Comptroller of the Currency
Administrator of National Banks

Large Bank Licensing, MS 7-13
250 E Street, SW
Washington, DC 20219

CRA Decision #136
October 2006

September 15, 2006

Mr. Joseph R. Bielawa
Vice President and Assistant General Counsel
Legal Department
J.P. Morgan Chase & Company
270 Park Avenue, Floor 39
New York, NY 10017

Re: Application filed by JPMorgan Chase Bank, N.A., Columbus, Ohio to acquire certain assets and assume certain deposits from The Bank of New York
Application Control Number: 2006-ML-02-0004

Dear Mr. Bielawa:

This is to advise you that the Comptroller of the Currency ("OCC") approves the application by JPMorgan Chase Bank, N.A., Columbus, Ohio ("JPMCB") to acquire certain assets and assume certain deposits from The Bank of New York, New York, New York ("BoNY").

This approval is granted based on a thorough review of all information available, including commitments and representations made in the application, the merger agreement, and those of JPMCB's representatives.

Description of the Transactions and Legal Authority

JPMCB has filed an application ("Application") to acquire certain assets and to assume certain deposits and other liabilities from BoNY pursuant to 12 U.S.C. §§ 24(Seventh), 36(d), 1828(c), and 1831u. The proposed transaction is an exchange whereby JPMCB will acquire the consumer, small business, and middle-market banking businesses of BoNY in exchange for JPMCB's corporate trust business. In connection with the transaction, JPMCB will acquire from BoNY 339 bank branches.[1]

[1] Of the branches of BoNY to be acquired by JPMCB, seven are located in Connecticut, 94 in New Jersey, and 238 in New York. The application listed 338 branches to be acquired and also noted that JPMCB had an option to acquire three additional branches from BoNY and that, if the bank determined to acquire any of the three branches, it would promptly notify the OCC. Subsequent to filing the application, JPMCB notified the OCC that it had agreed to acquire one additional branch in New York and one additional branch in New Jersey, while deleting from the original list one branch in New York.

JPMCB is a national bank with its main office located in Columbus, Ohio.[2] BoNY is a New York state chartered bank with its main office in New York, New York, and branches located in New York, New Jersey, and Connecticut. JPMCB currently operates branches in each of these states. The main office and branch offices of JPMCB will continue to operate after the proposed transaction and the acquisition of the BoNY branches.[3]

JPMCB will acquire certain assets and assume certain liabilities from BoNY. The purchase and assumption transaction is authorized under 12 U.S.C. § 24(Seventh). National banks have long been authorized to purchase bank-permissible assets and assume bank-permissible liabilities from sellers, including assuming the deposit liabilities from other depository institutions, as part of their general banking powers under 12 U.S.C. § 24(Seventh). Accordingly, JPMCB may acquire the assets, and assume the liabilities, involved in this transaction from BoNY.

JPMCB also will acquire branches in Connecticut, New Jersey, and New York. These branches are located outside of JPMCB's home state of Ohio, but all are states in which JPMCB already has branches. The interstate branch acquisitions are authorized pursuant to 12 U.S.C. § 36(d) and 1831u.[4] The OCC considered the relevant statutory provisions under the Riegle-Neal Act and found them consistent with approval.[5] Accordingly, JPMCB may acquire the Connecticut, New Jersey, and New York branches of BoNY.

Bank Merger Act Review

The acquisition by JPMCB involves the acquisition of deposits from an insured depository institution. Accordingly, the transaction is subject to the requirements of 12 U.S.C. § 1828(c), (the "Bank Merger Act"), as a merger transaction. The OCC reviewed the proposed transaction under the criteria of the Bank Merger Act, 12 U.S.C. § 1828(c), and applicable OCC regulations and policies. Among other matters, the OCC found that the proposed transaction would not have any anticompetitive effects. The OCC considered the financial and managerial resources of the banks, their future prospects, and the convenience and needs of the communities to be served. In addition, the Bank Merger Act requires the OCC to consider "...the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities, including in overseas branches," 12 U.S.C. § 1828(c)(11). The OCC considered these factors and found them consistent with approval under the statutory provisions. Issues raised by commenters relative to these approval criteria are discussed in detail below.

