

REINVESTMENT PARTNERS

"ADVOCATING FOR ECONOMIC JUSTICE AND OPPORTUNITY"



April 30th, 2015

Gerald Tsai
Federal Reserve
gerald.tsai@sf.frb.org

Robert J. Wirtz
Federal Deposit Insurance Corporation
RWirtz@fdic.gov

CC: Evan Sitton
Compliance and CRA
Square 1 Bank
406 Blackwell Street, Suite 240
Durham, North Carolina 27701

Dear Sirs:

We protest the application by PacWest Bancorp and Pacific Western Bank to acquire and merge with Square 1 Financial and Square 1 Bank. We believe that Pacific Western's record warrants concerns about the ability of this acquisition to bring benefits to the public.

To that end, we request that there be extension of the comment period. We ask for regulatory hearings or meetings, and we would request that PacWest submit a stronger Community Reinvestment Plan. This multi-year plan should be made available to the public. We would like to meet with Square 1 in advance of your application to be acquired by PacWest Bank.

Reinvestment Partners is a 501 c 3 organization located in Durham, North Carolina. Our mission is to help under-secured communities to access safe and sound financial products. We realize our goal through a "people and places" strategy that addresses needs through direct services to individuals, to neighborhood community economic development, and through policy advocacy.

We have relationships with many of the community development groups in North Carolina. Our Executive Director is the Board Chair of one of the state's largest community development financial institutions. It helps to arrange small business financing for underserved communities in rural North Carolina. We provide direct services to low-income households in 44 North Carolina counties. Our Board of Directors includes leaders from many community development agencies in the state.

We understand that Square 1 has been a strong partner in the community. Square 1 is a highly innovative bank that uses flexible underwriting to issue loans to a variety of non-traditional businesses. We are impressed with its record of

exceeding the goals outlined in your CRA Strategic Plan. In our assessment, Square 1 is meeting its commitment to addressing the needs of under-served constituencies.

However, we are concerned that it will be acquired by an institution without the same priority for serving its community. We would like PacWest to make a commitment to perpetuate Square 1’s commitment to service, investments, and grants.

Previous PacWest Acquisitions

Consider these patterns: In 2010, Square 1 adopted a strategic plan that called for higher goals on each successive year. They realized those ambitions and recently received an “Outstanding” on their exam. PacWest has purchased a string of financial institutions with higher-performing CRA records.

- In 2008, PacWest acquired the deposits of Security Pacific Bank. PacWest branches do not exist in any of the zip codes that formerly had a Security Pacific Bank Branch. One of those branches was in a very low (45 percent of MSA median income) income census tract. Security Pacific Bank had received a “Satisfactory” evaluation on its 2007 CRA exam.
- In 2009, PacWest acquired the deposits of Affinity Bank. It has kept all of Affinity’s branches. While Affinity received a “Satisfactory” in its 2009 CRA exam, it was rated as “outstanding” for its service test and “High Satisfactory” for its lending test.
- In 2010, PacWest assumed the deposits of Los Padres Bank. Los Padres had received an “Outstanding” evaluation in its 2004 and 2008 CRA exams. Since then, PacWest has closed its three branches in Arizona and one in Kansas. At the time, the CEO of PacWest commented that his institution looked forward to serving Los Padres customers in Arizona, yet soon thereafter they eliminated all of their points of service in the state.
- In June 2013, PacWest acquired CapitalSource Bank. Within twelve months, PacWest had closed three branches in Los Angeles County and another in Ventura County.

In 2014, PacWest received an Outstanding CRA rating. But in 2009, it received a “Low Satisfactory” on each segment of its CRA exam.

PacWest primarily serves businesses. While it has made mortgage loans, they are very small in number. Thus, the fairest way to review their performance is to focus on their work with small businesses. While a fair share of PacWest’s business loans are for less than \$250,000 or to firms with annual revenues of less than \$1 million, they are inactive in several Tulare and Kings Counties, both of which are lower-income rural areas. Moreover, although they have two branches with \$159 million in deposits in San Francisco County, they only made two loans in that county in 2014. San Francisco County is inside their assessment area.

Comparing Community Development Lending

Institution	Year of Most Recent FFIEC Disclosure Report	# of Community Development Loans	Sum of Loans (\$000s)
Affinity	2008	9	\$ 18,194
CapitalSource	2013	97	\$ 336,290
Los Padres	2008	5	\$ 2,144
PacWest	2013	61	\$ 164,490

Source: FFIEC CRA Disclosure Reports

This table would suggest that there has been a reduction in the amount of community development lending after PacWest took over institutions. The overall amount of lending by PacWest was only 46 percent of the amount of the

other institutions. Notably, this table does not include Security Pacific because no disclosure report is available for this institution.

We would like to highlight the important practices at Square 1 which we hope will continue after the transaction:

- Placing deposits in community development financial institutions
- Assisting small business development through grant-making to providers of technical assistance
- Performing community service to local non-profits
- Providing grants to local non-profits. Square 1 generally provides grants to support the entrepreneurship of local businesses, to assist with the education of children from low-income families, and for efforts to help lower-income households to gain financial security. These grants go to goals that are genuinely needed in our community.
- Making loans and grants for community development

Compared to Square 1, PacWest is a larger institution and one with a broader business model. While it shares similarity with Square 1 with respect to its lack of consumer-facing retail bank products, it lends to a greater array of types of small businesses. Square 1 is a niche lender with a focus on making loans and investments in the “tech” sector. PacWest is broader and its portfolio shares more in common with traditional commercial lenders.

As of last June, the FDIC reported that Square 1 had approximately \$2.4 billion in deposits. By contrast, PacWest has approximately \$15 billion in deposits in a variety of California communities.

Comparing recent CRA Exam data for PacWest and Square 1

	PacWest – 2014 exam	Square 1 – 2012 exam
CRA Grants	\$900,105	\$115,665
CRA Loans		\$19.2 million
Service		
Community service hours	113 hours	173 hours
Loans and Investments		
SBIC investments	Not indicated	\$2 million
CD Investments	\$52 million	Not indicated
Community Development Loans	\$137.64 million	\$7.5 million
Municipal Securities	Not indicated	\$3.2 million
MBS (LMI)	\$0	\$14.6 million
Deposits in CDFIs	Not indicated	\$1.2 million
#SB Loans in LMI tracts	125 (below CT share)	Not indicated
SBA Loans	\$664,100	Not indicated
<i>Total Investments</i>	Not indicated	\$28.5 million
Complaints	13	0

PacWest’s Record in the Community

We commend PacWest for some aspects of its record. PacWest’s small business borrower profile is made up of a higher-than-normal share of firms with revenues of more than \$1 million.

The bank is also doing a reasonable job of keeping branches in communities with lower incomes. Approximately 1 of every 4 PacWest branches is located in either a low or moderate income census tract. This share is consistent with the income distribution of census tracts in the bank’s assessment area.

But the bank has ignored the needs of underserved borrowers in some MSAs. Both San Francisco and Santa Barbara are in PacWest’s assessment area. Since 2011, community development lending in San Francisco has been virtually nil and there is only slightly more activity in Santa Barbara. The bank has concentrated almost all of its activity solely within

the Los Angeles metro area. This concerns us. If the bank focuses mainly on the area immediately surrounding its headquarters and less so throughout the rest of California, then what chance does Durham have to see results from PacWest?

Even as it has grown, it has made fewer loans to small businesses across its eight assessment areas. In 2012, it made 1025 loans to small businesses, but only 577 in 2014. Moreover, only four of those loans were made in the combined four assessment areas of San Francisco, Fresno, Kern, and Kings-Tulare. That result is inclusive of loans made by Capital Source Bank prior to the completion of its acquisition by PacWest.

Moreover, PacWest has closed 46 branches since 2012 and most were in rural areas. Of those, only 26 can be attributed to duplicate locations with other branches. Ten were sold off and another ten were closed. At the moment, several assessment areas have only one branch and one ATM, even though those branches are among the top locations in the footprint in terms of deposit size.

There is a curious pattern to PacWest's branch allocation. In urban areas or in areas where the bank has been a presence for a longer period of time, the bank keeps many branches in place even if they do not have many deposits. But of the 37 PacWest branches acquired on or before 2011, average per branch deposit base is much lower. As of June 2014, the FDIC's Summary of Deposit data shows that these branches had about \$99,292 in deposits on average.

Legacy Capital Source Bank Branches			
<i>County</i>	<i>Branches #</i>	<i>Sum Deposits</i>	<i>Deposits/Branch</i>
Fresno County	1	\$ 391,218	\$ 391,218
Kern County	1	\$ 300,485	\$ 300,485
Kings County	1	\$ 185,390	\$ 185,390
Tulare County	1	\$ 221,839	\$ 221,839
PacWest Los Angeles and Orange County			
<i>County</i>	<i>Branches #</i>	<i>Sum Deposits</i>	<i>Deposits/Branch</i>
Los-Angeles/Orange	32	\$ 7,197,171	\$ 224,912
PacWest – added in 2011 or earlier			
<i>County</i>	<i>Branches #</i>	<i>Sum Deposits</i>	<i>Deposits/Branch</i>
Riverside County	6	\$ 496,889	\$ 82,815
San Luis Obispo	5	\$ 229,148	\$ 45,830
San Bernardino County	6	\$ 749,186	\$ 124,864
Santa Barbara County	4	\$ 146,893	\$ 36,723
San Francisco County	2	\$ 159,896	\$ 79,948
San Diego County	15	\$ 1,207,692	\$ 80,513
Ventura County	7	\$ 660,385	\$ 94,341
Square 1			
<i>County</i>	<i>Branches #</i>	<i>Sum Deposits</i>	<i>Deposits/Branch</i>
Durham	1	\$ 2,445,562	\$ 2,445,562

All dollars in thousands; Source: FDIC Summary of Deposits

The common differentiation point is their status as either urban or rural. The rural banks are clearly under-branched. These communities make up some of the most under-served areas in the state. Even as I write, JPMorgan Chase has applications in place to close six branches in rural California – including one in Fresno¹. Residents of rural areas are more likely to be under-banked or entirely unbanked.

