

April 25, 2019

Good Morning,

I am Lesley Weaver of Bleichmar Fonti & Auld, counsel to the National Black Farmers Association, and an antitrust practitioner, among other pursuits. We very much appreciate the work of your venerable institutions, and we also appreciate the opportunity to be heard today.

The NBFA is a non-profit organization representing more than 100,000 African American farmers and their families in the United States. The NBFA provides education services and advocacy efforts concerning civil rights, land retention, access to public and private loans, education and agricultural training, and rural economic development for Black and other small farmers. You may be familiar with the landmark work the NBFA did on behalf of Black farmers in securing a \$1 billion settlement on behalf of Black farmers who were discriminated against by the USDA on lending terms and access to credit. The NBFA then spent another 10 years ensuring that the claims process for that settlement was fair to the farmers. SunTrust itself was a beneficiary of the NBFA's work, because it applied for and won the right to hold more than \$1 billion in Qualified Settlement Fund in that case.

Access to financial resources on equal terms is a matter of critical importance to the NBFA. The NBFA is deeply concerned with the consolidation of financial institutions such as SunTrust Banks, Inc. and BB&T Corporation both on its own terms and as a troubling trend that makes capital, financial and loan services less accessible to the communities where NBFA members earn their livelihoods. The proposed merger will increase concentration in specific

markets in the Southeastern United States—especially in communities in Virginia, Georgia, and Florida—where over 220,000 farmers reside.¹

We ask that the Federal Reserve and FDIC disapprove this merger. If you are inclined to approve it we ask for a seat at the table to discuss specific therapeutics: guaranteed lending to Black farmers and others similarly disenfranchised; financial literacy training; keeping enough local branches open so that people can come talk to people to understand how to apply for a loan; not to be gouged on interest rates and dividends; and more compliance personal, rather than less, to ensure that the CRA’s requirements are met. We also ask that if approved, the combined bank honor Sun Trust’s promise to the NBFA years ago to create a credit union for farmers, funding it with at least a \$2 million nonmember deposit.

I will note that we reached out to both BB&T and SunTrust. They declined to even respond. In contrast, the Department of Justice responded to us the next day following our correspondence and we have engaged in an in-depth discussion of economic impact with some of their most respected economists. It would be illogical to expect that BB&T/Suntrust will be more responsive post-merger when it has not responded now in its hour of need.

As you know from our written submissions, we have conducted in-depth HHI analyses and submitted these to the DOJ for consideration. The widespread increase in HHI across markets expressed by this data have practical effects. Empirical evidence shows a direct correlation between decreases in HHI and increases in interest rates in bank deposits; in short,

¹ *Census of Agriculture —2017 Census by State*, U.S. Department of Agriculture, https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Census_by_State/index.php (search by State).

increased market concentration leads to worse economic terms for bank customers.² In the significant metropolitan statistical areas (“MSAs”), the merged firm will have over 20% market share.

More importantly for these tribunals, in rural and economically disadvantaged areas the merger will have disproportionate effects, such as shuttered branch offices and reduction in staff that oversee compliance with the Community Reinvestment Act (“CRA”).

Both the NBFA and members are, or have been, customers of SunTrust or BB&T. As of 2017, there were 45,508 Black farmers located throughout the United States, with most residing in the Southeastern United States and having an average of 61.3 years old.³ There are thousands of NBFA members and Black farmers residing in the states most heavily impacted by the SunTrust and BB&T merger:

The concerns of Black farmers are not in isolation. Independent small farmers in general have problems accessing credit, and certainly face similar market pressures with regard to increased farming costs and a decreasing ability to fund their livelihoods. If this merger is approved, none of the banks in Atlanta that account for 70% of the city’s deposits will be based in that city.⁴

² Jack Libersohn, *How Does Competition Affect Bank Lending? Quasi-Experimental Evidence from Bank Mergers* (Dec. 2, 2017), http://web.mit.edu/libers/www/libersohn_jmp.pdf.

³ *2017 Census of Agriculture*, U.S. Department of Agriculture (Apr. 2019), https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1,_Chapter_1_US/usv1.pdf.

⁴ Matt Kempner & J. Scott Trubey, *SunTrust combination with BB&T means changes for customers*, *The Atlanta Journal-Constitution* (Feb. 7, 2019), <https://www.ajc.com/news/local/suntrust-combination-with-means-changes-for-customers/e0GN1UY4wJGd9WWhWatyJ/> (“None of the banks with the five biggest metro Atlanta footholds — and a combined 70 percent of deposits — will be based locally.”).