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[2] JPMCB currently has branch offices in the following states: Arizona, Colorado, Connecticut, Florida, Illinois, Indiana, Kentucky, Louisiana, Michigan, New Jersey, New York, Ohio, Oklahoma, Texas, Utah, West Virginia, and Wisconsin.

[3] Upon consummation of the transaction, BoNY will continue to operate out of its existing main office and several branches that will not be acquired by JPMCB.

[4] *See* Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, Pub. L. No. 103-328, 108 Stat. 2338 (enacted September 29, 1994) ("the Riegle-Neal Act").

[5] Connecticut, New Jersey, and New York each permit the acquisition of branches by an out-of-state bank. *See* C.G.S. § 36a-412(a)(3); N.J.P.S. § 17:9A-133.1e; N.Y. Banking Law § 225.

Community Reinvestment Act Review

The Community Reinvestment Act ("CRA") requires the OCC to take into account the applicants' records of helping to meet the credit needs of the community, including low- and moderate-income ("LMI") neighborhoods, when evaluating certain applications, including merger transactions that are subject to the Bank Merger Act, 12 U.S.C. § 2903; 12 C.F.R. § 25.29. The OCC considers the CRA performance evaluation of each institution involved in the transaction. A review of the records of JPMCB and BoNY, and other information available to the OCC as a result of its regulatory responsibilities, revealed no evidence that their records of helping to meet the credit needs of their communities, including LMI neighborhoods, are less than satisfactory.

CRA Performance and Prior Ratings

JPMCB, formerly JPMorgan Chase Bank (a New York state chartered institution), received an "Outstanding" rating in its most recent CRA Performance Evaluation ("PE") issued by the Federal Reserve Bank of New York as of September 8, 2003. The bank, which the Federal Reserve considered a large bank for CRA evaluation purposes, received "Outstanding" designations in each of the ratings areas, including lending, investments, and services. Major factors supporting the ratings included: (1) the volume of Home Mortgage Disclosure Act ("HMDA") and small business lending reflected excellent responsiveness to credit needs in the bank's assessment areas ("AAs"); (2) the geographic distribution of lending was good; (3) the distribution of loans to individuals of different income levels and businesses of different sizes was excellent; (4) community development lending and qualified investments exhibited excellent activity levels; and, (5) retail delivery systems were readily accessible to geographies and individuals of different income levels. No evidence of discriminatory lending practices was identified. A CRA examination of JPMCB is currently underway by the OCC.[6] BoNY received a "Satisfactory" rating in its most recent PE issued by the Federal Reserve Bank of New York as of May 16, 2005.

Public Comments on Application

The OCC received comments from 11 community organizations protesting the Application on various bases. Some of these comments requested that the Application be denied and that a public hearing be held. In addition, we received two comment letters from individuals requesting that the Application be denied, but not requesting that a public hearing be held.[7] The discussion below summarizes the major issues raised by commenters. While the OCC has

[6] A year after the PE was issued, JPMorgan Chase Bank and its affiliates went through a corporate restructuring as part of J.P. Morgan Chase & Co.'s acquisition of Bank One Corporation and its banking subsidiaries. All banks that were parties to that transaction had a Satisfactory or Outstanding CRA rating.

[7] Due to the nature of these two comment letters, we also forwarded them to the OCC's Customer Assistance Group for follow-up.

carefully considered all of these comments, we did not find that the issues raised by the commenters constitute a basis for denial of the Application.

<u>Services in LMI Communities in New York City</u>

Several commenters asserted that JPMCB has decreased service to LMI communities after prior mergers and raised concerns that this could happen in connection with this acquisition. However, we found that JPMCB's record of services in LMI communities is consistent with approval of the Application. As of February 28, 2006, JPMCB had 224 retail branches in the five boroughs of New York City ("NYC"). Of the total 224 branches in NYC, 65, or 29%, are located in LMI census tracts. JPMCB reported that it not only has the most total branch locations of any financial institution in NYC, but it also has the most branches located in LMI census tracts.