¹ <http://www.occ.gov/topics/licensing/corporate-activities-weekly-bulletin/wb-02012015-02072015.pdf>

Several analysts have concluded that PacWest's motivation to buy Square 1 stems from their interest in its base of deposits ("What's the Real Reason Square 1 is Selling to PacWest?") American Banker, March 16th, 2015²) ("*PacWest Solves Funding Problem with Square 1 Purchase*," American Banker, March 2nd, 2015³). For a bank with only one branch, Square 1 has built up a sizable volume of deposits. At the same time, it has demonstrated rapid growth. Compound annual growth rate of earnings per share over the last three years was 86 percent. With such meteoric growth, any bank is challenged to continue to find more good opportunities. With so many deposits, any bank would be challenged to avoid diminishing marginal returns on its assets. Theoretically, this acquisition may have the overall global effect of lowering costs for marrying deposits with new investment and lending opportunities. However, when examining the proposition only from the perspective of North Carolina, the possibilities are more concerning. Acquiring those deposits may be the vehicle that allows PacWest to export North Carolina deposits towards investment in California.

We understand that the Federal Reserve will soon release documentation PacWest's new CRA exam grade and that the bank will get a satisfactory. In 2011, PacWest received a "satisfactory" overall. But that score hides the true nature of those results. Its satisfactory rating was the product of "low satisfactory" ratings on each of the lending, investment, and services tests. The 2014 results are better, but we still have concerns.

The longer-term history of PacWest suggests that its commitment to the community is not as strong as has been the case at Square 1. Since this is the first time that PacWest has done this well, it stands to reason that there is a good chance that it will regress to its mean.

Our request to PacWest and Square 1

Our belief is that through a process of productive engagement, Reinvestment Partners and PacWest can work to secure a positive role for the successor bank in our state.

We are partnering with the California Reinvestment Coalition in this effort. CRC is one of our longtime allies. CRC represents community groups throughout California.

We would like PacWest to provide a concrete list of measurable goals for how they will meet their CRA obligation in our communities. This plan should be available to the public. It should be a multi-year plan and the approval of this application should only occur once those conditions have been agreed to by PacWest and Square 1.

Please reach out to me if there are any ways that I can offer clarifications or additional comments.

Sincerely,

Adam Rust
Director of Research
Reinvestment Partners
110 E. Geer St.
Durham, NC 27701
adam@reinvestmentpartners.org

² <http://www.americanbanker.com/bankthink/whats-the-real-reason-square-1-is-selling-to-pacwest-1073239-1.html>

³ <http://www.americanbanker.com/news/dealmaking-strategy/pacwest-solves-funding-problem-with-square-1-purchase-1073046-1.html>

REINVESTMENT PARTNERS

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April 23rd, 2015

Evan Sitton
Compliance and CRA
Square 1 Bank
406 Blackwell Street, Suite 240
Durham, North Carolina 27701

CC: Michael J. Lewandowski
Associate Secretary of the Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., NW
Washington, DC 20551

CC: Pacific Western Bank
10250 Constellation Boulevard, Suite 1640
Los Angeles, California 94105

Dear Mr. Sitton:

We would like to meet with Square 1 in advance of your application to be acquired by PacWest Bank.

Reinvestment Partners is a 501 c 3 organization located in Durham, North Carolina. Our mission is to help under-secured communities to access safe and sound financial products. We realize our goal through a “people and places” strategy that addresses needs through direct services to individuals, to neighborhood community economic development, and through policy advocacy.

We have relationships with many of the community development groups in North Carolina. Our Executive Director is the Board Chair of one of the state’s largest community development financial institutions. It helps to arrange small business financing for underserved communities in rural North Carolina. We provide direct services to low-income households in 44 North Carolina counties. Our Board of Directors includes leaders from many community development agencies in the state.

We believe that Square 1 Bank has been an excellent partner in our community. However, we are concerned that it will be acquired by an institution without the same priority for serving its community. We would like PacWest to make a commitment to perpetuate Square 1’s commitment to service, investments, and grants.

We understand that Square 1 has been a strong partner in the community. Square 1 is a highly innovative bank that uses flexible underwriting to issue loans to a variety of non-traditional businesses. We are impressed with your record

of exceeding the goals outlined in your CRA Strategic Plan. In our assessment, Square 1 is meeting its commitment to addressing the needs of under-served constituencies.

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Our request to PacWest and Square 1

We would like to understand how PacWest will organize its new Community Reinvestment Act Strategic Plan for North Carolina upon the merger. Our belief is that through a process of productive engagement, Reinvestment Partners and PacWest can work to secure a positive role for the successor bank in our state.

- a) We request a meeting in Durham with PacWest.
- b) We would like PacWest to provide a concrete list of measurable goals for how they will meet their CRA obligation in our communities.

Please reach out to me if there are any ways that I can offer clarifications or additional comments.

Sincerely,

Adam Rust
Director of Research
Reinvestment Partners
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¹ <http://www.occ.gov/topics/licensing/corporate-activities-weekly-bulletin/wb-02012015-02072015.pdf>

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³ <http://www.americanbanker.com/news/dealmaking-strategy/pacwest-solves-funding-problem-with-square-1-purchase-1073046-1.html>

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MELBOURNE • SYDNEY

May 12, 2015

Via FedEx and Email

Gerald Tsai, Director, Applications & Enforcement,
Federal Reserve Bank of San Francisco,
Banking Supervision and Regulation,
101 Market Street I Mail Stop 615,
San Francisco, California 94105.

Stan Ivie, Regional Director—San Francisco Region,
Federal Deposit Insurance Corporation,
25 Jessie Street at Ecker Square, Suite 2300,
San Francisco, California 94105.

Re: Proposed Merger of Square 1 Financial, Inc. with and into
PacWest Bancorp and Proposed Merger of Square 1 Bank with and
into Pacific Western Bank

Dear Messrs. Tsai and Ivie:

On behalf of our client, PacWest Bancorp ("PacWest"), enclosed please find a letter ("Response Letter"), dated May 12, 2015, prepared by PacWest as a response to certain issues raised in the following six comment letters submitted to the Federal Reserve Bank of San Francisco (the "Reserve Bank") and the Federal Deposit Insurance Corporation (the "FDIC") with respect to the acquisition by PacWest of Square 1 Financial, Inc., a bank holding company and the parent of Square 1 Bank, and the resulting indirect acquisition of Square 1 Bank and certain other entities:

- letter dated April 29, 2015 from the East LA Community Corporation, Los Angeles, California;
- letter dated April 29, 2015 from the Vermont Slauson Economic Development Corporation, Los Angeles, California;
- letter dated April 30, 2015 from the Reinvestment Partners, Durham, North Carolina;

Federal Reserve Bank of San Francisco
Federal Deposit Insurance Corporation

-2-

- letter dated April 30, 2015 from the Renaissance Entrepreneurship Center, San Francisco, California;
- letter dated April 30, 2015 from the California Reinvestment Coalition, San Francisco, California; and
- letter dated May 1, 2015 from The Greenlining Institute, Berkeley, California.

Copies of this letter and the enclosed Response Letter have been sent to the parties listed on Annex C to the Response Letter.

If you have any questions with respect to any of the matters discussed in this letter or in the materials included herewith, please contact me at (212) 558-4859.

Very truly yours,



Mark J. Mienting

(Enclosure)

cc: Kori L. Ogrosky
(Pacific Western Bank)

Leah Webb
(Square 1 Bank)

Richard K. Kim
(Wachtell, Lipton, Rosen & Katz)

Patrick S. Brown
(Sullivan & Cromwell LLP)

See Annex C to the Response Letter for additional cc's.



MEETING AGENDA

From Reinvestment Partners
To: PacWest and Square 1
Re: Strategic CRA Plan

The CDFI Opportunity

Community Development Financial Institutions (CDFIs) are catalysts for economic development. They focus their work in areas that have historically been underserved by private financial institutions.

The number of CDFIs is shrinking in North Carolina. Some of this is a function of the appetite for this work in the North Carolina General Assembly. Some reflects changes in the CDFIs in the state.

Now is an opportunity to support their valuable work. Given the loss of capital, preserving these institutions is a high leverage opportunity. CDFIs are sound instruments for community development and their portfolios perform very well. In 2010, less than one percent of North Carolina CDFI-originated loans were charged off. This is almost one-third the rate experienced through the SBA's 7a and 504 loan programs¹. Moreover, they invest a far greater share of their assets in low-and-moderate income communities, in rural areas, and through loans of smaller origination sizes.

Nonetheless, CDFIs still face systemic hurdles. They pay more to borrow relative to the low rates enjoyed by banks. In order to achieve scale, CDFIs have historically had to find capital through a number of streams. In addition to the change in appetite for CDFIs in Raleigh, it has also been the case that funding from the US Department of the Treasury has shrunk.

We believe that PacWest could make a substantial difference to small business development. We understand that Square 1 has provided deposits to CDFIs as well as technical assistance to small businesses. These have been valuable services to our state. We believe that there are many ways to grow the power of CDFIs. Both deposits and technical assistance make a difference. Additionally, investments and grants in CDFIs could deliver benefits to entrepreneurs in a way that fits with the culture of your institutions.

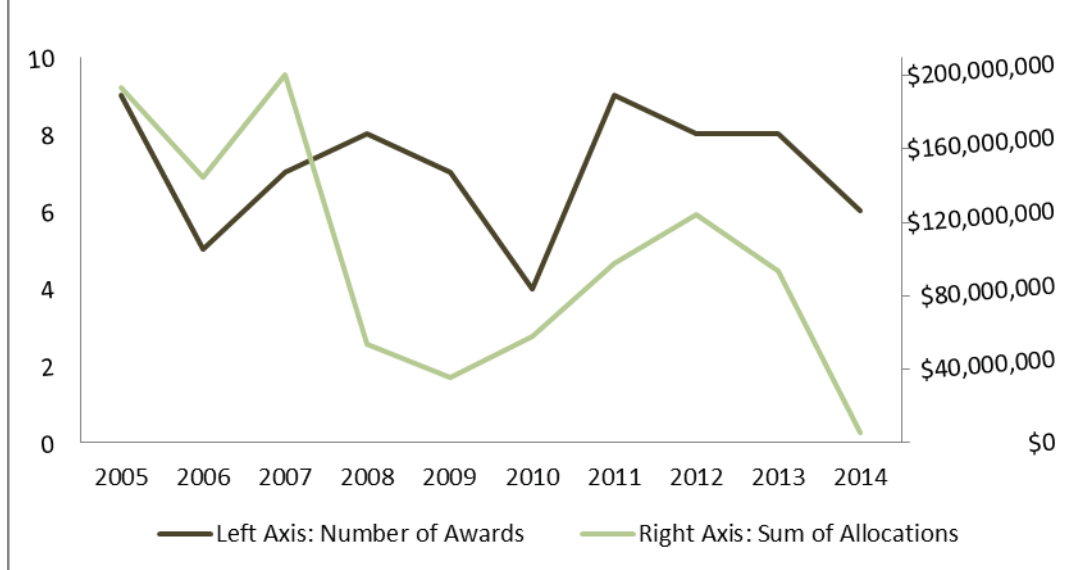
As well, some highly qualified community development agencies have either closed their doors or reduced the scale of their work.

