Pina. I'm the chairman of the Florida Minority Community Reinvestment Coalition.

Dear Chairman Bernanke, Ms. Braunstein and members of the Federal Reserve Board:

We at the Florida Minority Community Reinvestment Coalition thank you for not only allowing our voices of Florida's under-served minority businesses and communities to be heard today, but also for the courage and leadership of holding such a hearing to discuss this Capital One-ING merger which will affect and impact every single family in our community throughout Florida.

In a recent poll of current Florida minority Capital One customers, primarily businesses, 87 percent, I repeat this, 87 percent were receiving subprime interest rates. In this same poll, 96 percent, I repeat 96 percent, gave Capital One an F on overall community involvement.

As today's chair of FMCRC, I will testify on behalf of 113 Florida minority organizations we work with regarding this merger from a perspective of socioeconomics, the social impact of policies and actions or, in Capital One's case, the lack thereof, of our financial industry and its relevance to this horrendous increase in poverty that is now being reported throughout the United States.

There is a direct correlation that capital, because capital is at the center of our democracy, and companies such as Capital One continue to fail to see this connectivity, that has tremendous impact on our Nation's economic future. In short, people of color are the future of our Nation, yet these economic soldiers are not given access and opportunities within capital markets that lead to jobs in low and moderate income communities that result--that has resulted in poverty increasing at record levels. The best affordable housing project will always be a good-paying job.

This is evident in the data that concludes that minorities average over 40 percent of our Nation's urban centers, yet only account for five percent of its GDP--you don't have to be an Economics major to understand that implication--or 22 percent, as being reported today, of all U.S. children live in poverty, while this number exceeds 35 percent for children of color, and in Florida that's 41 percent.

In ten of the highest African-American

populated urban centers, 72 percent of all our children live in poverty; 32 percent, approximately, children are dying. In business school I learned that much about economics, mostly primarily being the definition of economics being the maximization of scarce resources, human resource being the most valuable.

Florida minority businesses are critical to creating jobs in our community. This will be the only way to battle poverty, the only way, not housing in our communities.

With localized jobs come increased localized consumption, and increased tax bases that fuels development of infrastructure for these low income communities. But lack of capital and access to opportunity plagues our communities of color, and hence poverty grows. This is a very serious matter, and this impacts all of Florida and our Nation, and yet Capital One feels as if they can work within a silo and ignore the responsibility of building our country, not just those that they mentioned.

These communities economically. What do I mean? You see, we understood the significance that credit cards have for minority businesses, and that over 70 percent of them utilize credit cards as a major source of credit. In other words, credit cards are critical for them to access capital to create jobs. So since 2008, FMCRC, along with 42 Florida minority organizations, wrote four letters to Capital One requesting a meeting to discuss how Capital One can better provide access to non-predatory capital to our business. But we have received not one response, not one. This is Capital One.

I personally am offended by this lack of respect shown to our civic and community leaders in Florida. This showed both disrespect to our community leaders, but also disregard towards the responsibility to help and build a more vibrant economic nation. It is our hope that this disregard is isolated, and Capital One truly understands they are but one instrument in this symphony of life in our Nation.

But maybe Capital One chooses not to be responsive to our communities and businesses, in that they do not have to, since they don't have branches in most of our communities. Yet if this merger is approved, it will make them the fifth largest financial institution. This also will provide them increased dominance in the credit card market that minority businesses rely on to provide lines of credit and access to capital.

Yet with marginal numbers of branches, they have marginal accountability towards the CRA Act. Capital One must understand that our Nation is driven by capital, and that as one of our Nation's largest financial institutions, they have a responsibility to battle poverty that, if left unbridled as today, it will eventually destroy our Nation's ability to remain the most powerful nation on this planet.

Tomorrow's wars are economic, and the future economic soldiers are people of color that today are plagued with unemployment, poverty, and a 50 percent high school dropout rate.

We are requesting Capital One not only show higher regard to Florida's minority community leaders, but provide a national community reinvestment plan that will outline their goals for increased access for minorities and small businesses, and home and auto loans that are not predominantly subprime in nature.

This plan should outline community economic development investments that will lead to job creation in low and moderate income communities, and outline philanthropy goals for minority non-profits beyond just the markets where they have just branches, because they're doing business everywhere.

If Capital One embraces such a notion, we encourage FRB to approve this merger. If not, we ask the Federal Reserve Board to bring accountability in these areas of community reinvestment if this merger is approved. I will conclude with Edward Gibbons' Decline and Fall of The Roman Empire:

"The Empire collapsed through the undermining of dignity and sanctity of family as a foundation of its society."

Poverty is destroying our families, and capital is the only antibiotic that will kill this horrendous disease that is killing so many of our children.

Thank you. I will provide the balance of my time to Mr. Taylor.

MS. BRAUNSTEIN: Good try, but it doesn't quite work that way.

(Laughter.)

MR. TAYLOR: Well Sandra, I'll do the best I can to make our points within the ten minutes.

MS. BRAUNSTEIN: Okay.

MR. TAYLOR: My name is John Taylor. I'm the President and CEO of the National Community Reinvestment Coalition, NCRC. More than 600 community organizations belong to NCRC and have joined together for a common purpose. That purpose is to make sure that there is fair and equal access to credit, capital, and basic banking services and products for every American.

Thank you to the Federal Reserve on behalf of NCRC and our members and the millions of consumers that we serve. I want to thank the Federal Reserve in particular for granting our request to hold public hearings on Capital One's bid to buy ING Direct. There are critical issues at stake in this proposal, issues like systemic risk, public benefits, the future of community-based banking, and the effectiveness of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

How the Federal Reserve handles these issues in reviewing Capital One's application creates the precedent for all future decisions. As Chairman Bernanke said recently, it's important that you get this right. Your choice to allow for a more robust process for extending the comment period and holding hearings is a critical first step in the right direction, and I applaud you Sandra, you in particular.

Still, in congratulating you, I want to make myself clear. This is only the first step. Under our laws, the Federal Reserve bears the primary responsibility for protecting our financial system from unwarranted increases in systemic risk. That means it is your duty to make sure that banks involved in acquisitions follow safe and sound practices. It is your duty to make sure that allowing them to expand their activities will not put the American people at significant risk for another financial crisis, and it is your duty to make sure that any increase in systemic risk is offset by a net gain in benefits to the public.

In this context, just any old public benefit will not do. As Board Governor Tarullo noted, expansion should not occur, unless the benefits to the public are clearly significant. Viewed within this framework, NCRC and our members believe that the Federal Reserve's duties with respect to the proposal should be very clear. You have a duty to deny Capital One's application to buy ING Direct.

Let me devote the rest of my testimony to explaining why. First, let me be clear. Capital One's business model is not sound. When it bought Hibernia Bank in 2005, Capital One told the world that it was moving away from its high risk monoline strategy. Instead, it promised to diversify its business to a 55 percent credit card, 45 percent consumer banking ratio.

Six years and three bank purchases later, Capital One is still a monoline company. 75 percent of its income still comes from credit cards. That means three-quarters of its profits are extremely vulnerable, especially in times of economic stress, when revolving credit shrinks and charge-offs increased.

We all know that credit card monolines are notorious for their high rates of failure in market downturns. Consider Providian, NextCard, Metris and Advanta are just a few. That is why no other bank in the top five comes anywhere close to Capital One's excessive reliance on credit cards, or any other single product for that matter.

The Nation's four largest banks have diversified income bases. They purposefully limit their income from a single source to a range of 19 to 32 percent. Let me say that again. So Capital One, 75 percent. Everyone else is somewhere in terms of a single product 19 to 32 percent.

Those numbers become even more pronounced when you look at the reliance on credit cards. Capital One again, their reliance on their monoline business, 75 percent credit cards. All the other top four banks, less than 19 percent. Here is what all this means. If you approve this acquisition, the next too big to fail bank will most likely be the most likely to fail bank, because it is the least diversified and most at risk in economic downturns.

And there is more. 76.4 percent of Capital One's primary source of income, its credit card portfolio, is securitized. That means Capital One already makes up more than 20 percent of the entire credit card asset-backed securities market.

Compare that to Countrywide. Right before its failure--it played a key role in the collapse of the mortgage-backed securities market--Countrywide's market share was only 13 percent.

If Countrywide's failure was capable of playing a central role in the financial crisis that we are still trying to recover from, it is hard to say that Capital One is already too big to fail--it is hard not to say that. And if Capital One does what it says it will do, which is to use ING Direct's deposits to buy HSBC's credit card portfolio, it will become even bigger.

Understand this: Your decision to approve this acquisition would allow Capital One to potentially control 32 percent of the credit card ABS market. That is one out of every three dollars.

Here is what this means in terms of systemic risk. This is a toxic recipe for growth. You don't have to take NCRC's word for it. Financial analysts, federal regulators, and Members of Congress have all identified credit card securities as the likely trigger for America's next financial crisis.

To quote one financial analyst, "Mortgages are simply the first storm to make landfall. Credit cards are next." End quote. To quote the FDIC, quote, "Banks involved in securities activities, subprime credit card securities in particular, have experienced a multitude of problems, including some bank failures." End quote.

Just in case you forget, nearly one-third of Capital One's credit card portfolio is subprime. If you approve this deal and make it possible for Capital One to buy HSBC, that subprime number gets only bigger. The thing about credit card securities and systemic risk is that the entire market is heavily interconnected to key non-banking and banking financial institutions.

The primary investors in credit card securities are pension funds, insurance companies and the existing too big to fail banks. That is the very essence of interconnectedness. In sum, this is an unsafe monoline business that relies heavily on a highly sensitive single source of income and then spreads three-quarters of its risk to the public through selling its securities to Americans' retirement funds and insurance companies, and they are asking you to allow them to become the Nation's fifth largest bank.

They want to turn ING Direct's deposits to even more credit card business, and to sell even more securities to a market that everyone says is the next to implode. Make no mistake. There is a significant systemic risk posed by this transaction.

I want to talk a moment quickly about

public benefits. The law says that Capital One must show that the public benefits of this deal outweigh systemic risk. Otherwise, it must be denied. Here's what Capital One seems to think will suffice. They think that they can waltz in here today and, having spent a mere four sentences in its application on this issue, wave a few isolated examples of investment in the Federal Reserve's face, and pretend that it is enough to tip the scales in their favor.

Well let me tell you this. What matters is what Capital One did in the past. That past is one littered with credit card abuses, gobbling up banks only to reduce their loans to blue collar and minority workers, and steadily increasing their market share in the subprime credit card business. Capital One is the anti-bank, gobbling up community banks and leaving them a shell of their former self in exchange for giving them the go-ahead to buy ING Direct Bank, and then HSBC's Credit Card Division.

We get more ATMs and more credit cards, that's all. Where is the public benefit here in exchange for a rapidly-increasing systemic risk? Have they articulated a clear, enforceable and comprehensive commitment to providing products and services that articulate the public benefit? Hardly.

Here's what I want you to think about. Every time someone gets up here and tells you how

Capital One invested in their business, I want you to remember that Capital One's 7(a) small business lending through the SBA actually decreased 99.7 percent, from $228 million in 2006 to only $600,000 this past year.

Every time someone gets up here and tells you how Capital One has invested in their community, I want you to remember that Capital One's community lending fell off the cliff after its purchase of Chevy Chase Bank, dropping by 41 percent. And every time someone gets up here and suggests to you that Capital One has a genuine interest in serving communities of color, I want you to remember that the HUMDA data shows that time and time again, their lending to African-Americans, Latinos and low and moderate income borrowers trails their peers.

In their communities, in their communications to the Federal Reserve, Capital One has already admitted that their home lending has gone down following these mergers. In fact, the CRA rating from the OCC for this bank is only "satisfactory," not "outstanding" like all the other big banks.

Everything we know about Capital One's track record makes it clear that allowing them to grow means moving away from legitimate community banking. In fact, Capital One's track record and claims of public benefits are outdated, and if you believe they are not, then the standard for public benefits needs to be reexamined. Asserting benefits of consolidation and growth in the banking industry are inflated and have been thoroughly rebuked.

That's why the so-called benefits of this deal don't even come close. There is no greater efficiency or economies of scale involved in this transaction. In fact, Moody's has put Capital One's credit rating on watch, because they believe it will be difficult for them to make any good on any of the integration or efficiency claims.

We believe that the only public benefit that can outweigh this kind of increase in systemic risk is a forward commitment to those things that generate wealth for Americans, things like increasing home ownership -- I'm going to wrap up -- through fixed rate mortgages, offering small businesses stable and affordable access to credit and capital, and demonstrating a commitment to communities of color by locating branches and offering branches and their service in neighborhoods.

These benefits should bear a proportional relationship to the increased risk. For example, if you use the size as a measure of that, Capital One must make a forward commitment to increase its public benefits by more than 70 percent. Its announcement today, by the way, of $180 billion in forward commitments over ten years, $100 billion of that is in credit card and consumer lending. So I mean again, they haven't done that, and until this issue is settled, it should be denied.

In closing, thank you for allowing me the opportunity to speak today. I'm happy to answer questions. I think what we should be looking at is their record of not what they promise to do once they have been accused of something--so we filed a Fair Lending complaint at HUD against them, and then they announced they changed their practices.

They refused to be involved in the Hardest Hit Fund in D.C., that helps low income people, particularly facing foreclosure, until we filed a complaint with the Equal Rights Center with D.C. We have complained about their lack of commitment, so they have turned around and announced today $180 billion. I mean all that is good, but you know, words are nice. Facts matter.

What has this institution done in its history? How has it treated people of color, under-served people? That's what really matters. Thank you so much for your time and for the extra minute you gave me.

MS. BRAUNSTEIN: Okay, thank you. Before this panel goes, I do have a question for Chris, for

Mr. Cole. You called for a moratorium on applications for large institutions until the SIFI regulations are out, and everything's sorted out about that.

I was just wondering, and you admitted that this moratorium could be as long as a few years until that. So considering the economic situation that our country's in frankly, and business is in, are you at all concerned as to what kind of effect that could have on the economy, having that kind of moratorium?

MR. COLE: No Sandra, because I think what if Cap One can't buy these deposits, other non-SIFIs can pick up that slack. So if we put--impose a moratorium on SIFIs being able to acquire these deposits, community banks can pick them up, for instance. So I think that--and in fact, as I stated in the testimony, there are some benefits to small business doing that. The community banks have a better record of channeling that money to small businesses than I'm afraid Capital One does.

So no, I don't think it would have any detrimental effect to the economy.

MS. BRAUNSTEIN: Because I guess, just to follow up on that a little, so community banks could make those kinds of purchases now, but I know some of them are struggling very much, and we don't see as much of it. So are you just saying because they can't compete with the large ones, is --

MR. COLE: Well, for instance, I think there are community banks right now that are rubbing their hands, waiting for B of A to announce some of their spinoffs of branches. There are community banks everywhere that would love to pick up these deposits. You are right, some of them are not--you've got 800 on the problem list. You have a number of them that are quite liquid and don't want the deposits.

But there are some that would love to. I know one locally here, Eagle Bank, for instance, is always complaining about their liquidity, and not having enough deposits. Eagle might very well be interested in buying some of these deposits. Cardinal here locally might be one that would be very interested, and Burke and Herbert.

All of those banks are banks that are eager for deposits, and have plenty of lending. So particularly in the Mid-Atlantic states, I think you could find buyers out there, if you couldn't find a SIFI to do it.

MR. TAYLOR: May I say something to that, Sandra? I just want to say that, you know, the decision should not be based on who is going to buy this if they don't, because you let the market do that. You let the market decide that.

MS. BRAUNSTEIN: No, I understand.

MR. TAYLOR: Okay, and the decision should be based on is this monoline approach to business a systemic--add to the systemic risk, and is there really a public benefit to this?

MS. BRAUNSTEIN: No, I understand, and I was asking a broader question about just this application, about the whole idea of a moratorium in general.

MR. TAYLOR: Oh, I see.

MS. BRAUNSTEIN: Did you, Robin, anything? Alison?

MS. THRO: I do. The panel, thank you very much for your testimony. We really appreciate your being here.

Mr. Cole, I do have a question for you on the moratorium. You suggested that $100 billion would be an appropriate limit on acquisitions, and that would preclude this, or that would apply to this particular proposal?

MR. COLE: Yes.

MS. THRO: Would you please elaborate on your empirical basis for suggesting that $100 billion is an appropriate limit?

MR. COLE: I think that $100 billion is -- the way we came up with $100 billion is that once an institution gets to that size, then we think it becomes potentially a too big to fail institution. Now it is true that there is a possibility that a $100 billion institution may not be very risky. It may be a very traditional community bank system. I mean I am thinking of BB&T, for instance, that is very -- it's over $100 billion and has a very traditional banking business.

But we thought that to come up for simplicity, you say $100 billion should be the cutoff because there, at that point, you are starting to become more complex, more interconnected, and there is a greater possibility that you can -- you're going, particularly if you acquire something, that you will be too big to fail.

So we didn't have an empirical evidence. We just said there's got to be a cutoff, and $100 billion is approximately the cutoff we see as reaching that interconnectedness situation.

MS. THRO: Thank you.

MS. PRAGER: I'd like to follow up on that. Do you have any concern that if you instituted such a moratorium, you would essentially be cementing the relative positions of the existing very large banks by not allowing anybody else to get large enough to compete directly with them?

MR. COLE: No. I think what we are

trying-- I think what we would like to see is a wind-down of some of these larger institutions. In other words, let's shrink them rather than getting any of them bigger, particularly the larger ones. We are hoping that these SIFI surcharges, the capital surcharges that come out will be significant. We are hoping that they will be at least as high as what the Basel Committee has recommended, a one to two and a half percent SIFI capital surcharge.

I think that will start. That will have a positive effect of beginning to shrink the balance sheets of these large too big to fail institutions like Chase and B of A and so forth. So no, I don't feel like this would, a moratorium would institutionalize anything. I would think that it would give you all a chance to look at all the information, particularly the contingent resolution plans. You guys have not looked at -- the FDIC and the Fed have not even had a chance to review any of their living wills. And based on that, you may make a decision that some of these organizations should break up, that some of their European subsidiaries for instance should be either broken up, spun off or at least isolated in some way, so they can be easily liquidated in case of an economic crisis.

So let's give you all a chance to get all your information on these living wills and on these -

- and how these organizations would be broken up, and let's give everyone a chance to see what effect the SIFI surcharge will have on--and the liquidity requirements too, which is supposed to be very tough, what they will have on these companies, and then make the decision on what the systemic risk issues are with respect to each one of these institutions.

MS. BRAUNSTEIN: Anybody else? Joan?

MS. GARTON: Actually, I had a very specific question for Mr. Pina. You indicated you had written four letters to Capital One and none of them had gotten any response. What particularly were you requesting, and when were these letters written?

MR. PINA: We sent the letters throughout 2008, and as recently as February of 2011. We requested a meeting to discuss this whole issue of subprime interest rates, that we were seeing a significant upbeat on with minority small businesses. So we wanted to discuss the whole idea of maybe, you know, working together with some of these business organizations so we can try to increase the creditworthiness of these businesses so we could stop, you know, we could help them decrease the subprime significance that they were having within our community.

And like I mentioned, we did not receive an email or telephone call to say "get lost." I mean we've received no reply whatsoever.

MS. GARTON: Thank you.

MS. BRAUNSTEIN: Okay. Thank you very much to this panel. We can bring the next panel forward please.

(Pause.)

Okay. We're going to begin this panel. I just want to remind the panelists to please state your name and your organization at the beginning of your statement, and to please keep your eye on the timekeeper. You have five minutes. The yellow light will blink when you have a minute left, and then obviously the red light and the buzzer when your time is up, and thank you. With that, we can begin.

PANEL TWO

MR. BOSS: Thank you. Thank you all for having us here today. My name is Neil Boss. I'm with ACCION, USA. ACCION USA has been a leader in U.S. microfinance since 1991, by empowering low to moderate income business owners through access to capital and financial education. Since our inception, we've disbursed over 19,600 loans and over $123 million to entrepreneurs.

It's been said that character cannot be developed in ease and quiet, and as a lender to businesses with median annual sales of $70,000, the last four years have presented very little ease and quiet for us at ACCION USA. But as my lead indicates, our true character shines in these moments, and the character of our trusted supporters shines as well, and Capital One has been one of those supporters.

Capital One has maintained and sought to grow its lending to our organization when many institutions were hesitant to do so. One of the largest money lender banks opted to term out its debt with us, because they wanted to get paid down. Conversely, Capital One maintained its lending commitment throughout the financial crisis, therefore allowing us to reach more small business owners than we would have otherwise.

Capital One also continued to support our work during the recession through crucial grant dollars, and focused referral partnership, both commitments that remain through today. In addition to grant support, Capital One has supported the development of our staff by providing training scholarships, sponsoring the cost of our strategic planning offsite, and was the major funder at our MicroFinance USA conference, the largest non-industry microfinance conference in the United States.

To my knowledge, ING Direct has not been visible in New York. I suspect it relates in part to their business model, and in part to the foreign ownership. But by having a U.S.-focused owner we believe this will only increase the engagement and resources of ING Direct for the benefit of the communities that we serve.

In short, if the community part of the Community Reinvestment Act is a guiding factor, we can vouch for the tremendous engagement for, with and in the communities that we serve, by the team at Capital One that we have dealt with. If this is a preview of things to come, then adding assets to the acquisition of ING Direct and the related CRA responsibilities that come with size should only accrue to the benefits of the entrepreneurs that we serve. Thank you for the opportunity.

MS. BRAUNSTEIN: Thank you.

MR. BOWERS: Good morning. My name is David Bowers, and I am the Vice President and Market Leader for the Washington, D.C. office of Enterprise Community Partners. I will read in part my written testimony, and I have submitted already the entire written testimony for the record. Thank you for the opportunity to testify this morning.

Enterprise is a national non-profit organization committed to providing opportunity for low- and moderate income people, by making decent, affordable housing possible in strong, vibrant communities. To date, we have invested more than $11 billion to create nearly 300,000 homes across the United States. More importantly, Enterprise has transformed the lives of more than a million people by providing access to affordable homes and working to strengthen communities around the country.

We testify today to highlight how Enterprise and Capital One have partnered over the years. Our work would not be possible without active and responsive private sector institutions like Capital One, a bank that has continually shown its commitment to providing better opportunities for low income households.

Today our Nation faces a critical shortage of affordable housing amid a recession that has left many people struggling economically. According to the National Low Income Housing Coalition's annual Out-of-Reach Report, no household earning a full minimum wage can afford a modest apartment at the federal fair market rent anywhere in the country.

The shortage of affordable rental apartments, combined with continuing unemployment and falling wages have made families with children the nation's fastest-growing segment of the homeless. Community-based non-profit and for-profit developers of affordable housing face depleted financial resources and increasing demand for the housing and services they provide.

These complex factors threaten the viability of affordable housing properties, as well as the organizations that provide support and stability to so many communities nationwide. Against this backdrop of great need, Capital One has contributed equity, loan and grant support to Enterprise. In less than a decade, Enterprise has invested more than $200 million in low income housing tax credit through Enterprise alone, helping to develop nearly 22,000 affordable homes.

Over 90 percent of these homes are affordable to families earning less than 80 percent of the area median income, with 50 percent affordable to families earning less than 60 percent of the area median income, and a third of these rental properties provide affordable housing and supportive services to individuals and families with even greater needs.

Capital One also supports the Enterprise Community Loan Fund with more than 12 million invested since 2005 to provide more than $16 million in loans to affordable housing developers. Capital One has also invested $10 million in the New York City acquisition fund created by Enterprise and partners in 2005 to provide acquisition capital to affordable housing developers.

In 2010, Capital One renewed its commitment to the Fund, which to date has closed more than $135 million in loans and created or preserved more than 3,300 homes. Philanthropically, Capital One has provided more than $2.6 million in grants to Enterprise since 2005 to support key programs in specific geographic areas.

Creating affordable housing and revitalizing communities requires thoughtfully tailored approaches. Capital One understands that, and their creative leadership makes innovative, targeted solutions possible. I have seen the direct results of Capital One's leadership here in the Washington, D.C. Metro area. I would like to share one particular story very briefly.

Eva Martinez and her two daughters live together in a Mount Pleasant neighborhood. They had built roots there with a safe and stable apartment in the St. Dennis Building. But the building had begun to empty as a result of the landlord's poor management and increasing number of buyoffs, in an effort to convert it into market rate condos.

The Martinez family firmly believed that working households should be able to remain in their neighborhood. As a result of their tenacity, pro bono counsel and guidance from Enterprise, financing was secured to acquire, renovate and keep the property affordable to families like Eva Martinez's.

This is just one example of our partnership with Capital One, which invested in both the tax credit equity and Enterprise's Community Loan Fund, which allowed us to have the capital and preserve and improve the St. Dennis, which will celebrate its grand reopening in October. The successful outcome demonstrates the vast potential of neighborhoods working together to build healthy, thriving communities.

The written testimony outlines, again, Capital One's work with Enterprise in places like New York and the Gulf Coast region, for example, where Enterprise has remained on the ground. Capital One stepped in early to help Enterprise and its partners create the Enterprise Community Loan Fund, providing over $5 million invested, and enabled the Fund to provide much-needed pre-development and acquisition work.

Finally, I'll note that improving neighborhood schools is just one example of how Cap One supports Enterprise and its comprehensive approach across various programs. During the past two years, Capital One's support has helped Enterprise host successful thought leadership summits to promote creative solutions. And a summit held last spring in Atlanta focused on making it possible for seniors to age in place at home.

In conclusion, Enterprise turns to Capital One as a trusted resource, contributing both financial and human capital to help us identify and implement community solutions across the country. We look forward to our continued working relationship with Capital One, and we welcome any requests for further information on the projects discussed today in our testimony. Thank you.

MS. BRAUNSTEIN: Thank you.

MR. KELLY: Hello. I'm Kevin Kelly. I am with the ECDC Enterprise Development Group in Arlington, Virginia. We are a microenterprise lending organization and we make small business loans between $500 and $50,000. We also have a used car loan program that Capital One has provided some assistance with.

We serve the whole region here around Washington, D.C., as far up as Baltimore, and our primary constituency is low and moderate income folks. Because of our appearance, our corporation ECDC, the Ethiopian Community Development Council, a lot of our clients are African immigrants and refugees, although we do serve the broader low and moderate income community as a whole.

Our support from Capital One has taken the form of both grants for general operating support, as well as loans, which have been both through the microenterprise and for the used car loan programs that I mentioned.