The CRA PE for JPMorgan Chase Bank stated that the bank's branches were readily accessible to all portions of the bank's AAs. During the period 2003-2005, JPMCB opened 30 new branches in NYC, two of which were located in LMI census tracts. During the same period, JPMCB closed three NYC branches, all of which were in upper-income census tracts. From December 2005 through June 2006, JPMCB opened 34 branches in NYC, of which six, or 17.65%, were in LMI census tracts. During the same period, JPMCB closed two branches in NYC, one of which was located in an upper-income census tract while the other was located in a middle-income census tract.

JPMCB expects this acquisition to result in an expansion of both its market coverage and its customer base. The bank expects to add about 290 branches to its system once the integration with BoNY is complete. The bank states that no community currently served by JPMCB or BoNY will go unserved because of the acquisition. As discussed below, JPMCB also indicated that it will only close branches if they are in close proximity to one another.

JPMCB offers a variety of banking products which have features that are specifically designed for prospective customers with lower incomes or lower transaction levels. Examples of JPMCB banking products and services that meet the needs of LMI customers include Lifeline Checking, Lifeline Savings, Chase Free Checking with Direct Deposit, Electronic Transfer Account, Chase online banking and bill payment, consumer ATM cards, an extensive ATM network, and Chase Workplace Financial Service to assist employers in bringing financial services to their employees. The bank is currently researching and analyzing new methods of making checking account products more accessible to LMI individuals.

Some commenters raised concerns that surcharges are imposed on recipients of public assistance benefits who access their funds via JPMCB's Electronic Benefit Transfer ("EBT") program. JPMCB responded that it makes its own ATMs available for New York state EBT cardholders on a surcharge-free basis, including ATMs located in a NYC drugstore chain. Additionally, JPMCB actively recruits other ATM owners to allow New York EBT cardholders to access their benefits surcharge-free. JPMCB reports that EBT cards may be used free of surcharges at over 5,000 locations in New York.

Potential Branch Closings

Several commenters expressed concerns about the potential closure of certain branches. JPMCB is currently reviewing potential overlaps between the locations of its and BoNY's branches and expects that it may close approximately 50 branches.[8] JPMCB has represented that in NYC, some of the branches under review are located in LMI census tracts.[9] JPMCB emphasized that no final decision has yet been made on closing these or any other branches. The OCC has reviewed the bank's branch closing policies and procedures, and has found them to be satisfactory and in compliance with applicable laws and regulations.

Lending Disparities and Loan Pricing

Several commenters noted apparent disparities relating to loan denials and higher cost loans based on their review of 2005 HMDA data.[10] For example, one commenter noted, regarding JPMCB's lending in the NYC area, that 10.78% of borrowers in the Bronx received higher cost loans, while in Manhattan, only .73% of borrowers received higher cost loans. The commenter also stated that in Brooklyn, 10.78% of borrowers received higher cost loans. The same commenter provided further analysis of the 2005 HMDA data relating to JPMCB's lending record in other states across the country.[11]

JPMCB has been and will continue to be subject to extensive fair lending supervisory oversight by the OCC. The bank has a comprehensive fair lending program in place, which includes a quarterly review of underwriting and pricing trends, as well as individual loan officers, and retail branch and broker trends and behavior to detect and address potential disparities. JPMCB's fair lending program includes extensive review of individual loan pricing and underwriting decisions

[8] Federal law requires banks to give notice of proposed branch closings to its customers and the appropriate federal regulatory agency, 12 U.S.C. § 1831r-1. The public may submit comments to the appropriate federal agency in the case of proposed branch closings in LMI areas. In addition, any branch closings will be considered as part of the OCC's CRA evaluation of JPMCB.

