



Telesca Center for Justice
One West Main Street, Suite 200 ♦ Rochester, NY 14614
Phone 585.454.4060 ♦ Fax 585.454.2518
www.empirejustice.org

October 7, 2016

Ivan J. Hurwitz
Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001
Comments.applications@ny.frb.org

RE: Application filed by People’s United Financial, Inc., Bridgeport, Connecticut to acquire 100 percent of the voting shares of, and thereby merge with, Suffolk Bancorp, and thereby indirectly acquire voting shares of The Suffolk County National Bank, both in Riverhead, New York

Dear Vice President Hurwitz,

We are writing on behalf of Empire Justice Center in support of the letter written by the National Community Reinvestment Coalition (NCRC) dated September 15, 2016, and as a response to the letter written by People’s United Bank (People’s United) dated September 28, 2016. We request that this comment be considered timely since it is in response to the People’s United letter that came after the close of the current comment period.

Empire Justice Center is a non-profit legal services organization with offices in Albany, Rochester, the Hudson Valley and on Long Island. Our mission is to protect and strengthen the legal rights of people in New York State who are poor, disabled or disenfranchised through: systems change advocacy, training and support to other advocates and organizations, and high quality direct civil legal representation. Our Consumer Finance and Housing unit has a long history of working with consumers and advocates on community reinvestment and economic justice issues and with homeowners in default and foreclosure. Empire Justice is a member of the National Community Reinvestment Coalition (NCRC) and convenes the Greater Rochester Community Reinvestment Coalition (GRCRC).

Our Long Island office is located at Touro Law School in Central Islip. The work we do here includes providing coordination, training and technical assistance related to foreclosure prevention to partners in the New York State Attorney General’s Homeowner Protection Program (HOPP); working with local courts to ensure meaningful access to justice for homeowners facing foreclosure; and advocating at the national, state and local level for the rights of homeowners and consumers. Empire Justice Center is a member of the Long Island Chapter of Homesmart NY.

The Greater Rochester Community Reinvestment Coalition (GRCRC) was launched in 1993 to generate and continue discussions about lending patterns in Rochester. Convened by Empire Justice Center, GRCRC currently has an active membership of 15 locally based not-for-profits

and individuals. GRCRC and Empire Justice Center, and its predecessor organization Public Interest Law Office of Rochester, have released fifteen analyses of home mortgage, small business and subprime lending over the past 22 years, using these analyses to identify strengths and weaknesses in lending patterns and to generate ongoing discussion with the top financial depositories in the Rochester NY MSA. The coalition has met with numerous banks and state and federal regulators during CRA exams and mergers, and submitted dozens of data-driven comments to the appropriate state and federal regulators who have oversight of the banks.

We urge the Federal Reserve Bank of New York and the Office of the Comptroller of the Currency (OCC) to only approve this merger after People’s United creates a robust community benefits plan in conjunction with community advocates in the bank’s footprint that addresses the forward-looking goals and priorities of their expanding institution.

Also, we request that the comment period for People’s United’s application to acquire Suffolk Bancorp be extended for sixty days in order to provide sufficient time to work with People’s United to create a community benefits plan, as well as time to adequately analyze the recently released 2015 HMDA mortgage lending data.

The additional 60 days will provide more time to meet with People’s United to discuss a community benefits plan, as part of a process led by NCRC. Our organization opposes this merger until a community benefits plan is created that demonstrates how this merger will create a significant impact for communities throughout the footprint of People’s United and Suffolk County National Bank.

The Need for a Community Benefits Plan

The letter written by NCRC lays out the importance and benefits of a forward looking community benefits plan. People’s United’s response to NCRC’s letter provides details on things the bank has previously done to comply with the Community Reinvestment Act (CRA). This letter provides little detail on the goals and priorities of an expanding People’s United, except that People’s United will “remain committed to increasing our mortgage origination volume to all segments of our communities”.¹ A community benefits plan is the best way to measure the success of the steps that People’s United would take to increase their home purchase lending, and other critical banking services, to underserved borrowers and neighborhoods. There are many benefits for People’s United in coming up with a plan, including some related to the way customers perceive the bank. NCRC recently negotiated a community benefits plan with KeyBank related to their merger with First Niagara. A recent industry survey found that KeyBank’s reputation increased by nine points, the largest of any bank, and credited KeyBank’s corporate responsibility initiatives, such as the plan, as a determining factor in this increase.²

Performance Issues

NCRC’s letter detailed specific concerns with People’s United’s lending performance, specifically People’s United’s lending in New York City and small business lending in Hartford and New Haven counties in Connecticut.