In fact, the used car loan program that we have for people, Capital One is right now the only supporting institution. We had received an offer from another bank, which I won't mention, which was not good and we ended up turning it down, it was so inadequate. So we do appreciate particularly their willingness to give us a loan for the used car loan program.

Our other activities that we have with the bank include participation in the Second Look program, where they actually refer clients that the banks can't make loans to to us for potential small business loans; their participation in our external loan review committee; sending people to speak to our entrepreneurship classes that we conduct with Northern Virginia Community College's Alexandria campus.

We are currently talking to Capital One about some of their staff acting as coaches for some of our current borrowers, and for using space at some of the branch banks that they have around the area.

I am also the board chairman of the Virginia Microenterprise Network, and Capital One has provided support for the annual conference for VMN for the last three years. In addition, I know that

Capital One has supported some of the other national organizations that we participate in and work with.

In summary, Capital One has provided a wider range of support to us at ECDC than has been the case with most other banks in the area, and we have valued our relationship with them. Thank you.

MS. BRAUNSTEIN: Thank you.

MS. LUCAS-SMITH: Good morning. My name is Katherine Lucas-Smith from the Corporation for Enterprise Development. CFED is here today to discuss our collaborative efforts with Capital One, and our experience with Capital One's community development initiatives for lower income communities.

A representative of Capital One has served on CFED's board of directors, and we have found Capital One's staff to be meaningfully engaged with CFED's work at the community level. CFED is a non-profit organization that expands economic opportunity by helping Americans start and grow businesses, go to college, own a home and save for their children's and their own economic futures.

We identify promising ideas and test and refine them in communities to find out what works, craft policies and products to help good ideas reach scale, and develop partnerships to promote lasting change. We bring together community practice, public policy and private markets in new and effective ways to achieve greater economic impact.

We work across the United States to benefit low and moderate income communities, and low and very low income individuals, families and communities as well. Capital One has been instrumental in enhancing CFED's ability to support micro and small business start-ups, and bring them into the financial mainstream through combining free or low-cost tax return preparation and business counseling.

Capital One has provided financial and technical resources to this effort, and helped us reach numerous small business entrepreneurs through tax prep sites across the country. Throughout four tax seasons, CFED's self-employment tax initiative has awarded grants to 34 organizations in 24 states that collectively have served more than 33,000 disadvantaged self-employed individuals.

Local partners saved lower income, self-employed businesses as much as $16 million in tax preparation fees. Nearly half of the clients qualified for and received the earned income tax credit, providing their businesses with approximately $22.5 million in capital.

Our most recent collaboration with Capital One will help hundreds of lower income entrepreneurs start their businesses right in Maryland and the immediate Washington Metro Area by combining the efforts of tax prep and microenterprise support organizations through targeted training and development activities.

Capital One has also invested philanthropic support in our work to create innovations in manufactured homes. This innovative program has helped facilitate the transformation of former mobile home parks, comprised of energy-draining old homes sitting on rented land, into resident-owned cooperative communities, where owners can purchase energy efficient affordable replacement homes that actually appreciate in value.

Through this work, we have also developed an infrastructure across the country for providing expert, individualized technical assistance, peer exchange, network trainings and access to relevant expertise for a growing field of practitioners and advocates.

Capital One also provides support to CFED's research and development activities related to children's savings accounts, with a particular but not exclusive focus on post-Katrina New Orleans. Since that time, CFED's partnerships and expertise in developing CSAs has flourished, with programs emerging in Mississippi, Michigan, Houston, the San Francisco Bay Area, New York and here in metropolitan

Washington, D.C.

CFED views Capital One as an active and engaged partner, in helping test out ideas, incubate effective projects, and working with us to advance scalable models. They have developed user-friendly financial education materials for all ages, and more importantly worked with their grantees to refine and adapt those materials for particular situations and clients.

CFED is proud to be among Capital One's non-profit partners in enhancing economic opportunities for low income individuals and families, and we look forward to the continuation of our partnership in the future. Thank you.

MS. BRAUNSTEIN: Thank you.

MS. NORCROSS: Good morning. My name is Jill Norcross, and I'm executive director of HAND, the Housing Association of Non-Profit Developers. I want to thank you for allowing me the opportunity to testify in support of Capital One's acquisition of ING Bank.

HAND was formed in 1991 to support a professional community of housing providers in order to increase the supply of affordable housing in the Baltimore, Washington, D.C. and Richmond corridor.

HAND was incorporated in June 1998, and is an IRS-approved 501(c)(3) non-profit. Our goal remains to build a capacity of non-profits and their partners working in the affordable housing industry, to develop quality and safe housing for low and moderate income residents. We consider Capital One as one of HAND's lead supporters in helping to achieve our mission. Capital One is a solid corporate citizen, and has been generous to non-profit organizations like HAND, with both financial and human resources.

In addition to the financial sponsorship of our extensive trainings and our annual meeting, we are pleased to have Jim Taylor, Vice President of Community Development, as one of HAND's volunteer board members. When Capital One acquired Chevy Chase Bank, a long-time HAND partner and local business, frankly we weren't sure if the new bank's support of our organization would continue.

However, we were very pleased to find out that Capital One has increased their support over that of Chevy Chase Bank's. We hope with the acquisition of ING Bank, we would see even more resources going to non-profit organizations and the low income families they serve in the future.

As a result of major cuts in federal and local funds for affordable housing, combined with the increase of low to moderate income persons, rising rents and the foreclosure crisis, the affordable housing industry is going through some major challenges. HAND needs corporate sponsors like Capital One to help support our educational opportunities and trainings for our members, the non-profit affordable developers and their partners, on policies and programs that produce and preserve affordable housing. Thank you.

MS. BRAUNSTEIN: Thank you. Ms. Sneed.

MS. SNEED: Good morning. I am Janice Sneed, the Vice Chancellor for Community and Workforce Development at Southern University at Shreveport, referred to as this point forward at SUSLA. On behalf of SUSLA's chancellor, Dr. Ray L. Belton, the administration, faculty, staff and students, thank you for the opportunity to present today on behalf of Capital One.

SUSLA is pleased to offer its support to Capital One's acquisition of ING. Please know that we are dedicated to providing excellence in all that we do, and are appropriately charged to not only provide quality education to our students, but also to develop support partnerships that serve the needs of our university and the surrounding community.

SUSLA began operations in 1967 as a Historically Black College and University, the HBCU. The University provides career and technical education in demand occupations, promotes cultural diversity, provides developmental and continuing education courses, and seeks partnerships with business and industry.

The University serves approximately 3,000 students and was recently voted the Nation's third best two-year university in a Washington Monthly magazine poll. SUSLA has also been recognized as the sixth fastest-growing community college in our country, and ranked 56th in the Nation in the production of African-American graduates from two-year institutions, keeping in mind that there are more than 1,200 two year schools in the United States alone.

SUSLA is notably seen in the northwest Louisiana area as the provider of health care professions, the foundation of such a distinction having been established by a robust, health care academic inventory and the performance of our students on National Registry exams in the 90th percentile.

I say all of this to say SUSLA could not thrive and meet the growing workforce needs and challenges of our region without the engaged and committed partners such as Capital One. It is our commitment to the University and the areas surrounding our campus to be a magnet for revitalization, and Capital One has been a central part of making this a reality.

SUSLA resides in the MLK neighborhood that is located in the northern-most section of the city, and is distinguished from many other Shreveport neighborhoods by its rural like characteristics. The area is somewhat geographically isolated from many city services and amenities. The MLK neighborhood is one of the city's 19 Federal Community Development Block Grant Target Areas. The area is also a part of the City of Shreveport's state-sanctioned Revitalization Master Plan.

One of the most significant commitments to this community by Capital One was the most recent location of the Southern University Capital One branch on the campus in the Martin Luther King community. We are so pleased that our long-term partner persistently advocated to be a member of this community, an anchor tenant in the University's business and community development center, also referred to as Business Incubator.

Capital One's presence on our campus provides businesses in the Incubator, our students, faculty and students and the entire MLK community convenient access to financial services. No other banking center is located within five miles of the branch. By embedding the branch within the Incubator, Capital One enhances delivery of banking services to area small businesses. The branch also serves the greater MLK community.

Additional areas of community involvement and partnership with Capital One includes, in part, Capital One's investment of more than $50,000 in philanthropic support of the University over the past three years. In 2005, the bank created the University's first endowed professorship in business Management, with a $40,000 grant. Capital One introduced the recognized microenterprise lender ACCION to our area, also helping them to acquire $750,000 in funds to operate the facility.

Capital One is the master account holder for our individual development account program, which is a restricted use of savings account offered by Southern University. The IDA program accumulates monthly savings to be used for education and training, business start-up, home ownership work and related opportunities. Participant savings are matched at a 3 to 1 ratio.

Capital One is an active and founding partner in the University's newly-formed community development corporation. The CDC is beginning to develop properties adjacent to the University for businesses and residential use.

Capital One Bank has been a title sponsor for our annual economic development forums. In closing, finally, Southern University at Shreveport has a responsibility to the community to act as a catalyst for economic development. Economic growth for the MLK neighborhood in north Louisiana is what partners with good corporate associates such as Capital One means for the community.

Based on our observation of Capital One's investment in the neighborhood, we look forward to an even more enhanced quality of service and commitment to community through this proposed acquisition. Again, we are pleased to offer our full support of this proposed venture, and feel that it will add value to the mission and services that this corporate partner readily brings to our community, region and state.

Again, I am Janice B. Sneed, Vice Chancellor for Community and Workforce Development at Southern University at Shreveport, and we support this acquisition because of the wonderful partner that Capital One has been to our community. I did have about five or six other points in regard to Capital One, but I will submit that in my written document.

MS. BRAUNSTEIN: In the written record. Thank you.

MS. SNEED: Okay, thank you for the opportunity.

MS. BRAUNSTEIN: Okay. I have none. Any questions for the panel?

(No response.)

MS. BRAUNSTEIN: Thank you very much for your testimony.

(Whereupon, a recess is taken.)

MS. BRAUNSTEIN: Okay, we are going to get started. Just as a reminder to this panel, please make sure and state your name and your affiliation at the beginning of your statement. Speak directly into a microphone because they need to be able to hear for the transcript, the court reporters. And lastly, please keep your eyes on the timekeepers that are right down here and the box with the lights. The yellow light will signal you have one minute left, and the red light, you know, will flash and beep when your time is up. Each speaker has five minutes, and we'll start with Ms. Adams.

Stella?

PANEL THREE:

MS. ADAMS: Good morning. My name is Stella Adams, Housing Chair of the North Carolina State Conference of Branches of the NAACP, and a member of the Board of Directors of the National Community Reinvestment Coalition.

The NAACP is the Nation's oldest and largest grass roots civil rights organization. For over 100 years, the NAACP has challenged this Nation to uphold its promise of equal opportunity for all.

The North Carolina NAACP is concerned that the proposed acquisition will not meet the convenience and needs of the communities of color in North Carolina. We find it troubling that previous acquisitions by Capital One resulted in a 25 percent reduction in small business lending in low income census tracts--that's the Hibernia Bank acquisition; a 95 percent decline in prime mortgage lending over a three year period as a result of the North Fork acquisition; and a 41 percent decline in community development lending with the Chevy Chase Bank acquisition.

Despite the economic downturn and the tight credit market, from 2007 to 2009 North Carolina lenders increased prime lending to minority neighborhoods by 32 percent. This indicates that in the past, large numbers of highly qualified African-American and Latino borrowers may have been unlawfully steered into subprime products. Further, low income borrowers saw a 56 percent increase in prime loans, and moderate income borrowers saw a percent increase.

Capital One during this period decreased lending, prime lending, to minority neighborhoods by 98 percent, and its prime lending to low and moderate income borrowers by 94 and 95 percent, respectively. With this less than stellar performance in lending to African-American and low to moderate income borrowers in North Carolina, the North Carolina NAACP encourages the Board to deny this acquisition, or in the alternative condition approval of this merger on a written commitment by Capital One Bank to meet or exceed the market in providing prime products to communities of color and other under-served communities throughout its service area.

The NAACP is concerned that Capital One refused to participate in the Hardest Hit Fund, which provides assistance to unemployed home owners and the Federal Affordable Mortgage Modification Program, denying their borrowers access to government-sponsored programs designed to provide relief to deserving families facing hard times, until challenged by NCRC.

The North Carolina NAACP is extremely concerned that 75 percent of Capital One's income and 66 percent of its revenue comes from credit card lending. It is our understanding that after this acquisition, Capital One will become the fourth largest credit card lender in the world, and with the proposed acquisition of HSBC's credit cards, would become the largest subprime credit card issuer in the United States.

This will not meet the convenience and needs of communities of color or other under-served communities, and in fact puts our families at risk. I have attached a fact sheet from the National NAACP that discusses the impact of credit card debt and high interest rates on African-American wealth.

We believe the approval should be conditioned upon Capital One's commitment to adopt and demonstrate, through aspirational and measurable goals, to providing prime lending products to all market segments, including prime mortgages, small business loans under $100,000, loans to small businesses with revenues under a million dollars, and community development loans.

Further, the NAACP encourages Capital One to provide prime products to people of color in North Carolina. The history of Capital One in serving the convenience and needs of the people of North Carolina is troubling, and we do not see the public benefits of this acquisition outweighing the considerable risk that our neighborhoods will be flooded with high cost subprime products and services.

Thank you for this opportunity to speak on behalf of the 20,000 members of the North Carolina State Conference of Branches of the NAACP. I am attaching to my oral statement a copy of the NAACP's responsible mortgage lending principles, to encourage transparency and fairness in the process associated with obtaining quality loans and improving relationships. Thank you very much.

MS. BRAUNSTEIN: Thank you.

MR. EDWARDS: Good morning. Thank you for the opportunity to participate in this public meeting. My name is Kenneth Edwards and I serve as policy counsel for the Center for Responsible Lending, a non-profit, non-partisan research and policy organization dedicated to protecting home ownership and family wealth, by working to eliminate abusive financial practices.

Predatory lending, whether in the form of abusive subprime mortgage loans, payday loans or overdraft fees strip billions of dollars in wealth from low wealth families and communities in the U.S. each year. CRL is an affiliate of Self Help, a non-profit community development financial institution.

For well over 30 years, Self Help has focused on creating asset-building opportunities for low income families, primarily through financing safe, affordable home loans. CRL has done extensive research and policy work addressing checking account overdraft practices that cause significant harm to bank customers.

We are concerned that Capital One's current overdraft practices are out of step with significant reforms other large institutions have recently implemented. These practices include continuing to charge high overdraft fees on debit card, point of sale and ATM transactions, and posting transactions in order from largest to smallest, which maximizes overdraft fees.

While other large banks have curbed these practices, Capital One has not. This is particularly concerning in light of ING Direct's overdraft practices, which are industry leading, and have earned the respect of the bank's customers and consumer groups. ING Direct does not charge high cost overdraft fees. Instead, its customers are offered an overdraft line of credit at a reasonable annual percentage rate, currently 11.25 percent, with no additional fees. This responsible and fair program should be preserved.

High fee overdraft loans cost Americans billions of dollars each year. Overdrafts frequently are triggered by small debit card transactions, which could easily be declined at no cost when the account lacks sufficient funds. Most institutions offer far lower cost alternatives. But too many institutions aggressively steer customers to their highest cost overdraft coverage.

The FDIC's recent overdraft guidance acknowledges that repeat overdraft fees can result in quote, "serious financial harm for customers with a low or fixed income." End quote. Some customers pay at least as much as $1,600 annually in overdraft fees. The large majority of fees are paid by those who are overdrawn repeatedly, and who are least able to recover from them.

High-cost overdraft fees erode the assets of bank customers and, rather than promoting savings, make checking accounts unsafe for many of them. Bank fees are the leading cause of involuntary bank account closures, driving many vulnerable consumers from the banking system, leading to a greater number of unbanked households, an outcome which is clearly inconsistent with the safety and soundness of financial institutions.

By making these loans, banks also harm legitimate lenders and other legitimate businesses by putting themselves first in line for payment of debt, and leaving their customers financially worse off. Other large financial institutions have discontinued charging overdraft fees on debit card transactions. Bank of America and Citibank do not assess such fees.

These banks either decline debit card transactions that would overdraw the account at no cost to the consumer, or link the checking account to a savings account or a line of credit. In announcing its decision to end debit card overdraft fees, a Bank of America executive stated, and I quote, "What our customers kept telling me is just don't let me spend money that I don't have."

Capital One, however, continues to charge overdraft fees on debit card transactions. Also in recent months, some large banks have begun to process transactions chronologically or in order from lowest to highest to reduce the number of overdraft fees.

Capital One, however, continues to post its customers' transactions within each transaction type, in order from largest to smallest. The proposed merger would make Capital One the fifth largest institution in the United States, in terms of deposits. It would also propel the bank into a more influential position as a standard-setter for the industry.

As a result, safeguards should be put in place to ensure the preservation of ING Direct's model program, as well as to encourage improvements in Capital One's current practices. Thank you.

MS. BRAUNSTEIN: Thank you.

MS. IWANISZIW: Good morning. My name is Alexis Iwaniszciw. I am a senior program associate at NEDAP, a community economic justice, resource and advocacy center in New York City.

Capital One's proposed acquisition of ING is taking place in a larger context, one where the

U.S. economy is really still struggling to get back to where it was after a financial crisis brought on by heedless risk-taking by financial institutions, and by substantial regulatory failures.

Capital One and ING would become the nation's fifth largest bank, and don't plan to stop there. As other commenters have said, Capital One plans to purchase--has announced plans to purchase HSBC's U.S. credit card portfolio, which would increase its credit card lending by about 50 percent, and include a number of subprime and store brand credit cards that HSBC currently offers.

The Federal Reserve should evaluate Capital One's proposal to buy ING, keeping in mind this larger context, particularly its plan to acquire HSBC, which relies on ING's deposits to make that transaction work.

Now in addition to the potential systematic risk and the problems posed by Capital One's expanding its credit card business even further and relying on that business even further to generate revenue, we have some substantial concerns about its credit card practices that we have seen in New York City, and also have some recommendations for the Federal Reserve about modernizing the Community Reinvestment Act to take into account banks like Capital One and ING that do a lot of business in areas where they don't have branches.

NEDAP runs a financial justice hotline, which offers legal advice over the phone and direct representation to low income New Yorkers. We help hundreds of New Yorkers with Capital One debt collection cases, and have done so over the past five years. Capital One is in fact one of the leading debt collection lawsuit filers in New York City. Nearly one out of every five debt collection cases in New York City civil court is filed by Capital One.

Now that might be completely proportionate to the scale of their lending. But what it does mean is that if they file 37,000 cases in New York City civil court last year, any problematic practices, any improper debt collection practices are really affecting tens of thousands of people in New York City alone, not to mention people across the country who have Capital One credit cards.

Talking to the attorneys on our hotline and legal services advocates from around the city and the state, who provide direct legal services to low income New Yorkers, these advocates report that Capital One credit cards seemed doomed to fail from the beginning, particularly when offered to seniors and disabled New Yorkers who are living on fixed incomes.

They report that in debt collection

lawsuits people are often denied their due process rights and not notified that a lawsuit has been commenced against them; that when these cases do go to court, Capital One submits affidavits that are legally insufficient and appear to be robo-signed, which is a problem that I'm sure many of you are familiar with from the mortgage context.

These affidavits don't explain how the person attesting to the debt knows that the borrower owes the debt; they don't explain the person's relationship to Capital One, and they are really insufficient and do deny people opportunities to defend themselves in court against these lawsuits.

Now these problems are very, very concentrated in lower income communities and communities of color in New York City and New York State. Through research we've done on debt collection lawsuits, we found that the vast majority of these lawsuits are filed in those communities.

So Capital One's improper debt collection practices really has an out-sized impact on low income communities and communities of color in a way that the Community Reinvestment Act analysis doesn't capture. On the other hand, Capital One does also do some branch banking and mortgage lending in New York City, and that is at a vastly different scale than its credit card lending.

In 2009, Capital One originated 70 first lien home purchase mortgages in New York City for owner-occupied properties. That's about .12 percent of the mortgages originated that year. They hold about three percent of deposits in their branches. They're the sixth largest deposit taker in New York City.

So we would very much encourage them to start adjusting that ratio, to not rely so heavily on credit card debt, and to move into expanding credit building and helpful banking products, as opposed to credit cards designed to entrap people in debt.

Now before going forward with this acquisition and the Federal Reserve approving it, we would encourage the Fed to think seriously about CRA modernization and how to handle banks that do most of their businesses in areas where they don't have branches.

Capital One is a prime example of this. Their largest market is in California, where they have no branches at all, and in many other states, that's also the case. ING is an Internet bank, and we would just very much encourage you to keep in mind that context, and to move forward with CRA modernization and keep those principles in mind as you consider this acquisition. Thank you very much for the opportunity to testify.

MS. BRAUNSTEIN: Thank you.

MR. LOZA: Good morning, and thank you for this opportunity to present our views. My names is Moises Loza. I am the Executive Director of the Housing Assistance Council. I'm also a Board member of the National Community Reinvestment Coalition. The Housing Assistance Council is a national non-profit organization dedicated to improving housing conditions for low income rural Americans.

HAC was established more than 40 years ago to provide financing, information and technical services to non-profit, for-profit public and other providers of rural housing.

We fulfill our mission by working in close partnership with local organizations in rural communities throughout the Nation. We have worked in rural communities in all 50 states, Puerto Rico and the Virgin Islands. These relationships help us to develop the strategies we believe have led to sustainable growth in many communities across the Nation.

This morning, I would like to share our perspectives on the proposed acquisition of ING Direct by Capital One. Our primary concerns with the proposed acquisition are related to the extent to which both ING Direct and Capital One work to meet the credit needs of rural, low income and minority communities.

Neither Capital One nor ING Direct have originated very many home purchase and refinance loans within rural America. Capital One's rural lending increased by 70 percent at the acquisition of the Chevy Chase Bank in 2008. That the acquisition of a bank much smaller than Capital One increased Capital One's rural lending so significantly shows how little involvement it has within rural America.

Only 9 percent of Capital One's home purchase and refinance loan applications were from rural areas in 2009. Of those, 46 percent were denied. ING Direct's record in providing home purchase and refinance loans in rural America is also of concern to us.

In 2009, only 8 percent of loan applications stemmed from rural America. Of these applications, 56 percent were denied. Neither Capital One nor ING Direct show any history of being able to meet the needs of our communities. There are government agencies, for example the Department of Agriculture's Rural Development, that provide programs that will guarantee loans made to low and moderate income individuals.

These programs provide a safe way for banks to engage in these low income communities. From 2005 to 2007, 37 new Capital One branches were opened in well to do areas, compared to only one branch opened in a working class neighborhood. It should be noted that this occurred after Capital One received a low satisfactory on its Community Reinvestment exam for services.

The low satisfactory mark was largely attributable to the fact that the bank had no branches in low income areas. If it consolidated, Capital One Bank continues to concentrate its effort on the more lucrative upper income clientele, less home purchase and refinance loan options would exist for low income individuals.

Furthermore, it has been noted that to promote the consolidation, Capital One was spotlighting the desirability of ING's 7 million customers, many of whom are younger and wealthier. This promotional technique does not bode well for low income and rural populations. Thank you very much.

MS. BRAUNSTEIN: Thank you. Rashmi.

MS. RANGAN: Good morning. Thank you, Sandy and everyone else. My name is Rashmi Rangan. I appear today as Executive Director of the Delaware Community Reinvestment Action Council. Our offices are located in Wilmington and Georgetown, where we provide an array of services to the low income community in areas of consumer finance education, mortgage foreclosure modification assistance, and assistance with IRS tax issues. I am also an NCRC Board member.

I thank the Federal Reserve Board for allowing this opportunity to speak on the application by Capital One to acquire ING Bank. I stand with my colleagues who have and will raise legitimate concerns with this merger. I trust that the Federal Reserve will find a way to address them.

Today, I present a proposal for meeting the convenience and needs of my community. The Board would do well to condition this application on the framework proposed herein. The solution we all seek to address, an unprecedented set of low income community needs, is not singular but multi-faceted. The array includes affordable loans and bank services, equitable and fair customer practices, effective complaint resolution that addresses both the content and process, support for available and wide-ranging education in consumer, housing, and small business, and input from community groups based on accurate real-time information from banks.

It is not new ideas we are in need of; it is a new way of thinking about the low income community, and how they fit into the health of the economic whole of the banking industry. It is not new laws or regulations we are in need of; it is a commitment to the Community Reinvestment Act that redefines this concept not as an obligation, but as a growth opportunity.

The CRA should not be a puzzle to be solved or a box to be checked off, but a key construct to banking success. My additional written comments have expanded on the recommendations that I'm about to articulate. In the interest of time, they are in a summary form.

Capital One should examine its customer service menu and find innovative ways to address the needs of the low income community. Capital One should find ways to offer more affordable loan and products, such as checking accounts, prepaid debit cards, payday type affordable loan services, international fund transfers and affordable refund anticipation-type loans, affordable both in terms of interest rates and in terms of its management, nothing like what I've heard from Alexis today.

To ensure equitable and fair service to the low income community, Capital One should set a goal of five percent of all new banking access points to be established in low income neighborhoods. Easily identifiable, this community sits patiently waiting for the opportunity to bank out of their weight class.

An important ingredient to bank loyalty is a complaint resolution process that works. Every complaint has at least two parts: the process through which is it administered, and the merits content of the complaint itself. While each is critical to the complainant, many times the process can be more important than the content.

When I complain, I find relief regardless of outcome if I believe I was listened to, and my concerns considered. This is not at all unlike the hearings the Federal Reserve has convened on this merger. In Delaware, let my organization help with the process, and then I see my time, so I'll skip a little.

Capital One must do more to support financial education for the low income community. Small business loans are touted in today's economy as the elixir of life for our financial recovery. All too often, the small business loan, disguised as a simple credit card, comes with no strings attached, no review by the bank for a sound business plan, no offered expertise by the bank to assist with business or market development, and a lost opportunity by the bank to identify additional assistive banking services. Beguiling though

(Time bell rings.)

MS. RANGAN: --let me take just one more minute.

MS. BRAUNSTEIN: Yes.

MS. RANGAN: Beguiling though these loans may be, Capital One misses an important marketing opportunity when such loans are granted in the ordinary course of business as credit card loans. The butterfly effect is with us. A wisp of wind in Montana stirs the grass in Mongolia. National and global markets are unpredictable, and enormous surges, positive and negative, have come to typify a normal transactional day.

Should Capital One be at the table and play a major role in steadying this financial environment by taking every one into account, we could conceive of lending our support. Thank you.