[9] In most of the cases, the branches being considered for closing or consolidation are less than one-fifth of a mile apart, and none is more than about one-third of a mile apart.

[10] Denial and pricing disparities are of concern to the OCC and are evaluated in fair lending examinations. However, it is important to note that HMDA data alone are not adequate to provide a basis for concluding that a bank is engaged in lending discrimination or to indicate whether its level of lending is sufficient. HMDA data do not take into consideration borrower creditworthiness, housing prices, credit scores, and other factors relevant to each credit decision, nor do they fully reflect the range of a bank's lending activities or efforts. The OCC is carefully examining the 2005 HMDA data for national banks, including JPMCB, and is incorporating the results of its analysis into the OCC's supervisory strategy for examinations.

[11] One of the commenters expressed concern that JPMCB reports a high percentage of HMDA loans with no racial information, when compared to all HMDA reporters combined. The OCC's review of JPMCB's 2005 HMDA data did not show an unusually high percentage of mortgage applications for which race was not reported when compared to all lenders. Although JPMCB requests the information, applicants filing by phone or the internet are not required to disclose this information. For purchased loans, JPMCB has the option to report information regarding race and generally would do so if it can.

to ensure that they are consistent with JPMCB's credit and pricing policies. Contracts with brokers require compliance with fair lending laws and regulations, and relationships are monitored to identify activities that are adverse to these requirements. JPMCB has also established a special purpose credit program for minorities that permits more flexible underwriting. Additionally, JPMCB has established a process for applicants who apply for a first mortgage through the subprime channel to be considered for a prime loan. JPMCB will apply its fair lending compliance program to the acquired BoNY branches. The newly acquired branches will be subject to all of JPMCB's policies, procedures, systems, and controls.

JPMCB also has actively worked to increase homeownership for LMI borrowers. JPMCB has established the Emerging Markets and Affordable Lending Team ("EMA") which is comprised of 24 business development managers. Their mission is to seek business opportunities, develop strategic relationships and provide the tools needed to make mortgages available nationwide to LMI, as well as minority, borrowers and to those purchasing or refinancing in LMI census tracts. EMA develops and manages LMI business sourcing opportunities with realtors, builders, corporate and affinity partners, and not-for-profit organizations and supports the production management team and their recruiting of loan officers to serve the LMI markets. EMA also provides training to the lending officers on products and operational requirements to ensure that the borrower receives the best customer experience possible. JPMCB offers a full array of affordable lending products to meet the needs of LMI homebuyers. These products include taking advantage of various state- and federal-government sponsored LMI mortgage programs. In addition, JPMCB has developed flexible underwriting standards, down payment and closing cost assistance programs, and educational programs for LMI mortgage borrowers.

Concerns with Certain Bank Products

Several commenters expressed concerns with certain products that the bank offers and activities of the bank.[12] These comments are discussed below.[13]

Simultaneous Second or "Piggyback" Mortgages: Some commenters voiced concern that the bank originates simultaneous second mortgages at a high interest rate. These commenters opined that these products are being used to leverage LMI first-time homebuyers into financing that is unaffordable and that they are often used to sell properties that are intentionally over-appraised.

JPMCB has responded that it uses the same underwriting standards for first mortgages with simultaneous second liens as are used for traditional first mortgages and second liens. Appraisal methods and standards are the same as for traditional products, and a variety of screens are used

[12] The OCC has promulgated standards for residential mortgage lending that cover many of the concerns that the commenters raise. 12 C.F.R. Part 30, App. C. JPMCB is subject to these standards, which are enforceable through 12 U.S.C. § 1831p-1.

[13] One commenter raised concerns, based on two complaints, that JPMCB has not complied with the Servicemembers Civil Relief Act, 50 U.S.C. § 527. Our investigation concluded that these complaints were appropriately resolved through the bank's and/or the OCC's consumer complaint process.

to detect fraud. Therefore, the bank does not view these products as presenting increased risk to the bank or to borrowers and uses them as an alternative to requiring private mortgage insurance.