Chart One (top of next page) documents the changes in the number of grants awarded and the sum of those allocations from Treasury's CDFI fund.

¹ http://www.cdfifund.gov/news_events/CDFI-2011-37-CDFI-Fund-Releases-Most-Comprehensive-CIIS-Data-to-Date-FY-2004-2010.asp

CHART 1: FUNDING FOR NC CDFIs

2005 TO 2014; SOURCE: US DEPT. OF TREASURY



Still, the loss of Wachovia is only part of the story. Simultaneously, Treasury has begun to reduce the average grant size. From 2005 to 2007, the average grant size was over \$25 million but in the last three years it has been approximately \$10 million.

Rural small business remains underserved. Most of the bigger CDFIs focus on urban areas (Brownfields Revitalization LLC, Self-Help Credit Union, Self-Help Ventures Fund, et al). For years, the North Carolina Rural Development Center supported rural areas by building out infrastructure. Unfortunately, the Rural Center reduced its scope of service in 2012. The end result is that there are many opportunities for a concerned institution to make a difference through a sustained and generous policy of supporting our CDFIs.

Housing Counseling

Another opportunity is to provide assistance for HUD-certified housing counselors. Housing counselors help people to prepare for homeownership. At Reinvestment Partners, we provide classes that shepherd potential homebuyers through the process of saving for a down payment, improving their credit, and learning about sound mortgage products. As well, housing counselors negotiate loan modifications for homeowners who are at risk of losing their home. These programs serve people who have lost their job through no fault of their own. In recent years, support for housing counseling has been drawn from the American Recovery Act, but those dollars are now winding down. Many of the smaller housing counseling agencies in North Carolina have closed their doors. At the moment, Reinvestment Partners is providing housing counseling services in 41 counties.

Our request is that PacWest and Square 1 would agree to a multiple-year Strategic Plan. This plan would be expressed in a written document that was shared with Reinvestment Partners.

Appendix: List of Worthwhile Partners in North Carolina

- a) Prospects for CDFIs
 - a. The Support Center
 - b. The Initiative – Capital and Affordable Housing Fund
- b) Technical Assistance
 - a. Woman’s Business Center
 - b. Minority Business Development Agency
- c) Lending Flexibility, technical assistance for Woman and Minority-Owned Businesses
 - a. NC IMED could be a partner or an intermediary
- d) Housing Counseling
 - a. Reinvestment Partners
 - b. DHIC (Gregg Warren) – counseling in a Hope VI purchased building that they are redeveloping
 - c. Passage Home: Jeanne Tedrow – transition housing from prison, military, disability

REINVESTMENT PARTNERS

"ADVOCATING FOR ECONOMIC JUSTICE AND OPPORTUNITY"



May 19th, 2015

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cc: Square 1 Bank, PacWest Bank

RE: Proposed Merger of Square 1 Financial, Inc. with and into PacWest Bancorp and Proposed Merger of Square 1 Bank with and into Pacific Western Bank

Dear Sirs:

We remain opposed to an approval of the acquisition of Square 1 Bank by PacWest. This letter outlines more of the reasoning behind our concerns.

At the end of June 2014, Square 1 held more deposits in Durham than did any other financial institution. In fact, Square 1 Bank held 23.7 percent of deposits in the Durham-Chapel Hill metropolitan statistical area¹.

Reinvestment Partners had a substantial meeting with leaders from PacWest and Square 1 on Monday May 18th in Durham. We sense that PacWest wants to work with Reinvestment Partners in the future. We heard from their staff that they support the idea of dialoguing together in conversations that could lead to benefits for Durham and Wake Counties. Nonetheless, PacWest came to the discussion with a fairly limited base of knowledge of our area. This is to be expected, of course, as their headquarters are several thousand miles away from Durham. We believe that PacWest's focus as a lender to businesses is a point of differentiation from a traditional retail bank. Their capacity to analyze projects should

¹ <https://www2.fdic.gov/sod/sodMarketRpt.asp?barItem=&sCounty=all>

make their underwriters more comfortable with adopting flexible lending standards. Many smaller businesses need technical assistance. PacWest is poised to be an institution that can fulfill that need.

PacWest says that it will tap existing Square 1 staff to serve as its leadership in Durham. This 'business as usual' approach will not benefit our community.

CRA loans and investments must have a measurable community impact. We find that Square 1's evaluation and action fall short. *The CRA evaluation has quantitatively scored the bank's actions, but it has not sought to find any measure of community benefit.* We are concerned about the measurable community benefit.

Furthermore, the standard for Square 1's benefit in Durham and Wake counties should be high. Square 1 holds more deposits in our city than does any other financial institution. In spite of having one-quarter of deposits in the Durham-Chapel Hill MSA, Square 1 is invisible in our local community economic development sector. We have come to believe that their CRA strategy does not bring benefit to the community.

As we analyzed Square 1's lending and investment record, we saw that most of their CRA credit was drawn from their positions in twelve mortgage-backed securities. MBS investment has a number of shortcomings:

For one, the loans held inside a security will inevitably spread out beyond a narrow MSA. In fact, we are uncertain how a regulator could conclude what share of lending inside a CRA-qualifying MBS security took place inside a particular assessment area if that security had been re-ordered into risk-based investment classes. How can an examiner know if a Durham loan ended up in the AA tranche or the A tranche, or if the interest payments were stripped apart from the principal payment?

Second, the investment is only a means for recycling of already-deployed capital. It capitalizes on the risk taken by others – who may have also received their own CRA credit for the work. As well, investment of an MBS could not be more removed from the community. A bank holds a claim to a series of cash flows without touching anyone in the area. The need for understanding of a market, which might lead to more flexibility in underwriting or for leadership in development, is lost. According to research from the San Francisco Branch of the Federal Reserve, CRA-qualifying MBS investments often provide a market rate of return with a superior yield relative to most fixed income investments. It does with no administrative cost². While an MBS may be a good investment for a bank, we must ask “where is the community benefit?”

Third, CRA exams specify no minimum holding period for an MBS investment. It is conceivable that a bank could buy an MBS shortly before its exam and then sell it immediately thereafter.

In this case, Square 1 appears to have held its MBS position for a number of years. Most of the investment was in place during 2010. The bank trimmed its holdings in 2012, in fact. To be honest, Square 1 has probably profited significantly from this investment. At the beginning of 2010, ten-year Treasuries yielded 3.6 percent. At the end of 2012, the TNX traded at a yield of just 1.99 percent. Square 1's investment was never at risk – as these are government guaranteed loans – and the investment was very lucrative on a risk-adjusted basis. The dollar size of Square 1's MBS portfolio actually declined during the last year of the most recent exam. The sum of deposits grew and the sum of investments declined.

We believe that a bank should be able to earn a profit, but at the same time, it would be false to portray this CRA investment as altruistic. Most of the investors in this security did it without receiving any CRA credit. CRA credit should reward behavior that might not otherwise occur and in terms of its measurable community benefit.

² Kelman, Andrew. (2002) “Mortgage-Backed Securities & Collateralized Mortgage Obligations: Prudent CRA Investment Opportunities. Federal Reserve Bank of San Francisco. Community Investments. <http://www.frbsf.org/community-development/files/mbs.pdf>

The appendix at the end of this letter shows examples of a bank that received CRA credit for doing a variety of projects that might not have otherwise have occurred with the CRA. That bank, which is headquartered in North Carolina and is of a similar size (deposits) to Square 1, made loans and investments to many non-profit groups for valuable community development work. We can say for certain that there will always be buyers for government-guaranteed mortgage backed securities. We cannot say with the same confidence that there will always be interest in financing the rehabilitation of distressed properties for the purpose of creating emergency housing shelters. Free and reduced-price health care clinics do not generate a risk-adjusted market rate of return. Many lenders are coming to Durham to capitalize on our growing economy, but they are not coming here to make loans for building new low-cost apartment buildings in moderate-income neighborhoods. Banks pursuing CRA credit are doing this work. *This is why the work that is fostered by the CRA is so important – and why the absence of such efforts by our largest depositor represents a problem that must be addressed.*

In fact, the same level of de minimus commitment is evident in their local investments. We understand that all of Square 1's CRA-qualifying investments in CDFIs are deposits that earn a market rate of interest. There is no risk of any kind to this investment. This violates the standard mentioned earlier for a qualitative evaluation of a community benefit. This CRA-qualifying credit deliver does result in any benefit to the community beyond what would be incurred from the activity of any other non-CRA obligated entity. This underscores the disconnect between the bank's CRA rating and the community benefit of Square 1's actions.

We want PacWest to have a different approach. We want PacWest to make direct loans – not through intermediaries or via mortgage-backed securities. We want PacWest to support our CDFIs. We want PacWest to develop long-term relationships with our local drivers of economic re-development.

We cannot change how exams work, but we would still like to take this chance to voice our concerns. We understand that a purely quantitative analysis of these areas would treat MBS investment in a manner that was equivalent to more direct relationships. Similarly, we are inclined to believe that CRA examiners view philanthropy as a homogenous good whose merits are based solely upon their quantity – with the guiding regulatory principle being the more philanthropy, the better. We expect that MBS is treated in the same manner.

Going forward, we believe that CRA exams should do more to let the community know about the specific investments, loans, and grants made by a bank inside the assessment area (s). At the moment, the only description is quantitative. Communities deserve to know more about the actual involvement. The exams should list specifics in terms of the name of the project, its location, and the amount. Underlying our motive is our suspicion that CRA-purposed MBS investment amounts to nothing more than sprinkling a few crumbs toward the needs of our communities.

Square 1's record of philanthropy is also circumspect. Their pattern has been to give to organizations that are outside of the community economic development sphere. Their contributions to youth development are certainly valuable, but they do not serve to realize the intended purpose (s) of the Community Reinvestment Act. The lack of details on who is receiving what donations and of what size challenges the authenticity of Square 1's activities in the community. We believe that their contributions are minimal in size and do not include community development activities. Support at this scale does not befit an institution with \$2.4 billion in deposits in the area.

Another way to think about this question is from the perspective of a grant recipient. Consider the example of a non-profit that shepherds at-risk middle school students from disadvantaged families through to college matriculation. A single-year grant is not material to their goal. Indeed, were the non-profit to hire a new staffer based on one year of funding, it would put its own finances at risk. An essential truth of social change is that it does not occur immediately. A commitment of one year is not a viable mode for impact. Substantive support involves sustained partnerships.