MS. BRAUNSTEIN: Thank you.

MR. ROTHMAN: Good morning. I'm George Rothman, president and CEO of Manna, Inc. I'm here presenting for Jim Dickerson, our chairman and founder, who regrets his inability to be here today.

Manna is an affordable home ownership housing organization in Washington, D.C., and we have been a leading builder and developer of over 1,000 units of affordable housing. We also created a nationally recognized home buyer education program known as the Home Buyer's Club, and operate the only non-profit mortgage company in D.C.

The loans of Manna Mortgage Corporation have experienced a zero percent foreclosure rate since its inception eight years ago. Our primary focus is helping low income families become first-time home owners. Manna has never started a project it didn't finish, nor has it ever failed to repay any loan it borrowed.

Still, we have noticed that since the economic downturn, some banks have reduced their lending to us and our ability to help under-served communities. What we don't need is another bank that won't live up to its CRA responsibilities, or tries to get around them through minimalist but legal business tactics. That sends a bad message to us and to the public.

Usually, when there are bank mergers and acquisitions that affect D.C., Manna is among the first to be contacted by the successor entity, because we are a leader in our field and have demonstrated a successful track record for 30 years. Since Capital One acquired Chevy Chase Bank, with whom Manna had both a construction lending and philanthropic relationship, Capital One has made no effort to contact us regarding the following:

A banking lending relationship, showing an interest in dedicated mortgage lending or underwriting resources toward affordable housing buyers, nor has it agreed to sponsor any event. We don't expect every bank to be a sponsor. However, I think it does go to a pattern of behavior which experience indicates is adverse to affordable housing.

I will acknowledge that we have met with the CRA officer from Capital One, who encouraged us to apply for a grant. Manna has dealt with many banks during its history. Some really care about the community, but not all. A fundamental element of CRA that gets lost in public debate is that large national banks survive and thrive as businesses, because the FDIC ensures their deposits.

So even if they were not major bailout beneficiaries, they have always been beneficiaries of the federal backstop on their core source of earnings: cheap deposit money from the community, because of federal insurance. They owe the public a basic payback of ensuring fair and equal credit access. And while it is harder and more costly to operate and lend in low income communities, they have to achieve a basic level of service and production to meet the public obligation that supports their very being in business.

While we do recognize recent conditions in the credit markets, it seems reasonable to us that Capital One needs to be held accountable and agree to make real estate construction loans available to responsible borrowers. We do not ask lenders to take unusual risk, but we do expect them to actively engage in all areas of their territory, and make loans available to community residents and businesses throughout the territory.

Capital One is a major player in our market, and while we expect them to philanthropically support affordable housing, we need them to commit the capital and human resources to help right the wrongs that its predecessor, Chevy Chase Bank and the rest of the banking industry wrought on the country, and especially low income communities.

We need them to commit to equal credit access in every neighborhood in their banking area, meaning to people and bricks and mortar banking locations. Manna's limited experience with Chevy Chase, I mean sorry, with Capital One, suggests that it is not philosophically nor financially committed to equal credit access, and the allocation of resources necessary to achieve that in the D.C. region.

We don't have the facts and figures, but having dealt with some of their lending staff, that concept or commitment is about as far from their minds as we have seen at any bank. They want to do as little as possible as cheap as possible. We have done a little research in some, and we're very disappointed to learn that Capital One does not seem to have the appropriate business judgment we would like to see in lenders.

For example, Capital One does not participate in HAMP, a federal program to help distressed home owners. ING is a huge Internet banking operation, and if it were integrated with Capital One, the successor entity would not be geared to serve lower income communities. It is a difficult model to mesh with CRA, but the industry needs to be held to consistent standards. Otherwise, the public deposit insurance benefit isn't paid back to the community.

In summary, the proposed acquisition does not create a public benefit that is greater than the risk. Thank you.

MS. BRAUNSTEIN: Thank you very much. Any questions for this panel? No. Thank you very much for your testimony.

At this point, I'm going to take chair prerogative and we are going to take a break. We are going to take a 15 minute break, at which point we will commence with the next panel. So we will reconvene at eleven o'clock.

(Whereupon, a recess was taken.)

MS. BRAUNSTEIN: All right. We're going to reconvene and get started with our next panel. Just as a reminder to panelists, please state your name and your affiliation at the beginning of your statement, and please keep your eye on the timekeeper and the box with the lights. The yellow light will flash when you have one minute left, and of course the red light and the beep will go off when your time is up, and you have five minutes. Thank you.

PANEL FOUR

MR. GORDON: My name is Alan Gordon. I am the Deputy Director of the Housing Action Council. The Housing Action Council is actively involved in the northern Westchester suburbs of New York City, and we provide both direct development of housing, affordable housing. We assist other non-profits in developing affordable housing, and we have a very active mortgage counseling program for first time home buyers and low income buyers.

We have been around 38 years, and we are very supportive of the application of Capital One to purchase ING. Capital One is a member, we are the representative of the New York Mortgage Coalition which is active in Westchester County, Rockland County and Putnam County, and Capital One is a major player in that mortgage coalition, which was developed to specifically provide access of low and moderate income and minority first-time home buyers to the mortgage market.

We don't make any subprime mortgages. We don't allow any subprime mortgages, and we don't allow any variable rate mortgages. Many of the features that Capital One has provided in terms of the mortgage products that they make available have been crucial to our ability to be successful in getting first time home buyers to be able to get through the mortgage process.

They provide low down payment, with as little as three percent down. On top of that, none of their mortgages require private mortgage insurance, which is a very big impact on the affordability of the mortgage. They provide closing cost assistance grants of up to $6,000, which is one of the major impediments for first time home buyers, accumulating enough money for both a down payment and closing expenses.

They will be flexible and provide fixed rate mortgages for as much as 40 year terms. That helps reduce the front end ratio, which is one of the obstacles for qualifying for a mortgage. They are flexible in the back-end ratio, allowing for in certain circumstances where it's appropriate, as much as 45 percent back-end ratio.

One of the obstacles we have run up against is that many of the subsidy programs, particularly in Westchester County, require a deed restriction for first time home buyers when they subsidize the purchase. This means that a lender that's going to sell to Fannie Mae or Freddie Mac will not make these loans, which eliminates most of the bigger banks and most of the institutions.

Capital One will make these loans with the deed restriction and hold it in their portfolio, knowing they cannot sell it. In low and moderate income neighborhoods, they will increase the income level of eligibility for these special products that they make available, and that increases economic diversity in those neighborhoods.

They will make loans for cooperatives and condominiums, and one- to four-unit or two- to four-unit owner-occupied houses, which is also very crucial to affordable housing in the New York area. We have had great access to the management, particularly management with the ability to make decisions and make exceptions in special circumstances.

At Capital One, we can get to the right people very quickly and very easily, and discuss the substance of the issues in a very constructive manner. All these features, together with the fact that none of the mortgages that we have worked with Capital One have had any foreclosures, in spite of the hard economic times of the area. I am very supportive of this merger.

One of the other minor details is that ING does not make any fixed rate mortgages. So people that currently have ING mortgages, once they become Capital One mortgages, can refinance and go to fixed rate product. Thank you.

MS. BRAUNSTEIN: Thank you very much.

MS. JANOPAUL: Thank you, good morning. My name is Nina Janopaul, and I'm the president and CEO of the Arlington Partnership for Affordable Housing. APPA is a not-for-profit organization. We are based in Arlington, Virginia. We have 995 homes in locations throughout Arlington.

Arlington is a very close-in suburb. It wasn't always as affluent as it is becoming today through its renowned smart growth development. It was very much a working class and middle class place. A lot of people came there during World War II in particular when the Pentagon was built. So we have a large inventory of rental housing, and one of our jobs as an organization is to preserve that diversity and inclusivity.

We do that with a variety of tools, but it is harder and harder as our community gets more affluent. In the year 2000, Arlington County had 17,500 market affordable rental homes. That is about 35 percent of our rental housing stock was affordable to households earning under 60 percent of area median income.

In the last decade, that's dropped by two-thirds. Now less than 7,000 of the market affordable rental homes are in our community. So one thing we as a non-profit do is we try and counteract that trend. We want to make the community still diverse and inclusive and affordable.

The newest census just came out, and it showed a decline in diversity in our community, about a 12 percent decline in the Latino population between 2000 and 2010, directly related to these rising housing costs. Among the tools that we use to provide affordable housing is the low income housing tax credit program.

I would say this is in fact nationwide the most important tool for providing affordable rental housing, committed affordable rental housing. I'm sure you know this in your role as well. Of our 12 properties, the majority have been acquired or renovated using low income housing tax credits, and through that program, we've been able to make properties affordable for 30 or 50 years.

An example of this is last year we bought an 111 unit property called Buchanan Gardens. It's a market affordable property. In fact, it hadn't been renovated much since 1949 when it was built, a garden apartment complex. The most likely outcome for that property would have been to be demolished and turned into $600,000 and $700,000 town homes.

In fact, by our purchase of it, with assistance from Arlington County, which has a very generous investment program, and the low income housing tax credits, we're now investing $100,000 per unit to bring it up to modern day standards, all new systems, electrical, mechanical, roof and windows. We're enlarging the units. They're many of them one bedroom units.

Even though we had an average of 3.5 residents per apartment when we bought it, 80 percent of the units were one bedroom. It was an overcrowded property because that's all that people could find in our community. So we are doing all this work. Hopefully by the end of next year, we'll have all our residents back in. 75 percent of our original residents will come back in.

How did we make that happen? Actually Capital One was our equity investment partner on that. So they provided $12 million in investor equity. Capital One has been an important investor in the litech market in our community. We had very competitive pricing last year, and I think Capital One's emergence and their aggressive play into the low income housing tax credits helped to raise prices and make that a more efficient program.

Another thing Capital One has done for us is on that project, financed a construction loan of $14 million. So it was a bridge loan for the equity, as well as our permanent financing, which we're getting from the Virginia Housing Development Authority. Lastly, Capital One has provided some amount of money, $30,000 in sponsorship and philanthropic contributions, for our resident services programs. Thank you for the opportunity to speak.

MS. BRAUNSTEIN: Thank you very much.

MS. MELOY: Good morning. I'm Catherine Meloy, president and CEO of Goodwill of Greater Washington, and I am honored to be here, speaking on behalf of Goodwill and our strong community partner, Capital One. Capital One has provided Goodwill of Greater Washington with tremendous support over the six years of our partnership.

This support has been broad, holistic and diverse, providing tremendous financial support, board leadership, volunteer engagement and organizational capacity-building, that has increased our ability to serve the community. The relationship between Goodwill of Greater Washington and Capital One began in 2005, when both organizations were searching for a strategic partnership in the community, that would make a significant impact while addressing the pressing need to provide job and job training and employment services for people with disabilities and also people with disadvantages.

Goodwill was seeking to jumpstart the job training program at our Arlington Career Center, and in early 2006, the budding relationship was solidified, with a significant financial investment from Capital One. This expanded Goodwill's capacity to provide services from our Arlington campus.

This investment launched one of our region's most successful career centers that has provided nearly 500 clients with intensive training, and thousands more with access to resources that helped them to overcome employment barriers, allowing them really to support not only themselves, but also their families.

Some of these barriers do include physical, emotional and developmental disabilities, and also the lack of a formal education, reliance on welfare, time in prison, or just simply a lack of marketable skills. Capital One's partnership with Goodwill of Greater Washington provides unmatched support for Goodwill's critical mission to transform lives and communities through the power of education and employment.

Specifically, their support addresses the need to develop, expand and increase the skills of our region's workforce by providing jobs and job training and employment services to people, again, with disabilities and disadvantages. There are still communities within this greater Washington area that are experiencing unemployment rates exceeding 25 percent.

Capital One's commitment allows Goodwill to make a positive, measurable impact on the region's most vulnerable population. In 2009, Goodwill of Greater Washington embarked on an aggressive retail expansion strategy, to open ten new stores by 2014, which will more than double Goodwill's current retail operation.

Most importantly, Goodwill's charitable mission is to transform lives and the communities. To date, Capital One has helped open two of those new stores, providing $300,000 in start-up capital. Each of these stores is expected to show net revenues of at least $250,000 by the end of their first year of operation. All of that funding, $250,000 per store, is then funneled right back into the Goodwill mission.

This investment is significant. Each new Goodwill store creates employment opportunities that benefit our community. A Goodwill retail store provides 25 to 30 new jobs. These individual receive wages and benefits totaling more than $500,000 annually, resulting in less dependence on government social services.

Each store also provides a place for low income families to shop. Beginning with the generous grant that relaunched Goodwill's career center in Arlington, the Capital One relationship has been critical to our success, and in this time, Capital One has provided nearly one million dollars in financial support to Goodwill of Greater Washington, and also has provided pro bono consulting for Goodwill at our IT Department.

I will also tell you they have logged thousands, thousands of hours of volunteers. Before I end, I just have to say this very quickly. You know, as a CEO, we can stand up here and we can talk about how Capital One has gone ahead and affected lives. But I have five people over here, and I would love for them to stand, because I'd love just to introduce you, to the people who really are the people who have been affected by the Capital One support.

So it's Mark Hunt and Ned McCutcheon. Both of those men have been involved with our training program that has been supported by Capital One. Sean Roberts joined Goodwill, and Sean as a matter of fact joined our Annandale store and has now moved over to South Dakota. Sean is a father of one, and he is supporting that person, his son, by himself. He also, I would tell you as a side note, he's been the Employee of the Month for the past two months.

Robert Leggen has also joined us, and Robert has been--he is a new gentleman, but his father works for Goodwill as well, and both of those people have been affected by the support of Capital One. Finally, Natasha Wiggins. Natasha, as a matter of fact, also joined our Annandale store as a result of Capital One's support. She is a mother of two, sponsoring those children, taking care of those children by herself, and has become, as a matter of fact, one of our managers at our store.

So ladies and gentlemen and people who are here today, I will tell you, we can sit here and talk all about how Capital One has affected each of our organizations, but these are the people and the faces that Capital One has changed their lives and our community. Thank you very much.

MS. BRAUNSTEIN: Thank you. Next witness?

MS. MIKULA: Hello. I'm Jewell Mikula. I'm the Executive Director for Shelter House, Incorporated. We're a non-profit organization located in Fairfax County. We have two shelters serving homeless families and one shelter serving victims of domestic violence.

I am thrilled to have been given the opportunity to provide testimony supporting the critical and valuable reinvestment support Capital One has consistently given to the homeless in my community. It is ongoing, thoughtful and meaningful support that truly has made a difference in the lives of those we serve together as partners.

In 2006, Fairfax began to develop, adopt and implement a plan to prevent and end homelessness. Capital One quickly and enthusiastically became one of our first or probably the first business partner to understand this large, tremendously large community effort, and offer the means we needed in our programs to invest in its success.

I very often refer to Capital One, as well as each and every one of their associates, as community champions. But most of all, Capital One takes it a step further as a Strategic Alliance partner. They have been literally leading the charge to end homeless in our community by supporting our goal of rapidly rehousing families, providing financial assistance for rental assistance, and moving families into permanent housing as quickly as possible.

The children of our community should live in homes and not shelters, especially for long periods of time. Just last year alone, we served 265 families in the two emergency shelters and the domestic violence program. Approximately 55 percent of those families moved to permanent housing with the assistance of Capital One financial support. Approximately 63 percent of our families come to our programs with jobs.

We all know that the past few years have been very difficult and most families only need anywhere from maybe a month, a few months, maybe even six months up to a year of financial support, to successfully remain in current housing, or obtain a more affordable means of housing.

Capital One has supported vital services to promote the well-being and success of our families. Stop and think about the basic needs parents have to have, and why they participate in our programs. They need special assistance and financial assistance, and job training through workforce development, childcare, having reliable transportation, being able to provide healthy meals to the children, basic financial literacy skills which Capital One has been years providing stellar financial literacy programs in our shelters, in our community.

Electric bills have to be paid. They have to buy clothing. And particularly in our community, GED classes are very vital, so that many can communicate with their employers so that they can work. These are all very basic needs to survive.

I have been with Shelter House since August of 2000, and they have been with Shelter House every step of the way. Capital One has contributed gifts of over $350,000 to support these direct services, giving opportunities of a lifetime to families in our community who would otherwise not be able to receive them.

The gift of themselves is priceless. Associates come into the shelters providing the financial literacy classes. They have collected literally thousands of pounds of food. They have participated in the Adopt-a-Family programs during the winter holidays, with literally thousands of dollars of gifts, not to mention the number of hours associates have given of their time. Many associates serve on boards of directors of our local non-profits. One would ask me if Capital One supports our community, and my first response would be how much time do you have for me to answer that question. You bet they do. I only wish that I could capture a picture of the faces of our children and parents, when Capital One associates come to the Shelter House or each one of our locations, to truly make a difference. Thank you very much.

MS. BRAUNSTEIN: Thank you.

MR. SOMANATH: Good morning. My name is T.K. Somanath. I'm the president and CEO of Better Housing Coalition, a community-based non-profit development corporation serving the Richmond and Petersburg metropolitan areas. Also, I see a lot of familiar faces from the Federal Reserve in Richmond. I completed my two terms serving on the Richmond Federal Reserve's Community Advisory Board. I'm also a member of the Virginia Housing Commission.

Better Housing Coalition, known as BHC, is one of the leading non-profit affordable housing developers in the Richmond region. Since 1990, BHC has developed well over 1,600 affordable rental homes and 150 single family homes for first time home buyers. Our investments in the communities we have targeted during the past two decades have increased both individual, family and community assets.

BHC investments in physical assets alone exceed in $200 million, resulting in an increased tax base, as well as increased employment in construction and permanent jobs. BHC's work, with the help of financial institutions like Capital One, has been the catalyst to attract private investments and jobs to the community.

We greatly value our 14 years of successful ongoing partnership with Capital One. I'm here to speak to the credibility and commitment of Capital One to the low income neighborhoods we serve. By expanding their market footprint with the acquisition of ING Bank, we expect their dedication to community revitalization and investments in low to moderate income communities will extend to even more families.

I base this judgment on BHC's extensive multi-faceted relationship with Capital One, which began in 1998. They have been one of our longest-running and strongest partners. Over a span of 14 years, they have provided grant funding in excess of a million dollars, the largest amount of any BHC corporate partner.

Capital One recognizes the critical need for quality affordable housing in our communities. They have provided construction loans and equity investments in several of our low income housing tax credit and historic tax credit rental development exceeding almost $18 million, all in support of carrying out BHC's mission, which is to change lives and transform communities through high quality, affordable housing.

This is an impressive investment by any standard. Not only has Capital One been a partner with their financial support, but they have given extensively of their time and talent. Let me illustrate to you how they are a true partner.

Through the years, Capital One's senior officers have served on BHC's board of directors. Currently, their Senior Vice President of Corporate Real Estate, Dan Mortensen, is on the executive committee and is one of the corporate officers of the BHC board.

BHC has been the recipient of pro bono volunteers from Capital One. During the last year, those volunteers have spent in excess of 900 hours, helping us in a myriad of projects from property maintenance to landscaping, to financial literacy and many youth programs.

We have also benefitted enormously by Capital One's financial manager rotation program, which is focused on two major projects, to improve our financial and project management systems, and to increase our efficiency and organizational capacity. Current year pro bono volunteer hours exceed 250, at an estimated cost of $30,000.

BHC was one of the inaugural recipients of Capital One's Investing for Good awards, a multi-year grant aimed at providing funding and volunteer support to the best direct service models currently being employed in the region. The grant dollars are designed to support the Churchill Initiative, in a low income census tract in the city's east end.

The Churchill Initiative builds on the revitalization plan developed by BHC and its community partners. It's a comprehensive strategy to lead a successful revitalization projects already completed by BHC, with a mix of residential and neighborhood retail infill, along the 25th Street and Nine Mile corridor.

I see my yellow light, so I'll try to kind of summarize. The work that we have been doing in the past 18 years certainly has enabled us to do more with less, with partnership with Capital One and their volunteers. We firmly believe that with the proposed acquisition of ING Bank, our current partnership with Capital One will be deepened and broadened, and communities all across will benefit enormously, as Capital One brings its unique blend of professionalism, commitment and sensitivity to ING's market footprint and operation. Thank you for giving me the chance.

MS. BRAUNSTEIN: Thank you. Mr. Welsh.

MR. WELSH: Good morning. My name is John Welsh. I'm the Director of Multi-Family Housing for AHC, Inc. AHC is an affordable housing development company with 35 years' experience in the Mid-Atlantic region. We developed 4,500 apartments and 34 properties, located primarily in Arlington, Virginia and Baltimore, Maryland.

I'm here today to speak about AHC's banking relationship with Capital One Bank. I don't really feel qualified to speak about the detailed benefits or disadvantages related to the planned merger of Capital One and ING Bank. In the past year, AHC and Capital One have developed a strong partnership, that has resulted in major renovation of 103 units of existing affordable housing, and the new construction of 90 affordable housing units at a property in Arlington.

In both cases, Capital One used its financial expertise and resources to invest in the betterment of the Arlington community, which has lost more than half of its affordable housing stock in the past ten years.

The first project with us, named the Jordan, was to finance new construction of 90 units of affordable housing at a prime Arlington location. Capital One spent the time and effort to understand a complex financing structure, having both construction challenges and tax credit delivery deadlines. In that project, Capital One bought the low income housing tax credits, provided a construction loan, and more importantly provided a permanent loan for that property, which was very important to us and saved us considerable funds.

The second project involved combining the financing for renovations of four separate rental housing properties into one financing package. The Capital One team extended itself in financing four small cross-collateralized properties that served three separate neighborhoods in Arlington. In that transaction, Capital One bought the tax-exempt bonds.

Before Capital One acquired Chevy Chase Bank, AHC had no interaction with Chevy Chase Bank. Since Capital One's merger with Chevy Chase Bank, AHC has enjoyed a positive productive experience in underwriting and accessing capital in a timely manner. Furthermore, Capital One's staff has expressed interest in volunteering at some of AHC's award-winning resident services program. We believe that this will greatly benefit many of our youth, teens and seniors.

On the financial side, lastly, Capital One has invested $35,000 in our $1 million annual resident services programs for this year. Capital One's professionalism, flexibility and commitment to excellence have made them an outstanding banking partner. AHC plans to continue that relationship with Capital One. Thank you very much for your time.

MS. BRAUNSTEIN: Thank you. Any questions for this panel?

(No response.)

MS. BRAUNSTEIN: Thank you very much for

your testimony. The next panel can come forward please.

(Pause.)

Okay, we have some changes I see on this panel, because I'm looking--why are you there? I didn't see your name on my agenda, Josh.

MR. SILVER: You'll find out.

MS. BRAUNSTEIN: Oh, okay. I'm finding out now. Okay, no problem. Welcome to the next panel. Just again as a reminder, please state your name and your affiliation at the beginning of your testimony. Keep your eye on the timekeeper. Yellow light means you have one minute left, and then obviously red light is the end of your time. Each of you have five minutes. Let's start with the first speaker, please.

PANEL FIVE

MR. BENITEZ: Thank you for the opportunity to speak with you today. My name is David Benitez. I am the research analyst of the Pittsburgh Community Reinvestment Group, located in Pittsburgh, Pennsylvania. PCRG was organized in 1988 as a coalition of community-based organizations, to provide a coordinated response to the bank practice of redlining.

Using the CRA Act of '77, PCRG has developed working relationships with 18 financial institutions and 34 community development corporations, representing 70 of Pittsburgh's 90 plus neighborhoods, which have worked together to dramatically increase access to credit for low income communities.

With an institutional memory of 22 years, studying and working alongside banks, our organization strongly urges you to reconsider this acquisition. We have concluded that the public benefits do not outweigh the risks associated with allowing Capital One to become the next too big to fail bank.

We understand the risk associated with inadequately regulating banks large enough to cripple our financial system. While the financial crisis occurred in 2008, neighborhoods all across Pennsylvania and the Nation are still struggling to recover from the devastation that it caused. The foreclosure crisis has caused millions of home owners to lose trillions of dollars of wealth, tens of thousands of home owners in my home county of Allegheny alone.

With these facts and figures in mind, along with their lingering consequences, Board Governor Tarullo stated that regulators should discourage the growth of too big to fail institutions, unless the benefits to society are clearly significant. With this in mind, I testify before you today.

Without clearly defined public benefits in the form of a genuine commitment by Capital One, we cannot support this acquisition. PCRG strongly opposes this acquisition for the following reasons:

Capital One has a history of problematic credit card practices. We reject Capital One's track record of purchasing traditional banks, using their deposits to expand their credit card portfolios, and then stripping down its traditional banking services and bank branches.

Capital One has left our communities with fewer traditional banking options, but more high cost credit cards. Capital One is also facing several active complaints with the Department of Housing and Urban Development, for alleged fair lending violations. For example, in 2010, Capital One modified its lending policy in a way that has a disproportionate impact on people of color's access to FHA mortgages.

Capital One has engaged in an alarming trend of creating less access to fair and affordable lending. Capital One withdrew from the prime home loan market in Pennsylvania between 2007, when they issued 874 loans, to 2009, where they issued only 10 loans, a 98.9 percent decrease.

In other words, Capital One is ceasing affordable and traditional home lending in favor of high cost credit card lending. This does not meet the Pennsylvania community's needs. In Pennsylvania, Capital One loans to African-Americans decreased from 46 in '07 to zero in '09. For Hispanic and Latino borrowers, they went from 22 loans in '07 to 0 in '09. For low income borrowers, 82 in '07 to 0 in '09. In an economic period where our citizens are searching for affordable and fair lending, Capital One has not answered the call.

In fact, they have seemed to actively ignore it in the state of Pennsylvania, instead taking the path of risky credit card lending. This acquisition will pose a significant systemic risk that is not outweighed by any public benefit Capital One has yet to offer. We urge you to consider the potential risk that this deal poses for Pennsylvania citizens, as well as all taxpayers across the nation. Thank you for the opportunity to appear before you today.

MS. BRAUNSTEIN: Thank you very much.

MS. KUESTER: Good morning. My name is Erica Kuester, and I am speaking on behalf of Ms. Tova Solo, who is a member of the Maywood Community Association in Arlington, Virginia. The statement I am about to read is Ms. Solo's testimony on behalf of the Maywood Community Association.

"The Maywood Community Association is dedicated to ensuring that members enjoy the community in which they reside. We seek opportunities to serve low and moderate income communities to the greatest extent possible. On behalf of Maywood Community Association and the communities we serve, I strongly urge you to deny this acquisition.