Refund Anticipation Loan Program: Among the many loan products offered by JPMCB are Refund Anticipation Loans ("RALs"), which are loans structured to be repaid through a customer's anticipated federal income tax refund. Some commenters raised concerns about the high cost nature of these loans and whether consumers understand that a RAL is a loan that must be repaid.

Disclosures currently provided by the bank indicate to customers that a RAL is not a tax refund, and if a customer receives a RAL, the customer will be obligated to repay it, even if the customer does not receive a tax refund or the refund is less than expected.

JPMCB reported that it is continuing to meet with community groups to discuss their concerns about the RAL product and to gain a better understanding of what aspects of the product they find of most concern. The bank is planning to make certain changes to the product fee structure as a result of those discussions. This product also will be closely examined and supervised by the OCC, from both a safety and soundness and compliance perspective, during future OCC examinations.

"No Income, No Asset" Lending: Some commenters questioned a loan product offered by JPMCB referred to as No Income, No Asset ("NINA") loans. These commenters stated that Chase entities have been originating a substantial volume of NINAs, and that this product is particularly risky for consumers because NINA loans do not require borrowers to state or document their income or their assets. The commenters stated that the NINA product can be, and is, easily used to put lower income borrowers into unaffordable loans, which place them at high risk of default and foreclosure. Finally, the commenters claimed that many of the NINA loans are arranged by mortgage brokers whose only incentive is to close the loan, and collect a commission (including an additional yield spread premium).

JPMCB has responded that the bank's NINA product, known as the Chase Flex No Doc ("Chase Flex"), is only available through its prime loan channels. Underwriting standards for Chase Flex are designed to ensure that all Chase Flex loans are made in accordance with safe and sound practices and are more stringent than the underwriting standards for JPMCB full or alternative documentation loans. Recipients of NINAs are generally required to have higher credit scores than for JPMCB full or alternative documentation loans. JPMCB also has represented that the loan-to-value ratios are more conservative, and the appraisal requirements are more stringent.

With respect to the allegations of broker abuse with the NINA product, the bank represents that loans that are submitted through the broker channel are underwritten by JPMCB, are subject to the same screening for fraud as all of JPMCB's other products, and undergo post-closing file reviews, quality assurance file reviews, and fair lending reviews. Broker compensation is capped and scorecards are maintained to detect patterns of delinquency or early payment default on loans originated by particular brokers. These factors are designed to work together to curtail broker abuse associated with this loan product and are used by the bank to terminate broker relationships. The OCC has previously determined that the system of checks and balances, fraud detection, and audit procedures that are currently in place are satisfactory and provide an adequate level of protection to the bank with regard to this product.

Lending Through Brokers: Some commenters expressed concern that subprime loan products offered through brokers may adversely affect vulnerable homebuyers.[14] These commenters suggested that due to financial incentives, brokers may steer borrowers into loans that are not affordable.

JPMCB reported that it employs a variety of mechanisms to ensure that predatory or abusive lending does not occur through brokered loans. Brokers seeking to do business with JPMCB undergo a review and application process. Brokers must enter agreements representing that individual loans comply with applicable law and are not fraudulent. Brokers are monitored and corrective actions are taken where appropriate.

JPMCB does not make or purchase loans considered to be high cost under federal or state law. In addition, broker compensation is capped. A loan will not be funded if the caps are exceeded. The limitation applies to all broker compensation, regardless of source. Testing is performed to ensure that these caps are observed in individual loans. In addition, subprime brokers' loan applications are reviewed to ensure there is no "steering" of applicants who would qualify for prime products into the subprime channel.

