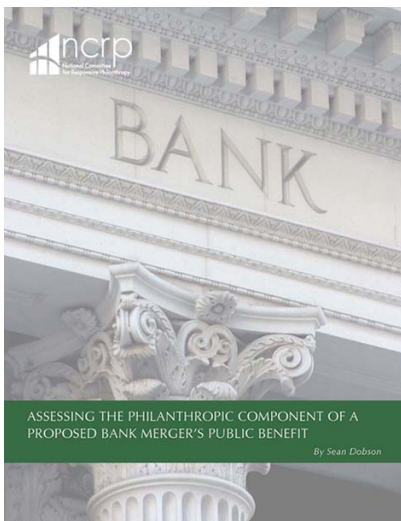


**For immediate release**

## **Watchdog Group Offers Regulators Objective Criteria to Evaluate Philanthropic Claims by Merging Banks**

**White paper calls for high standards in determining public benefit under Dodd-Frank Act**



Washington, D.C. (2/16/2012) – The National Committee for Responsive Philanthropy (NCRP) today urged federal bank regulators to set in place concrete standards to evaluate claims banks make about their philanthropy when seeking approval of proposed mergers. In a white paper submitted to officials this morning, the philanthropy watchdog group offered the first ever tools needed to assess these claims.

"As the country has painfully learned in recent years, bigger banks are not necessarily better banks for consumers and investors," said Aaron Dorfman, executive director of NCRP. "While we applaud legitimate philanthropy by banks and their foundations and hope to see more of it, a bank should not be allowed to make exaggerated claims about its past philanthropy and hazy promises about future largesse to obtain approval of a proposed merger."

For a bank to obtain approval of a proposed merger from federal regulators, it must demonstrate that the transaction will create "public benefit" that outweighs "systemic risk."

Usually, applicants attempt to do so by promising, among other public benefits, that the newly merged bank would be better able than the pre-merged banks to serve customers, create jobs, meet Community Reinvestment Act (CRA) goals and engage in philanthropy.

According to Dorfman, the white paper appears at an especially opportune moment. "Federal Reserve Governor Daniel K. Tarullo recently observed that the Dodd-Frank Act requires bank regulators to rethink the balance of 'public benefit' versus 'systemic risk' before ruling on future mergers," said Dorfman. "As part of that overall reassessment, this paper defines objective benchmarks to evaluate whether the philanthropic component of any future merger passes a serious 'public benefit' test."

The white paper, based on best practices in institutional giving, defines detailed standards of excellence on the transparency, quantity and effectiveness of a bank's philanthropy. Prior to these recommendations, there were no objective criteria for regulators to assess the philanthropic claims of consolidating banks.

Earlier in the week, the Federal Reserve approved the merger of Capital One and ING Direct. Although the ruling makes reference to Capital One's past charitable giving as part of its positive Community Reinvestment Act ratings, it notably does not reference the non-binding promises Capital One made about its future philanthropy during the application process.

In testimony offered in October 2011, NCRP cast doubt over Capital One's claims that it would increase its giving should the merger be approved, citing the bank's lackluster philanthropic record. NCRP believes this new white paper may be helpful to regulators should merging banks attempt to use philanthropy to meet the public benefit requirement under the Dodd-Frank Act.

NCRP delivered the white paper today to the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation – the federal agencies with jurisdiction on bank mergers. It also sent a copy to Richard Cordray, director of the newly created Consumer Financial Protection Bureau.

Read the full recommendation online at [http://www.ncrp.org/files/publications/Assessing\\_Philanthropy\\_in\\_Bank\\_Mergers.pdf](http://www.ncrp.org/files/publications/Assessing_Philanthropy_in_Bank_Mergers.pdf)

*The National Committee for Responsive Philanthropy in Washington, D.C. is a national watchdog, research and advocacy organization that promotes philanthropy that serves the public good, is responsive to people and communities with the least wealth and opportunity, and is held accountable to the highest standards of integrity and openness. Visit [www.ncrp.org](http://www.ncrp.org).*

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