"Quite simply, the public benefits of this acquisition do not outweigh the risks associated with allowing Capital One to become the next too big to fail bank. We all know at this point the risk of creating too big to fail institutions, and allowing them to engage in overly-risky business practices. Although the financial crisis occurred more than three years ago, our communities are still struggling to recover.

"The foreclosure crisis has caused millions of home owners to lose trillions of dollars of wealth. The wealth gap between rich and poor continues to grow to unprecedented rates. In communities of color and low and moderate income communities, the results of the economic crisis were particularly staggering, decimating the net wealth of these communities by as much as 66 percent.

"The severity of these costs and their

lingering consequences led Board Governor Tarullo to state that regulators should discourage the growth of too big to fail institutions, unless benefits to society are clearly significant. We agree. Without clearly significant public benefits in the form of a genuine commitment from Capital One, we simply cannot support this acquisition. We have far too much to lose and far too little to gain. Our communities cannot afford another too big to fail institution.

"The Maywood Community Association strongly opposes this acquisition for the following reasons:

"The first being Capital One's history of problematic credit card practices. The Federal Reserve should not reward Capital One for taking advantage of its consumers by allowing it to continue to grow. We reject Capital One's track record of purchasing traditional banks, and using their deposits to expand credit card portfolios.

"Capital One is leaving our communities with fewer traditional banking options and more high cost predatory credit cards. In fact, there are class action proceedings underway in Florida, Michigan and Georgia against Capital One regarding alleged unfair and abusive credit card practices.

"Capital One has consistently refused to serve communities of color and low and moderate income communities. In fact, Capital One is facing several active complaints with the Department of Housing and Urban Development for alleged fair lending violations. For example, in 2010, Capital One modified its lending policy in a way that has had a disproportionate impact on LMI communities and people of color's access to FHA mortgages.

"In addition, Capital One has refused to participate in programs designed to assist underwater home owners.

"Capital One is using its proposed acquisition to undermine financial reform. Instead of letting the Federal Reserve do its job, issue the rules, and give banks the oversight that our financial reform legislation intended, Capital One is trying to write their own standards for applying the systemic risk provision. They are pushing for a return to the same weak standards that allowed unscrupulous lenders to shake the foundation of our banking system.

"In addition, the Maywood Community Association opposes this acquisition on the basis of our experience with Capital One in our community. On a regular basis, we interact with people in nearby neighborhoods who have gotten trapped in cycles of predatory lending through reliance on high cost subprime credit cards such as the cards that Capital

One so aggressively markets.

"Small business owners are forced to turn to high cost credit cards when they are denied more fairly priced business loan products. These people are not being equipped with the tools they need to get ahead. Instead, companies like Capital One are profiting from the fact that they have limited options. Why would we want to make a company like this one even bigger and more powerful?

"In conclusion, this acquisition will pose a significant systemic risk that is not outweighed by any public benefit Capital One has offered. I urge you to deny this acquisition. At a minimum, the Federal Reserve should condition its approval on a genuine forward commitment by Capital One, to benefit the public. Thank you for the opportunity to appear before you today."

MS. BRAUNSTEIN: Thank you. Josh.

MR. SILVER: Good morning. My name is Josh Silver. I'm Vice President of Research and Policy at the National Community Reinvestment Coalition. I speak on behalf of one of our board members who could not make it today, because a family member is in the hospital.

I speak on behalf of Nadine Cohen. She is the managing attorney of the Consumers Rights Unit of Greater Boston Legal Services. She is testifying in opposition to the acquisition of ING by Capital One, also on behalf of their client, the Massachusetts Alliance Against Predatory Lending or MAAPL.

MAAPL is a coalition of over 30 organizations in Massachusetts, committed to combating predatory lending, stopping foreclosures and ensuring fair access to credit for low income people and people of color. The merger of these two large institutions does not provide any significant benefit to society, and particularly to low and moderate income communities of Massachusetts.

Let me offer a national statistic. After the acquisition of North Fork, Capital One decreased prime home lending, prime conventional home lending by 95 percent from 2006 to 2009. In contrast, all other lenders only decreased lending by 14 percent. So Capital One's decrease was about six times that of other lenders nationally.

In Massachusetts, the picture is even worse. ING made a large number of prime loans, 928 in Massachusetts in 2009, but only a small percentage reached traditionally under-served borrowers. Based on Capital One's record of dramatically decreasing home lending after acquisitions, our communities will lose ING's loan volume, but poor service to working class and minority communities will remain.

ING only issued nine percent of its home loans to low or moderate income borrowers, compared to 26 percent of loans to low or moderate income borrowers offered by all lenders in 2009.

Let's talk about small business lending. Capital One issued 97 small business loans in the state during 2009, with only six percent of its loans going to the smallest businesses, those with revenues less than one million dollars, while all lenders as a group issued 26 percent of their loans to small businesses. So much for Capital One's claim about serving the smallest businesses in America.

Overall, Capital One withdrew from the home loan market in Massachusetts between 2007, when they issued 621 loans, to 2009 when it issued only four loans, a decrease of 99 percent. In other words, this lender is ceasing affordable and traditional home lending, in favor of high cost credit card lending, the using the deposits of the lenders it acquires to do so.

This does not meet the credit needs of communities, and is not consistent with approval of an acquisition. Capital One's loans to African-Americans declined 100 percent, from 32 loans in 2007 to zero loans in 2009. Capital One loans to moderate income borrowers in Massachusetts declined by 100 percent from 2007 through 2009, from 98 to 0 loans.

In contrast, all lenders as a group

actually increased prime lending to moderate income borrowers by 62 percent. I'm sorry, this is the statistic for moderate income borrowers. It is clear that low or moderate income borrowers in communities of color in Massachusetts will not benefit from the merger of these two entities.

We have heard about the lawsuits that Capital One has been involved with, allegations from NCRC on discriminatory and disparate lending practices in FHA, refusal to participate in HAMP and the Hardest Hit Fund during a foreclosure crisis. We have heard about three attorneys general of states suing Capital One for problematic credit card lending.

75 percent of Capital One's income relies on credit card lending. I ask the Federal Reserve Board, this is a moment in history, where we must apply the lessons from the recent past. A singular focus on abusive mortgage lending was so disastrous for Countrywide, Washington Mutual and several other financial institutions, that their failure was a significant factor plunging the United States and global economy into a great recession.

Likewise, Capital One, as a monoline and subprime credit card lender, poses a systemic risk to the United States economy, especially if it is allowed to grow by leaps and bounds. The Visigoths will not allow pillage our wallets but our economy. Let's stop this now before it is too late. Let us not have another double-dip recession. Thank you for this opportunity to present this testimony.

MS. BRAUNSTEIN: Thank you very much. Any questions from this panel? Joan.

MS. GARTON: I'm just wondering if anybody on the panel had any comments to Capital One's proposed commitment for the $180 billion for community development purposes?

MR. SILVER: Yes, we do have a comment. It is common practice of banks to play a trick. They will roll out unilateral commitments the day of a hearing, and not provide people with sufficient opportunity to analyze the commitment before the hearing. Of the $180 billion, $100 billion worth of credit card and consumer lending. That seems to continue the monoline credit card model of Capital One, that is not healthy for communities.

We will further analyze the commitment, and we'll provide extensive testimony through October 12th. But their record after previous acquisitions of Hybernia, North Fork and Chevy Chase, shows that this lender decreases responsible and prime lending, and uses the deposit base of the institutions it acquires to finance problematic credit card lending, and it is the number one subprime automobile lender in the country.

MS. BRAUNSTEIN: Anything else?

(No response.)

MS. BRAUNSTEIN: Thank you to this panel for their testimony. Could we bring the next panel forward please?

(Pause.)

Welcome to the hearing, to this panel, and I have to make the usual reminders, to please speak into a microphone, because we need to make sure we get your testimony on the record. Additionally, you each get five minutes. Please state your name and organization at the beginning of your statement, and keep your eye on the timekeeper for the lights. Okay, thank you. We can get started.

PANEL SIX

MR. HARRIS: Good morning. Can everyone hear me okay? Okay. Good morning. My name is Artie Harris, and I'm the Director of Real Estate and Neighborhood Development with Montgomery Housing Partnership, also known as MHP. I am here to highlight the important and vital contributions that Capital One Bank has made and continues to make in support of Montgomery Housing Partnership.

Founded in 1989 by a coalition of leaders from the civic, religious and business communities, who saw a need to increase affordable housing opportunities, in an affluent county with rapidly increasing housing prices, MHP is now the largest non-profit developer of quality, affordable housing, workforce housing in Montgomery County, Maryland, with over 1,300 units situated through the county, MHP is creating vibrant communities and stronger families by providing quality, affordable housing by revitalizing neighborhoods, and by offering innovative programs that support low and moderate income residents as they strive to achieve the next level of economic security.

Our most recent survey of MHP residents found that nearly 50 percent describe themselves as African-American, over 30 percent as Hispanic American, 12 percent as Caucasian-American and three percent as Asian-American. A significant percentage of MHP's families are recent immigrants. Of MHP's current housing stock of 1,300 units, 75 percent of families early 60 percent or less of the area median income, with an additional six percent providing for families earning between 60 and 80 percent of AMI.

Capital One Bank's support of MHP's work and mission ranges from corporate gifts and foundation grants in support of our community life programs, to pre-development and permanent construction loans to help rehabilitate older properties. For example, in 2008, the bank's willingness to underwrite our rehabilitation of Maple Towers, an abandoned 36-unit property in the heart of Takoma Park, Maryland, at a time when the real estate market was undergoing a major retrenchment, helped to move the project forward.

Their 3.25 million loan of the 2.25 million needed played a significant role in securing adequate funding for the project. More recently, MHP acquired Parkview Towers, a dilapidated 125 unit development in Takoma Park, Maryland, in December 2010. Capital One's 200,000 pre-development loan for the planning and architectural drawings played a significant role in the timely launch of the construction phase.

Capital One's flexibility and willingness to work with us has made them a valuable ally, as we seek to address the ever-growing and chronic need for affordable housing in Montgomery County. Since their acquisition of Chevy Chase Bank, Capital One has become even more active and led to more diverse financial tools that enabled us to look to the challenges ahead with increased confidence.

Their leadership and responsiveness has become a benchmark for partnerships that seek to improve the quality of life for all citizens of Montgomery County. We are proud and honored to count Capital One Bank as a partner. Thank you.

MS. BRAUNSTEIN: Thank you.

MR. HIDALGO: Good afternoon, or actually good morning. My name is Manny Hildalgo, and since 2005, I've served as Executive Director of the Latino Economic Development Corporation. LEDC is a non-profit community-based economic development organization launched soon after the Mount Pleasant riots erupted in Washington, D.C. in 1991. Our mission is to drive the economic and social advancement of low to moderate income Latinos and other D.C. area residents, by equipping them with the skills and the tools they need to achieve financial independence and become leaders in their communities.

It's a mission based on the collective wisdom, that when marginalized groups are able to build assets and plant roots in a community, they're more committed to preserving and growing their assets than destroying them.

Our core objectives to fulfill our mission are as follows: number one, increase the number of thriving small businesses. Number two, promote stable housing through affordable housing preservation and responsible home ownership. Number three, foster civic engagement and community leadership that creates positive social change.

To meet these objectives, we offer many direct services, such as training, technical assistance and microloans to existing and aspiring entrepreneurs; training, technical assistance and mortgage packaging to first-time home buyers; foreclosure intervention counseling to people at risk of losing their homes; and tenant organizing in multi-family buildings that are at risk of losing their affordability.

We also assist our clients in developing their leadership and advocacy skills to protect their hard-earned assets. In terms of the demographics of whom we serve, in FY '10 approximately 65 percent of our 1,500 clients were Latino, 16 percent were African-American, six percent were African, six percent were Anglo and two percent were Asian. A total of 87 percent were at or below 80 percent of the D.C. regions area median income.

Regarding program outcomes, in FY '10 our microloan program provided microloans to 69 small businesses, exceeding a loan portfolio of over a million dollars for the first time in the 14-year history of the program. Our small business development program trained and provided technical assistance to more than 700 small business owners, to help them reach their financial goals.

Our home ownership program helped 58 families purchase their first home, and helped 47 families save their home from foreclosure. Our affordable housing preservation program helped thousands of tenants in at least 50 multi-family D.C. buildings preserve their buildings as affordable, and work within a coalition of organizations to help D.C. tenants secure the right to sue their landlords in court over poor housing conditions.

LEDC's relationship with Capital One began when they acquired Chevy Chase Bank in 2009, at which point they quickly became one of our most valuable partners. In addition to providing significant grant support for program operations, they also provided a $500,000 line of credit at a fixed low interest rate, to help capitalize our microloan program. They have routinely offered scholarships for our staff to attend important conferences organized by the center for Financial Services Innovation, and the Opportunity Finance Network.

We're also very fortunate to have a board member from Capital One's Community Development Banking Division, Jim Taylor, who was recently elected to serve as chairman of LEDC's board of directors. Since LEDC's inception in 1991, we've developed relationships with nearly all of the major banks in the metropolitan D.C. region, but the depth and the breadth of Capital One's support for our mission has been one of the most profound.

They are clear about their target market, and work hard to make sure that those who do not meet their target are served by organizations like ours. One good example is our microloan program. When Capital One has clients in need of a microloan for their business, and a credit score well below the industry average, they send them to LEDC. Quite often, we're able to serve them.

That would not be the case without Capital One's support. In addition, Capital One is consistently innovating new products, such as the secured credit card product, to help people without a credit history develop one, and they have more branches capable of serving non-English proficient Latinos than any other bank in the D.C. region.

It would be extremely beneficial to community-based non-profit organizations like LEDC, and those whom we serve, if Capital One were successful at acquiring ING Direct. Through this acquisition, they would have significantly more resources to expand their successful community development banking model, and move the rest of the industry in that direction.

The recession has no doubt had a devastating impact on the economy of the D.C. region as a whole, yet the population that we serve and the neighborhoods where we focus our efforts have been hit the hardest. It's imperative that banks like

Capital One are able to expand their portfolio, and deepen their capacity to serve our client community in partnership with us to achieve a maximum impact.

It is for that and for all of the aforementioned reasons that I reiterate my strong support for Capital One's acquisition of ING Direct. Thank you.

MS. BRAUNSTEIN: Thank you.

MS. KROCKER: Good morning. Is this on? Members of the Federal Reserve panel, thank you for this opportunity to speak today. My name is Michelle Krocker, and I'm the Executive Director of the Northern Virginia Affordable Housing Alliance. The Alliance is a broad-based regional organization supporting public policies that promote the preservation and construction of new affordable housing throughout Northern Virginia.

I am here today to share some information about the work of our organization, and the contribution that Capital One has made to the success of our efforts. As mentioned, the Alliance is a regional organization, active in six jurisdictions in North Virginia, Arlington, Alexandria, Fairfax County, Falls Church, Loudoun and Prince William Counties. Northern Virginia is, as you probably well know, one of the fastest-growing region in the state. Job growth fuels demands for housing, but a significant percentage of our citizens cannot afford to live in the communities where they work.

Although these are affluent communities, we know too well what a national study related earlier this year, the increasing suburbanization of poverty. These findings from the Brookings Institute show that poverty is rising at a faster rate in the suburbs than it is in the urban areas, and Northern Virginia is no exception.

Larger percentages of households in our jurisdictions pay considerably more than 30 percent of their income for housing. Greater numbers of children receive reduced or free lunches, and homelessness is a reality for thousands in the suburbs. As a community we struggle with these issues, and many of our community-based organizations are overwhelmed by the demand for human services and housing.

Our organization, the Alliance, advocates for strong public policies and sufficient resources to address these unmet housing needs. Our work includes public outreach and education, which extends to other community-based organizations, members of faith communities, financial institutions, the business community and housing advocates.

The Alliance shows how decent, affordable housing opportunities connect to other issues, such as family and employment stability, the academic achievement of children, and the overall economic well-being and sustainability of our communities. We sponsor events with speakers, discussion groups and training sessions on housing topics of interest.

In addition, we help citizens and larger community stakeholders gain a better understanding of their jurisdiction's decision-making on land use and regulatory policies that impact the preservation and construction of affordable housing.

This work is important, because without a strong basis for understanding the community and value of affordable housing, and broad-based support for policies and resources to support that housing, preservation and production cannot occur.

Since 2009, when Capital One acquired Chevy Chase Bank, they have reached out to our organization, and they have been a strong and consistent partner for the Alliance. Their financial support allows us to continue our work within the community, at a time when other funding is diminishing or being eliminated altogether.

Key employees of Capital One are also active participants in larger community conversations in Northern Virginia on homelessness, financial literacy, and policies that support affordable housing. Over the last six years, Capital One has been engaged in the long-term planning process for the redevelopment of Tyson's Corner in Fairfax County, which is approximately 1,700 acres that will be transformed with the advent of Metrorail going to the Dulles corridor.

Addressing the imbalance of jobs and housing at Tyson's is a key component of the plan, and with Capital One's support, the Alliance led the campaign for the successful adoption of a requirement that 20 percent of all residential development at Tyson's will serve the workforce. At build out, that could be approximately 14,000 housing units. So this was a significant achievement that we were able to secure, with Capital One's support of our programs.

We value our partnership with Capital One, and we are appreciative of their commitment to our mission and their financial support. We look forward to working with them in the coming years, as we continue to address the unmet housing needs for low and moderate income households in Northern Virginia. Thank you very much.

MS. BRAUNSTEIN: Thank you.

MS. MARQUEZ: Good afternoon, distinguished members of the panel. Thank you for the opportunity to address you today. My name is Nury Marquez. I'm the Executive Director of the Hispanic Community of Virginia. I'm here to comment on Capital One's proposed acquisition of ING. Based on our knowledge and experience with Capital One, we are not opposed to the proposed acquisition.

We believe the acquisition can be a catalyst for Capital One to further enhance its services and products to the Hispanic consumer. The Hispanic Community of Virginia was founded 44 years ago and is the oldest and largest Hispanic-led non-profit agency serving Hispanics in Virginia.

Our mission is to assist Hispanic immigrants to integrate into society and thrive socially and economically. The Committee serves more than 10,000 clients and our services include assistance with access to safety net services, immigration legal assistance, citizenship preparation, workforce development, economic literacy, home buyer foreclosure prevention, and end loss mitigation counseling and business entrepreneurship training and counseling.

Our primary service area is Northern Virginia, although we have served clients from beyond this region. We find that individuals are willing to drive the distance to access trustworthy and culturally competent services when their personal and financial well-being is at stake.

The Hispanic community serves the most vulnerable segment of the community. Most of our clients experience multiple barriers to integration, due to limited English language proficiency and lack of basic educational credentials like a high school diploma or GED. Some lack basic literacy; many lack access to reliable and affordable health care or health insurance.

Despite these barriers, Hispanic immigrants have played an important role in the growth and prosperity in the state of Virginia. From 2000 to 2010, this population grew 92 percent, to 630,000. The Weldon Cooper Center at the University of Virginia reports that foreign-born and U.S. born Hispanics have higher rates of labor participation than non-Hispanics.

Hispanic immigrants are hard-working individuals who want to achieve the American dream. This is borne out in our program participant trends. In the last two years, during the great recession, 307 aspiring business entrepreneurs received counseling and education, and more than 200 prospective home owners participated in home buyer preparation courses.

Sadly in the past three years, we have also assisted more than 700 families with foreclosure prevention and loss mitigation services. Many of them were victims of predatory or questionable lending practices by financial institutions, with no roots in the communities which they served.

For more than five years, the Hispanic community has partnered with Capital One in an effort to improve the economic opportunities of Virginia's low income and working Hispanics. Capital One has awarded multiple grants to support our home ownership, financial education, workforce development, and entrepreneurship services.

Capital One employees have volunteered as speakers, presenters and mentors. For the last two years, Capital One has played a leadership role in the planning of our annual business plan competition. The competition motivates aspiring entrepreneurs to complete a business plan, so their businesses can be more viable.

This is now a signature event for the committee, and watershed event for the entrepreneurs, who have gone on to establish successful business enterprises. Several Capital One employees participate in varying ways over the course of many months. Without Capital One's ongoing support and involvement, we would not be able to help launch -- we would not have been able to help launch 55 business ventures and help 182 families avoid foreclosure in the last two years.

ING is a financial institution with a successful non-traditional service model, which is of great interest to Capital One. We encourage Capital One to apply the same enthusiasm to the design of products and services for low income and working Hispanics as a critical sizeable portion of Virginia's economy. Providing financial services is essential for the development of this population.

This population is best served through services and products that speak to their experiences and address their needs. We strongly encourage Capital One to explore innovative ways to increase access to mortgage products including, for example, accepting non-traditional credit with housing counseling certificates. We encourage them to explore innovative ways to increase access to safe and affordable credit cards and secured cards, and to explore the streamlining of the loan modification process by using housing counselors to approve loan modification packets.

We encourage Capital One to work closely with community-based organizations, to continue building the financial capability of community members, so they may become successful participants of the mainstream economy and loyal Capital One customers.

Finally, we encourage Capital One to seek the ongoing engagement and feedback from the Latino community, to inform its strategies and improve its services and products, so they remain relevant and useful consumers, as their needs evolve. As an advocate for Hispanics in Virginia, we would gladly continue our collaboration with Capital One. Thank you for the opportunity to address you today.

MS. BRAUNSTEIN: Thank you very much. Next speaker.

MS. NEUGEBAUER: Good afternoon, esteemed members of the Federal Reserve panel. My name is Michelle Neugebauer, and I'm the Executive Director of the Cypress Hills Local Development Corporation. We're a hard-working and well-respect not-for-profit community development organization and settlement house, that serves the Cypress Hills community in East New York, Brooklyn.

Cypress Hills is a low and moderate income Latino small homes community of 45,000 residents. Our organizations builds and manages affordable housing; we assist residents in building assets and becoming economically self-sufficient; and we meet the human service needs of our residents through a continuum of very high quality services, beginning in early childhood education up through senior services.

We serve 8,000 residents a year from 15 offices, with a budget of $7.5 million. Capital One's investment in our neighborhood has been significant and worth of replication. This investment has included direct community development financing for affordable housing, deep and smart philanthropy, pro bono technical assistance and financial education to residents.

Capital One is a construction and permanent financier of our affordable housing development work. They've delivered discounted community development financing before and during the recession, when few, if any other lenders, would even talk to us about our deals. Four years ago, Capital One furnished construction and permanent financing on a mixed use project on our commercial strip. I'm happy to report that this risky and small loan by banking standards, it was about $900,000, had a tremendous impact on our community, revitalizing and rebuilding a once-troubled part of our commercial strip.

More recently, Capital One provided a $2.4 million construction loan for a low to moderate income condominium project that we're building in a particularly blighted section of East New York. Their loan terms were extremely competitive, and their capital has been patient, as the recession has lingered on and sales have been slow.

Capital One really is a leader in New York City affordable housing and community development financing. They have a skilled and diligent team that is on the ground, listening to CDCs and housing counseling agencies, and translating that listening into direct loans and financing.

Furthermore, the bank has established a signature partnership with our organization over the past three years, that I believe is remarkable and should be a standard for bank community collaborations. Capital One has committed to concentrating their resources, capital and pro bono expertise in our low and moderate income neighborhood, and in our organization as a true vehicle for community renewal.

This partnership has included, in addition to the community development financing that I mentioned, a three percent line of credit at $330,000, to acquire vacant land that heretofore was not available to us, that is now on the market for future affordable housing development.

They provided extensive financial education to our high school students, family day care providers, summer youth employment participants and small business operators. They've established a matching savings program at the local Capital One branch for families saving towards college education, home ownership and other long-term financial goals.

They've helped us to expand our Vita text site, and expand this year our college counseling center. They have done extensive business education and outreach, and they've collaborated with us on many home ownership counseling seminars and the program in general. Moreover than that, Capital One has imparted to us, through consultancy projects, a lot of their expertise in human resources and branding, expertise that we could not afford to buy.

These financial education and pro bono consultancies have been developed through joint planning between the bank, Cypress Hills local development corporation, houses of worship in the neighborhood and merchant groups. Our agency and the neighborhood have benefitted immensely from this multi-faceted partnership, and we believe that Capital One's approach to community development financing, philanthropy and financial education, as well as overall building of community partnership, is worth of being replicated and ramped up. Thank you.

MS. BRAUNSTEIN: Thank you very much. Next speaker.

MR. PITCHFORD: Hi. My name is Mike Pitchford. I'm president and CEO of CPDC. I need to make an early confession here too. I'm a recovering banker, spent 24 years with Bank of America, retired early from that and have been running CPDC for about seven years.

While I was at Bank of America, I worked the last ten years in the Community Development Division. I have to tell you that it's kind of fascinating to be here, on seeing both sides of the bank merger-CRA kind of continuum.

CPDC has done about 5,000 units in Virginia, Maryland, the District. We're a developer-owner-operator. It is a 501(c)(3) not-for-profit, and we have had some interesting experiences, very good experiences with Capital One. I put these in some public comments that I submitted at the desk up front, but I'm just going to paraphrase a couple of key things with you.

First of all, I think they have hired some great people. You know, if you look at, from my perspective, how they're going to achieve their obligations under CRA and meet the needs of their communities, looking at some of the good people that they're hired, Dorothy Broadman, Ed Delaney, Jim Taylor, who was mentioned earlier, Laura Bailey, who actually used to work for me, some good examples of that.

Second, they have done a couple of important things for us. In 2009, I was in the midst of a $70 million, 318 unit building. The average income in that building was going to probably be about 40 percent of AMI. Across our portfolio, it's about 30 percent of AMI.

There's a tax credit equity player at that point who should go unnamed, but whose initials are NMA, who had made a commitment to invest in that transaction about 24 million, and they defaulted. So here I am, half through construction. I'm ahead of schedule, I'm under budget. I'm going to lease up fine and I did, but I'm out of equity funding because we were in the depths of the recession.

So Capital One actually stepped in. They re-underwrote the deal and they replaced that equity. Now I won't tell you that that wasn't painful. Anybody trying to get capital at the bottom of that cycle in March of 2009 was going to be having trouble. But they were the only player at the table. Stepped in, brought the funding, replaced that. I've been able to complete, and now that's got 318 low and moderate income families living in the property.

I'll just go another second on the whole issue of difficult underwriting. I mean you know we're at a point right now where the pendulum has swung too far. Capital is hard to get. We've seen anecdotes where it's getting better and easier, and as a former banker, I see that and know both sides of it.

