

**Committee on Financial Services**  
**Federal Reserve Building, Boston, MA**  
**“Banks, Mergers, and the Affected Communities”**  
**December 14, 2004**

**Opening Statement of Congressman Stephen F. Lynch (MA-09)**

Good morning. Thank you Chairman Bachus. I also want to thank Chairman Oxley, who couldn't be here today, and my colleague and friend Ranking Member Barney Frank for all of the good that they have done to bring this hearing to fruition today in Boston.

I am honored to welcome our witnesses here, a few of whom I am proud to call my constituents. Whether it has been in our local communities, in the board room or in my old haunt the Massachusetts State House, many of these individuals are personally and professionally committed to ensuring that our banks remain true civic players in the wake of large mergers. For example, on our first panel we have Florence Hagins from the Massachusetts Affordable Housing Alliance. Florence has dedicated years of her life to providing housing counseling to over 5,000 homebuyers and homeowners in her years at MAHA. As part of this process, she highlighted to her students the benefits of the Soft Second mortgage program. I am sure that many of her success stories of first time homebuyers were possible because of public private partnership between community organizations and local banks.

Oliver Wendell Holmes once said “the greatest thing in this world is not so much where we are, but in which direction we are moving.” We are in an age of increasing globalization and large-scale consolidation in the financial services industry. As legislators, we have an obligation to consider how our laws can be strengthened in this changing environment so that we can better anticipate the full impact of a bank merger on a local community. For example, does the Community Reinvestment Act need to be shored up to better protect worthwhile programs in our cities and towns during a merger process? Is there enough transparency in the charitable giving practices of banks? These are just a few of the many relevant policy questions that are legitimate areas for the Committee to explore.

In addition to being a lawmaker, I am a citizen of Massachusetts. From this perspective, I would like to highlight and focus upon the real impact to our community that has followed from the Bank of America/ Fleet and Sovereign/Seacoast mergers. Inevitably, much of our focus at today's hearing will be upon what is left to be done. It is critical that we remember the accomplishments and contributions we have already seen. Both Bank of America and Sovereign have accomplished a great deal in the last year in the wake of these large scale mergers in our community. I applaud the leadership of Ken Lewis, Chad Gifford and Joseph Campanelli in guiding these institutions forward.

These leaders, and countless others, have worked hard to listen to the needs of our communities and strived to address them. In early December, Sovereign Bank announced a “Community Investment Agreement” of \$3.6 billion of funding committed

through 2008 and the establishment of a Community Advisory Committee. Over at Bank of America, they agreed to a number of commitments to the community, particularly in the realm of affordable housing. For example, Bank of America has maintained support for the Soft Second mortgage program, which is very popular in my district in Dorchester. Additionally, they joined the Federal Home Loan Bank of Boston and committed to providing \$100 million in community lending and investment in the Fleet footprint over the next ten years. Just last Friday Bank of America announced the addition of 300 executive jobs to the area as part of the transfer of the Wealth and Management Division to Boston.

Despite all of these accomplishments, there are still some details to be worked through. Bank of America has committed \$1.5 Billion of charitable giving nationally through its foundation over a ten year period, however questions remain about how this money will be distributed. As we will hear today, local community groups are still working through the details of small business lending, community development funding, and the levels of charitable commitment in the Massachusetts area. It is my hope that this forum will create an opportunity for all parties to see where they have common ground and identify possible areas of progress moving forward.

Thank you to each one of you for participation in this hearing. I look forward to your testimony.

I yield back.