

## Potential CIT and OneWest Bank Merger Faces Public Hearing

By Andrew Le, JD Candidate 2017 | April 11, 2015

A proposed merger between OneWest Bank and CIT Group is facing increased [scrutiny](#) from federal banking regulators amidst concerns that the merged bank could hinder community-lending practices under the Community Reinvestment Act (CRA).

The deal was disclosed to the public in July 2014 when the CIT Group [announced](#) its acquisition of OneWest for \$3.4 billion in cash and stock. The agreement was considered to be a coup for investors that gambled on creating OneWest from the failed bank formerly known as IndyMac after the financial crisis in 2008.

The announcement was met with [opposition](#) from the California Reinvestment Coalition and the Greenlining Institute. The groups called on federal regulators to hold public hearings over the deal to investigate whether the proposed merger would create a banking institution “too-big-to-fail” and harm lending practices under the CRA.

The CRA is federal [legislation](#) intended to encourage banks to provide key financial services to the communities in which they serve. The Act obligates depository institutions to lend to low and moderate-income consumers in order to facilitate community development.

Despite OneWest’s efforts to outline a post-merger [plan](#) that would presumably abide by regulations under the CRA, advocacy groups remain unconvinced and concerned by the consequences of a merger between the two entities. Federal regulators shared the same concerns, as the merger underwent a public hearing in Los Angeles on Feb. 26 to [investigate](#) its impact on communities that rely on OneWest’s banking services. Over 100 people attended the meeting, including homeowners, members of the clergy, and small business owners. Some speakers were frustrated at OneWest’s reported practices because the company received federal [assistance](#) after the financial crisis.

This decision to schedule a hearing follows a trend by the federal government to [delay](#) mergers between large banks in an effort to limit consolidation within the financial lending industry.

If the past is any indication, investors of OneWest could be in for a long wait before they are able to reap profits from the merger, as a similar deal between M&T Bank and Hudson City Bancorp. has been delayed for almost three [years](#).