Home Purchase Lending in New York City and Long Island

¹ People’s United Response Letter Titled “RE: Response to Comments Opposed to the Application of People’s United Financial, Inc. to acquire Suffolk Bancorp and thereby indirectly acquire The Suffolk County National Bank of Riverhead.” Dated September 28 2015. Page 2.

² “Big Banks Improve, Regionals Stuck in Neutral: 2016 Reputation Survey.” American Banker. June 27, 2016. Available online at <http://www.americanbanker.com/news/national-regional/big-banks-improve-regionals-stuck-in-neutral-2016-reputation-survey-1081684-1.html>.

People’s United responded to NCRC’s concerns by citing their recent entry into New York City and Long Island and represented that steps People’s United took “have resulted in significant improvements in CRA performance”.³ We have not seen significant improvement in People’s United’s home purchase lending to underserved borrowers and census tracts in New York City, Suffolk and Nassau counties from 2014 to 2015. Specifically, we found the following:

New York City

Minimal to no improvement in originations to underserved borrowers and census tracts in New York City from 2014 to 2015. Originations actually went down in census tracts that are majority people of color from 6 originations in 2014 to 4 in 2015.⁴

Suffolk County NY

Minimal to no improvement in applications and originations to underserved borrowers and neighborhoods from 2014 to 2015. People’s United did not originate a single home purchase loan in a census tract that is majority people of color in 2014 or 2015.

Nassau County NY

Minimal to no improvement from 2014 to 2015 in applications and originations to underserved borrowers and census tracts from 2014 to 2015. Originations to people of color actually went down from 7 in 2014 to 5 in 2015.

People’s United has had a presence in the New York City and Long Island markets since November 2010 and we believe that this merger process is an opportune time for People’s United to publicly detail how it will measure success in serving this market, along with the other markets in People’s United’s footprint. Our organization believes that the best way to accomplish this is to work with community groups to come up with a forward looking community benefits plan. This will inform the public about how People’s United is measuring their success with serving all members and neighborhoods in the community, and will highlight the benefit of the steps that People’s United has already taken.

Empire Justice is very concerned about People’s United’s continued lack of mortgage lending, which is a reflection of the overall dearth of lending in many Long Island communities. Our 2015 report, “The Lingering Storm: Mortgage Lending Disparities on Long Island,”⁵ showed that all or parts of several Long Island communities—Hempstead, Roosevelt, Elmont, Uniondale and Freeport in Nassau County, and Central Islip, Brentwood and Wyandanch in Suffolk County—had little access to conventional home purchase lending in 2013.

2015 HMDA Data

A further extension of the comment period is also necessary due to the recent release of the 2015 Home Mortgage Disclosure Act (HMDA) data. Additional time is warranted for the public to evaluate People’s United’s lending throughout their footprint in determining whether they should comment on People’s United’s application to expand.

³ People’s United Response Letter Titled “RE: Response to Comments Opposed to the Application of People’s United Financial, Inc. to acquire Suffolk Bancorp and thereby indirectly acquire The Suffolk County National Bank of Riverhead.” Dated September 28 2015. Page 4.

⁴ See Appendix.

⁵ This report can be found at: <http://www.empirejustice.org/publications/reports/new/the-lingering-storm.html>

We also request that People's United provide its year-to-date 2016 HMDA data in order to provide further detail regarding the pace of improving their CRA performance in New York and Long Island, as well as their performance in other markets.

Small Business Lending in Hartford and New Haven Counties

We believe that small business lending goals should be a core component of a CRA plan related to this merger. NCRC's letter raised issues with People's United's lending to businesses with under \$1 million in revenue in Hartford and New Haven counties in Connecticut. People's United's response focused on the number of businesses that fall under this category, which was noted by NCRC in order to provide context, but did not mention how People's United substantially trailed behind the percentage of loans made to these businesses in these markets. Along with NCRC, we look forward to working with the bank to decrease this gap in their performance.

