

**Fake It Till They Make It: How Bad Actors Use Astroturfing to  
Manipulate Regulators, Disenfranchise Consumers and Subvert the  
Rulemaking Process**

Oral Testimony of

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Subcommittee on Oversight and Investigations

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Thank you Chairman Green for the opportunity to testify today and to the committee for holding this important hearing.

Good afternoon, I am the Executive Director of the California Reinvestment Coalition, the largest statewide reinvestment coalition in the country. Soy orgullosa de ser hija de inmigrantes de Mexico, because immigrants work hard everyday and contribute to building our nation.

The Community Reinvestment Act (CRA) is, as Congressman Meeks described it, “at its core a civil rights law.” The law is meant to address discrimination in lending based on race, known as redlining, by ensuring that banks meet the credit needs of ALL communities, especially low income and communities of color.

The significance of the public participation process articulated in the law cannot be overstated – through public participation, communities help ensure banks meet their obligation under the law.

In the OneWest/CIT megamerger of 2014, CRC, our members in Southern California, and local community members engaged in the CRA’s public process with the hope that through our engagement we could ensure that this soon “Too Big to Fail” bank, would fulfill its obligation under the law and meet the credit needs of Southern California communities.

As community opposition to the merger grew, Comptroller of the Currency Joseph Otting, then CEO of OneWest Bank, took the unusual step of soliciting support for the merger from his Wall Street contacts and business partners (where there is a clear conflict of interest) by asking them to submit a form letter posted on the bank’s website to the bank’s regulators.

We were later contacted by an individual, who also sent a complaint to OneWest’s regulators, who was upset that an unauthorized email was submitted using his name and address, in support of a bank merger he seemingly had never heard about before. The comment letter submitted in this person’s name appears identical to the form letter on the OneWest website that Mr. Otting had sent to his Wall Street friends.

This complaint confirmed our worst fears. Our research of the letters of support that were submitted in favor of the OneWest bank merger uncovered a number of anomalies.

Of 593 petitions in support of the OneWest merger, nearly 100% had Yahoo email accounts. This oddity heightened our concerns, given Yahoo’s relatively small share of the email market.

In addition, if the “time stamps” on the emails are accurate, there was an extremely large number of petitions sent to the OCC and the Federal Reserve around 2am on Valentine’s

Day. In a review of 25 of those petitions, nearly half could not be verified by the United States Postal Service as legitimate addresses.

Further research found approximately one-third of emails sent to the addresses of “supporters” of the merger bounced back.

CRC, along with Inner City Press/Fair Finance Watch, later submitted a detailed Freedom of Information Act (FOIA) request to the OCC seeking documentation relating to potentially false letters of support being filed as part of the merger process. The OCC produced in response, amongst other things, a file labelled by the OCC “OneWest CIT Bank Merger Fabricated Comment Letters,” that includes documents reflecting four email exchanges with the OCC from “supporters” of the merger who did not affirmatively support or even know about the merger.

How many of these so called “supporters” of the merger were not supporters at all, or were not even real people for that matter? We do not know.

Mr. Otting led OneWest bank during this merger, and serious questions remain about the integrity of the public comment process during its merger with CIT. Despite our calls for an investigation, there never was one.

But we do know who benefited from the fake support. OneWest bank did. The OneWest/CIT bank merger was ultimately approved by the bank’s regulators, who cited all the letters of “support” in their approval orders.

Now Mr. Otting is Comptroller of the Currency and charged with oversight of the public comment process during the CRA proposed rulemaking. We have several concerns.

First, we fear that two core principles of CRA, community input and public participation, are in jeopardy under Joseph Otting’s OCC.

Astroturfing and fabricated comment campaigns breed distrust in the system and may make it less likely that the public would comment in the future. As a result, regulators may have less access to information from impacted communities about what is happening on the ground far from regulators’ offices. Regulators would then be left with the one-sided picture provided by financial institutions.

We are particularly concerned that the OCC’s approach to the public comment process as it currently seeks comment on its Proposed Rule would, if finalized, significantly harm communities and threaten a return to redlining practices.

Secondly, the Comptroller's public statements demonstrate hostility to anyone with whom he disagrees. His quote in the Wall Street Journal demonstrates this hostility, he was quoted as saying, "If you don't like this, you are either economically advantaged by the current structure or you don't understand it."

We call on the OCC to focus on ensuring a fair process that prevents astroturf campaigns from unfairly manipulating the result of its current CRA rulemaking process rather than maligning opponents of its proposal.

Lastly, we continue to call for a full accounting and investigation into the fabricated comments and astroturf campaign during the 2014 OneWest CIT merger. Until we know who was responsible for the fabricated comments supporting the bank that Comptroller Joseph Otting led, and what if anything was done about it, the OCC should not be permitted to proceed with finalizing a regulation that will curtail the impacts of the CRA.

We ask Congress to ensure Americans that the integrity of future public processes will be protected, and everyone's voices will be heard.