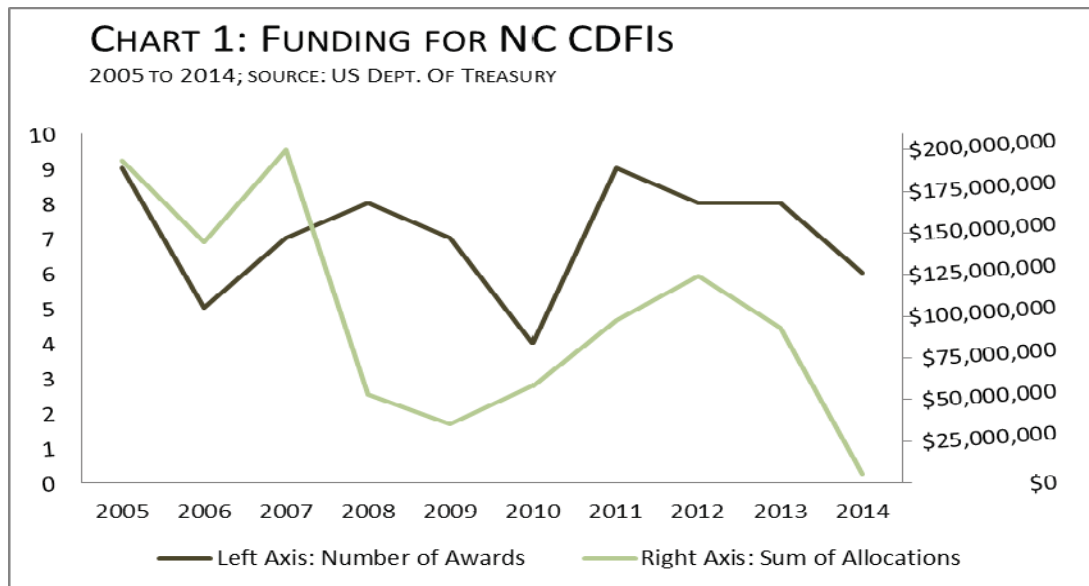
We welcome the chance for Square 1 prove us to be wrong about their MBS investments and charitable grants. We request that Square 1 disclose how their MBS investments provided benefit to Durham and Wake counties. To be clear, we are talking about benefits to the community – not just quantities of dollars. To the charitable giving, the same

standard must be met. Were these meaningful donations and how did they relate to the economic development of our communities?

We believe that more needs to be done. For now, our read on the current state of affairs at Square 1 drives our sense that business as usual will not be beneficial to the community.

The list of needs is long – There is no shortage of opportunity for a bank to make a difference

PacWest should make provide capital to fund the loan programs of state’s Community Development Financial Institutions. We discussed the need for more support for North Carolina’s community development financial institutions. All deposits should be made at below-market rates of interest and should be for sums beyond the FDIC-guaranteed maximum. They should be done with a promise that they will remain for long periods of time. There is a real need for their support. That point is underscored by the significant loss of capital flowing to our CDFIs from the federal government. The next chart shows the recent history of funding to our CDFI’s by Treasury.



This chart conveys how federal support for CDFIs has tailed off dramatically in our state. Unfortunately, those federal changes have simultaneously been accompanied by a pullback in support at the North Carolina General Assembly for community development funding.

PaceWest should place subordinated debt and grants into CDFIs. The

CDFIs need equity in order to bring scale to their lending. PacWest should make direct loans, direct investments, and provide direct services.

In speaking to the executive director of a Durham non-profit that helps homeless families transition to permanent housing, we heard that they need capital to increase the number of families that they can house in their current offices. He also wished that he could have access to the credit that would allow his organization to buy more property in downtown Durham. To paraphrase: “with the rapid re-development of downtown, we cannot afford to buy land near transit and near most of the County’s social service agencies. We need to be able to move quickly when opportunities do come up, but it takes too long to qualify with a bank. We are losing out to investors who serve upper-income households.”

There are many other needs:

- Affordable home-ownership opportunities near transit.
- Sustained funding for housing counseling.
- Financing for the creation of supportive housing which allows disabled adults to live independently.
- Small-dollar affordable consumer credit
- Asset-building individual development accounts (“IDAs”)
- Technical assistance for small businesses, including TA for women and minority-owned small businesses.

- Loans and investments to create and sustain affordable rental housing.
- Below-market rate program-related investments in CDFIs.
- Debt to finance the purchase and rehabilitation of manufactured housing parks and to resident co-operatives, particularly for second position financing.
- VITA sites (for the services test). Currently the only element of Square 1's services test performance is volunteer hours to non-profits.

A person could list hundreds of needs before he or she came to “more purchases of mortgage-backed securities” or “placement of demand deposits in market rate interest-bearing accounts of local credit unions.”

In the appendix at the end of this letter, we give details from the CRA evaluation of Yadkin Bank. Yadkin is a North Carolina bank. It is slightly smaller in terms of deposits, but it is actively involved in direct lending, service and investment. The data is meant to serve as a point of comparison. The difference between Yadkin and Square 1 is significant.

The end result is that communities in Yadkin's assessment areas have benefited more from its commitment than Durham and Wake Counties did from Square 1's efforts. The former's list of loans and investments is substantial. Tonight, homeless families are sleeping in shelters, low-income people have affordable housing, and the poor are getting health care in Yadkin's assessment areas. In Durham, by contrast, there is an unverifiable claim that some marginal degree of liquidity was afforded to banks other than Square 1 due to MBS purchases made in 2010 and 2011.

This difference should illustrate why CRA is important. A committed bank can make a real difference in the quality of the lives of the people in the areas where that institution holds deposits. It can make a concrete difference. We would like PacWest to indicate that it will not buy mortgage-backed securities to meet their CRA obligation in North Carolina, but that instead it will focus on direct lending investment through long-term relationships with North Carolina's CDFIs, community development non-profit agencies, and small businesses.

We want a CRA action plan that is meaningful, measurable and transparent. Those metrics should be defined by community benefit. The goals for community benefit should be expressed both quantitatively and qualitatively. A part of that plan includes regular dialogue with the community. The plan must be re-evaluated on an ongoing basis.

PacWest says they appreciate a collaborative engagement with local groups. We take that as a statement of integrity. We would like PacWest to verify that promise. For the moment, we have heard that PacWest that they will maintain the same Square 1 staffing and presumably under that staff's decision-making. This is not the right answer because it gives no basis for how the community will benefit from this merger.

Thanks for your concern. If we can provide additional information, please reach out to our organization.

Sincerely,

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Appendix

In 2012, Square 1 set out to make 21.3 million in CRA-related loans and investments. They exceeded their goal, ultimately realizing \$28.5 million in such activities during the 2012 year. But they made those loans indirectly, through the process of purchasing mortgage-backed securities.

This section serves to compare this record with another bank of a similar size.

Consider the example of Yadkin Bank (formerly Yadkin Valley Bank & Trust). At the end of June 2014, Yadkin Bank had approximately \$1.5 billion deposits in branches in North Carolina (FDIC). By comparison, Square 1 holds \$2.45 billion in deposits in the Durham MSA. Even though Yadkin Bank is smaller, its work is more impactful upon the community. Consider this list of loans that appeared in Yadkin Bank's 2012 performance evaluation³:

- Refinanced \$1.5 million in debt held by a local housing authority. The loan was used for two apartment complexes which together house 40 low-income households.
- Originated a loan for \$559,500 to finance the purchase and rehabilitation of a 14-unit apartment complex. Most of the occupants are considered low-or-moderate income and many were subsidized through the HUD Section 8 Housing Choice Voucher Program.
- A small loan to finance the construction of a new affordable housing unit.
- Renewed a \$300,000 loan to a non-profit affordable housing developer which was used to finance construction of a new 15-unit affordable housing community in a moderate-income neighborhood.
- Originated a \$100,000 line of credit to a non-profit medical center that provides free or low cost health care of LMI individuals.
- Originated an unsecured \$70,000 loan to a non-profit affordable housing developer.
- Originated three other loans worth a combined sum of \$294,000 to finance the construction of scattered-site affordable home ownership opportunities.
- Renewed a \$1 million loan to a non-profit emergency housing shelter.
- Originated a \$600,000 loan to a non-profit for the purpose of buying a distressed property and then rehabilitating it into a health care clinic for LMI households.
- Originated four loans worth approximately \$400,000 to a housing authority. With this financing, the housing authority purchased and renovated six homes which then became affordable rental housing.
- Originated \$100,000 to a local non-profit that provides after-school services to children from LMI households.

This bank also made a variety of loans to SBICs. It originated an additional nine loans with a combined value of \$2.27 million that had "community development characteristics." To be clear, these were not the characteristic of a mortgage-backed security, but instead were uniquely underwritten loans for local projects that might not have otherwise occurred were it not for the bank's efforts to meet the needs of the community. These included loans to a housing authority, to a privately-owned health center, for a "safe sanctuary" for at-risk households, and to non-profit that provides after-school programs. All of those activities were within only the category of community development lending. They also made charitable contributions of sums greater than Square 1.

For these efforts, the bank received a "high satisfactory" on lending and services and an overall rating of "satisfactory."

³ Community Reinvestment Act Evaluation, Yadkin Valley Bank and Trust. May 14, 2012.
https://www2.fdic.gov/crapes/2012/19861_120514.PDF

REINVESTMENT PARTNERS

"ADVOCATING FOR ECONOMIC JUSTICE AND OPPORTUNITY"



June 25th, 2015

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RE: Proposed Merger of Square 1 Financial, Inc. with and into PacWest Bancorp and Proposed Merger of Square 1 Bank with and into Pacific Western Bank

Dear Sirs:

We would like to report that Reinvestment Partners held a meeting with representatives of Square 1 Bank and PacWest on Monday June 22nd, 2015. We appreciate the willingness of their staff to attend this meeting.

From the outset, we have been pressing for two actions:

First, we feel that a CRA plan which derives most of its substance from the purchase of mortgage-backed securities is one that is guaranteed to have only a minimal impact. The new plan should not use these instruments as a means of accomplishing its goals. Rather, it should be oriented towards originating direct loans for specific projects, or for building the capacity of local community development efforts through investments and loans to those entities.

Secondly, we want PacWest to provide details on how it will transition from the kind of strategic plan called for by Square 1's current status into the full service plan that is expected for a retail-facing bank of PacWest's size.