Conclusion

Due to the reasons stated above, we request that the comment period be extended and that the approval of this merger be conditioned on a community benefits plan created with local groups in a process led by NCRC. We also request to meet with People's United to discuss the creation of this plan, and opportunities for increasing their services to underserved borrowers and census tracts. Until People's United comes up with a significant community benefits plan, we oppose this merger.

Sincerely,



Ruhi Maker



Barbara Van Kerkhove

CC:

Ms. Marva V. Cummings
Director for District Licensing
Office of the Comptroller of the Currency
Northeastern District Licensing Division
340 Madison Avenue, 5th Floor
New York, New York 10173
marva.cummings@occ.treas.gov

Kevin Hill, NCRC, khill@ncrc.org

Appendix

People's United's 2014 Home Purchase Applications and Originations in New York City

Loan Numbers: Target Lender												
New York City 2014												
People's United Bank												
Applicant Characteristic		Population	Applications		Originations		Approval Rate	Denial Rate	Disparity Ratio Loans/Population Size	Disparity Index Denial Rates	Volume of Loans (\$)	Percent of Total Loan Volume
			Number	%	Number	%						
Race/Ethnicity	White	2,734,318	27	64.3%	15	71.4%	55.6%	7.4%	216.0%	1.00	10,373,000	75.5%
	Black	1,877,183	1	2.4%	0	0.0%	0.0%	0.0%	0.0%	0.00	-	0.0%
	Hispanic/Latino	2,371,116	2	4.8%	0	0.0%	0.0%	50.0%	0.0%	6.75	-	0.0%
	Asian	1,069,960	6	14.3%	4	19.0%	66.7%	0.0%	147.2%	0.00	2,682,000	19.5%
	Minority	5,534,681	11	26.2%	4	19.0%	63.1%	27.3%	28.5%	3.68	2,682,000	19.5%
Income	LMI Applicant		1	2.4%	0	0.0%	0.0%	0.0%		0.00	-	0.0%
	MUI Applicant		41	97.6%	21	100.0%	51.2%	12.2%		1.00	13,735,000	100.0%
Tract	Applicant in LMI Tract	4,911,530	8	19.0%	4	19.0%	50.0%	12.5%	32.1%	1.06	2,618,000	19.1%
	Applicant in MUI Tract	3,357,469	34	81.0%	17	81.0%	50.0%	11.8%	199.4%	1.00	10,185,000	74.2%
	Applicant in Minority Tract	5,451,294	15	35.7%	6	28.6%	40.0%	26.7%	43.3%	2.27	3,550,000	25.8%
Total		8,268,999	42		21		50.0%	11.9%	100.0%	100.0%	13,735,000	100.0%

People's United's 2015 Home Purchase Applications and Originations in New York City

Loan Numbers: Target Lender												
New York City 2015												
People's United Bank												
Applicant Characteristic		Population	Applications		Originations		Approval Rate	Denial Rate	Disparity Ratio Loans/Population Size	Disparity Index Denial Rates	Volume of Loans (\$)	Percent of Total Loan Volume
			Number	%	Number	%						
Race/Ethnicity	White	2,734,318	25	46.3%	12	57.1%	48.0%	28.0%	172.8%	1.00	12,713,000	68.2%
	Black	1,877,183	4	7.4%	1	4.8%	25.0%	25.0%	21.0%	0.89	327,000	1.8%
	Hispanic/Latino	2,371,116	2	3.7%	0	0.0%	0.0%	100.0%	0.0%	3.57	-	0.0%
	Asian	1,069,960	16	29.6%	5	23.8%	31.3%	50.0%	184.0%	1.79	3,573,000	19.2%
	Minority	5,534,681	24	44.4%	6	28.6%	64.6%	45.8%	42.7%	1.64	3,900,000	20.9%
Income	LMI Applicant		10	18.5%	1	4.8%	10.0%	60.0%		2.20	280,000	1.5%
	MUI Applicant		44	81.5%	20	95.2%	45.5%	27.3%		1.00	18,351,000	98.5%
Tract	Applicant in LMI Tract	4,911,530	9	16.7%	4	19.0%	44.4%	22.2%	32.1%	0.63	3,119,000	16.7%
	Applicant in MUI Tract	3,357,469	45	83.3%	17	81.0%	37.8%	35.6%	199.4%	1.00	15,451,000	82.9%
	Applicant in Minority Tract	5,451,294	14	25.9%	4	19.0%	28.6%	21.4%	28.9%	0.60	3,180,000	17.1%
Total		8,268,999	54		21		38.9%	33.3%	100.0%	100.0%	18,631,000	100.0%

