Center for National Policy Review
William L. Taylor, Director   Roger S. Kuhn, Co-Director

May 29, 1979

Box 132: Folder: "OCC Settlement Agreement - II"

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Dear JoAnn:

It is time for the third semi-annual review of the implementation of the civil rights settlement agreement, and I am writing to outline the topics which we would like to discuss.

1. Data collection and analysis: By the time of the meeting, the comment period for the proposed data collection regulation will presumably have expired. We would like to discuss the general tenor of the comments received by the OCC, and your timetable for publishing a final regulation. If possible, it would be helpful to receive a summary of the comments in advance of the meeting. We would also like to discuss your reactions to our own comments, which will be in your hands about June 1.

We would like to pursue further the issues concerning data analysis which I have previously discussed with Bill Longbrake and Zina Greene. The focus of our concern here is questions concerning sampling and the method of statistical analysis.

2. Staffing: The second major area for discussion is civil rights staffing. As you know, we welcomed the creation of the separate career ladder for civil rights and consumer examiners, the transfer of the examination function to your office, and the elevation of the regional specialists to the Regional Director level. On the other hand, we are disturbed by the abolition of the separate civil rights office.

We would like to know what progress has been made in filling the two civil rights positions in the Examinations division and the single position in the Customer Programs division of your office, and we would like copies of the job descriptions for these positions.

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We would also like to discuss how the Special Assistant for Civil Rights relates to these divisions. What procedures have been set up to enable her to have the policy input described at the end of the March 13 memorandum to the OCC Policy Group which recommended the reorganization of your office? For example, does she advise on examiner training and examination methods? Does she have clearance authority, either directly or on your behalf, over such documents as training materials and examination manuals? We should also receive a copy of the Special Assistant's job description.

3. Examination methods and examiner training: The plans for the separate career path contemplates that all examiners will receive some training in civil rights matters, and that the specialists will receive more extensive training. We would like to know what these training programs cover, who plans them and assembles materials, who teaches them, when they are scheduled, and how many examiners have received this training. We would like to receive copies of the latest training materials and examination manuals.

4. Pre-screening: Our long-standing concern about pre-screening is heightened by the finding of the OCC's "Study No. 3" that 75% of the 28 banks surveyed reported that they screen would-be borrowers before the written application stage. We would like to know what plans you have for detecting discrimination in this process. In the past, we have discussed three approaches, all of which we believe should be used: (1) analysis of data concerning applicant flow, "inquirers," and community demographics; (2) use of "testers;" and (3) in-bank investigative techniques; plus interviews where indicated w. brokers, ex-employees, fair housing groups, etc.

5. Enforcement: Section 2G of the settlement agreement provides that the OCC will make available reports concerning the number of consumer/civil rights examinations conducted each year; the number of home mortgage lending violations identified; the number of complaints received; the number of investigatory actions taken; and the number of enforcement actions taken. Last December we were given material concerning complaints received, with some information on their resolution. Our only information concerning violations identified by examiners is in the form of a copy of material furnished by the OCC to the Rosenthal subcommittee, which lacked any information on enforcement actions.

We would like to receive, before the meeting if possible, reports showing the number of fair housing violations identified by examiners broken down into appropriate categories distinguishing between major types of violations and showing the number and types of supervisory or enforcement actions taken with respect to them. We would also like to receive a similar report concerning complaints, and their disposition, including enforcement actions in those cases where complaints were found valid. In asking for these reports, it is not our intention to create extra burdens on your office; we assume that reports of this kind are necessary to enable your office to monitor both the nature and extent of discrimination among national banks and the effectiveness of the OCC's examination and enforcement program.

Please let us know whether there are additional matters which you would like to add to the agenda for the meeting, and give us a date and time. We look forward to meeting with you.

Sincerely,

Roger Kuhn

Roger S. Kuhn
Co-Director

RSK:vs

cc: Plaintiffs