We are committed to collaboration. To accomplish that, we convened a meeting of local economic and community development leaders. All of these groups work within the assessment area of Square 1 Bank.

Our intention was to brief their team(s) on the specific needs for credit and banking services in our community.

- The Latino Community Credit Union; Luis Pastor, President. Mr. Pastor discussed Latino homeownership. The Latino Community Credit Union originates and services loans. While Mr. Pastor acknowledged that Square 1 has taken out a deposit account in his institution, he expressed a preference for an investment – either through the form of a program-related investment or through a traditional approach. The key difference between these products and a deposit is that it allows the credit union to expand its lending capacity.
- Durham Community Land Trustees; Selina Mack, Executive Director (affordable housing). Ms. Mack reviewed how gentrification in the West End and Cleveland-Holloway neighborhoods has reduced the supply of affordable rental housing and home ownership opportunities. These neighborhoods are located near public transit, but increasingly their housing stock is being purchased by investors or by upper-income homeowners. In spite of that, it remains true that almost half of all Durham households rent.
- The Support Center; Lenwood Long, President (small business technical assistance and lending). Mr. Long discussed the need for program-related investments. The Support Center provides small business loans of between \$25,000 and \$200,000 to small businesses.
- The Institute for Minority Economic Development; Farad Ali, President (small business technical assistance and lending). Mr. Ali asked the bank to consider enhancing their minority vendor/supplier diversity programs.
- Urban Ministries; Patrice Nelson, Executive Director (safety net efforts to address homelessness). Ms. Nelson reviewed the scope of homelessness in Durham County. She told the group that there is a particular need for transitional and long-term supportive housing funding.
- City of Durham, Department of Economic and Workforce Development; Kevin Dick, Director (community economic development, structure of City development programs). Mr. Dick explained how the City of Durham has designed its economic development program. According to Mr. Dick, the City provides grants, but only upon the completion of projects. A bank can make a significant difference by providing construction and permanent loans. Mr. Dick also commented that the City has been very successful in finding partners for projects in Durham’s downtown. Just recently, it closed on a \$500 million “innovation hub” to be located in downtown Durham. But he emphasized that it has been harder to find banks who will lend for smaller projects in the City’s low-income neighborhoods.

Subsequently, we toured a group of low-income neighborhoods in Durham where redevelopment efforts would benefit from more lending and investments. Durham City Council member Steve Schewel (formerly the editor of The Indy, a weekly newspaper in Durham) narrated the journey. Some of the neighborhoods are located within one mile of Square 1’s headquarters.

In doing so, we believe that we provide extensive context on the specific types of products that are needed in our area. In the context of this application, we want to emphasize that no one felt that there was a need for more investment in mortgage-backed securities.

Our Response

We asked the bank for a commitment to a multi-year plan that addresses these needs. To that point, at the end of the meeting, we asked staff from PacWest if they would provide some commitment to meet these needs. To paraphrase their responses:

- a) *PacWest cannot make a commitment of any kind. In no instance would we agree to make a multiple-year commitment to any relationship, and we will not make promises until the acquisition is completed. Trust us that once the merger is approved, we will work hard to serve the community from that point into the future.*

b) You should reach out to Square 1 Bank. Their assessment area is in Durham and Wake Counties. They should listen to your concerns. We (PacWest) cannot do anything until the merger is approved.

Needless to say, Reinvestment Partners is underwhelmed by these comments. We know that Square 1 has not been active in meeting any of the needs expressed by the leaders of our community, and given that, we are not prepared to believe that they will be different going forward. Of course, we are particularly upset to believe that the obligation to meet community needs should be interpreted as contingent, temporary and unenforceable.

We are certain that they are in the process of developing a business plan across the rest of their enterprise. Thus, we are surprised to hear that they have no CRA plan.

The plan should include goals that address the concerns listed by our local leaders. Those efforts should be work initiated by the CRA department. We want PacWest to provide loans, investments and grants that will add to the supply of resources – and not merely to replace the capital provided by another bank through the purchase of a mortgage-backed security.

Real change is not realized in a matter of months. To that effect, grant-making to non-profits should be for multiple years. Non-profits are lean enterprises. A promise of one year of support does little. Non-profits have to hire and train staff. They must themselves make long-term commitments with the neighborhoods and individuals that they serve.

A complement to those plans should be the expectation that PacWest meet with community leaders on a semi-annual basis. Reinvestment Partners is happy to convene those gatherings.

Given that, we remain opposed to the merger.

Sincerely,

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REINVESTMENT PARTNERS

"ADVOCATING FOR ECONOMIC JUSTICE AND OPPORTUNITY"



July 1st, 2015

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RE: Proposed Merger of Square 1 Financial, Inc. with and into PacWest Bancorp and Proposed Merger of Square 1 Bank with and into Pacific Western Bank

Dear Sirs:

We request that this application be reviewed for its ability to meet the standards of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994.

We specifically ask for clarification on the question of how this application, if approved, would mean that PacWest was in violation of Section 109 of Riegle-Neal.

We say this with the acknowledgement that we cannot be sure of this analysis, as it takes information that could only be available through the examination of Square 1's loan portfolio. But in spite of our uncertainty, we believe that concern is warranted.

Section 109 is concerned with instances when an out-of-state bank acquires an institution in another state for the purpose of deposit production. It includes a test that measures compliance. The test "compares a bank's loan-to-deposit ratio to the host state loan-to-deposit ratio for banks in a particular state."

In the Federal Reserve’s explanation of the test (Part 1 of the Two-Step Test), the question is answered by comparing loan-to-deposit ratios. Definitions are:

- “The statewide loan-to-deposit ratio relates to an individual bank and is the ratio of the bank’s loans to its deposits in a particular state in which it has one or more covered interstate branches.”
- “The host state loan-to-deposit ratio relates to all banks that have that state as their home state and is the ratios of those banks total loans in the host state to their total deposits from the host state. ¹”

This is the specific set of inputs for this application:

$$\frac{\text{Current Square 1 future PacWest Loan-to-Deposit Ratio in North Carolina}}{\text{Divided By}} \\ \text{Loan-to-Deposit Ratio of all banks in North Carolina}$$

Since Square 1 is a bank that holds all of its deposits in North Carolina, it was not required to meet Section 109. But were those deposits from Durham then made a part of PacWest, its lending and deposits become applicable to the law.

PacWest will have one branch in North Carolina and it could meet the standards of acquisition for the sake of deposit production if the calculation above is a number that is at or below 50 percent.

In North Carolina, the state loan-to-deposit ratio is 63 percent. This is actually a fairly low number relative to other states. Presumably this is because we have a number of very large banks that hold a substantial share of their deposits in central offices. Bank of America, for example, holds a large concentration of deposits in a non-consumer branch inside its corporate headquarters on Tryon Street in Charlotte, North Carolina.

Currently, Square 1 has an overall loan-to-deposit ratio of 48.7 percent. We believe that only a small portion of those loans are being made to businesses located in North Carolina. We notice that the seven most recently announced loans made by Square 1 have all been made to businesses located outside of our state.

Recent Loans Made by Square 1 Bank

Borrower	Date	City	State	Loan Amount
Minimally Invasive Devices	30-Jun-15	Columbus	OH	\$5,000,000
D3 Technology	19-May-15	Denver	CO	\$4,250,000
Task Easy	20-May-15	Salt Lake City	UT	\$2,000,000
Invoca	13-May-15	Santa Barbara	CA	not disclosed
Tissue Tech	12-May-15	Doral	FL	\$10,000,000
InDemand Interpreting	29-Apr-15	Seattle	WA	\$3,000,000
VisiQuate	28-Apr-15	Santa Rosa	CA	not disclosed

To avoid falling below 31.5 percent, about 5/8ths of deposits held by the North Carolina branch would have to go to loans to businesses in North Carolina. If more than 36 percent of loans on Square 1’s books are made to companies from outside of North Carolina, then they will fall below the 50 percent mark.

This would not be a problem at the moment, but if they were to be acquired by an out-of-state bank, then the acquiring institution would immediately violate Section 109.

¹ <http://www.federalreserve.gov/boarddocs/supmanual/cch/sec109.pdf>

Incidentally, PacWest is now at a point where its ability to continue to make loans is pushing up against its already stretched balance sheet. The most recent loan-to-deposit ratio for PacWest is 1.01. This is an unusually high amount, and it only helps to strengthen the impression that this is an acquisition whose design is to allow a bank to reinvest deposits from one source into businesses in a different geographic area.

Square 1 CEO Doug Bowers emphasized the value of his bank's deposits in a recent interview in American Banker: "Square 1 offers PacWest a complementary line of business," he said, "and significant core deposit growth."

We ask regulators to review this merger in the context of this rule.

In our opinion, the remedy is to require PacWest to commit to making a series of investments and loans to businesses in Durham and Wake Counties. These are the assessment areas of the bank for the purposes of any Community Reinvestment Act examination. In a previous letter, we reviewed comments made from our local business leaders. Each pointed to specific needs for capital. We believe that approval of this merger should require PacWest to make a specific plan for realizing the credit needs of our communities.

Until that occurs, we remain opposed to the merger.

Sincerely,

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

DIVISION OF CONSUMER
AND COMMUNITY AFFAIRS

July 9, 2015

Mark J. Menting, Esq.
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Dear Mr. Menting:

This letter refers to the application by PacWest Bancorp, Los Angeles, California ("PacWest"), to acquire Square 1 Financial, Inc., Durham, North Carolina ("Square 1 Financial"), pursuant to Section 3(a)(3) of the Bank Holding Company Act of 1956. Following the proposed acquisition, PacWest plans to merge Square 1 Financial's subsidiary, Square 1 Bank, also of Durham, into its subsidiary, Pacific Western Bank, also of Los Angeles ("PacWest Bank"). Based on our review of the current record, the additional information below is requested. Please provide relevant supporting documentation, as appropriate.

1. Please provide a description of any due diligence conducted by PacWest Bank regarding convenience and needs and CRA with respect to communities currently served by Square 1 Bank. Include a description of the following:
 - a. PacWest Bank's ascertainment of any identified needs relating to credit and/or deposit products or services, particularly those that would meet the needs of LMI individuals.
 - b. PacWest Bank's anticipated expanded CRA assessment area upon consummation of the proposal;
 - c. Any plans to open or close branches as a result of the proposal, or separately from the proposal, particularly in LMI areas;
 - d. Any plans to conduct marketing or outreach in the communities to be served by PacWest Bank upon consummation of the proposal; and,
 - e. PacWest Bank's plans to offer products or services that address the financial service or credit needs of LMI individuals at Square 1 Bank. Please also discuss any plans to discontinue or limit products or services offered by either PacWest Bank or Square 1 Bank.