Relationships with Certain Other Third Parties: While JPMCB does not engage in payday lending, two commenters questioned JPMCB’s financing for other companies involved in payday lending. Others suggested that JPMCB securitizes or purchases mortgage loans involving questionable third parties. Some commenters voiced concern that JPMCB’s purchase of mortgage loans in the secondary market helps to fuel abusive “flipping” (*i.e.*, repeated refinancings that do not have a tangible economic benefit to the borrower).[15]

JPMCB represented that, apart from some small business customers, it provides funding for a relatively small number of larger companies that engage in payday lending. JPMCB has developed criteria for evaluating these relationships that includes whether the company provides financial education materials to its customers, whether the company has an industry affiliation that promotes best practices for its members, and the percentage of the company's revenues derived from payday lending. The analysis performed develops a payday lending risk profile for each customer and has resulted in JPMCB exiting a number of banking relationships.

With respect to mortgage loans that are securitized or purchased, JPMCB responded that it performs due diligence to ensure that it does not purchase loans or underwrite securities

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[14] JPMCB pointed out that contrary to the implication in the commenters’ letter, JPMCB’s subprime products are available directly through the bank as well as through brokers.

[15] Under the OCC’s Standards for Residential Mortgage Lending, national banks may not engage in loan flipping and must take measures to ensure that this activity does not occur in brokered or purchased loans.

containing loans that are originated in violation of any law or originated in a predatory manner.[16] In addition, before JPMCB enters these relationships, it investigates the reputation of the third party and reviews financial and other performance information to determine whether the third party employs origination practices acceptable in the industry for the production of quality loans. JPMCB may use the services of external due diligence firms to review the seller's or originator's loan production activities. In addition, the bank's due diligence generally includes a review of a sample of the subject loans. This review is conducted to ensure that the loans conform to the originator's underwriting standards and that they are originated in compliance with applicable law and regulations. The review includes an analysis to confirm that the loan pool will not include loans for which there is an absence of tangible net benefit to the borrower. A finding that the loans do not meet JPMCB's standards may result in removal of the deficient loans, further due diligence, or other actions.

Efforts to Prevent Foreclosures: Some commenters questioned the adequacy of JPMCB's program for avoiding foreclosures and whether JPMCB has adequately publicized the availability of services to distressed borrowers. JPMCB responded that it has established a comprehensive loss mitigation program to provide assistance to borrowers who are experiencing difficulty in making their mortgage payments. The primary organization for loss mitigation is the Homeowners' Assistance Department ("HAD"). HAD assists borrowers who are experiencing long-term financial difficulties. HAD offers borrowers options for curing defaults, which may include modifications to the loan, partial claims, or forbearance. In special situations, JPMCB may offer additional relief to the borrower. Even after a loan is referred for foreclosure, JPMCB continues to work with borrowers to mitigate loss.

JPMCB has also established the Homeownership Preservation Office ("HPO") to work with community-based organizations with clients in default. The HPO serves as a liaison between these clients and HAD, reviewing information provided by nonprofit counselors and providing an understanding of the options available. HPO has provided its toll free number to hundreds of nonprofit organizations, developed training for housing counselors, and provided numerous training sessions in cities across the country. While HAD, rather than HPO, actually performs the resolution function, HPO may request a hold on the foreclosure where further review is appropriate.

Lending and Investment Levels

Some commenters expressed concerns about JPMCB's commitment to CRA-related lending and investments, particularly in NYC and Ohio.[17] One commenter voiced concern that JPMCB's

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[16] JPMCB represented that it has terminated its relationship with the four brokers or correspondents cited by some commenters as engaging in questionable practices.

[17] The OCC notes that the CRA does not require a bank to engage in any particular type of lending or investment or to sustain a particular level of lending or investments from year to year. CRA performance for large banks is based on an overall assessment under the lending, investment, and service tests. *See* 12 C.F.R. §§ 25.21 to 25.24. Some commenters also questioned JPMCB's performance under pledges in connection with recent mergers. The OCC does not monitor or enforce the terms of CRA agreements that banks enter with private organizations. 66 Fed. Reg. 36,620, 36,640 (2001) (Question and Answer No. 2, § 29(b)).

