

Shame on us for believing Capital One's empty promises

February 3, 2012

On Jan. 20, Delaware Banking Commissioner Robert Glen issued his decision approving the application of Capital One Financial Corp. in connection with the proposed acquisition of ING Bank. Commissioner Glen decided on the evidence presented that this acquisition will serve the public convenience and advantage Delaware.

One underpinning of this overarching finding was Commissioner Glen's conclusion that "the acquisition will foster economic development and the financing of business enterprises to the end that economic opportunities will be increased." Seriously? This will occur right here in Delaware as a result of this banking marriage.

Excuse us if this marriage seems more like a "Kardashian" wedding. DCRAC supported this union only on the condition that hard dollar commitments were made to Delaware, which Capital One would not do. Accordingly, DCRAC opposed this acquisition because our maturity as an organization has taught us that the bells of promise ring hollow, particularly in our state with its high unemployment, lagging tax revenues and sagging business opportunities.

This opposition was forged in our history of advocacy for Delaware and its residents and in the face of some of the most appealing promises ever scattered on a bridal aisle.

Capital One testified to Commissioner Glen that it will add 500 new jobs in Wilmington by the end of 2013 and that it intends to increase its office space. But how realistic is this?

Capital One testified that it has distributed more than 4,200 grants to nonprofit organizations totaling more than \$60 million since January 2009 and it has made a 10-year public commitment of more than \$180 billion in new development lending and investments, as well as increased lending and services to moderate and low-income borrowers.

In the words of Capital One's attorneys, this is "abundant evidence" of their commitment to the communities in which it operates. And when DCRAC asked Capital One to dedicate \$18 million a year (one one-hundredth of its annual pledged commitment) for specific community reinvestment lending, investment and service to the lower-income and traditionally underserved communities in Delaware, their nice Delaware attorneys told Commissioner Glen that our request was "not necessary or appropriate."

DCRAC recognizes a foolish fantasy when it is paraded in public. Capital One wants the public to believe that it is committing \$180 billion to new community development lending and investments over the next 10 years without providing one scant detail of how it will do so. How much more fanciful can this presentation get? Capital One sought approval of this merger from Commissioner Glen precisely because it is a critical step in the process. Yet the review of the merits of the proposal need not be pro forma and perfunctory. Commissioner Glen did his job by noting the testimony of Capital One officials and all the good and glorious things they are going to do. We had our chance to stare down the chimera offered by Capital One and press forward with a more searching inquiry into exactly what it is that Capital One is going to do for Delaware.

If one-hundredth of its annual commitment was not good enough for Delaware, then Capital One should tell us what percentage is the right tonic for the **tribute** it sought and achieved.

Despite our reservations over this merger, two public Delaware institutions appeared giddy in their support of this acquisition. Both Mayor Baker of Wilmington and Bernice Whaley, deputy director of the Delaware Economic Development Office, supported the application. With such support within the state of Delaware, and such alluring promises for our future economic benefit, what else was Commissioner Glen to do?

So for now, we will sit back and hope for the best for Delaware. In the meantime, we have calendared a notation to meet with Mayor Baker and Ms. Whaley in six months to see how the Capital One promises are blossoming into hard realities. DCRAC will be the first to applaud concrete benefits to Delaware from this acquisition. While keeping a firm grip on our crossed fingers that Capital One's promises come to pass, the chance to speak now or forever hold your peace is over. It wasn't Capital One's fault. It was ours for believing every word Capital One said.

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