2. Given that Square 1 Bank currently operates under a CRA Strategic Plan, and that PacWest Bank is subject to the Large Bank Examination Procedures for CRA, please describe PacWest's plans, if any, to institute PacWest Bank's small business lending activities at Square 1 Bank's operations.
3. Discuss Pac West Bank's community development-related lending, investment and service goals for Square 1 Bank, in its CRA assessment areas, for 2015.
4. Describe any modifications PacWest Bank has made or plans to make to its consumer compliance policies, procedures, and internal monitoring since the acquisition of CapitalSource Bank. Discuss any additional modifications planned to accommodate the integration of Square 1 Bank into PacWest Bank's compliance management system.
5. Discuss how PacWest Bank plans to integrate Square 1 Bank's nontraditional business model into its operations, including how it plans to oversee the activities of Square 1 Bank in terms of compliance with consumer protection regulations and statutes.
6. Discuss any plans PacWest Bank has to offer any of its products and services at Square 1 Bank's main office in Durham or at any of its loan production offices.
7. With respect to PacWest Bank's CRA performance, please provide updated information for the full year 2014 for its community development-related loans, investments and services in its CRA assessment areas.
8. Please describe the nature of Square 1 Bank's deposits, focusing on the types of products offered, types of customers served (e.g. institutional versus individual), the volume of deposits held in each product type, and the geographic distribution of deposit sourcing by Federal Reserve banking market area.

Please address your response to the undersigned and submit this response electronically by July 20, 2015 or as soon as possible. In addition, in responding to the

Mark Menting, Esq.
July 9, 2015
Page 3

questions above, please provide a copy of the public portion of your response to all parties who have submitted comments on this application. Please also provide to the undersigned a copy of PacWest's response to the FDIC's May 2015 request for additional information relating to the bank merger proposal.

Any information for which you desire confidential treatment must be so labeled and separately bound, and accompanied by your request for confidential treatment pursuant to section 261.15 of the Board's Rules Regarding the Availability of Information (12 CFR 261.15).

Note that there may be additional questions after receiving responses from you regarding the matters in this letter. If you have questions, please contact Peggy Naulty at (202) 452-2088 (peggy.naulty@frb.gov) of the Board's Consumer and Community Affairs Division or Dwight Smith at (202) 452-2773 (dwight.l.smith@frb.gov) of the Board's Division of Banking Supervision and Regulation.

Sincerely,



Carol Evans
Assistant Director

cc: Marva Smith Battle-Bey
Vermont Slauson Economic Development Corporation

Roberto Barragan
Valley Economic Development Center

Monica Palmeira
California Coalition for Rural Housing

Alejandro Martinez
East LA Community Corporation

Vidal Rangel
San Fernando Valley Financial Development Corporation

Antonio Pizano
Pacoima Development Federal Credit Union

Sharon Miller
Renaissance Entrepreneurship Center

Kevin Stein
California Reinvestment Coalition

Orson Aguilar
The Greenlining Institute

Patrick Dunlevy
Public Counsel

Keith Ogden
Community Legal Services in East Palo Alto

Adam Rust
Reinvestment Partners

Gisele Mata
Alliance of Californians for Community Empowerment

Ms. Elisa Johnson, Manager
Federal Reserve Bank of San Francisco

Ms. Melissa Vanouse, Manager
Board of Governors of the Federal Reserve System

Contact: Peter Skillern
Reinvestment Partners
Phone: (919) 667-1000
Cell: (919) 667-4201

110 E. Geer Street
Durham, NC 27701
www.reinvestmentpartners.com

REINVESTMENT PARTNERS

Community asks PacWest to Issue Plans for a Strong Program of Investment in Local Small Businesses and Affordable Housing

Durham, NC; July 18, 2015: [Triangle-area residents call for FDIC and Federal Reserve to delay approval of PacWest's acquisition of Durham's Square 1 Bank.](#)

"Square 1 holds more deposits in Durham County than any other financial institution," said Reinvestment Partner's Director of Research Adam Rust, "yet in spite of that, they are virtually unknown in our community. There is little in their track record to demonstrate a commitment to investing or lending in local businesses, to financing the construction of affordable housing, and to improving the quality of life for our citizens."

The FDIC and the Federal Reserve must each approve the merger. As part of that process, PacWest must demonstrate how it will serve the needs of the communities where it holds deposits. If approved, PacWest would be evaluated as a traditional retail bank.

In spite of having approximately \$2.5 billion in deposits in Durham, Square 1 makes almost all of its loans outside of the Triangle. In recent years, it has made only a handful of small donations to our non-profits.

"We are concerned that the motive behind this merger is to enable PacWest to use North Carolina deposits to fund their West Coast business lines," said Peter Skillern, Executive Director of Reinvestment Partners. "At the moment, more than half of Square 1's deposits are not being utilized to make loans, whereas almost every dollar on PacWest's balance sheet has been put into loans."

As of today, more than 150 local citizens have signed a petition asking the regulators to require PacWest to use Square 1's deposits for making loans and investments back into the Durham community. The petition is available here: <http://chn.ge/1KwVWyW>

Comments from people in Durham and Wake:

"I believe that banks have a responsibility to invest in local businesses and neighborhoods. Community investment should be a condition for PacWest to buy Square 1."

"Any bank that wants this much control over local deposits needs to be investing in that community."

"I believe that banks physically located in Durham, especially if they hold a large chunk of all local deposits, should be required to invest a certain percentage in Durham and North Carolina."

This would complete the "give and get" part of the merger. Get local deposits, give local opportunity."

[newsobserver.com](http://www.newsobserver.com)

Durham consumer group opposes Square 1 Bank deal

1 min read • [original](#)

A local consumer advocacy group is opposing Pacific West Bank's pending \$849 million acquisition of Durham-based Square 1 Bank and is asking regulators to delay approval of the deal.

The action announced Thursday by Reinvestment Partners of Durham questions whether California-based Pacific West will meet its obligations under the Community Reinvestment Act to meet the needs of Durham borrowers, including those in low-income neighborhoods.

Peter Skillern, executive director of Reinvestment Partners, said his organization has met with Pacific West officials, but they declined to make any commitments until the deal is completed.

"It seems to be a fair request," Skillern said. "If you're going to buy (Square 1), tell us how you're going to lend to the community. ... If you want to get all these deposits, you've got to give to the community."

Officials at Pacific West and Square 1 Bank couldn't immediately be reached for comment Thursday afternoon. When their deal was unveiled in March, the banks said they expected it to be completed in the fourth quarter.

Skillern said he is pleased that, after his organization notified federal regulators of its opposition to the merger, the Federal Reserve requested additional details about its plans from Pacific West. Among other things, the July 9 letter from the Federal Reserve asked the bank to outline its plans for “community development-related lending, investment and service goals” in the areas Square 1 operates.

Reinvestment Partners is concerned that Pacific West plans to shift Square 1’s deposits to California to fund its banking operations there. A byproduct of such a move would be to circumvent the bank’s obligation to address the needs of borrowers in Durham.

At the heart of the issue is Square 1’s status as a specialty bank and its large deposit base in Durham — \$2.45 billion as of June 30, more than any other bank in the Durham-Chapel Hill metropolitan area, according to the Federal Deposit Insurance Corp.

Square 1 is labeled a specialty bank because it provides loans and other banking services to venture capital firms and the businesses they invest in nationwide and has 13 offices across the nation. But although the bank has a relatively low profile locally, its deposits from customers across the country are situated in Durham.

Thanks to its classification as a specialty bank, Skillern said, Square 1 has been able to meet its obligations under the Community Reinvestment Act, or CRA, without being required to make loans in Durham. But the rules would change for Pacific West, he said, because it is a more traditional bank catering to small and mid-sized businesses and therefore faces more stringent requirement under CRA.

Pacific West has 80 branches, mostly in southern and central California, that cater to small and mid-sized business. It has more than \$16 billion in assets.

Skillern's organization also has raised questions about whether a wholesale shift of deposits would violate the Interstate Commerce Act. The Federal Reserve is seeking information that would enable it to determine whether it would be a violation, Skillern said.

Original URL:

<http://www.newsobserver.com/news/business/article27429748.html>

REINVESTMENT PARTNERS

"ADVOCATING FOR ECONOMIC JUSTICE AND OPPORTUNITY"



August 4th, 2015

Gerald Tsai
Director, Applications and Enforcement
Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
101 Market St., Mail Stop 615
San Francisco, CA 94105
Gerald.Tsai@sf.frb.org

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Regional Director
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San Francisco, CA 94105
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RE: Proposed Merger of Square 1 Financial, Inc. with and into PacWest Bancorp and Proposed Merger of Square 1 Bank with and into Pacific Western Bank

Dear Sirs:

We remain opposed to the approval of the acquisition of Square 1 by Pacific Western Bank.

We have reviewed PacWest's public responses to the Federal Reserve's queries. We appreciate the list of community needs identified by PacWest. The public response to how it will meet these credit needs lacks specifics, fails to provide metrics for evaluating their accomplishments, does not promise to be shared with the public, and is only relevant to the first year after an approved merger.

A preferable plan would incorporate all of those aspects. It would benchmark those elements on a specific quantitative metric that divides financial activities by total deposits.

Given PacWest's lack of specifics, we can only suspect that the future will look the same as the past. There were substantial open questions associated with Square 1's CRA policies. Indeed, some of the larger components of grant activity in its last exam are no longer permitted to count. Specifically, we have reservations about the extensive use of mortgage-backed securities to fulfill its goals.

Furthermore, our campaign is now supported by 158 citizens. The great majority come from Durham or Wake Counties, North Carolina and others are former residents. We included the list of petitioners and their comments in a set of appendices at the end of this document. Our challenge has been covered by the Durham Herald-Sun (“Nonprofit, Residents Wary of Square 1 Merger” <http://bit.ly/1gIdeP0>) and the Raleigh News & Observer (“Durham Group Opposed to Square 1 Bank Deal” <http://bit.ly/1E6yPFC>).

Their Grant-Making Does Little to Benefit Low-Income Constituents within their Assessment Area

With the benefit of time, we have been able to research and identify many of the grants made by Square 1 Bank. Our assessment is that these grants are not tied to helping low-and-moderate-income constituents. The largest grant recipient on our list is the Senior Housing Crime Prevention Program (SHCPP). Square 1 made a grant of \$61,000 to SHCPP in 2010¹ and claimed that grant during 2011 and 2012², even though no additional dollars were disbursed. In the period since then, all federal regulators have determined that this program is no longer eligible for CRA credit.