I have sort of made it my business to try to talk to some of the risk management folks at the banks, and I have to tell you that Capital One was the first that made their folks available. They came down, they visited the property, sat down in there, and I was able to have a tough love kind of conversation with the risk management folks, basically saying look, the pendulum is too far. You need to re-center it. I'd love to think that that has had some overall effect, but I think more of us who are saying that kind of thing are having some effect.

So bottom line is, you know, we wouldn't have gotten that out of Chevy Chase. So if I look at past being prologue, and we worked, you know, we tried to work with Chevy Chase before, but post-acquisition, their performance has been good, stepping in the breach when we were having some difficulty with another equity provider, and good staff, and certainly good at making their risk management folks available when we needed to make some comments. Thanks.

MS. BRAUNSTEIN: Thank you very much. Any questions for this panel?

(No response.)

MS. BRAUNSTEIN: No? Thank you very much for your testimony, and our next panel can come forward. Okay. Welcome to our panel, and just to go over one more time the rules, you have five minutes. Watch the timekeeper. Please speak into the microphone, excuse me, and before you begin your statement, please make sure and state your name and affiliation, and we'll start. Lee, do you want to start?

PANEL SEVEN

MR. BEAULAC: Thank you, Sandy. Thank you again for the Federal Reserve Bank, for offering me this opportunity to testify. This is an important hearing. My name is Lee Beaulac. I'm the Senior Vice President for Community and Economic Development at Pathstone Corporation in Rochester, New York.

We're a 42 year-old non-profit community development and services organization, operating in seven different states and in Puerto Rico. Over the years, we've invested over three-quarters of a billion dollars in the form of multi-family development, small business lending, community facilities, and we've put over 4,000 first-time home buyers in suitable mortgage products over the years.

I, like others, am a board member of NCRC< and also serve as vice chairman of the National Rural Housing Coalition. Pathstone has a subsidiary corporation called the Enterprise Center. It's a CDFI, Community Development Finance Institution, which offers small business training, technical assistance and small business loans to small businesses, primarily in upstate New York, but in other places as well.

One of the recurring issues that we see with very small business when they come to us for help is the excessive credit card debt that they have. In the last decade, these small business owners were often led down this path, the credit card path, because these cards were offered at teaser rates, and were very easy to obtain.

We often see small business enterprise owners with three, four, sometimes even five credit cards, that big credit card companies have extended to them. They may have started with low teaser rates, but soon converted to higher interest rates. These business owners are strapped and trapped in very expensive debt, which from our perspective is extremely hard to refinance.

Capital One has been a major player in this market. According to CRA data provided to me by the Community Reinvestment, by NCRC, I find these statistics pretty amazing. In 2007, Capital One made nearly 4,000 of these small business loans in the nine county Finger Lakes region of New York state, which is the region surrounding the City of Rochester, 4,000 of them, and these loans averaged less than $5,000 in size.

A significant percentage of them were made to businesses with less than $1 million in sales. So a large number of loans relative to the geography, a small average loan size, and targeted to small enterprises. Under current CRA regulations, none of these counties are in Capital One's CRA assessment area. So there was really no practical way for us to make an issue of what we considered to near-predatory lending, in many cases.

Our staff did raise issues with Capital One staff beginning in 2007, but made no headway in convincing them that what they were doing in the small business credit market, was similar to what the predatory lenders had done in the housing market beginning in 2007. With the financial collapse of the national economy, Capital One level of lending collapsed as well.

The nearly 4,000 loans done in the region in 2007 became just 667 in 2009. The average size of the loans doubled, but many small business owners in our communities were left with very high interest rate debt that they could find no way to refinance. In other words, in our view Capital One was withdrawing from traditional and affordable business lending, and was substituting high cost credit card lending.

In addition, Capital One has not been as responsive to the small and microbusiness market in our region as have other lending institutions. For example, Capital One made 5.6 percent of its loans to businesses with revenues of under $1 million, while all lenders as a group issued 20.3 percent of their loans to these same-sized businesses, a much smaller percentage coming from Capital One.

Of course, then when the economy's running hot, and Capital One is handing out credit cards, with little concern about underwriting standards. When the economy collapsed and small business needed loans to survive the lean times, Capital One became difficult to borrow from.

This does not seem like an institution that has been very concerned about meeting the credit needs of our communities in a sustainable way, and we hope you do not allow them to become an even bigger force in the market.

I ask you to consider the lessons of the past four years, insofar as the economic crisis, which was brought on by the irresponsible mortgage lending, and consider for a moment what it will mean to our region and for the country as a whole, if small businesses have to rely on high cost credit card debt to finance their enterprises. Again, we ask that you not approve this transaction. Thank you.

MS. BRAUNSTEIN: Thank you very much.

MR. PERRY: Good afternoon. My name is Charles Perry, and I'm chairman and co-executive director of the PERICO Institute for Youth Development and Entrepreneurship. I'm pleased and humbled to provide a testimony before the Federal Reserve.

The PERICO Institute is a member of the National Community Reinvestment Coalition. Pride is also a part of the national network of 75 independent grassroots organizations, located in 22 states, that provide financial literacy education and training to low income communities. The Network has connected with 26,000 low to moderate income people over its eight year history. This network operates under the auspices of the Center for Neighborhood Enterprise, also located in Washington, D.C.

The PERICO Institute is an 11 year-old 501(c)(3) non-profit organization, with offices in Fort Washington, Maryland, for research and advocacy, and Jackson, Mississippi for operations. Our mission is to develop a generation of free enterprise thinking youth who are well-rounded, grounded in academics, self-sufficient and able to function within society, contributing to the state's workforce and giving back to their communities.

To achieve our mission, Pride provides outcome-based education and training programs, and financial literacy, individual development, savings accounts, entrepreneurship and other life skills leading to college, career and job readiness, health and wellness, civic engagement and literacy to youth ages 13 to 21.

Our flagship program is our Youth Asset Development Program, which is a matched savings individual development account, IDA program. We engage roughly 50 middle and high school youth in 12 to 18 months of financial literacy, free enterprise oriented discussions and entrepreneur training and development. We work with youth to enable them to get bank and start an IDA savings account, to help pay for their college tuition, or to purchase a computer to support their college experience.

We also help youth develop business plans, receive seed money for their ideas, and continue to invest in their savings account. IDA accounts currently allow youth to save and receive a match of one dollar for one dollar match, up to $1,000. Our goal is to up the match to $1 for $5 match, to do a better job of supporting tuition payments, purchasing of science, technology, engineering and mathematical degrees, as well as starting microenterprises.

We subscribe to the U.S. Department of Health and Human Services' Office of Community Service model for the asset for independence program, also known as AFI, which promulgates individual development accounts as the great economic hope for helping low income people rise up and develop pathways out of poverty, by funding matched savings program at a base one dollar for one dollar ratio.

AFI encourages community-based organizations to build partnerships with banks as an integral partner in seeding the match, which can start at a minimum of $50,000 and move upward to $1 million for a sustainable multi-year program. Our experience is that banks do not willingly become partners with grassroots organizations that submit AGI applications to the federal government, with programs designed to help move new generations of people out of poverty and toward economic opportunity for economic freedom.

IDAs can be a successful and measurable return on investment. For example, Pride's IDA accounts have graduated four youth who saved $13,617, and one of our supporters, the Foundation for MidSouth, matched the youth savings with $12,216, for a grand total of over $25,000 in savings match.

We are deeply concerned about Capital One's acquisition of ING, and its potential negative impact on minorities and low and moderate income consumers, who are working to move out of poverty situations through proper financial literacy training, as well as others who have been affected by the nation's latest financial crisis.

This is an environment where banks are less inclined to invest in low income communities and individual asset development programs, often because of circumstantial credit score profiles and employment instability. My testimony opposes the proposed transaction as is, and as a condition for my network's support, I offer the following solutions to a number of issues NCRC first raised in its formal protest.

One, a full scope, post-2008 financial crisis, CRA evaluation and analysis of Capital One and all of its subsidiaries' lending, investment and services, should be completed prior to the Federal Reserve approving this acquisition request. In areas where there is a rating of satisfactory, need to improve or substantial non-compliance, the bank should be put on notice to work to change the rating to outstanding or highly satisfactory, within 24 months or face a large penalty.

ING made its reputation as a great place to park your savings account, and I know people, namely senior citizens, who bank with ING because of the great interest rates on savings. Capital One made its reputation by asking a question "What's in Your Wallet" to market its credit card business. Will the two cultures mix well, to the benefit of ING's current savers? Will Capital One still offer the attractive saving rates that ING promoted to build its 7.7 million customer base in the United States?

Will Capital One use those savings accounts purchased from ING to leverage its 50 billion credit card business and commercial loan enterprise to the detriment of consumers? One of Capital One's subsidiaries, Capital One National Association, which has banks in Louisiana and Texas, rated low satisfactory in Louisiana and Texas, because of the bank's business practices not serving a fair market share of services represented to the size of the population of the complete banking market.

In fact, Capital One's subsidiary's behavior was more progressive when it came to home purchase and home improvement loans in low income communities, but demonstrated ultra-conservatism when considering low income people for home refinance loans. Capital One's subsidiary's behavior can be an indication of how ING's behavior may become after acquisition. Very little investment in independent grassroots or community-based organizations, that focus on financial literacy and education is noted in examinations conducted of Capital One.

In conclusion, my organization opposes the Capital One acquisition of ING as is, and offers that a full scope, post-2008 financial crisis CRA examination of Capital One and all of its subsidiaries should take place before approval of this acquisition request. In those instances where Capital One or any of its subsidiaries rate satisfactory, needs improvement or substantial non-compliance, the bank should be given two years to improve its rating.

Lastly, Capital One should intensify its financial education platform to include more independent grassroots specialty organizations, that provide financial literacy and education, as institutions capable of reaching and connecting with large numbers of low to moderate income people, and to work with that population in improving its financial literacy and wealth-building capacities. This completes my testimony, and thank you for affording me an opportunity to speak.

MS. BRAUNSTEIN: Okay. Thank you very much. Any questions from the panel? No.

MR. BEAULAC: There was a member of the panel who was supposed to be here, Charles Harris from Mississippi, asked me to read his very short testimony into the record. Is that all right?

MS. BRAUNSTEIN: Okay, no problem. Yes, that's fine.

MR. BEAULAC: All right. So pretend I'm

Charles Harris from Housing Education and Economic Development in Jackson, Mississippi. He says in his testimony, "Thank you to the Federal Reserve for allowing him to testify. He's honored to have the opportunity to testify at this precedent-setting acquisition.

"The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires the regulatory agencies to ensure that acquisitions and mergers do not pose a systemic risk, and do not threaten the economic well-being of this country. Capital One's acquisition of ING, Inc. -- There's a typo there -- is precisely the type of merger that imperils our economic health. It also does not confer public benefits, and must therefore be denied.

"The financial crisis was caused in large part by unfair and deceptive lending, subprime and non-traditional adjustable rate mortgage lending was doomed to failure because such abusive lending was made to borrowers who could not afford to repay. Moreover, failed lenders such as Countrywide focused almost exclusively on this type of lending.

"Now while our economic recovery from this crisis is still uncertain, Capital One wants to aggressively expand its subprime credit card business by acquiring ING Direct's deposits, and HSBC's subprime credit card portfolio. Capital One's record is to shut down the affordable home lending of banks it acquires, and use the deposits to expand its abusive credit card practices. If we've learned anything, is that an abusive and monoline business model poses systemic risk.

"Capital One faces class action litigation for abusive credit card lending and is being investigated by three attorneys general. Meanwhile, in my state of Mississippi, Capital One displays an abysmal record. Overall, Capital One withdrew from the prime loan market in Mississippi between 2007, when they issued 171 loans, to 2009, when they issued only one loan in the state, which is a 99.4 percent decrease.

"In other words, this lender is ceasing affordable and traditional home lending in favor of high cost credit card lending. This type of substitution does not meet the credit needs four communities. Capital One's loans to African-Americans declined 100 percent, from 17 loans in 2007 to 0 loans in 2009.

"In contrast, all lenders as a group decreased lending to African-Americans by about 15.7 percent during this same time period. Capital One's loans to moderate income borrowers declined by 100 percent from 2007 through 2009, from to 0 loans. In contrast, all lenders as a group increased prime lending to moderate income borrowers by 10.2 percent during this same time period.

"Capital One's loans to low income borrowers declined from 5 loans in 2007 to 0 loans in 2009. In contrast, all lenders as a group slightly decreased their lending to low income borrowers by just two percent during this same time period.

"Capital One issued only ten small business loans in the state during 2009. ING made only ten prime loans in the state during 2009." He concludes by saying "For the sake of my state and my country, I urge you to deny this acquisition. Let's not make the same mistake twice. It's time for a new era in regulation and banking. Thank you for your consideration of my comments." Charles Harris.

MS. BRAUNSTEIN: Thank you very much, and thank you to the panel for your testimony. Thank you. Okay. We will now adjourn for a lunch break, and we will reconvene at 1:45. We'll try to get started minutes early. Thank you.

(Whereupon, at 12:33 p.m., a luncheon recess was taken.)

A F T E R N O O N S E S S I O N

(1:45 p.m.)

MS. BRAUNSTEIN: Good afternoon. We are reconvening our public meeting, discussing the application by Capital One to acquire ING, and we've got our panel up here. And for the panel, I'm going to restate the ground rules that I do before every panel, and then we're going to continue. We're back on the record, and we will continue with our meeting.

Please, when you speak, please speak into the microphone, because we need to make sure to hear it for the -- we've got an official transcript, and we need to make sure that we can hear everything. Please, at the beginning of your statement, state your name and your affiliation, and the last thing is please keep one eye at least on the timekeeper.

There will be a green light when you're speaking, a yellow light will tell you that there's one minute left, and then when it turns red, you'll hear a loud beep and you know your time is up. Each person has five minutes, and so with that, we'll begin with the first speaker please.

PANEL EIGHT

MR. AMPY: My name is Ken Ampy. I'm joined today by my partner, Sam Young. We're here from Astyra Corporation. Thank you for having us today. We're here in support of the transaction between Capital One and ING. We would like to share our experience with Capital One's commitment to community, and specifically its commitment to the development and growth of small businesses.

My partner and Incorporated our firm in 97, having both been IT consultants for a number of years. When we initially approached Capital One regarding our providing staff augmentation services to them, we had four employees and were doing a couple hundred thousand dollars in revenue per year.

One year later, we had tripled our number of employees to 12, with eight of them being at Capital One, and our revenue was approaching one million dollars. Today, Astyra Corporation is a $15 million per year business, with 130 employees. Capital One continues to be our largest client.

Through our company's ups and downs, good and bad times over the years, the business we do at Capital One has been a cornerstone of our success and growth. Later this week here in D.C., INC magazine is holding a conference for its fastest-growing companies in America, and for the third consecutive year, Astyra Corporation is listed among those firms.

As I mentioned before, we attribute much of our success to the commitment of Capital One to the growth of small businesses, and their team's dedication to our company's responsible growth and development.

MR. YOUNG: Good afternoon. My name is Sam Young, president of Astyra Corporation. I want to thank you for having us here this afternoon to tell our story. Capital One's contributions to Astyra's success are far more reaching than just the business revenue. They have directly contributed to our personal and professional development.

My partner and I both have been the beneficiaries of participating in a mentor-protégée program, where small business owners were paired with senior management staff from Capital One. We each had a Capital One associate whom we met with regularly, to discuss growth challenge internal to our organization.

Additionally, my partner Ken's attendance at an executive management program at the Kellogg School of Management at Northwestern University, was sponsored by Capital One. Their investment in our personal and professional development has directly led to our company's overall success. Furthermore, we are active in the Richmond community. Between Ken and I, we serve on numerous non-profit boards, and on almost each of them, there is a Capital One representative.

Our firm has followed their company's maintain their commitment to the community and service. Additionally, when we served as chairman of these boards and various committees, we have always been able to count on Capital One for their support.

As you can see repeatedly, Capital One has shown a particular interest in our success, as a business and our personal success as community leaders. We believe this demonstrates the type of responsible corporate citizen they have become. This our story, but we're not the only small business that has benefitted and grown through the support of Capital One. We are in support of the Capital One/ING acquisition. Thank you very much.

MS. BRAUNSTEIN: Thank you very much. Next speaker.

MR. CLARK: Ms. Braunstein, members of the Federal Reserve panel, I'm Kenneth Clark, President of the Maryland-D.C. Minority Supplier Development Council, a regional affiliate of the National Minority Supplier Development Council, a non-profit corporate membership organization whose mission is to certify minority businesses and connect them with the procurement opportunities of its corporate members.

Through our 37 regional councils, we represent over 4,000 corporations doing business with nearly 17,000 minority businesses, with an estimated 100 billion in revenue, procurement activity. Locally, we represent about 115 corporations and other major buying organizations, with over 350 minority businesses in the state of Maryland and Washington, D.C.

I'm submitting testimony in support of Capital One's acquisition of ING Bank. Capital One is a corporate member of NMSEC. I feel that this acquisition will benefit the community. As the president of the Maryland-D.C. Minority Supplier Development Council, I was very pleased in late 2009 to get an unsolicited call from Capital One Bank personnel, to say that they were interested in joining our Council, after they had acquired the Chevy Chase Bank.

They indicated that as a policy, Capital One Bank has a strong commitment to supplier diversity, and that Capital One seeks to implement that policy whenever they are moving to a new territory. Having not had any involvement with the Chevy Chase Bank, this was seen as quite a desirable outcome of that acquisition.

During the discussion, they indicated willingness for active involvement in the Council, and not just a desire to be a donor on record. Within a short period of time, Capital One provided one top level sponsorship donation to the Council. In addition, an executive, Jerry Miller, joined our board of directors, and another staff member, Erica Billie, assumed chairmanship of our 2010 Annual Business Procurement Conference.

This conference is our flagship

procurement event, and Ms. Billie provided very active leadership of the planning committee and further engaged other Capital One personnel in other work activities, including volunteering for the conference. She also engaged other corporations and minority businesses to do the same, with outstanding results.

Mr. Miller later became chairman of the board's bylaw committee, and Ms. Billie returned for a second year as the conference chair. Capital One has sought to provide business opportunities for our minority businesses by requesting lists of certified minority businesses to meet various procurement needs.

Through Mr. Miller's board position, Capital One provides sound thought leadership to our Council, but has also provided the same for our affiliate council in Virginia. It is my understanding that Capital One is engaged in a partnership with Prince George's County, in a mentoring program for minority businesses, and provides much-needed financial and banking training.

Capital One has assisted minority and small businesses with financing through its Second Look Program. This program is extremely important to minority and small businesses that have difficulty in the current tight credit market. Capital One's chairman, Richard Fairbanks, recently received the Master Entrepreneur of the Year award from Ernst and Young, during which he described his personal and professional commitment to community service and to small business development.

This seems to have set the culture for Capital One Bank's involvement and support for the community. For these and other reasons, I recommend approval of the Capital One acquisition.

MS. BRAUNSTEIN: Thank you.

MS. DUCKSWORTH: Good afternoon to the Federal Reserve Board panelists. I'm pleased to be here at this public meeting. My name is Charlotte Ducksworth, and I'm the Director of the Prince George's County Small Business Initiative and the Technology Assistance Center, which is housed at the Prince George's County Economic Development Corporation.

I am pleased to be here to testify to describe Capital One's level of community involvement with my organization in Prince George's County, which helps to expand the mission of growing local, small and minority companies in Prince George's County. I know the critical importance of business expansion, and I also know that it rests in the support of our small businesses.

We all know that the majority of business growth in the United States is created by small business growth. My programs focus on assisting businesses moving from small to mid-size. We assist them in access to capital, contract financing, venture capital, surety bonding, strategic planning, economic development incentives and workforce development.

My goal is to close the gap for local, small and minority companies, and train CEOs on best practices for implementation in their firms. In such a critical time in our economy, making sure that our small businesses are connected to the economic growth and vitality of this region is paramount, and is what I consider my mission.

Capital One has been instrumental in helping me achieve that mission in two very strategic ways. Firstly, they provided support for the expansion of minorities and women in franchise development in Prince George's County. Their support was part of my program to host a franchise development conference, in partnership with the International Franchise Association.

During this event, over 150 companies attended, and were provided with critical information on new economic development sites for expansion and more critically, how do they access capital to perform this. This was also followed by a six week intensive CEO executive series that Capital One supported, to help us move those individuals from the conference into actual franchise ownership.

I am proud to say that 12 individuals are on their pathway to actually obtaining a new franchise in Prince George's County. What I thought was very critically important and what we needed from Capital One was to provide critical in-depth technical assistance for these individuals.

That assistance included a certified CPA, an attorney who understood franchise development, and a host of other individuals that we needed to partner with, to make sure that our companies move from just an idea of entrepreneurship to actual franchise development.

Capital One has also worked with me to create a mentor protégée program with our technology incubator program. The TAC program, which is known as Technology Assistance Center, has 13 high tech companies. Capital One has provided critical support in helping us execute this mentor-protégée program.

With Capital One, we have joined both their supplier diversity division, as well as their senior management staff, to provide an 18-month program to assist our CEOs in technology in Prince George's County. What I thought was also critical was that they didn't just provide executives who understood general banking practices; we asked for industry-specific executives that could actually work with our tech companies in expanding their markets throughout the domestic market as well as the international market, and Capital One stepped up to the plate to provide over 28 Capital One executives to participate in that program.

We are looking at various goals and measurements on that program, and are very excited to say that Capital One is also working with several of those companies in actually acquiring capital and lines of credit.

Capital One has been an instrumental partner in helping small, local and minority companies grow in Prince George's County. I am looking forward to more collaborations that help us expand, more critical access to capital, and to assist our CEOs in moving their companies to the next level of growth. Thank you for the opportunity to speak before you today.

MS. BRAUNSTEIN: Thank you very much. Next speaker.

MR. GIBSON: Good afternoon. My name is Malcolm Gibson, co-owner of Professional Funeral Services in New Orleans, Louisiana. We are full service providers of funeral, cremation, mortuary, pre-needs goods and services. Professional Funeral

Services opened as Professional Mortuary Service in 83. We purchased a business in April of 2004 from Stewart Enterprises, which at the time was the second largest death care industry company in the United States.

Our business is located in a very social, economically challenged area of the city. Ironically though, absolutely from no planning of my own, my business is located in the very neighborhood that I grew up in. Therefore, targeted community development is near and dear to my heart. Next to caring for my family, it is the critical motivating factor in my entrepreneurial drive, so much so that we founded Divine Foundation, a non-profit organization whose targeted focus is to effect real change in the socioeconomic status of our urban youth, through collaborative initiatives in the areas of entrepreneurial training, educational support, community development and social skills.

Our company, Professional Funeral Services, and Divine Foundation, have embarked upon an ambitious project of enhancing our neighborhood. Currently, we are building a community center on an adjacent property next to the funeral home. This facility will serve a dual role in increasing the capacity of the funeral home, while at the same time delivering greater services to the community, and house the programs offered through our foundation.

We expect substantial completion of the project by the end of the year. Because of the fiduciary relationship with the funeral home, as with the foundation, it's critical to our business that continues to grow and thrive. My training prepared me to be a very good funeral director, for which I have passion.

However, very early on in my entrepreneurial career, I recognized that I lacked the business skills necessary to ensure the growth and viability of my business. Because of the demands of a growing family and my small business, it's very difficult to do anything about my deficiencies. My schedule would not allow me to attend a local college to obtain the business skills that I needed.

So when Capital One offered their Getting Down to Business program in February of this year, it was exactly what I needed. The curriculum was comprised of topics that directly affected the operation of my business. It offered information and solution that allowed me to make an immediate impact.

It also offered the support, through its partners, to effectively incorporate those needed changes in my business. Classes were conducted on Tuesday evenings of alternating weeks, so it worked very well with my schedule.

Most specifically, the money management module provided the greatest degree of impact on my businesses. Like many small business, our debt service was extremely high due to extraordinary measures we took to open the business. As such, we suffered almost critically with cash flow related issues. The program has helped us tremendously in reducing our debt and our receivables.

Secondarily, the module on human resource management has empowered us to develop a well and more efficient and satisfied staff. Although I considered my staff fairly good prior to the program, our direction wasn't as focused as it is now. Without question, the impact has been very noticeable, both externally and internally.

My relationship with Capital One kind of extends beyond the Getting Down to Business Program. My company was a depositor at Hibernia Bank, before Capital One purchased it in November of 2005. Hibernia was a local bank with a Louisiana flavor. So we felt very comfortable with their service.

We were surprised to hear about the merger, and felt apprehensive about it. Yet, we remained customers for a few months following, to see how things would work out. Honestly, we felt like the little fish in the big pond, so we began taking our business elsewhere.

What we did notice in the following years, Capital One worked extremely hard at integrating itself into the fabric of our community. It seemed as though they had been with us for a very long time. They opened more branches, which made accessing their services more convenient. Additionally, they had participated in the post-Katrina education renaissance in New Orleans by sponsoring local charter schools.

But in closing, I look forward to continuing my relationship with Capital One, as both my business and my foundation grows, to fulfill our mission in our community. Capital One possesses the capacity to support our targeted expansion into new markets, while maintaining the personal touch to cater to our specific needs.

I fully support the acquisition, and I thank you for the opportunity to speak before you.

MS. BRAUNSTEIN: Thank you very much for your remarks. Any questions for this panel?

(No response.)

MS. BRAUNSTEIN: No. Okay, thank you very much for your testimony, and we can bring up the next panel. Welcome to our next panel. As a reminder, please speak directly into a microphone when you give your remarks. Please start your remarks by stating your name and your affiliation, and please keep an eye on the timekeeper, okay. Each panelist has five minutes, and we'll start with the first panelist. Is it Ms. Spencer? Is that right?

PANEL NINE

MS. AGEE: I'm Mary Agee.

MS. BRAUNSTEIN: I'm sorry.

MS. AGEE: That's all right. I'm the president and CEO of Northern Virginia Family Service, and it is a pleasure to be here today, to address the community impact that we have experienced through Capital One's investment in our organization. We are a 501(c)(3) private non-profit human service organization.

We have partnered with Capital One since the company first opened their Tysons location. Since then, we have consistently had a Capital One senior employee serving on our board of directors. It was in fact Capital One who approached us when they began their investment in the community, which in and of itself is a very different posture of a company.

Throughout all these years, Northern Virginia Family Service has enjoyed the position of being a principal partner with Capital One. What is unique about their partnership is that they do not presume to know the full extent of community needs.

They seek our advice on how best to invest their funds. There is no other business entity in our community that has that level of respect towards non-profit partners.