People's United's 2014 Home Purchase Applications and Originations in Suffolk County NY

Loan Numbers: Target Lender												
Suffolk County 2014												
People's United Bank												
Applicant Characteristic		Population	Applications		Originations		Approval Rate	Denial Rate	Disparity Ratio Loans/Population Size	Disparity Index Denial Rates	Volume of Loans (\$)	Percent of Total Loan Volume
			Number	%	Number	%						
Race/Ethnicity	White	1,062,269	31	67.4%	19	86.4%	61.3%	19.4%	121.6%	1.00	8,815,000	84.0%
	Black	105,603	3	6.5%	0	0.0%	0.0%	66.7%	0.0%	3.44	-	0.0%
	Hispanic/Latino	253,262	6	13.0%	1	4.5%	16.7%	50.0%	26.8%	0.86	335,000	3.2%
	Asian	52,507	4	8.7%	1	4.5%	25.0%	50.0%	129.5%	2.58	700,000	6.7%
	Minority	433,534	14	30.4%	2	9.1%	67.5%	42.9%	31.4%	2.21	1,035,000	9.9%
Income	LMI Applicant		14	30.4%	8	36.4%	57.1%	42.9%		2.29	2,073,000	19.8%
	MUI Applicant		32	69.6%	14	63.6%	43.8%	18.8%		1.00	8,417,000	80.2%
Tract	Applicant in LMI Tract	127,646	9	19.6%	2	9.1%	22.2%	22.2%	106.5%	0.82	1,114,000	10.6%
	Applicant in MUI Tract	1,368,157	37	80.4%	20	90.9%	54.1%	27.0%	99.4%	1.00	10,490,000	100.0%
	Applicant in Minority Tract	247,553	2	4.3%	0	0.0%	0.0%	50.0%	0.0%	1.85	-	0.0%
Total		1,495,803	46		22		47.8%	26.1%	100.0%	100.0%	10,490,000	100.0%

People's United's 2015 Home Purchase Applications and Originations in Suffolk County NY

Loan Numbers: Target Lender												
Suffolk County 2015												
People's United Bank												
Applicant Characteristic		Population	Applications		Originations		Approval Rate	Denial Rate	Disparity Ratio Loans/Population Size	Disparity Index Denial Rates	Volume of Loans (\$)	Percent of Total Loan Volume
			Number	%	Number	%						
Race/Ethnicity	White	1,062,269	48	71.6%	30	75.0%	62.5%	6.3%	105.6%	1.00	11,599,000	76.0%
	Black	105,603	1	1.5%	1	2.5%	100.0%	0.0%	35.4%	0.00	227,000	1.5%
	Hispanic/Latino	253,262	6	9.0%	5	12.5%	83.3%	16.7%	73.8%	2.67	1,577,000	10.3%
	Asian	52,507	6	9.0%	1	2.5%	16.7%	33.3%	71.2%	5.33	475,000	3.1%
	Minority	433,534	14	20.9%	8	20.0%	67.5%	21.4%	69.0%	3.43	2,927,000	19.2%
Income	LMI Applicant		26	38.8%	13	32.5%	50.0%	23.1%		4.73	2,711,000	17.8%
	MUI Applicant		41	61.2%	27	67.5%	65.9%	4.9%		1.00	12,550,000	82.2%
Tract	Applicant in LMI Tract	127,646	15	22.4%	8	20.0%	53.3%	26.7%	234.4%	3.47	3,588,000	23.5%
	Applicant in MUI Tract	1,368,157	52	77.6%	32	80.0%	61.5%	7.7%	87.5%	1.00	15,261,000	100.0%
	Applicant in Minority Tract	247,553	2	3.0%	0	0.0%	0.0%	100.0%	0.0%	13.00	-	0.0%
Total		1,495,803	67		40		59.7%	11.9%	100.0%	100.0%	15,261,000	100.0%

People's United's 2014 Home Purchase Applications and Originations in Nassau County NY