The last point provokes an important question. If SHCPP has been such a significant recipient of their past grant-making, then how will it be replaced going forward? If their CRA rating was based upon activities that have been unmasked as insincere, then why should we take it for face value that new choices will be different?

The second largest grant recipient is the Council for Entrepreneurial Development. The President and CEO of Square 1 Bank is a member of CED’s board. One of the grants specifically designates a CED contribution for a CED conference sponsorship³. While this is a grant made to an organization that is managed from within North Carolina, it is not one that focuses on serving under-served consumers or businesses. Its mission statement is “to identify, enable, and promote high-growth, high-impact companies and to accelerate the entrepreneurial culture of the Research Triangle and North Carolina.”⁴ It is hard to imagine that Square 1’s basis for participation is for CRA credit. The bank would be working with CED with or without a CRA obligation.

From Square 1’s website, we can see that volunteer service hours were spent at North Carolina Bankers’ Association activities. This does not benefit low-income households.

Many of Square 1’s prior grants no longer meet CRA criteria, and our concern is amplified by the fact that Square 1’s few qualifying activities do not meet the spirit of CRA requirements. That is, Square 1’s grantmaking in its community do not benefit those most in need of reinvestment from banking institutions.

Mortgage-Backed Securities Purchases Do Not Benefit Consumers

We contest the notion that any bank – not just Square 1 or PacWest – can claim to link a mortgage-backed security (MBS) investment to low-income consumers within an assessment area. By its nature, an MBS does not delineate by income. It is broken into tranches whose differentiations are factored by credit risk or payment structure.

In our opinion, there is little to support the assertion that an investment in an MBS delivers any value to consumers. The assumption rests on a notion that liquidity can elevate credit availability. Certainly, loans are a product based upon the provision of a finite resource. But this is akin to the idea that the sale of used cars will bring relief to companies that produce new automobiles.

¹ http://www.shcpfoundation.org/uploads/pdfs/annual_reports/ANNUAL%20REPORT%202009%20FINAL.pdf

² http://www.shcpfoundation.org/uploads/pdfs/annual_reports/ANNUAL%20REPORT%202009%20FINAL.pdf

³ <https://www.square1financial.com/ced-tech-venture-conference-sponsor>

⁴ <http://www.guidestar.org/FinDocuments/2014/561/399/2014-561399587-0b0ed2cd-9.pdf>

The use of these instruments as a means to meet a CRA obligation only underscores our opinion of their approach. The bank has met the letter of the law, but through an indirect approach relies upon activities that do not provide a benefit to the community.

Even though the public can use agency disclosure reports to verify the characteristics of loans (credit score, loan-to-value, principal balance), the only geography revealed is on the state level. For example, loans purchased through Ginnie Mae show the state of issuance, but there is now disaggregation thereafter. As well, the data does not indicate the income of the borrower or if the loan was made in a low-income census tract. If the merger is approved, then PacWest’s assessment area will be drawn from only two of North Carolina’s 100 counties – thus a security with obligations from across the state is likely to draw only a small fraction of its energy from the assessment area geography.

We can complement mortgage-backed security data with HMDA and Census data to make reasonable estimates of how many dollars in these loan pools are reaching low-to-moderate-income consumers in Durham and Wake County.

CATEGORY	NUMBER OF LOANS	BASIS PERCENTAGE	SUM
Value of Square 1 Principal Investment in North Carolina MBS	Unknown (estimation based on average loan amount of \$140,000 would be 86)	100	\$12,000,000
Number of owner-occupied 1 st lien loans for SFR made in North Carolina in a year (2012 in this case)	240,943	100	\$12,000,000
Such Loans Made in Durham and Wake	47,997	19.9	\$2,390,458
Loans Made in Durham and Wake to LMI borrowers	8,690	3.6	\$432,800

This table suggests that the CRA examination process dramatically over-states how many loans in the mortgage-backed security portfolio reached low-to-moderate income households in Durham and Wake County. The basis for ascertaining LMI status comes from Census data. Median Household Income in Wake was \$66,000 – which suggests that 80 percent ceiling puts LMI status at incomes at or below \$52,800. Similarly the numbers in Durham are \$52,000 and \$42,400, respectively. These estimates, which we acknowledge are made on assumptions that are inexact but still reasonable, infer the likely sum of dollars supplied for the target consumer (LMI households in Durham and Wake Counties) is only \$432,800. Taking it one step further, this would mean that their mortgage-backed security investment only bought about three mortgage loans inside the relevant assessment area.

Raises Questions of Systemic Policy

Another important question concerns whether or not the free market would demand these mortgages, or if this activity is creating liquidity that would otherwise not occur. We imagine that since most of these loans bear interest rates that are yielding approximately 50 to 75 basis points above standard agency issuance, their risk-adjusted return makes them equally attractive as any other MBS instrument.

The use of a 30-year bond is itself symptomatic of another problem. It creates a mismatch between the duration of CRA credit and the duration of impact to consumers. If the claim that MBS purchases do benefit consumers is true, then it is the case that such a benefit is exhausted once the capital is used again for a new mortgage. The benefit (if existing) is a one-time event. Nonetheless, regulations extend credit during the entire period of the investment. Theoretically, a bank could claim CRA credit for three decades with the purchase of an MBS. This concerns us as a matter of CRA policy. But the situation is also relevant to the question of this application. We believe that it would be a mistake if Square 1’s current \$12 million investment will remain part of the activities for which it is given CRA credit. *In a quantitative*

system, any CRA credit should be made only for loans that can be traced back to low-to-moderate income consumers living inside the assessment area – and only once.

Unfortunately, this kind of activity is secret to the community. The fact that some mortgage-backed securities only contain higher-LTV loans within a single state is not common knowledge. The ability to verify the use of these products is virtually nil outside of some investment professionals. Yet these skills (use of agency bond data, HMDA data, and Census data) are necessary in order to gain a sense of what is done in order to gain CRA credit. This is a mistake that extends beyond Square 1 and it is something that should be changed.

This is both a broader policy question and a specific critique of a CRA plan. But if the question at hand here is how their CRA plan will fit with community needs, then we have demonstrated that the use of MBS does not realize that goal. Indeed, in the meeting we arranged with local business leaders, it is important to note that not one mentioned the need for purchases of MBS. Thus, one of our requests is that the future plan would not include any use of mortgage-backed securities as part of a CRA strategy.

The Virtue of a Publicly-Released Multi-Year Plan

Transparency is an important element in the relationship between a financial institution and its surrounding community. While there are certainly aspects of any business that should remain confidential, the plans for how a CRA-obligated bank serves the needs of local households are not one of them. Indeed, a system of confidentiality creates the space where a gap can exist between the two. With engagement, needs are more likely to be met and unsuitable activities can be eliminated.

Given that examinations for banks are made every three years, it seems very logical that plans should be made for the same term. This is why we think it would be fitting for PacWest to issue a three-year plan. Indeed, we find it hard to believe that they do not develop their own plans along a similar timetable. From the perspective of our own work as a grant-supported non-profit, we know that single-year grants are not effective. We find it hard to hire staff for only one year and even harder to train them during such a short period. Real change takes more than twelve months.

Conclusion

We can accept that CRA exams will prefer to use quantitative measurements, rather than qualitative judgments. If this is to be done, though, it should be done in such a way that is scalable to future growth. Recently, PacWest consented to a system that set the CRA obligation to a percentage based upon the sum of deposits. There are two important aspects to realizing this goal:

- a) All deposits should be counted, regardless of their origin. PacWest has contended that only core deposits should be utilized in a system that divides CRA-eligible activities over deposits. It would deny responsibility to associate a CRA obligation to brokered deposits. We reject that notion. All deposits should have some CRA obligation. If a bank buys deposits, then it also accepts the responsibility to use those deposits. The CRA rules (12 CFR Part 25) attach the obligation to where the deposits are held – and not to where the depositors are located. The denominator should include all deposits – be they savings, demand, certificates, brokered or any other kind of deposit.
- b) The obligation should increase or decrease in synch with changes in the sum of deposits held by the institution. We think this creates the kind of flexibility that sets expectations while also accommodating unknown changes.
- c) CRA-eligible activities should only be given credit during the year of the related transaction. The record in the past – where Square 1 was able to claim multiple years of credit for one contribution to the SHCPP or for one MBS investment – is not adequate.

We still ask for clarity on how the question of how PacWest would comply with Section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act (Regulation H). We note that their loan-to-deposit ratio is probably well below the minimum standard. As that is the case, then the question of how well they are meeting community credit needs becomes all the more significant. As has been underscored by the comments made from local business leaders about their needs, we believe that they are not doing so in a satisfactory fashion. We have articulated problems with their grant-making, their use of MBS to meet lending goals, and their decision to claim CRA credit for voluntary activities to non-profits that do not serve low-income households.

We remain opposed to the approval of this application unless conditions can be placed upon its approval. We ask that PacWest publish a multi-year plan which calls for CRA activity equivalent to a percentage of total deposits.

To that end, we ask that the Federal Reserve and the FDIC host a meeting between Reinvestment Partners and the Presidents of PacWest and Square 1 to develop a community reinvestment plan that will benefit Durham and Wake Counties.