Capital One has invested nearly $1 million in Northern Virginia Family Service over the years, providing funds that have advanced our workforce development programs, our housing initiative, homeless prevention programs and capacity development. More importantly, hundreds of hours each year of volunteer support for our job training site and a variety of events are provided.

Capital One's workforce is highly engaged in the community. They also leverage their intellectual capital through pro bono assistance in technology, human resources, marketing and finance. The marketing team of Capital One based in Richmond helped us to design a logo, a tagline, a color scheme, a marketing plan for a new business initiative, and I'm sure everybody could agree that we couldn't have done any better than having Capital One's marketing doing that pro bono for us.

Probably the most impactful investment for us was a very non-traditional loan made in 2003 for $800,000, that allowed us to collaboratively build a child development center and community center in the heart of a low income community in the City of Manassas.

Because this was not a traditional situation, we were not eligible for a mortgage through the banking industry. The land had been donated by the community association, and their bylaws prohibited us from ever being able to sell the building. It had to remain for the community benefit.

One day when I was in Capital One talking to one of the community representatives, I was explaining our dilemma. We had gotten part of a federal grant, and it only paid for about a third of the cost of the building, and we had only 18 months in which to build the remaining or forfeit the dollars.

The left the office and returned with one of the representatives from the Community Investment Department. They knew the center would make a huge difference for this community, and especially for young families. So they gave us the loan on extremely favorable terms. We would never have been able to build this without Capital One's support, and now each year, thousands of low income families can take advantage of educational classes, early Head start, budget counseling, a health clinic, after-school programming and much more. And oh by the way, we paid it back.

We at Northern Virginia Family Service and all of our constituents who use our services are grateful for the community leadership demonstrated by Capital One. Thank you.

MS. BRAUNSTEIN: Thank you very much. Next speaker.

MS. ANDERSON: Good afternoon. I am Eileen Anderson, Senior Vice President of Community Development Corporation of Long Island, and I thank you for allowing me today to have the opportunity to discuss Capital One and their support to what we call CDC of Long Island, and the Long Island community that we serve.

CDC of Long Island is a 41 year old regional not-for-profit organization, committed to servicing the needs of low to moderate income residents, who are looking to buy their first home, start or grow a small business, or retain home ownership. Capital One has been steadfast supporter of CDC since 2008. During the past four years, the bank has supported 40,000 for small business technical assistance and lending support.

This support has enabled us to nurture start-up businesses, as well as grow existing businesses. Further, bank employees have mentored our businesses, volunteering countless hours to build their capacity. The bank has also provided $140,000 of support to CDC's HUD certified housing counseling programs, including foreclosure counseling and home buyer education.

The past four years on Long Island have been the most challenging time for distressed home owners facing foreclosure. The crisis has led to unprecedented demand for our services. Without the additional funding from Capital One, we would not have been able to provide the staff needed to meet the overwhelming demand.

Their funding helped us to leverage additional funding, which helped us to serve 600 distressed families last year alone, and this year so far, 590 additional families who are facing possible foreclosure.

In addition to Capital One's generous philanthropic support over the years, they have been an active participant with us, revitalizing our communities. Knowing that first-time buyers are finding it more difficult today to secure mortgages due to tightening credit, Capital One is committed to providing residential loan officers and attending educational seminars and community outreach events.

These seminars focus on educating the first-time home buyer, in addition to providing information on lending products that meet the needs to low income and moderate income purchasers on Long Island. Capital One has demonstrated over the years that they're committed to assisting CDC in the communities that we serve. They assigned key staff such as Peter Apella (ph), who gives of his time to participate in CDC's advisory committee, sharing his knowledge and vision for future work and programs that CDC is doing in our communities.

CDC of Long Island considers Capital One a very strong partner and shares our goal of assisting renters become more financially fit and achieve their dream of home ownership, shares their goal of helping home owners to retain in their home, if that is financially viable option, and to find alternatives if it is not, and shares their goal in helping businesses that are not able to get traditional bank financing with alternative sources of capital and technical assistance.

Capital One has been an exemplary partner to CDC throughout the years in Long island's communities. We are supportive of Capital One's merger with ING Bank, and we appreciate your time today and to be able to be here.

MS. BRAUNSTEIN: Thank you very much.

MR. ELKOWITZ: Good afternoon. I am Peter Elkowitz, president and CEO of the Long Island Housing Partnership, more commonly known as LIHP. I have worked at LIHP for approximately 24 years. I am the vice chairman of the Federal Home Loan Bank of

New York's Advisory Committee, and member of numerous boards involved in housing and real estate. I'd like to mention LIHP's vice president, Mr. James Bridge, is also here today at our hearings, to join me in support of the merger.

I would like to take this opportunity to thank the Federal Reserve Bank and the Federal Reserve Bank of Richmond for allowing me to speak at today's hearing. On behalf of the Long Island Housing Partnership and its affiliates, I'd like to express sincere support of the proposed acquisition by Capital One Financial Corporation to acquire ING Bank.

LIHP is a not-for-profit organization, tax-exempt under Section 501(c)(3) of the Internal Revenue Code, that was created in 1987 to provide housing for those who, through the unaided operation in the marketplace, could not afford a decent, safe place to live. LIHP accomplishes its mission through development, technical assistance, education and advocacy.

LIHP serves low and moderate income individuals and families who live, or are seeking to live in Nassau and Suffolk County in New York, with a population of little over three million. Over its 24 year history, LIHP has assisted over 20,000 households through its various activities.

These include the development of affordable for-sale and rental homes, pre-purchased mortgage counseling, foreclosure prevention counseling, employer-assisted housing, down payment assistance and technical assistance to developers. The reason I'm here today is to inform you of Capital One's involvement in the Long Island Housing Partnership and its community commitment to providing affordable housing for low and moderate income families on Long Island.

LIHP's board of directors and membership is comprised of the region's business, labor, religious, educational and financial leaders. Much of our support, including administrative grants, construction loans for our affordable housing programs and mortgage loans for our low and moderate income purchases, comes from our member financial institutions.

Capital One serves as an active and important member of LIHP. Stephen Philben (ph), currently Senior Vice President of Capital One, joined LIHP's board of directors in 2002, as a representative of the North Fork Bank. Mr. Philben continues to serve on the board after North Fork's merger with Capital One in 2006. He served as treasurer from 2004 to 2010, and was named Long Island Housing Partnership's vice chairman in 20.

Mr. Philben is a member of three board committees, the executive committee, the executive compensation committee, and the audit and finance committee. After Capital One's merger with North Fork Bank, Capital One demonstrated increased commitment to affordable housing on Long Island.

Capital One has provided significant financial assistance to LIHP, with grants totaling over $170,000 for the past seven years. Capital One has also demonstrated its commitment to directly assisting first time low and moderate home buyers on Long Island as part of the New York Mortgage Coalition.

The New York Mortgage Coalition is a consortium of lenders and community groups, whose mission is to assist low and moderate income first-time home buyers in New York City and the suburbs. Capital One is an active participant in this consortium, with competent, caring loan officers, dedicated to community lending and working with not-for-profit partners. They also have a team of experienced processors and underwriters supporting their loan originations. The highlight of Capital One's community lending commitment is their portfolio lending product, developed for low and moderate income first-time home buyers and/or households purchasing in low or moderate income census tracts.

This is a below market rate product, where the generous closing costs assistance grant that has allowed LIHP to provide affordable financing to eligible home buyers. In some cases, it is the only product that has made the goal of home ownership possible on Long Island for these home buyers.

Capital One has also been involved in the financing of an affordable housing development. Capital One provided construction financing to a new rental community in downtown Patchogue. Rentals in this development were made available to people earning 60 percent of AMI and below. LIHP is the local not-for-profit partner in this development, and appreciates Capital One's commitment to financing low and moderate income projects like this one.

LIHP commends Capital One for its support of affordable housing for low and moderate income households on Long Island, and the organization looks forward to a continued relationship in the future. LIHP supports Capital One Financial Corporation's proposed acquisition of ING Bank, and believes this acquisition will further the goals set forth by the Community Reinvestment Act.

Thank you for allowing me to speak today at this proposed acquisition.

MS. BRAUNSTEIN: Thank you for your testimony. Next.

MS. WRIGHT: Good afternoon. My name is Sheena Wright. I'm the chief executive officer of the Abyssinian Development Corporation, which serves low and moderate income communities in New York City. Abyssinian Development Corporation is a comprehensive community and economic development corporation that, among other things, provides housing for people of diverse incomes, including 1,200 units of affordable rental housing, and over 400 home ownership opportunities for moderate income families.

Abyssinian Development Corporation also provides educational and developmental opportunities for young people through the operation of the five traditional public schools that serve over 2,100 families in Harlem and the Bronx. Abyssinian Development Corporation also provides commercial development in building the first supermarket in Harlem, as well as small businesses development through franchise programs that bought an IHOP and Papa John's to the community.

In addition, the development corporation provides social services through its homeless shelter and services for seniors, as well as advocacy around affordable housing and education reform. Abyssinian Development Corporation is very proud and pleased to partner with Capital One on our community-building efforts, and very proud and pleased to support

Capital One's transaction with ING Direct at this hearing today.

What I'd like to focus on is a very innovative and exciting partnership that we have recently developed with Capital One, involving our Thurgood Marshall Academy for Learning and Social Change, our very first middle high school that we developed in Harlem.

In 2010, ADC and Capital One Bank enhances our student enrichment and financial literacy opportunities through the development of a student-run bank branch within the school. The Thurgood Marshall Academy branch is the third student-run bank branch that Capital One has opened in partnership with public high schools in New York and New Jersey.

The Capital One Bank student-run branch provides teens in low to moderate income communities with critical mentorship and learning opportunities, and offers students real world work experience, and a unique grounding in financial education. The work that we have been doing with Capital One is so critical to what is so unbelievably important in our community, making sure that the college-going rate in our community is substantially increased, as well persistence through college to successful graduation and career.

The mission of the Thurgood Marshall

Academy bank branch is to give students real world money management experience, life skills and put them on the fast track to college. Student bankers have assisted the TMA student body in opening over 200 accounts, as well as student bankers teach their peers money management skills using innovative techniques including interactive games.

Students who have participated in these programs have reported that they not only feel more prepared to manage their finances in the future, but that they also have helped their peers and family members learn important money management skills as well, that will serve them throughout their lives.

All of the former student bankers have enrolled in college, and are leading successful college careers. So this is a very innovative model. Capital One invested hundreds of thousands dollars in actually building out the branch within the school, as well as managing the program over the years. We are very excited that they continue to be innovative and think of new ways to make sure that the communities that they are invested in are successful for the long term. Thank you.

MS. BRAUNSTEIN: Thank you very much. Any questions for this panel.

(No response.)

MS. BRAUNSTEIN: Thank you very much for your testimony. Okay, welcome to our next testimonies. Hi Greg. Haven't seen you in a long time.

MR. SQUIRES: It's been a while.

MS. BRAUNSTEIN: So just so everybody knows the ground rules for the panel, each panelist has five minutes. Please speak into a microphone, and when you start your testimony, please first state your name and your affiliation, and keep an eye on the timekeepers.

MR. DICKERSON: Well, thank you very much. I'm Bob Dickerson. I am Executive Director of the Birmingham Business Resource Center, and again I thank you for the opportunity to speak to you today about Capital One's proposed acquisition of ING Direct, and how it will impact my community.

As I mentioned, I served as Executive Director and CEO of the Birmingham Business Resource Center, obviously located in Birmingham, Alabama. The resource center offers loans and training programs to help small businesses advance.

Our non-profit agency helps entrepreneurs expand and manage their companies, and our agency works with banks to enhance access to capital, which is sorely needed by small businesses, as they continue to struggle and create employment in today's challenging economy.

We also manage an SBA program, a Small Business Administration certified development company, which makes a specific SBA loan known as a 504 loan. That company also works very closely with banks, to make sure that credit, or the credit the fuels economic development, is present and available to businesses.

So on behalf of the Birmingham Business Resource Center and foundation capital, and the communities we serve, I strongly urge you to deny this acquisition. Simply put, the public benefits of this acquisition do not outweigh the risk associated with allowing Capital One to become the next too big to fail financial institution.

We've all used the term that small businesses are the backbone of our economy, that they're the driving force behind our nation's recovery, and I can tell you that as a member of the small business community, they are struggling, and it's because of banks like Capital One, that have refused to give the needed and appropriate access to capital and credit, that have kept these businesses endangered, kept these businesses small and kept these businesses struggling.

Although the financial crisis occurred more than three years ago, small businesses seem to still be under attack, and they're fighting to recover from the devastation that the crisis caused. According to the Small Business Administration, small businesses make up 97 percent of all employer firms, and employ just over half the private sector employees.

Small businesses have created 64 percent of the net new jobs over the past 15 years, and still here is some of the reality of what Capital One views its commitment or its commitment seems to be to America's smallest entrepreneurs.

Capital One has significantly reduced its lending to small businesses. Because of this decreased access to financing, our economy struggles to rebound, and to create the jobs that will hire new people, and keep the folks who are already employed employed.

Capital One's small business lending practices have decreased so significantly that they appear to be almost non-existent. A key example is this. In 2009, Capital One made $228 million in SBA guaranteed loans. In 2010, that number was $551,000 in SBA guaranteed loans, a stunning and dramatic decrease.

And to make matters worse, in addition to reducing their SBA loans, and those loans, by the way, are fair, they're affordable, they're safe. They're safe because the bank gets a guarantee.

They're fair and affordable because of the terms the borrower gets, and the fact that the interest rate is limited.

So instead of using those loans, Capital One is replacing it with credit cards. Capital One has replaced traditional low interest small business loans with high-priced small business credit cards. In the past year, Capital One has introduced two new business cards, the Small Business Rewards credit cards that was introduced in May 10, and the Capital One Business No Hassle Cash Premier credit card, launched just last month.

Now the small business community doesn't need gimmicks or reward points; it needs more loans with better terms, and it needs a banking community that responds with fair, affordable and safe financial products. In addition, the Alabama, the BBRC, with another one of our affiliates, Building Alabama Reinvestment, opposes the acquisition because of our experience in our state and our community.

For example, Capital One withdrew from the home lending market in Alabama. It made 1 prime home loans in 2007, but only two in 2009, a 99 percent decrease. In other words, Capital One is withdrawing from the traditional affordable home lending, in favor of high cost credit card lending. This change doesn't meet the credit needs of our community.

Another example, ING, which made 72 prime loans in 2009, made only one loan to an African-American, or 1.7 percent of its total during 2009. In contrast, all lenders in the group made about 11 percent of their loans to African-Americans.

Another example, Capital One's prime loans to low income borrowers declined 95 percent from 20 in 2007 to one in 2009, and Capital One made only 20 small business loans in the state of Alabama in 2009, and only one of those loans, five percent, was to the smallest borrowers, smallest business borrowers with revenues of less than $1 million.

So we believe that this acquisition will pose a significant systemic risk that's not outweighed by the public benefit that Capital One has put forward. So I urge you to consider the potential risk that the deal poses to both small businesses and taxpayers, and deny the acquisition.

At a minimum, the Federal Reserve should condition its approval on a genuine forward commitment by Capital One to benefit the public, by giving small businesses capital instead of a rate gouging credit card. So I thank you for the opportunity to appear before you today.

MS. BRAUNSTEIN: Thank you for your testimony. Next speaker.

MS. NIXON: Good afternoon. My name is Brittany Nixon, and I'm speaking on behalf of Ms. Lena Bell, president of Preeminent Protective Services. The statement I will read is Ms. Bell's testimony on behalf of her company.

Preeminent Protective Services is a full service security guard company in the Washington, D.C. metropolitan area. Since its start, Preeminent has serviced over 200 clients, ranging from commercial to government enterprises. On behalf of Preeminent and the communities we serve, I strongly urge you to deny this acquisition.

Simply put, the benefits of this acquisition do not outweigh the risk associated with allowing Cap One to become the next too big to fail bank. In May, President Obama said small businesses aren't just the backbone of this economy. They are the driving force behind our nation's recovery. I can tell you as a member of the small business community, small businesses are struggling, and it's because banks like Capital One have refused to give us access to the capital and credit we need to keep our businesses alive and the economy growing.

Although the financial crisis occurred more than three years ago, small businesses are still under attack, and fighting to recovery from the devastation that crisis caused. According to the

Small Business Administration, small businesses make up 97 percent of all employer firms, and employ just over half of all private sector employees.

We have also created 64 percent of net new jobs over the past 15 years. Still, here's the reality about how Capital One views its commitment to America's smallest entrepreneurs. Small businesses are once again the backbone of the American economy, but Capital One has significantly reduced its lending to small businesses.

Because of this decreased access to financing, we are struggling to create new jobs and keep the employees we already have. Capital One's small business lending practices have decreased so significantly they've become almost non-existent. Capital One shrunk its lending to small businesses with revenues of less than one million.

In 2006, North Fork issued 63 percent of its small business loans to the smallest businesses, with revenues just under one million. By 2009, the portion plummeted to just 16 percent. By cutting off access to an important lifeline for small businesses, Capital One is reaping the benefits. Capital One has replaced traditional low interest small business loans with high-priced small business credit cards.

In the past year, Capital One has introduced two new business credit cards, the Small

Business Rewards credit card in May 2010, and the Capital One Business No Hassle Cash Premier credit card, launched just last month. The small business community does not need gimmicks and reward points. It just needs more loans with better lending terms.

In addition, Preeminent Protective Services opposes this acquisition on the basis of our experience with Capital One in our community. Our relationship with Capital One began in 2001. At that time, we were given a few company credit cards with a $200 limit. We were never late on our payments, yet it took Capital One over three years to approve an increase in our credit limit.

Preeminent has been in business over ten years, generating millions of dollars. To date, Capital One has approved us for a total credit limit of only $6,500. At this point, I wouldn't even consider any additional lines of credit with Capital One, given their past business practices. I would be wasting my time.

Capital One truly need to consider who's actually generating jobs right now, small businesses. Without credit, we will not be able to continue to do so. This acquisition will pose a significant systemic risk that is not outweighed by any public benefit that Capital One has put forward.

I urge you to consider the potential risk that this deal poses to both small businesses and taxpayers, and deny this acquisition. At a minimum, the Federal Reserve should condition its approval on a genuine forward commitment by Capital One to benefit the public, by giving small business access to business capital. Thank you for the opportunity to appear before you today.

MS. BRAUNSTEIN: Thank you. Greg.

MR. SQUIRES: I'm Greg Squires, Professor of Sociology and Public Policy and Public Administration at George Washington University, and I'm also a Federal Reserve Board Consumer Advisory Council member emeritus, and I guess I'm continuing in that capacity. I thank you for the invitation, for the opportunity to be here today.

It's often said that the moral arc of the universe may bend towards justice, as Martin Luther King himself asserted many years ago. But one would not know this from the behavior of all too many financial service firms in the United States. Now appropriately, the U.S. Department of Justice, the federal Housing Finance Agency and several state and local enforcement offices have begun to increase their enforcement of fair lending laws.

It strikes me that an appropriate complement of these efforts would be to refuse to consider any merger application until any pending credible fair lending violations or fair lending complaints are resolved, and are resolved fairly to all parties concerned. Currently, there are at least two complaints that I am aware of that are pending against Capital One.

Now as I think everyone in this room knows, communities across the nation are struggling with the immense economic problems that have emerged from the subprime and predatory lending scandals of recent years, which have created the most troubled national economy we've seen since the Great Depression. It is now well-established that these financial practices, frequently referred to as reverse redlining, originated in minority communities.

While access to credit and related economic challenges are spread throughout the metropolitan areas, it is still the case that racial minorities and residents of minority communities face the greatest difficulty in accessing credit on fair and equitable terms, and they continue to pay a far disproportionate share of the ensuing costs.

Last week, the Census Bureau released new data showing that poverty rates rose in the United States, reaching their highest level since 93. Poverty rates among African-American and Hispanic families was about 27 percent, compared to ten percent of white families, reflecting a continuation, in fact a slight increase in the racial gaps in these poverty numbers over the last two or three decades.

More revealing, the Pew Research Center reported in July that white households now have approximately 20 times the wealth of black and Hispanic households. Between 2005 and 2009, white households did experience a 16 percent drop in their wealth, but this compared to a 53 percent decline for blacks, and 66 percent decline for Hispanics.

Now for most families, the primary source of wealth is their home. This is particularly true for racial and ethnic minorities, for whom about 60 percent of their wealth is tied up in their homes, compared to about 40 percent for whites. As the Pew report concluded, and this is a direct quote, "Plummeting house values were the principal cause of the recent erosion in household wealth among all groups."

Hispanics endured the greatest loss in home equity, experiencing a loss of 50 percent, as home equity dropped from approximately 100,000 to 49,000 for Hispanic families. For blacks, the drop was from 77,000 to 59,000; for whites from 115,000 to 95,000. Now these shifts in these patterns are not accidental or simply the result of free market forces. Non-white communities have long been targeted by financial service providers, primarily by denying qualified borrowers access to fair credit.

More recent years, the problem has been one of all too ready predatory credit in these markets, and even more recently, the last two or three years of course, credit is more difficult everywhere. But again, the recent HUMDA reports show that credit is far more difficult to obtain in minority communities.

Several studies have documented that the more segregated a community, the greater the share of subprime and predatory loans. My own research on this issue has clearly documented this pattern, and I've attached as part of the public record for this report the page proofs of a book chapter that will be published in the new few weeks.

This partner is not surprising. The more segregated a community, the easier it is to identify the targets for these products. Now obviously there's no single response to these complex challenges, but to repeat, I would argue that one critical step would be to not consider any application for any merger until after all credible fair lending complaints are resolved, and are resolved on a fair and equitable basis.

Now I am not suggesting that simply resolving these two fair lending complaints against

Capital One means that therefore the application should then be approved. It's also the case that Capital One clearly is not entirely responsible for the decline in wealth and the rise in poverty that I've talked about.

But the financial services industry and its major players certainly are a major contributor. Capital One is one of those players. It seems to me they should have a role to play in trying to remedy these problems.

So I would conclude by saying that a necessary though not sufficient condition for approval of this merger should be confidence in the institution that are involved, that they will not only comply with fair lending laws, but they will be eager and public supporters of fair lending. Thank you.

MS. BRAUNSTEIN: Thank you. Any questions for this panel? Yes. Go ahead, Alice.

MS. GARTON: Well, both Mr. Dickerson and Ms. Nixon on behalf of Ms. Bell testified that the acquisition should be denied, because the public benefits do not outweigh the risk -- oh sorry -- because the public benefits do not outweigh the risks of creating the next too big to fail institution. How do you measure "too big to fail"?

MR. DICKERSON: Well, I think that as a

result of this merger, Capital One would be the fifth largest financial institution in America. History shows that what has happened to the others that had financial problems three years ago, that the U.S. government, meaning the taxpayer, had to step up. So when we're thinking about allowing a merger of this magnitude, we have to think about the risk. I think that there is risk associated with this merger.

MS. GARTON: Thank you.

MS. NIXON: Ms. Bell will work to address your question in her written testimony.

MS. GARTON: Thank you.

MS. BRAUNSTEIN: Anybody else?

(No response.)

MS. BRAUNSTEIN: Thank you to the panel for your testimony. We'll start with, I guess, Bishop Hudson.

PANEL ELEVEN

MR. HUDSON: Good afternoon. Thank you for the opportunity to testify at this hearing. My name is Bishop Charles Matthew Hudson, Jr. I am the senior pastor of the Matthews Memorial Baptist Church and chief executive officer of Matthews Memorial Housing, Inc., as well as Creative Opportunity Ventures, Inc.

I am here to give my unqualified support for Capital One Bank. As you may know, Ward 8 here in the District of Columbia is one of the most economically challenging and depressed communities in the country, and has been for several decades. Currently, the unemployment is said to be above 35 percent, and the crime is comparably high. It is in this atmosphere that the Matthews Memorial Baptist Church has tried to engage in economic development of our community.

The Matthews Memorial Baptist Church has been in our community for over 90 years, providing service of various -- service to various persons in our community, as we do today. The church has been trying to develop affordable housing on its campus since 84. The main impediment was financing, because Matthews already owns land.

I arrived as the pastor of Matthews about six years ago, and immediately began to try to pursue the financing to build the affordable housing for seniors. I had a vision to add a community service building to service our community with our social services.

Also, my vision included expanding the objective to provide affordable housing, to include a focus of economic development in the community, by providing contracting opportunities, community businesses and employment opportunities to residents.

My partner and I spoke with several financial institutions, in an effort to secure financing. After more than 3-1/2 years of effort, Capital One came to our attention. We worked with their senior staff to get the financing to complete the residential building. Capital One agreed to be the investor for low income housing tax credits, and to provide the permanent loan necessary for the layered financing.

In total, Capital One invested and loaned approximately $17 million to the Matthews Memorial Baptist Church housing project. We have completed 50 percent of the construction on the residential, and have begun preparing for the lease process. The Matthews Memorial Terrace will provide affordable housing for 32 households headed by seniors and 67 families for underprivileged community residents.

Matthews Memorial's dream has been realized. We have spoken to numerous financial institutions about the community service building. The community service building is to be a place for the community to convene, to have community activities and to provide critical services to our community.

For example, I intend to put community service building -- put in the community service building a small clinic for the community, and to have immediate medical care for minor injuries. We also intend to expand our child development center, known as the Matthews Memorial Child Development Center, which is nationally accredited and has been providing service to the community for over 47 years.

Capital One has indicated a willingness to consider financing for the community service building as well. Without Capital One's willingness to take a chance on financing a project in our community during a depression, in our community, we would not have been able to provide contracting opportunities for local businesses, or give jobs to local unemployed residents.

Most importantly, we would not have been able to realize a vision to provide affordable housing to seniors in our local community. This project has been a milestone in the 90 years of service to our community, Matthews Memorial Baptist Church. Therefore, we are fully in support of Capital One Bank.

MS. BRAUNSTEIN: Thank you. Ms. Mayes.

MS. MAYES: Good afternoon. My name is Adrian Mayes. I am the owner of Accounting Solutions and Services in Baton Rouge, Louisiana. It's a minority-owned business. I've been in business for 15 years, and I offer accounting, tax and payroll services to the Baton Rouge and surrounding areas.

I was involved in a 14 course curriculum called Getting Down to Business. It was really a refresher course for my business. It allowed me the insight to evaluate my company, and offered much information that would assist me in improving my business.

I especially enjoyed the sessions that they offered. I've gotten several new business clients and I was able to increase my business and hire new personnel. I was able to buy software because of the program. We had a course -- one of the courses was on human resources. It gave me the valuable information when I went forth to hire new employees. The course was very informative and it touched on all areas of finance, human resources, funding and operating your business.