CRA- related lending and investments have not increased proportionately with merger activity in recent years and that approval of the Application will further diminish this activity. Other commenters asserted that staffing for the JPMCB Community Development Group ("CDG") has been reduced, and lending for residential and small business products has contracted. Finally, one commenter expressed concerns that the bank's CRA performance in Ohio, particularly in Columbus, was "marginally satisfactory."

JPMCB's most recent CRA performance rating was Outstanding for the consolidated metropolitan statistical area including NYC. This rating was supported by good geographic distribution of loans and excellent distribution of loans among individuals of different income levels and businesses of different sizes, an excellent level of community development lending, and an excellent level of qualified investments. JPMCB reported that its community development lending in NYC rose from $307 million in 2003, to $470 million in 2004, and to $753 million in 2005. It represented that its community development investments in NYC have almost doubled since 2001. In 2005, JPMCB reported that it made $42.1 million in such investments. In 2004, JPMCB originated more home purchase loans in NYC in LMI census tracts and to LMI borrowers than any other lender. JPMCB noted that it was also the largest small business lender in NYC in 2004, and it originates more small business loans in LMI census tracts than any other lender. JPMCB's small business lending in NYC has more than doubled since 2000.

With respect to CRA-related activity in Ohio, JPMCB responded that it has brought an array of mortgage products and strong small business lending to the former Bank One markets. In 2005, JPMCB made 21,760 HMDA-reportable loans in Ohio, and exceeded the industry average (based on 2004 industry-wide data) for loans to LMI borrowers. While there was a decrease in HMDA-reportable loans from 2004 to 2005, JPMCB's mortgage lending nationwide decreased during that period. Also in 2005, JPMCB reported that it exceeded the industry average (based on 2004 industry-wide data) for small business loans in LMI census tracts. JPMCB represented that it made $123 million in community development loans and investments in Ohio in 2005. It has hired a Community Development Real Estate Officer, located in Columbus, to assist in increasing community development lending in Ohio.

JPMCB represented that the CDG, which is responsible for providing lending, investment, CRA management, and community outreach, has more than 170 staff members in 18 locations. In 2005, CDG's specialized staff units helped to lend more than $1.2 billion. JPMCB has represented that the acquisition of the BoNY branches will not necessitate significant changes in staffing or resources in CDG or other areas of the bank.

In sum, our review of the record on the Application, including the materials submitted with the Application, the public comments, responses to the public comments, representations of the applicant, and supervisory material, has not revealed any information inconsistent with approval.

Request for Public Hearing

The commenters requested that the OCC conduct a public hearing. The general standard the OCC applies to determine whether to hold a public hearing is contained in 12 C.F.R. § 5.11 (b), which provides:

> The OCC generally grants a hearing request only if the OCC determines that written submissions would be insufficient or that a hearing would otherwise benefit the decision-making process. The OCC also may order a hearing if it concludes that a hearing would be in the public interest.

After careful consideration, the OCC determined not to hold a public hearing. The OCC is not aware of any reason why written comments would be insufficient or why a hearing would be in the public interest. The OCC has thoroughly reviewed all the written comments submitted, including those received after the close of the comment period. The OCC forwarded comments received to JPMCB for review, and the bank has responded in a satisfactory manner. Additionally, the OCC gathered sufficient information to address the commenters' concerns through the application process and through discussions with the OCC's resident examination team where necessary and appropriate.

Consummation Requirements

Please notify Large Bank Licensing in writing in advance of the desired effective date for the transaction so we may issue the necessary certification letter. The effective date must follow the applicable Department of Justice injunction period and any other required regulatory approval.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved the transaction.

- An executed purchase and assumption agreement.

If the purchase and assumption is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so that we may continue to improve our service.

If you have any questions regarding this letter, please contact Senior Licensing Analyst Robert Sihler at (202) 874-5060 or by email at largebanks@occ.treas.gov. Please reference the control number in any correspondence.

Sincerely,

signed

Lawrence E. Beard
Deputy Comptroller for Licensing

Enclosure: Survey Letter