Sincerely,

Adam Rust
Director of Research
adam@reinvestmentpartners.org

Peter Skillern
Executive Director
peter@reinvestmentpartners.org

Appendix 1: Comments from Petitioners

Any bank that wants this much control over local deposits needs to also be investing in that community. Take ownership of where you do business.
Durham is my home
It is important to have investment in housing, infrastructure, and economic development and jobs for the city.
I live in Durham. I want to see more dollars going to less condos and more affordable housing projects to encourage home ownership. HOMES, not condos.
I believe we should re-invest in developing neighborhoods with affordable housing so that our city can continue to grow responsibly.
Durham presents a great opportunity for PacWest and Durham.
I am signing because Durham is my home and we can't continue to leave our poor behind or continue to overlook low income neighborhoods.
...it's the right thing to do...
I'm signing because I want to see everyone in Durham thrive, and I believe that banks can truly be community partners. If Durham knows that Square One invests in Durham, I think you'll see business skyrocket.
Durham contains pockets of extreme poverty. The city needs affordable housing.
We need to invest in our neighborhoods. That's where America lives.
We need affordable houses this is very important
Those who benefit from the community must be good stewards and help support the community
This would complete the "give and get" part of the merger. Get local deposits, give local opportunity.
Durham needs banks that invest in our community, homes, and people!
I live in Durham, and want to see local money used for local purposes
I live here and I want to see all of Durham thriving.
Making money off Durham and not reinvesting it here is bad business!
I believe that banks have a responsibility to invest in local businesses and neighborhoods. Community investment should be a condition for PacWest to buy Square 1.
All parts of Durham deserve to receive loans to improve housing options and banks who make money here must invest it here
Durham Resident supporting Durham
I too would relish being able to rent in an affordable space downtown with other small business owners like myselfI esteem Durham's growth over the last 10 years, hoping there will still be options for the small business / artists as well.
I want to save and reinvest in my community
The money needs to be going back into Durham for affordable housing
Deposits from our community need to be used to make loans in our community.
It just makes sense!
Funds from the community need to be invested in the community.
Keep money in the community.
I had no idea that Square 1 had so many local depositors and not investing in the Durham community!
Please make reinvestment in our community a top priority
Keep the money invested in Durham!
I believe in providing opportunity and investment to transform the quality of life and opportunity for all residents of Durham
I agree that banks physically located in Durham, especially if they hold a large chunk of all local deposits, should be required to invest a certain percentage in Durham and North Carolina.
I am a Durham resident
We need banks to invest locally, especially in developing and low-income neighborhoods.
I believe a strong local community is a key to a healthy and vital nation.

Equitable housing policies evidence a community and society that believes in dignity and humanity. We ask that you commit to representing values that make us all proud to be living and working in NC.
To prevent further gentrification of under-serve neighborhoods, provide more affordable housing to low income individuals and families.
I recognize the need for affordable housing to serve the low and moderate income citizens of my community.
I believe in investing locally
We need to take a collective approach to lifting up our whole city through re-investment

Appendix 2: Petitioners

Name	City	State	Postal Code
Michael De Los Santos	Durham	North Carolina	27703
Janet Xiao	Durham	North Carolina	27713
Susie Post	Durham	North Carolina	27701
Sarah Bryan	Durham	North Carolina	27705
Erika Moss	Raleigh	North Carolina	27601
Velvet Goodwin	Durham	North Carolina	27713
Michael Millward	Durham	North Carolina	27713
Delphine Sellars	Durham	North Carolina	27712
Wendell Camp	Durham	North Carolina	27713
Julia Wallace	Durham	North Carolina	27707
Valorie Marshall	Durham	North Carolina	27704
Brett Sheppard	Durham	North Carolina	27705
Michelle Gonzales-Green	Durham	North Carolina	27701
Cassie Belcher	Durham	North Carolina	27701
Patrice Nelson	Durham	North Carolina	27713
Alex Biggers	Chapel Hill	North Carolina	27516
John Parker	Raleigh	North Carolina	27608
Stephen Hopkins	Durham	North Carolina	27703
Lavada Hobbs	Raleigh	North Carolina	27616
Susan Sewell	Durham	North Carolina	27707
Katie Monroe	Durham	North Carolina	27701
Amanda Cazzolla	Durham	North Carolina	27713
Helen Ho	Cambridge	Massachusetts	2139
Betsy Crites	Durham	North Carolina	27712
Jerry Gershenhorn	Durham	North Carolina	27701
Shea Neville	Durham	North Carolina	27701
Bethany Kell	Durham	North Carolina	27701
Jennifer Ashley	Durham	North Carolina	27707
Ophelia Wave	Durham	North Carolina	27704
Dena Konneker	Durham	North Carolina	27701
Toby Berla	Durham	North Carolina	27705
David Clark	Durham	North Carolina	27707
Jessie Braverman	Raleigh	North Carolina	27605
Jennifer Braverman	Syria	Virginia	22743
Tanganyika Tolliver	Durham	North Carolina	27704
Mina Ezikpe	Durham	North Carolina	27708

Natascha Heard	Durham	North Carolina	27713
Kathryn Andolsek	Durham	North Carolina	27705
Susan Tideman	Durham	North Carolina	27705
Kelly Sims	Durham	North Carolina	27705
Barney Dale	Durham	North Carolina	27705
Marcy Lowe	Durham	North Carolina	27707
Bryan Stypmann	Raleigh	North Carolina	27613
Jennifer Walker	Durham	North Carolina	27701
Lorisa Seibel	Durham	North Carolina	27705
Shel Anderson	Durham	North Carolina	27701
Scott Koon	Durham	North Carolina	27713
Paul Cornsweet	Durham	North Carolina	27701
Charles Robinson	Durham	North Carolina	27712
Shannon Sudderth	Durham	North Carolina	27713
Jessica Kemp	Durham	North Carolina	27703
Shonda Santos	Durham	North Carolina	27707
Morgan Brooks	Raleigh	North Carolina	27606
Melissa Norton	Durham	North Carolina	27701
Alissa Montgomery	Durham	North Carolina	27701
Jeffrey Isaacson	Durham	North Carolina	27701
V Ryder	Durham	North Carolina	27707
Rhett Fuller	Durham	North Carolina	27704
Niki Cannaddy	Durham	North Carolina	27704
Katie Metts	Durham	North Carolina	27705
Linda Randolph	Knoxville	Tennessee	37919
Adrienne Harreveld	Durham	North Carolina	27701
Marni Goldshlag	Durham	North Carolina	27704
Magaretha Herman	Durham	North Carolina	27704
Dale Herman	Durham	North Carolina	27704
Elizabeth Evans	Carrboro	North Carolina	27510
Contonna Peterson	Durham	North Carolina	27717
Nina LaMonica	Cary	North Carolina	27513
Martha Beach	Chapel Hill	North Carolina	27517
Angela Greenwald	Durham	North Carolina	27701
Lolethia Underdue	Durham	North Carolina	27713
Kenneth Wells	Durham	North Carolina	27712
Julie Pruner	Durham	North Carolina	27712
Lorin Fields	Durham	North Carolina	27715
Araba Afenyi-Annan	Durham	North Carolina	27713
Herbert Davis	Durham	North Carolina	27701
Wanda Gilbert-Coker	Raleigh	North Carolina	27620
Kofi Boone	Durham	North Carolina	27713
Mari Jorstad	Durham	North Carolina	27705
Denise Thompson	Durham	North Carolina	27703
Leander Campbell	Durham	North Carolina	27705

Wendy Hillis	Durham	North Carolina	27701
Tee Shaw	Durham	North Carolina	27704
Tolanda Barnette	Durham	North Carolina	27707
Tiffany Cates	Durham	North Carolina	27704
Melissa Hodges	Durham	North Carolina	27704
Ron Grunwald	Durham	North Carolina	27705
Jeffery Jordan	Durham	North Carolina	27704
Tom Feltner	Durham	North Carolina	27705
Debra Milkovich	Fayetteville	North Carolina	28303
Sarah Duda	Chicago	Illinois	60647
Ian Mance	Durham	North Carolina	27707
Nick Milkovich	Fayetteville	North Carolina	28303
Lauren Reno	Durham	North Carolina	27701
Gail Austin Curry	Durham	North Carolina	27713
Nicole Foster	Wake Forest	North Carolina	27587
Nana Frempong	Raleigh	North Carolina	27604
Kevin Dies	Akron	Ohio	44320
Rodger Frey	Durham	North Carolina	27704
Camryn Smith	Durham	North Carolina	27703
Robert Appleby	Durham	North Carolina	27701
Amelia O'Rourke-Owens	Durham	North Carolina	27701
Yandry Mastromihalis	Raleigh	North Carolina	27613
RB Willis	Bolivia	North Carolina	28422
Cara Williams	Durham	North Carolina	27703
Robert Jiggetts	Henderson	North Carolina	27536
Marion Lamberth	Durham	North Carolina	27701
Peter Laroche	Winston-Salem	North Carolina	27106
Ryan Fehrman	Durham	North Carolina	27701
Carl Manning	Spring Lake	North Carolina	28390
Joseph Feldblum	Durham	North Carolina	27701
Robert Coffman	Athens	Georgia	30605
Carlyn Wright-Eakes	Durham	North Carolina	27705
Jahdai Dawes	Durham	North Carolina	27703
Peter Katz	Durham	North Carolina	27701
Carolyn Fryberger	Durham	North Carolina	27701
Sarah Bickley	Durham	North Carolina	27713
Robin Criffield	Carrboro	North Carolina	27510
Harlan Gradin	Durham	North Carolina	27701
Ruth Thomson	Chapel Hill	North Carolina	27514
Leshania Blue	Durham	North Carolina	27704
Mary Anne McDonald	Durham	North Carolina	27701
Melissa Robins	Durham	North Carolina	27713
Kate Fulbright	Charlotte	North Carolina	28213
Keith McMillon	Raleigh	North Carolina	27612
Lecia Montague	Raleigh	North Carolina	27604

Joyce Manning	Durham	North Carolina	27701
Karen Wells	Durham	North Carolina	27712
Rachel Wishon	Durham	North Carolina	27707
Lori White-Johnson	Durham	North Carolina	27701
Nancy MacLean	Durham	North Carolina	27705
Ronda Bullock	Durham	North Carolina	27707
Mary Boatwright	Durham	North Carolina	27705
Shawn Stokes	Chapel Hill	North Carolina	27516
Nancy Blood	Durham	North Carolina	27704
Elizabeth Conroy	Durham	North Carolina	277705
Shirley Turner	White Plains	New York	10601
Lloyd Schmeidler	Durham	North Carolina	27701
Tessa Thraved	Durham	North Carolina	27701
Jessie Ginson	Durham	North Carolina	27702
Laurence Chapman	Durham	North Carolina	27705
Kat Wies	Durham	North Carolina	27705
Diane Wright	Durham	North Carolina	27713
Khailf Ruebin	Durham	North Carolina	27701
Jade Brooks	Durham	North Carolina	27701
Kevin Jones	San Francisco	California	94103
Christopher Gergen	Durham	North Carolina	27701
Cameron Connery	Durham	North Carolina	27713
Sheila Cameron	Durham	North Carolina	27704
Raymond Eurquhart	Durham	North Carolina	27707
Rebecca Johnson	Durham	North Carolina	27705
Selina Mack	Durham	North Carolina	27701
Jamie Sohn	Carrboro	North Carolina	27510
Margaret McCreary	Durham	North Carolina	27707
Teresa Graedon	Durham	North Carolina	27705
David Bowden	Durham	North Carolina	27705
Fiona Morgan	Durham	North Carolina	27705
Melody Peters	Durham	North Carolina	27703