Loan Numbers: Target Lender												
Nassau County 2014												
People's United Bank												
Applicant Characteristic		Population	Applications		Originations		Approval Rate	Denial Rate	Disparity Ratio Loans/Population Size	Disparity Index Denial Rates	Volume of Loans (\$)	Percent of Total Loan Volume
			Number	%	Number	%						
Race/Ethnicity	White	867,878	25	67.6%	17	65.4%	68.0%	12.0%	101.2%	1.00	10,728,000	70.0%
	Black	143,551	1	2.7%	1	3.8%	100.0%	0.0%	36.0%	0.00	460,000	3.0%
	Hispanic/Latino	201,257	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.00	-	0.0%
	Asian	106,516	9	24.3%	6	23.1%	66.7%	22.2%	291.1%	1.85	2,320,000	15.1%
Income	Minority	475,887	10	27.0%	7	26.9%	66.9%	20.0%	76.0%	1.67	2,780,000	18.1%
	LMI Applicant		4	10.8%	2	7.7%	50.0%	50.0%		5.50	618,000	4.0%
	MUI Applicant		33	89.2%	24	92.3%	72.7%	9.1%		1.00	14,704,000	96.0%
Tract	Applicant in LMI Tract	85,341	1	2.7%	1	3.8%	100.0%	0.0%	60.6%	0.00	242,000	1.6%
	Applicant in MUI Tract	1,258,424	36	97.3%	25	96.2%	69.4%	13.9%	102.7%	1.00	15,322,000	100.0%
	Applicant in Minority Tract	329,687	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.00	-	0.0%
Total		1,343,765	37		26		70.3%	13.5%	100.0%	100.0%	15,322,000	100.0%

People's United's 2015 Home Purchase Applications and Originations in Nassau County NY

Loan Numbers: Target Lender												
Nassau County 2015												
People's United Bank												
Applicant Characteristic		Population	Applications		Originations		Approval Rate	Denial Rate	Disparity Ratio Loans/Population Size	Disparity Index Denial Rates	Volume of Loans (\$)	Percent of Total Loan Volume
			Number	%	Number	%						
Race/Ethnicity	White	867,878	14	56.0%	11	68.8%	78.6%	0.0%	106.4%	0.00	6,161,000	75.3%
	Black	143,551	3	12.0%	2	12.5%	66.7%	33.3%	117.0%	0.00	728,000	8.9%
	Hispanic/Latino	201,257	1	4.0%	0	0.0%	0.0%	0.0%	0.0%	0.00	-	0.0%
	Asian	106,516	6	24.0%	2	12.5%	33.3%	0.0%	157.7%	0.00	985,000	12.0%
Income	Minority	475,887	11	44.0%	5	31.3%	69.0%	9.1%	88.2%	0.00	2,019,000	24.7%
	LMI Applicant		4	16.0%	3	18.8%	75.0%	25.0%		0.00	691,000	8.4%
	MUI Applicant		21	84.0%	13	81.3%	61.9%	0.0%		0.00	7,489,000	91.6%
Tract	Applicant in LMI Tract	85,341	2	8.0%	1	6.3%	50.0%	50.0%	98.4%	0.00	235,000	2.9%
	Applicant in MUI Tract	1,258,424	23	92.0%	15	93.8%	65.2%	0.0%	100.1%	0.00	8,180,000	100.0%
	Applicant in Minority Tract	329,687	1	4.0%	0	0.0%	0.0%	100.0%	0.0%	0.00	-	0.0%
Total		1,343,765	25		16		64.0%	4.0%	100.0%	100.0%	8,180,000	100.0%

Notes on Home Purchase Lending Analysis

- Lending information refers to all owner occupied, 1-4 family dwelling, home purchase loans secured by a first lien originated by People's United in the specified geography and time period
- New York City is defined as Bronx, Kings, New York, Queens and Richmond Counties
- "Hispanic/Latino" refers to families/borrowers that identify as Hispanic or Latino
- "Minority" includes Black or African Americans, Asians, and Hispanics as well as Native Americans, other racial groups and bi-racial families/borrowers. The only population not included in this label would be "Non-Hispanic White."
- "Minority Tract" refers to 50% or greater minority population
- "LMI Applicant" refers to low- and moderate-income, and low is < 50% MSA/MD median income, and moderate is 50-79.99% MSA/MD median income.
- "LMI Tract" refers to low- and moderate-income census tract, and low is < 50% MSA/MD median income, and moderate is 50-79.99% MSA/MD median income.