The Getting Down to Business class was packed with information that every business owner should have. I am in support of the merger of Capital One and ING Bank. Thank you.

MS. BRAUNSTEIN: Thank you very much. Any questions? Go ahead.

MS. THRO: I'd like to clarify. The courses that you took, were these provided by Capital One?

MS. MAYES: Yes, they were all provided by Capital One.

MS. THRO: Okay, great. Thanks.

MS. BRAUNSTEIN: Thank you very much. Thank you for your testimony. We're going to take a short break. We're way ahead in schedule. We want to be fair to those who were scheduled and haven't shown up yet. So we are going to take a bit of a break now. Let's take 20 minutes and see where we are. So let's reconvene at 3:10.

(Recess.)

MS. BRAUNSTEIN: All right. We're ready to get started and we're back on the record. Welcome to the next panel, and just for a few ground rules for the panel, each person will get five minutes. Please keep an eye on the timekeeper, who will -- you'll see that little box with the lights on it, and obviously the green light, when you're speaking.

The yellow light will go on when you have one minute left, and then the red light obviously when time is up. Also, when you begin your statement, could you please state your name and affiliation for the record, and please try to talk directly into a microphone, because we need to make sure and get this recorded.

So with that, we'll get started and Mr. Naylor, you're up first.

MR. NAYLOR: Thank you. My name is Bartlett Naylor. I'm the financial policy advocate for the Congress Watch Division of Public Citizen.

Public Citizen is now celebrating its 40th year of serving consumers and hoping to make the world a better and a safer place for Americans.

Formerly, I was the head of Investigation for U.S. Senate Banking Committee, the honor to serve under Chairman Proxmire, and during that time, worked on the renewal of the Community Reinvestment Act.

So I'm pleased that there are Community Reinvestment Act officers here to listen to this important transaction proposal. CRA, I think, is an important thing, and I'm happy to see that officers are here from that. I'm somewhat concerned that we are not being heard by systemic risk officials, and I'm sure that you will be relaying --

MS. BRAUNSTEIN: Actually, I'm sorry, and you can take this, don't credit him for this time. Just to let you know, actually we are, that on the Federal Reserve panel is Robin Prager, who's an economist, who is one of the people in charge of systemic risk.

MR. NAYLOR: Excellent, because I think from Public Citizen's point of view, a central issue here is too big to fail, which has been discussed repeatedly. Too big to fail, in a crisis the authorities have strong incentives to prevent the failure of large, highly interconnected financial firm because the risks that such a failure would pose to the financial system and the broader economy.

However, the belief of market participants that a particular firm is considered too big to fail, has many undesirable effects. For instance, it reduces market discipline and encourages excessive risk-taking by the firm.

I'm reading, of course, from a speech by Benjamin Bernanke, this one from March 10th, 2009. Your website lists 14 such speeches in the last two years, where he makes reference to and attempts to detail what too big to fail is.

Let's discuss just briefly what too big to fail is, and attempt to deconstruct it. Currently, you will see in the news federal officials struggling with what to do with Bank of America. Because of its Countrywide division, there is concern that settlements being sought by the state attorneys general will be such that the government will have to come in and bail that bank out, or taxpayers will have to somehow rescue it.

So as part of too big to fail, we seem to have, as some observers have made reference, "too big to jail," or less frivolously, too big to hold accountable. But then we have to look at the applicant's efforts to manage risk. From the outside, unprivileged to proprietary information, we have to look at declarations of commitment to risk management.

Let me read some declarations that may provide comfort. Risk management and control. Discipline, risk management and control are essential to our success. In 2010, we continued to make significant investments in our infrastructure processes, methodologies and people to ensure, to ensure that our risk frameworks are sufficiently robust to support our risk appetite and business aspirations.

I'm not actually reading from the commitments offered by Capital One. I'm reading from the commitments offered roughly six months ago by the Union Bank of Switzerland, UBS. As you know, the front page story of every financial newspaper is leading with the fact that a 31 year-old junior trader based in London has apparently been able, through the Risk Management Department, to lose $2.3 billion from this bank. This again from a bank that has "disciplined risk management and control, essential to its success."

So in other words, it appears that part of too big to fail, and as part of too big to jail, is also involves too big to manage. Finally, let me discuss some testimony from the Federal Crisis Inquiry Commission, in which a former Federal Reserve chairman was apparently unsure of the source of the biggest bailout in the financial crash, which was of AIG, in which he asserted that credit default swaps between AIG and its counterparties were like insurance, and he was corrected by Brooksley Born, that they are not, there are no capital requirements.

So in addition to too big to jail, too big to manage, apparently is the problem of too big to supervise. You look for metrics, and let me just conclude with a metric that I hope that you will pay some attention to. What the financial crash did in addition to 22 straight months of job losses, nine percent unemployment, five million foreclosures, are individual problems.

From Susan Byers Paxon, a Public Citizen member, "Because of Wall Street, our 401(k) was gutted. Because of Wall Street, my son graduated from a good school into a bankrupt economy. He's teaching tee ball and waiting tables for a living. Because of Wall Street, my husband has seen his concerts cut back and his law students as their parents lose their jobs.

"Because of Wall Street, I lost my job in December and still have not managed to find another six months later. Our health insurance is about to end and at 57, I am looking at a future that appears awfully bleak."

If you look for metrics, I ask you to look to the metric to Susan Byers Paxon and the others offer you. Thank you.

MS. BRAUNSTEIN: Thank you.

MS. ROSS: Good afternoon. My name is Cembrye Ross, and I'm a resident of the District of Columbia. I would like to start by saying that I'm very grateful to be here today to share my story.

When I learned that Capital One could assume responsibility for another $40 billion in mortgages with the purchase of ING Direct, I knew that I had to have my testimony heard by the Federal Reserve, so that you could hear from people like me firsthand what might be considered before you allow this deal to go forward.

Although the story that I intend to share is very personal in nature, I feel that my experience with Capital One is not atypical. For everyday people who do business with their company, I'm here today not only to speak for myself, but for all of them as well.

When I was in mid-30's as a professional in the District, I decided to pursue the American dream and to purchase a home, my home. Through my persistence, I was able to obtain a piece of the American dream by buying a home in Northeast Washington, D.C.

Home ownership became a dream that I not only realized, but one that I have lived for the past 15 years. Now my dream is in danger of being taken away. As the decision-makers for America's monetary policies, I know that the Federal Reserve is well aware of the fact that unemployment has crippled a large segment of people in this nation.

I feel that the downturn in the economy has affected everyone in some way, but I believe it has definitely affected some more than others. In the 15 years that I've spent in my home, I have never been late with a mortgage payment. However, due to a contraction in the job market, that all changed for me in July 2011, when after almost two years without stable employment, I became unable to make a mortgage payment. It was then that my dream started to fade away.

In the past year, I've applied for two government assistance programs for homeowners, who are experiencing various forms of hardship stemming from unemployment. I applied for both the government HAMP program and a D.C. homesavers program. The federal government authorized and created these programs to help Americans like me who have been impacted by the recession.

But instead of being able to take advantage of those programs, I am currently fighting to remain in my home. By mishandling both applications, I feel that Capital One has irreparably harmed me by putting me in a position of being unable to access those programs, and in danger of losing the very thing that I fought so hard to obtain 15 years ago. Not just a home, but my home.

In June 2010, Capital One provided me with the wrong information about its participation in the Making Home Affordable Program or HAMP. After I received accurate information about its participation in the HAMP program several months thereafter, Capital One denied my application, based on a miscalculation about the length of my unemployment benefits.

Earlier this year, I learned of the D.C. Homesavers program, and that 35 financial institutions participate in this program. Capital One, however, does not. It seems to me that Capital One is doing a major disservice to those who live in the District of Columbia, but not participating in these programs, which are set up to help distressed homeowners in my community.

From my perspective, it seems as though the bank would prefer to foreclose on some properties, rather than receive a guaranteed timely mortgage payment through government programs that I believe that I qualify for. It is my hope that before you subject more homeowners to the scenario that my story presents, you will hold Capital One responsible for handling HAMP and homesavers program applications in a way that ensures payments are received, while also making sure that those who are most adversely affected by our economy are able to remain in their homes.

I know that the Federal Reserve doesn't usually focus on specific mortgage programs or mortgage policies, or hear directly how a bank's handling of those programs impacts everyday Americans. But perhaps it's time that you should.

The law requires you to affirmatively decide that it is in the public's interest to allow the acquisition to go forward. I am here to tell you that the public does not benefit from handing Capital One an additional 40 billion in mortgages, if Capital One continues its current mortgage policies.

People like me, everyday Americans struggling to keep our homes and survive during this recession, need more than lip service about a commitment to the community. We need banks that are truly committed to providing customers with access to programs and services, that allow them to keep their homes.

Please remember that, and remember my story as you weigh the real benefits of exposing even more Americans to Capital One's mortgage policies.

No one needs to be kicked while they are down. Thank you for listening to my story.

MS. BRAUNSTEIN: Thank you.

MS. WILSON: Good afternoon. Irvin Henderson is the president and CEO of Irvin Henderson and Company. My name is Mitria Wilson, and I'll be reading his remarks on his behalf, because he missed his flight.

"My name is Irvin Henderson, and I'm the president of my own company, which provides community development consulting to financial institutions, states and local municipalities. I am also a Trustee of the National Trust for Historic Preservation, serving to keep America's treasures for future generations. Finally, I am also and have been for the last eight years a consultant to Bank of America, for their Neighborhood Excellence Initiative.

"As we say in the south, I think that I have a dog in this hunt. Now is not the time to do a cursory review of what is going on with this acquisition. It is time to take a real look at the fundamentals. In 2010, Advanta Bank was one of the largest bank failures in the United States. According to the FDIC, that failure was attributed to two causes.

"One, an over-reliance on a single product, credit cards, and two, significant credit card securitization activity. I'm telling you this story for a reason. It turns out that Advanta's business model is the exact same business model used by Capital One. Capital One just does it on a much larger scale.

"This morning, John Finneran, head of Corporate Reputation and Governance, General Counsel and Corporate Secretary of Capital One, told the Federal Reserve that Capital One does not engage in any of the activities that would increase risk to the U.S. financial system. As an example of those activities, he specifically cited mortgage-backed securities.

"I hope everyone in this room appreciates the irony of this example. Year after year, mortgage-backed securities have made up the largest share of asset-backed securities outstanding in the market, but can you guess what's always second? It turns out that the answer is credit cards, and nearly everyone agrees that the outstanding value of credit card securities is significant enough to have tremendous impact in the event of a key player's failure.

"Guess who happens to be a key player in the credit card securities market? You guess right, Capital One. Their penchant for securitizing their credit card portfolio at a higher rate than all of the remaining top six credit card issuers has led to Capital One being responsible for more than 20 percent of all outstanding credit card securities in the market. That's before the acquisition takes place.

"After? Well, if you approve this acquisition, and Capital One gets to use ING's deposits to buy HSBC's credit card portfolio, Capital One could potentially be responsible for more than 32 percent of all outstanding credit card securities. More than 32 percent. Think about it. That's one out of every three dollars.

"You don't have to be a financial analyst or a risk officer to come to the conclusion that that's a pretty big stake for one entity. When you add the fact that that entity in question is also relying on that same underlying credit card portfolio to account for 75 percent of its income, you should come to the conclusion that something is wrong.

"I understand that Capital One has said that this deal decreases systemic risk, by making them more diversified. This is an interesting comment, because it directly contradicts Capital One's statement to its investors regarding its long-term strategy for ING.

"In their investor presentation, they said that their long-term goal was to replace planned ING

Direct assets with additional card and auto assets. That doesn't sound like much diversification to me. Capital One is not a bank that cares about the community, and again, all you have to do, to see where its true interest lies, is to examine its emphasis on securitization.

"Credit card securitization, by its very nature, encourages issuers to rate jack. Ratejacking occurs when a credit card issuer suddenly raises the interest rates and/or fees on the account. Though the Card Act did put an end to ratejacking for consumer credit cards, business credit cards remain subject to the practice.

"Since the passage of the Card Act, Capital One has aggressively pursued a focus on increasing its business credit card portfolio, releasing its newest business credit card in just the last month. Market necessity also requires securitizers to target Americans who can afford it the least.

"The reality is this. Lower income consumers who carry a balance can be more profitable than other borrowers. Households with incomes below 25,000 are twice as likely to pay credit card rates of more than 20 percent, than those earning 50,000, and five times more likely to pay such rates than those earning 100,000.

"Lower income, single and minority borrowers were also more likely to pay late fees than others were. The perverse relationship between credit card securitizers targeting communities of color and low income individuals is best explained by, from Michael Brosnan, a Deputy Comptroller at the Office of the Comptroller of the Currency, 'when you have higher risk, you have to charge more, which is what investors in credit card securities demand.'

"Based on this information, I do not believe that the benefits of this acquisition could in any way outweigh the risks associated with allowing Capital One to grow." Thank you.

MS. BRAUNSTEIN: Thank you very much. I have a question for Ms. Ross. I was just wondering at this point have you received any assistance, in terms of getting a modification on your mortgage?

MS. ROSS: Not from Capital One.

MS. BRAUNSTEIN: But you were able to get some assistance elsewhere?

MS. ROSS: No, I have not.

MS. BRAUNSTEIN: You have not. I was just wondering have you spoken to housing counselors or anybody like that, third party housing counselors?

MS. ROSS: Yes, I have.

MS. BRAUNSTEIN: And okay. I'll see if I can get somebody to further talk to you.

MS. ROSS: I appreciate it.

MS. BRAUNSTEIN: Okay.

MS. ROSS: Thank you.

MS. BRAUNSTEIN: Thank you. Any other questions for the panel? Thank you. Joseph, can we get somebody to talk to her? Okay. Welcome to our next panel, and we just to state the ground rules for the testimonies, please speak directly into the microphone, because we need to record this for the public record, and when you begin your statement, state your name and your affiliation, and also kind of keep an eye on the timekeeper, who will signal you with a yellow light when there's one minute left, and then a red light when your time is up. With that, we'll begin, and Ms. Green.

MS. GREEN: Good afternoon. I am Tobiko Green, Chief Executive officer of Communities in Schools of the Nation’s capital. Thank you for allowing me to testify on behalf of Capital One. Founded in 1977 and serving more than 1.3 million students and families through 190 affiliates, Communities in Schools is the nation's largest dropout prevention organization.

It is evidence-based, and the only organization proven to both decrease dropout rates and increase graduation rates. Communities in Schools addresses America's chronic dropout problem by surrounding students with a community of support, empowering to stay in school and achieve in life.

Communities in Schools of the Nation's capitol was founded in 2004, and currently partners with six schools in Wards 1, 5 and 8. Communities in Schools brings existing social, health and academic support services to the school, and brokers partnerships to ensure that students' needs are met, and that they achieve academically.

There's no better example of a great partnership that supports student achievement than the relationship between Capital One and Communities in Schools. We refer to Capital One as a partner, not just a funder. Capital One has supported Communities in Schools of the Nation’s capital since its inception.

Capital One's financial contributions and in-kind support have enabled Communities in Schools to provide comprehensive services to meet the needs of the most vulnerable minority and low income students and families in the District of Columbia.

Capital One has provided general operating support, making it one of a small number of corporations that understand non-profit's critical need for operational support. If there are no lights, there are no programs. If there are no programs, no students' needs are being met.

Capital One funding has supported the placement of Communities in Schools site coordinators in schools in Ward 8, which is the most under-employed and distressed community in the District. Site coordinators ensure students' needs are met by providing school uniforms, providing one on one in group counseling sessions to assist students with anger management issues, bullying and other social-emotional needs, providing tutoring and homework assistance, and providing medical resources.

Without Communities in Schools, our partner schools would lack the staff needed to identify, secure and deploy critically-needed resources and services. Without Capital One's funding this school year, Communities in Schools would not have the resources needed to serve 1,000 pre-kindergarten through 8th grade students in Ward 8.

Capital One has make bank associates available to provide financial literacy programming to students and families. Capital One hosted our middle school students at the Capital One Junior Achievement Finance Park, where they participated in simulated career experiences to increase their understanding of effective money management.

Capital One has strengthened Communities in Schools' organizational capacity by funding staff development, training and capacity-building. Additionally, Capital One invested in the development of our senior management by inviting us to participate in the Capital One Community Leadership Program. Senior staff received the same leadership training that Capital One associates and executive receive.

Without Capital One's support, Communities in Schools would not have the financial wherewithal to provide comparable leadership development training, which can adversely impact the retention of talented senior staff. Capital One has supported the organization's growth and stability, as a Capital One senior executive has served on the board since our inception.

The presence of the banking executive ensures that Communities in Schools benefits from the unique insight, counsel and brokering of collaborative relationships through Capital One's philosophy of investing for good, which they define as integrating financial and human resources with the expertise and passion of local non-profits, residents and community stakeholders, to transform the trajectory of a neighborhood and its people.

An example of how Capital One's philosophy benefits the community comes from Ward 8, where there once stood a vacant crime and drug-infested housing development that our Ferebee-Hope students could see from their classroom windows. Capital One invested $25 million in the renovation of the development, and now the Overlook at Oxon Run is a beautiful 300 unit housing development that is rising like a phoenix from the ashes, bringing with it a renewed sense of pride for building occupants and neighbors alike.

Capital One's philosophy also led the company to support at least seven partner organizations that work in or for Ferebee-Hope School. The result? Our students and families are now living in safe, clean housing, and attending a school that has the partners and resources that are needed to ensure their success.

This affirms the Joint Center for Housing Studies of Harvard University, and the Neighborhood Reinvestment Corporation's core relation between education and community development. These are just a few examples of how Capital One impacts the District of Columbia through Communities in School. To truly understand Capital One's commitment to the community is to understand that the company provides a similar level of partnership and support to other communities and schools affiliates across the country.

The bottom line? Capital One is an excellent corporate citizen. Capital One's community footprint is vast and critical to the long-term success of the students and families communities and schools serve. Capital One's expansion through the acquisition of ING will position them to do more.

This means that Capital One will support more local non-profits, reach more schools, and contribute to the education and empowerment of more students and families. Communities in Schools data has proven that this increased engagement will lead to improved student outcomes, stronger schools, a better-equipped workforce and thriving communities.

Communities in Schools is honored to speak on behalf of our partner, Capital One, and the potential impact their expansion will have on communities nationwide. Thank you.

MS. BRAUNSTEIN: Thank you. Next speaker.

MS. LOGAN: Good afternoon. My name is Cheryl Logan, and I am the principal of Parkdale High School in nearby Riverdale, Maryland. Today, I am joined by our ten student bankers, Vladimir, Nina, Vaughn, Jennifer, Angelica, Charles, B.J., Amidou, Candice and Jade. Also joining me today are Mrs. Elranga (ph), Business and Finance teacher at Parkdale High School.

It is with pleasure that on behalf of our faculty and our student body, I express our support for Capital One Bank's partnership with Parkdale High

School, in a program that has established and facilitated a student-run bank branch.

About one year ago, the Prince George's County Public School system and Parkdale High School were approached by Capital One, in reference to instituting a banking facility at our school. Capital One had already had great success with this pilot program in many schools in the New York area.

We were delighted and remain delighted that Parkdale was chosen and now houses one of the student-run bank branches. Ten students, the ones you see here today, run our branch. These students run the gamut in terms of prior academic success, with all showing an aptitude to attend college with varying degrees of preparedness. This is a great opportunity for these ten students, as well as our entire student body, who are now having the opportunity to handle the responsibilities of working in a bank, and managing bank accounts.

The exposure to working alongside professionals already in the field, in conjunction with pre-college programs provided by Capital One, is awesome. It's changing the direction of their lives, and setting them on a course for very bright futures. In March, my staff and I visited the Capital One bank branches in New York, and all I can say is that we were giddy.

In July, during a training trip to New York, these student bankers visited the Federal Reserve Board, where an employee explained in real time the significance of the debt ceiling, the decision by Standard and Poor's to downgrade the country's credit rating. They have learned a lot.

Parkdale's commitment to this program, to work alongside Capital One, runs deep. Financial education lessons are part of our curriculum, and are being mandated into our advisory lessons. Capital One student-run bank will bring our students into the mainstream, and enhance their preparedness for college and careers. Responsible banking by our students will reach out to our community, and help to build successful futures for the next generation.

In closing, I would like to say that in my 26 years as an educator, I have enjoyed many partnerships with businesses. This is by far the best and most comprehensive, taking into account the day-to-day operations of a large urban high school and all that that means, and working collaboratively with the school to enhance the educational environment for all of its students, and address the needs of a dynamic and evolving community.

At this time, I'd like to introduce our two student speakers who have asked me to introduce them today. Vladimir Martinez is a senior at

Parkdale High School. He was born in the United States, but is a first generation immigrant. His parents were born in Mexico. He has one brother. Vladimir's mother works at a dry cleaners, and his father is a landscaper. His humble beginnings make him the thoughtful, contemplative young man that I have come to know and love.

Vladimir is intuitive about people. He knows who's for real, and realizes that this opportunity for him is something very special. Nina, two seats over, Smith, is also a senior at Parkdale High School. She was born here in the United States as well as her parents. Nina's mom is a secretary and her father is a manager for a major toy retailer.

Nina's poise is impressive. She takes two advanced placement classes, Advanced Placement Literature and Advanced Placement Calculus. She is the daughter you dream of, beautiful, smart, kind. Esteemed panel, I present to you Parkdale's finest, two college and career-bound students, whose testimony today is not only compelling, but it is real, and it represents how businesses can support real children in public education in an exemplary way. Thank you.

MR. MARTINEZ: Good afternoon. My name is Vladimir Martinez. I'm attending Parkdale High School, and I'm a student banker. I don't come from a broken home; I come from a broken mind set. They say you need to start off by believing in yourself, but the truth is, you need to have somebody believe in you before you can start building self-confidence.

Before this program, I was that kid who sat in the back of the classroom, and this is also going to be the first time my peers hear this, so they'll be just as surprised as you are. When all my colleagues entered high school, they all entered with the mentality of achieving the best grades they possibly can to get accepted to the best college they possibly can.

The difference is when I entered high school, I entered with the mentality of just passing my math courses and to be accepted into the IBEW program, International Brotherhood of Electronic Workers, to be an electrician. I'm not saying there's anything wrong with being an electrician; I'm just saying that where I come from, being an electrician is like being the president.

I came to the point where this dream wasn't even going to be fulfilled. Unfortunately, I became involved in multiple activities I shouldn't have been involved in, especially the age that I was in. I'm sad to say that I was throwing my life away. Ms. Rosanna, Ms. Lokia (ph), Ms. Elranga, Mr. Worless (ph), Mr. Jordan all saw some hidden potential in me that no other eyes have seen.

With that being said, I'm not letting them down. Throughout the course of this program, I feel as if I found myself for me. This has drastically changed perspectives in life. It made me change the way I view school. Now I realize that education plays a huge role in our lives.

Before this program, I wasn't heavily considering college. But with the people who have guided me, this has changed. I still remain uncertain on what career I wish to pursue, but one thing is for sure: school is a must in my life. I've always wanted to change, but I never found a good reason why.

This opportunity that I have in hand today has given me more than enough reasons to want to change. I now dress differently, I now speak differently, I now circle myself with a different crowd, and most importantly, I now make different decisions. We've received much recognition for what we student bankers have done and are yet to do.

We've been interviewed by the Gazette newspaper as well as the Washington Post. I'm more than glad to be part of this great program. I know this opportunity is golden, and it doesn't happen to everyone. Therefore, I'm really grateful. Thank you.

MS. BRAUNSTEIN: Thank you very much.

MS. SMITH: Hello. My name is Nina Smith. I'm a 16 year-old senior at Parkdale High School. This Capital One internship has been a blessing. I've seen how over the course of a few months we are all progressing to businessmen and businesswoman. We learn vital skills, such as professionalism. We learn how to communicate better. We learn patience, and more especially, we learn how to save and budget our money.

What we learn from saving our money we could teach our peers, which is the purpose of the student-run branch at Parkdale. It gives us an opportunity to reach out to our student body, and to bring them in to take the initiative to open up savings accounts. At the same time, we're reaching them why it's important to manage your money, all to prepare them for adulthood.

Overall, this experience has been a great one. We experience things that typical 16 and 17 year-olds don't get to do. Over the summer, we worked at a Capital One branches, where we got to interact with customers. We fulfilled transactions and we got to have like this great responsibility that people our age don't get to experience.

We also got to witness the lights and the cameras of all the media attention. We had numerous newspaper interview, TV recordings and so forth, and it's like all these things are just memories that I'll be able to cherish and look upon into the future. So I'm very appreciative of this opportunity, and thank you.

MS. BRAUNSTEIN: Thank you. Any questions for this panel? No. Thank you all very much for your testimony. Okay. Welcome to the panel, and in case you haven't been here when I've said this like 20 times today, just five minutes for each speaker. Please keep your eye on the timer. Talk directly into the microphone, and when you start out, please state your name and your affiliation. Thank you.

MS. REYNA: Good afternoon. Thank you for giving me the opportunity to speak before you today, in support of Capital One, an organization that has had enormous and fundamental impact on my life as an entrepreneur, and as a small woman-owned minority business.

My name is Lisa Reyna, and I am the president and founder of the International Consulate, a company committed to helping international ex-pats, as well as international students, succeed in the United States, through our educational and training services.

I have dedicated the last 15 years of my life to developing public diplomacy initiatives that have helped to build international exchange, as well as mutual understanding through academia, the Department of State, the United Nations, as well as large international corporations.

It was not until I had the opportunity to be part of a program administered through Capital One called Getting Down to Business in 2010, that I was able to get the technical, as well as the practical experience needed to build a strong and sustainable company, where we currently work with individuals throughout the world, in addition to corporations and foreign governments seeking assistance for their international ex-pats and students transitioning to the United States.

I can wholeheartedly state that the Getting Down to Business program was pivotal in helping me, as well as my classmates, understand the complexities as well as the intricacies that exist with starting a business or growing a small business.

I was able to gain valuable knowledge from experts in business infrastructure, sales and marketing, human resource, leadership and management, financial services in all the facets of entrepreneurship, as well as being assigned mentors who are senior business executives, that would work through our individual business plan and ideas.

In addition, we were providing networking opportunities at all of the major business functions, as well as valuable tools needed to help us with our growth and to promote job creation. I started my company as a one-person d/b/a and working from my home with a strong vision.

With the support and guidance from Capital One and my mentors, Ms. Laurie Vignog (ph) and Ms. Margaret Howard, now I am an incorporated LLC with an office in the financial district of Houston, with a full-time program assistant, and hired a total five instructors that provide language training to our clients, as well as two admission consultants to prepare students to get admitted into diverse university programs.

The intensive training and support provided through the Getting Down to Business Program I can say is truly the catalyst to the success of our company. I would like to close by sharing the final example of how supportive Capital One has been with my company.

When I first started my business, I went to a bank, where I opened my first bank account at the age of 15. I was so confident that this was where I would open my business bank account. However, this was not the case at all. My request to open an account and request a line of credit for my business was presented from so many obstacles from the inception that I decided that maybe this bank really was not interested in working with a small business like mine.

Ironically, through the Getting Down to Business Program, I was provided a checking account, as well as a savings account, in addition to a matching grant for small businesses, to help us learn to save and invest for the sustainability of our business. I have stated on more than one occasion that Capital One's community development mission is keen on understanding how important it is to support and foster a strong and invested clientele.

Their focus on working at the grass roots level is a form of planting seeds for a prosperous future for all those involved. The seeds are in the form of knowledge, support, mentorship and much more for small businesses, as well as the impact that it has had on the economic growth.

It is with the grassroots level initiatives that they build a community, where the feeling of support and investment is reciprocated by the community. With that being said, I am honored to be here before you today to articulate my support for Capital One, and to have a platform where I can be -- where I, as a principal leader and social entrepreneur, affirm the quality of support and dedication that Capital One has for its company, its community and for the betterment of small business. Thank you.

MS. BRAUNSTEIN: Thank you. Next speaker.

MS. WAGNER: Good afternoon. My name is Susan Wagner, and I am the Executive Vice President for Prince George's Financial Services Corporation, also known as FSC First. On behalf of FSC First, I am testifying today in support of Capital One's intent to acquire ING Direct.

FSC First is a non-profit corporation. It's 32 years old and we're designated as a community development financial institution by the U.S. Department of the Treasury and as a certified development corporation by the U.S. Small Business Administration. FSC First's vision is to be recognized as the premier lender of non-traditional financing for small and minority business in Prince George's County.

Our mission is to provide access to creative, flexible and innovative financial solution for those businesses. FSC First's geographic boundary is 487 miles, and wraps around the eastern boundary of Washington, D.C. As part of a major metropolitan area, the county offers urban suburban and rural settings to our growing population and vibrant business community.

The Prince George's County commitment to business growth and investment is reflected in the continued expansion of the County's retail economic base and tax incentives, and other support for large-scale development projects. According to the Maryland Department of Business and Economic Development, over 15,400 businesses operate in Prince George's County, and we employ over 8,000 workers.

FSC First operates a revolving loan fund, which is capitalized by 11 participating banks. This loan fund allows us to be able to achieve its mission of providing financing solutions to small and minority-owned businesses. Recently, one bank partner withdrew their generous commitment to our loan fund, which left a void in our ability to lend funds to small businesses.

Following the acquisition of this organization, Capital One recognized that commitment had been withdrawn, and within just a few, a very few number of months, they had restored their commitment to its original amount. Earlier this year, Capital One further demonstrated their commitment and partnership to us, and in the community by awarding us with a $7,500 cyber grant award, which was used to fund the expansion of our website.

This upgrade and enhancement has allowed us to achieve another strategic goal, of providing streamlined access to financing solutions. As a valued community partner, Capital One has raised the bar on the expectations we have of our other bank partners. They recognized the role, the important role that small business owners play in stimulating our local economy, and the importance of collaborating with strategic partners to deliver on this goal.

Recently, Capital One co-hosted and sponsored a networking event at our facility, and it was -- it allowed us to promote the plethora of products and services provided to small businesses by both organizations. This event was one of the most well-attended that had ever been achieved in our organization. Their commitment to delivering this event was tireless, and they will be the model we use going forward with our other bank partners.

FSC First's success is due largely because of the relationship we have built with our partners over the years, and the collaboration which has grown as a result of these relationships. We recognize that we will only continue to grow as an organization because of the partnership and the collaboration that we have built with Capital One, and the impact that they have made to our community and our small businesses.

In closing, we would like to further say that we are in support of the acquisition to ING Direct, and I'm available for further comment should you have any other questions. Thank you.

MS. BRAUNSTEIN: Thank you very much.

MS. WHEELER: Good afternoon. My name is Kathy Wheeler, and I'm with the Community Business Partnership located in Springfield, Virginia. Community Business Partnership is a non-profit organization committed to economic development. It's been in existence since 1995. Our mission is to foster economic revitalization through small business start-up expansion, new capital investments and job creation through focused counseling, technical assistance, training and access to capital.

Our programs are targeted primarily to low to moderate income individuals, women, minorities, veterans and the disabled. We have served over -- trained or counseled over 20,000 small businesses since our inception. 281 businesses have received loans less than $12,000 each, and we have assisted in creating over 3,000 jobs. The loans that we have assisted or made directly ourselves are targeted to individuals that do not have access to traditional means of capital.

We provide small business training to Fairfax County's over 2,500 home-based day care providers, over 90 percent of whom do not have

English as a first language and do not speak English. Through this targeted assistance to them, the average income increase has been over 25 percent.

Naturally, we feel that what we do is vitally important to our clients, and to our community as a whole. We would not be able to do this without working the support of our partners, such as Capital One. I first met Capital One in 2009, shortly after their acquisition of Chevy Chase. They were very interested in our activities and outcomes, and immediately asked how they could get more involved.

I was introduced to a number of their associates here in Northern Virginia, and we immediately began working together on a number of important initiatives for the Community Business Partnership.

Just a few of those are our annual Women's Entrepreneur's Expo, with other 350 attendees, approximately 40 percent of who are low or moderate income individuals; our Veterans in Business Conference, which targets veterans and service-disabled veterans who want to do business with the federal government.

They actively supported and provided judges for our annual business plan competition. They provided facilities and co-hosted an event so that we could train over 200 women on how to take advantage of the federal government's new 8(m) procurement process. They hosted and invited a number of our clients to a special screening of Muhammad Yunus' documentary on microlending.

They've been an active participant in the Virginia microenterprise network, which is the state organization representing organizations such as ours, that provide support to the organizations and provide much-needed technical assistance to the practitioners. They provide staff volunteers for counseling, training and planning, and other activities of the organization, and we're currently working with them to develop a formal mentoring program, where Capital One lenders will work directly with our small business incubator clients for strategic growth.

Capital One's commitment to economic development and small business growth far exceeds what I've seen from similar institutions, particularly on the local level. They do so much more than just give us a few dollars to support a program. They are in our community, finding out what our clients need, and what my Organization needs to help spur economic growth, job creation and capital investment.

They put their resources to work to help make our programs better and more effective. Even while Capital One was in the midst of reorganization after the Chevy Chase acquisition and had no one in this area dedicated to the Community Reinvestment Act, they made a point to expand their activities in our area.

It's obvious that Capital One leadership is committed to providing resources for economic development programs in Northern Virginia, emphasizing under-served markets, low to moderate income, women, minorities and veterans. The Community Business Partnership fully supports Capital One's acquisition of ING, as we firmly believe that as Capital One expands its markets, they will also expand their CRA investments. Thank you.

MS. BRAUNSTEIN: Thank you very much. Next speaker.

MS. GOLDBERG-GOLDMAN: I'm Barbara Goldberg-Goldman. I'm co-chair of the Affordable Housing Conference of Montgomery County, Maryland, and I want to thank you for giving me the opportunity to testify before you today. I know it's been a long day, so forgive me if any of my testimony is repetitive from what you have heard earlier in the day. Think of it as added emphasis.

We are now in our 21st year, and we bring together housing and community development leaders, elected officials, business professionals, activists and others, to work toward affordable housing solutions. We form coalitions to address various related issues, including workforce housing, mixed use and mixed income developments, inclusionary zoning, preserving rental housing, first-time home ownership, lending and fair housing, public-private partnerships, and housing for people who are challenged with mental and physical special needs.

Each year, more than 600 participants are in attendance for our full day Affordable Housing Conference Annual Summit, our industry workshops, roundtables, meetings and forums. As part of our mission, we focus on making housing more affordable for residents with lower to moderate incomes. Because African-Americans and Latinos disproportionately fall into the lower income category in Montgomery County, Maryland, they are most affected by the area's affordable housing policies and programs.

Capital One has been a very active member of our board and partner in our community development initiatives. In fact especially in this challenging economic environment, it is essential that we have allies and good neighbors, who will go the extra mile in working with communities, to ensure that decent, safe and affordable housing is available to all of our residents.

It's especially noteworthy that in the affordable housing arena, Capital One brought additional capacity to our housing market, after it acquired the long-standing Chevy Chase Bank back in 2009. One of the positive outcomes of this acquisition is that Capital One also provides much-needed affordable housing financing for construction, preservation, equity and even pre-development to developers throughout the region, and we believe that what distinguished Capital One from the other banks it acquired was its dedicated finance team that focused on the types of community development loans and investments that we so desperately need.

Thus far, we have been disappointed. When we observed Capital One's expertise and its impact on the affordable housing rental transactions that resulted in increased construction and preservation of affordable housing units, we invited Capital One to be a sitting member of our board.

Capital One actively helps us organize, identify and participate in programs consistent with our affordable housing vision for our region, with regard to workshops, panels, summits and meetings. Also, Capital One provides top-level sponsorship to our nationally recognized architectural awards program, that highlights the finest designs and best practices for replication, for affordable housing communities and developments.

When we witness some of the efforts Capital One is making our own backyard, we were duly impressed. For example, in Takoma Park, we have the Maple Avenue Planning and Civic Streetscape Project. Capital One provided a $3.2 million permanent construction loan, $5.2 million equity investment, and $1.1 million permanent mortgage to help finance the redevelopment of Maple Towers, which was an abandoned and vacant apartment complex, with 36 affordable units, and that means that 36 families of low or moderate, lower to moderate income families will be able to call homes.

Also close to our hearts, Capital One has made significant progress in financing more than 1,600 affordable housing units in 2009 alone throughout our metropolitan area. It's significant not only from a housing perspective, but also a jobs perspective. The National Association of Homebuilders estimates that nearly 2,000 local jobs will be created in one year, and more than 450 local jobs on an ongoing basis.

We are certainly hopeful that Capital One will stay involved in our community and continue to be our partner. So as Capital One grows, so too will the resources available to our community increase.

Significant and high level community development lending and investment are keys to improving the quality of life for all of our residents.

Capital One plays a vital role in accomplishing this goal, and we certainly look forward to working with them.

MS. BRAUNSTEIN: Thank you very much. Any questions? No. Thank you for your testimony. Good afternoon, okay, and whenever you want to start, you know state your name first and timekeeper.

MS. HARDY: Okay.

MS. BRAUNSTEIN: Okay, thank you.

MS. HARDY: Thank you for this opportunity. I'm Channelle Hardy, and I am the Senior Vice President for Policy and Executive Director of the National Urban League's Policy Institute in Washington, D.C. I'm representing the National Urban League, which is a 100 year-old civil rights organization, an economic empowerment organization, with 98 affiliates within 36 states, serving some 2.6 million Americans in 2011 alone.

The National Urban League is dedicated to economic empowerment, in order to elevate the standard of living in significant under-served urban communities. We're concerned about the proposed acquisition of ING Direct by Capital One, and its potential impact on all American taxpayers, particularly communities of color, low and moderate income consumers and others who have been affected by our nation's most recent financial crisis.

History has shown that larger banking institutions have sometimes had a troubled relationship with borrowers in the communities our organization represents. Long before the onset of the foreclosure crisis, that is today extracting wealth from our low to moderate income communities at an alarming rate, borrowers of color experience profiling difficulty in accessing credit at fair prices.

Even those borrowers with higher than average credit scores often paid unwarranted premiums that could not be attributed to their individual credit histories or ability to repay a loan. Larger banking institutions often carry deposit averages and profit requirements for bank branch locations, that lead them to leave large regions of inner city neighborhoods with a lack of coverage by traditional structures.

The result has been a sizeable number of working Americans of color, with stable incomes and acceptable financial histories, sometimes living without a traditional checking or savings account, and forced into harsher, more costly domains of check cashing agents and payday lenders.

In many cases, the full influence and best intentions of the United States government were not able to be brought to bear during the foreclosure crisis, and in order to persuade the largest of banking institutions to demonstrate leniency and patience when troubled borrowers took the first step and called their lending institutions, seeking solutions and addressing a mortgage in arrears.

As economic first responders, the National Urban League affiliates see first-hand the damaging effect of the lack of traditional banking services in our communities, where families are nonetheless very much part of a world rooted in the necessity to transact payments and borrow capital at a cost that allows for economic growth.

In some instances, smaller community-based lenders such as CDFIs, have filled the needs of businesses and families in under-served communities. Minority-owned banks have also played a key role in offsetting systemic consequences of large communities living without the benefit of traditional banking services.

It is clear to us that the best solution for the expansion of first class banking services in low to moderate income communities is increasing competition by institutions of varying sizes and demographic focus, as well as ongoing engagement with the existing array of super-sized banks around the need for a universal degree of coverage in all of our nation's cities.

This proposed acquisition creates one of the largest banking institutions in the country, with a presence and credit card lending, traditional banking and investment management, while thinning the ranks of online banking options. The notion that this megabank presence will necessarily use its new multi-faceted services to build an operational base within traditionally overlooked areas, is as yet unproven.

Traditional safeguards, such as the Community Reinvestment Act testing and assistance of organizations such as our own, has yielded the landscape we have today, which is the budding effort by alternative lending institutions to offer banking services to communities of color on fair terms.

What has captured the attention of larger institutions is the fact that these alternative sources have tapped into a profit stream that has historically been neglected. The National Urban League believes that this is exactly the brand of competition for services that promises the best hope for the future of banking equality in communities of color.

We think that the analysis regarding the proposed acquisition must take the survival of a variety of financial institutions, regardless of size, into consideration, and we believe that while larger institutions have the potential to serve urban communities well, this acquisition should be weighed carefully, in terms of the potential impact that it would have on the nascent environment that is providing some level of access for urban communities. Thank you.

MS. BRAUNSTEIN: Thank you very much for your testimony. Any questions? No. Thank you very much. Okay. We're going to take another break until 4:30, and then we will reconvene and hopefully wrap up the day. I think we have one more panel that's coming in, but they're not all here yet. So we're going to take a 15 minute break.

(Recess.)

MS. BRAUNSTEIN: We're going to go back on the record, and start the public meeting again. Welcome to our panel, which I think may be our last panel of the day. Last but not least, and we are -- so just to state the ground rules, in case you weren't here when I've done it before, we have a timekeeper. You have five minutes for your statement. Watch for the lights.

The yellow light will come on when you have one minute left, and then obviously the red light when your time is up. Please speak directly into a microphone, so we can get this in the transcript. When you begin your statement, please state your name and your affiliation. So with that, thank you. Please start.

PANEL FIFTEEN

MS. FARLOW: Good evening. I am Frances Boyd-Farlow, owner and operator of Boyd's Bakery, LLC in Baton Rouge, Louisiana, located in the Eden Park community. Boyd's Bakery, LLC is a family-owned business, and has been a part of the community for over 42 years.

I heard about the Getting Down to Business class from the Southern University Small Business Development Center, and decided to enroll in the class. The class has given me a better understanding of management and marketing skills to help me to become a successful business owner.

Capital One Bank has afforded me the opportunity to take advantage of free seven month business course entitled "Getting Down to Business." This program was highly intensive, and quite challenging. We had a plethora of speakers, facilitators to discuss all areas pertaining to start-up and growing your small business.

The speakers gave me important tips on how to grow a successful business, best practices for accounting, marketing and advertising, and preparing a business plan and understanding the financial statements. Through this course, I was able to learn what to do to obtain a high credit score, and to maintain a good credit report.

The Getting Down to Business course was a great learning opportunity for me, because now I have graduated from the class and maintain a high credit score. I had taken the opportunity to apply for a small business loan in July, to renovate the front of the building. The loan has been approved.

In addition, one of the main points for me and my business was the insurance segment of the course. It enlightened me on the importance of having the proper coverage for my business and property insurance. I have consulted with an agent in regards to reevaluating the business insurance to secure adequate coverage for the business, so that my business can be protected from frivolous lawsuits.

This opportunity and support Capital One presented to us was a great asset to each business owner, and we were deeply engaged in every topic that was presented. Capital One has truly impacted each small business owner with a wealth of information to operate and maintain a successful small business. Thank you.

MS. BRAUNSTEIN: Thank you. Next.

MS. COLEY: Good afternoon. My name is Marita Coley. I'm Executive Director of Capital Area Asset Builders. I am here to support the work of Capital One Bank in relation to the planned acquisition of ING Direct USA. Based on Capital One's support for CAB, for our mission and our goals, and for the work of other community-based organizations in our region, I believe that the acquisition would have a positive impact on the low to moderate income community in the Washington, D.C. region.

CAB is a non-profit leader in financial education and asset building, that has served the District of Columbia Metro Area since 1997. Our mission is to assist people in achieving financial independence. Our programs help low to moderate income individuals and families in the Washington, D.C. Metro region, to improve their money management skills and build assets by investing in homes, higher education, jobs training and entrepreneurship.

The majority of our clients are low income people of color. Over 85 percent of them are African-American or of African descent, and the remaining clients are primarily of Hispanic, Asian or Caucasian decent. We achieve our mission through four primary programs. Our matched savings program, we serve as a leader in the region's IDA, which is

Individual Development Accounts matched savings account collaborative, and we provide comprehensive financial education, training and savings and asset-building incentives to low income clients in the region.

Financial education and credit coaching. CAB conducts weekly Money Management 101 classes at our offices on Tuesday evenings and Saturday mornings, and at various community partner sites in the area. We are the campaign manager for the Washington, D.C. earned income tax credit campaign. We mobilize and train hundreds of volunteer financial educators, tax preparers and savings promoters, credit counselors and certified financial planners, to show D.C. area individuals and families how to use their income tax refunds to achieve financial independence.

The 2010-2011 campaign provided free tax prep services to more than 5,700 low income taxpayers at 11 sites in the D.C. Metro area. Our last program is a policy initiative. We convene policymakers and direct services providers around issues that impact low and moderate income communities.

Capital One has been extremely important in helping us to execute our mission, particularly in the areas of the EITC tax campaign, as well as financial education and credit coaching. For the past two years, Capital One has supported the EITC campaign through philanthropic contributions, and by partnering with us to provide a volunteer income tax assistance, also known as VITA site at Capital One's Southeast Community Credit Center, located in Ward 8, which is a low income area in Washington, D.C.

Fundraising for the campaign has been extremely challenging in the current economy, and we appreciate the fact that Capital One is the only bank that is a direct funder of the campaign, and that also donates a site for volunteer tax prep. Over the last two years at the Capital One site, approximately 640 low income residents of Washington, D.C. received tax preparation services, resulting in more than $750,000 in tax refunds.

In the past, CAB and Cap One have collaborated on credit coaching at the site. After the tax season ends and we have been -- we've collaborated on a financial fitness event. This year, Cap One is funding our fall launch of our Money Management 101 financial education series at the Capital One site in Ward 8, with the goal of providing 12 hours of financial education, budgeting, saving and one on one transformational credit coaching at a convenient venue for lower income residents of D.C.

From our perspective, Cap One's

acquisition of Chevy Chase Bank in 2009 has clearly benefitted local consumers and our local communities. We had only limited involvement with Chevy Chase and we have had very much deep involvement with the Capital One community development representatives.

Last but not least, given the digital access that many of our low income clients have through Smart phones and computers, we would hope that Capital One's banking presence in the region will be able to grow and be strengthened by the Internet banking services that are at the core of ING's business model. This collaboration would give our unbanked clients a greater interest in and opportunity to use traditional banking services, instead of alternative, highly expensive financial service options such as check cashers and payday loan providers. Thank you.

MS. BRAUNSTEIN: Thank you.

MR. SNYDER: Good afternoon. I am Robert Snyder, incubator manager of Bethesda Green, a non-profit community sustainability and small business development organization located in Bethesda, Maryland. Bethesda Green is pleased to have this opportunity to testify before the Federal Reserve regarding Capital One Bank's strong support for our organization.

Bethesda Green was founded in 2008 as a

coalition of citizens and businesses, to educate and empower our community to create a more sustainable and healthy environment. We have a board of directors comprised of business, government and citizen leaders, and much of our work is accomplished by energetic volunteers, who help plan and implement our programs in areas of recycling, energy efficiency, transportation, urban planning, green-building practices and healthy foods.

In 2009, Bethesda Green began a small business incubator to complement its sustainability mission. By growing green jobs and expanded access to green products and services, our incubator is expanding our environmental stewardship to include the next generation of economic development. Our incubator now serves 14 companies, including two non-profits and a cooperative.

Our companies are involved in diverse environmental industry sectors, including energy efficiency, watershed protection, healthy food products and consumer education. Bethesda Green and its incubator have grown significantly over the three years of its existence, from one full-time staff member at its onset to today, where we have two full-

These staff members have enabled us to expand our education programs, outreach to the community, manage our large number of volunteers, and provide professional management for our incubator. Bethesda Green's education outreach and incubator programs take a lot of resources to manage, even with frugal budgeting, numerous volunteers and a large part-time staff, largely part-time staff. Space and staff costs are considerable.

Bethesda Green has successfully raised funds from a variety of sources, primarily from businesses, individual donors and special events like our annual awards gala, one of which is coming up October 5th, and I hope you will all attend. Such efforts to be successful require strong leaders and support. This is where Capital One Bank's role has been indispensable.

Bethesda Green's original relationship with Chevy Chase Bank, which was with Chevy Chase Bank, which agreed to provide us with office space. When it completed its purchase of Chevy Chase, Capital One did not just maintain this relationship; it greatly expanded it. Capital One has provided much of the foundation on which Bethesda Green's programs exist.

It has provided, as a nominal fee, the pace in which Bethesda Green and our incubator reside. These 4,000 square feet, located on the entire second floor of a Capital One branch office in downtown Bethesda, would be valued at $120,000 annually if leased on the open real estate market. Capital One has also provided $10,000 in cash leadership support in each of the last two years, first as general support and this year directed towards our incubator.

Capital One's contributions have gone beyond real estate and cash support. A Capital One senior vice president for Corporate Finance and Banking serves as treasurer of Bethesda Green's board of directors, and also sits on the admissions review committee of the incubator. In addition, senior managers from Capital One's corporate offices of environment and community development banking, have met with Bethesda Green leaders to explore ways of expanding its support.

A Capital One banker has also participated in a workshop to assist our incubator companies to prepare for bank financing. Capital One's leadership and financial support have set a standard for attracting other business sponsors, to get involved and support Bethesda Green. That growing level of support has enabled Bethesda Green to expand its staff education outreach, sustainable living programs and support for our incubator companies.

We are very pleased to have Capital One's support, and look forward to growing our relationship in the future. Thank you for allowing us to testify today.

MS. BRAUNSTEIN: Thank you very much.

MS. SPENCER: Good evening. My name is Vanessa Spencer, and I'm a proud owner and manager of Vanessa's Hair Salon and Treatment Center, LLC, located in Baton Rouge, Louisiana. As the owner and the manager of a successful and thriving business for more than 30 years, my company serves the local community as well as throughout the state of Louisiana, and has acquired hundreds of loyal clients.

Thankfully, one of those clients introduced me to the Getting Down to Business program, sponsored by Capital One Bank. Immediately, I knew this was the opportunity that would both benefit me and my business. I was eager to attend the program. I knew that there was a way to accomplish more in my financial area of my business, and that Capital One could assist me in achieving my goals.

Becoming a part of this program has renewed my enthusiasm and enlightened me in many ways. I have acquired additional skills and knowledge in a beneficial subjects such as business management, marketing and succession planning. One of the most important skills I acquired through the program knowledge was to reposition my business for growth and strengthening my capital gain.

The series of informational sessions exposed relevant mistakes business owners sometimes commit, and discussed techniques and they can utilize them to prevent making these mistakes. Building a business plan in this program have given me a great deal of critical information, which has proven to be beneficial to both my personal and professional development.

I have begun the implementation process of my business plan, which includes expanding my services, hiring additional personnel, acquiring additional clientele and generating more revenue. We now offer hair restoration and hair loss control services, and as well new products.

One of the lessons learned that was really on target for me was how to set up a retirement. I was excited when I learned the succession planning and some of the ways Capital One's products and services that could benefit not only me, my family, personnel and clientele. I have become aware of the importance of having a personal relationship with the banker, and the advantages of the services that they offer.

Many of the sessions included financial planning, balancing spreadsheets, business and staff management, QuickBooks and time management. By seizing the opportunity to utilize the information I learned in the marketing strategy session, I now am a member of the social media scene. I have my own website, Face page, Twitter page and several other social networking sites as well. These tools have helped me to improve my company's visibility in the market, and increased my clientele.

I am extremely appreciative of having the opportunity to participate in Capital One's Getting Down to Business program, and strongly encourage others to take advantage of this dynamic program. The program was inspiring, informative and educational. I have already witnessed the positive results in the program for my clients, as well as myself. I am indebted to Capital One Bank for the dedication and assistance to the community throughout the Getting Down to Business Program.

I highly recommend that Capital One continue their efforts in the Getting Down to Business program, to enhance their relationship within the communities in which they serve. My gratitude to Capital One can be summed up by the words of President John F. Kennedy, which states "As we express our gratitude, we must never forget the highest appreciation and not to utter words, but to live by them." I am living by the principles learned in the Getting Down to Business program. Thank you.

MS. BRAUNSTEIN: Thank you. Are there any questions for this panel? No. Thank you all very much for your testimony, and before we adjourn, I just wanted to do a few thank you's myself. First of all, I would like to thank all our witnesses who were here today. I know that most of them are gone for the day, but for the record, I want to thank everybody who came out to testify. This was very helpful for us.

I'd like to thank my colleagues on the panel, and then I also need to thank -- there are a ton of people here who made this happen in a very short time period. These kinds of events really do take a village, and we had a very short window to make this happen and line up all these people and make sure everything flowed.

In particular, I'd like to thank my colleagues at the Federal Reserve Bank of Richmond, led by Kim Zeuli, who really did an outstanding job in putting this together for us. Then also we had numerous people at the Board working on this, led by Joseph Firschein and Beverly Smith, who's not here today. But Charles, who did a great job of filling in, and with that, I will adjourn this hearing, and we'll see some of you in Chicago next week. Until then, this hearing is adjourned, or this meeting is adjourned, I should say.

(Whereupon, at 4:47 p.m., the meeting was adjourned.)