As we have already heard this morning, a substantial motivating factor for the banks in the merger is to increase investment in technology for the combined bank.⁵ But the benefits of technology are dubious to most consumers; rather, the efficiencies accrue to the banks in decreased costs and infrastructure.⁶ This is especially true for customers in rural locations, or customers who prefer (or require) personal service, as opposed to service by algorithms. In this regard, the aim of the merger appears to be replacing more costly customer services with technology, which is no substitute.⁷

Farmers in the Southern United States have limited access to the internet. In Florida, Georgia, and Virginia alone, there are 32,702 farms without internet access.⁸ A map from the 2017 U.S. Census of Agriculture, which we submitted with our most recent letter, demonstrates that farmers in Southern U.S. have a lower rate of internet connectivity than elsewhere in the U.S.⁹ If the merger results in more banking services moving online, farmers in these Southern States will not have equivalent access to the merged bank's services, given that only about 61 percent of Black farmers have access to internet.¹⁰ We have included in our materials a map reflecting this access.

⁵ Kristin Broughton, *BB&T-SunTrust Tie-Up Brings Tech Budgets Into Focus*, The Wall Street Journal (Feb. 7, 2019), <https://www.wsj.com/articles/bb-t-suntrust-tie-up-brings-tech-arms-race-into-focus-11549575429>.

⁶ MyBankTracker, *5 Reasons Not to Use an Online Bank*, U.S. News & World Report (Aug. 24, 2012), <https://money.usnews.com/banking/articles/reasons-not-to-use-an-online-bank>.

⁷ Karen McDermott, *Striking a delicate balance: Technology should augment, not replace, human interaction in banking*, CIO (Sept. 6, 2018), <https://www.cio.com/article/3304237/striking-a-delicate-balance-technology-should-augment-not-replace-human-interaction-in-banking.html>.

⁸ *2017 Census of Agriculture*, *supra* note 3.

⁹ *2017 Census of Agriculture Data Release*, U.S. Department of Agriculture, at 24 (Apr. 11, 2019), https://www.nass.usda.gov/Newsroom/Executive_Briefings/2019/04-11-2019.pdf.

¹⁰ Mario Parker, *More Black U.S. Farmers, But Fewer Own Land or Earn Top Income*, Bloomberg (Apr. 11, 2019) <https://www.bloomberg.com/news/articles/2019-04-11/more-black-u-s-farmers-but-fewer-own-land-or-make-big-bucks>; *2017 Census of Agriculture*, *supra* note 3.

Most importantly, Black farmers—and all farmers—need these loans to maintain their livelihoods. Between the squeeze of the monopolization of the seed market, and the the Bayer/Monsanto merger, which forces farmers to pay for one year’s seed up front, it is simply an impossibility to operate without access to credit. The increasing consolidation across all Industries is not just wiping out the middle class—it’s wiping out the ability of hard working Americans to contribute to society.

The benefits to permitting this merger to go through, as proposed, do not outweigh the harms. The average Black farmer is age 61 with an average income of less than \$50,000. This merger proposes that Kelly King, age 70, who made \$8 million last year, will be succeeded by Bill Rogers, who will, like the average Black farmer, be 60 years old. But Mr. Rogers made \$1.1 million in 2018. Economic asymmetries such as this may benefit certain individuals but they simply are not good for the economy or the public at large.

We very much appreciate the work that the Reserve and FDIC do. We would appreciate a meeting to further discuss these concerns.

Appendix A

Table 1: Southern States —2017 Demographic Information¹¹

State	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Florida	79933	2299	47590	11280	58.9
Georgia	68764	2773	42439	10183	57.9
North Carolina	74958	2041	46418	11513	58.1
South Carolina	39332	2570	24791	6791	58.2
Virginia	71339	1693	43225	11239	58.5
Total	334326	11376	204463	51006	58.32

¹¹ 2017 *Census of Agriculture*, *supra* note 3. All demographic information in this appendix has been obtained from this source.

Table 2: MSAs —2017 Demographic Information

MSAs	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Atlanta-Sandy-Spring-Roswell, GA	13731	339	8319	1738	58.1
Charlottesville, VA	3785	66	2217	490	59.8
Deltona-Dayton Beach-Ormond Beach, FL	2912	50	1691	404	58.2
Durham-Chapel Hill, NC	3352	113	2043	376	57.3
Homosassa Springs, FL	1114	38	609	116	58.9
Macon-Bibb County, GA	1385	44	790	149	57.8
Roanoke, VA	3224	42	2011	584	60.3
Staunton-Waynesboro, VA	2880	4	1665	475	57.1
The Villages, FL	2165	58	1307	331	59.1
Virginia Beach-Norfolk-Newport News, VA-NC	2687	70	1502	230	56.2
Winston-Salem, NC	908	10	557	163	59.6
Total/Average	38143	834	22711	5056	58.4

Table 3: Atlanta-Sandy Springs-Roswell, Georgia MSA —2017 Demographic Information

Counties of this MSA	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Barrow County, GA	465	9	288	61	61
Bartow County, GA	735	0	469	104	57.4
Butts County, GA	285	1	173	54	63.5
Carroll County, GA	1370	12	867	163	58.3
Cherokee County, GA	710	0	430	44	57.6
Clayton County, GA	36	6	19	2	64.3
Cobb County, GA	192	5	116	9	58.5
Coweta County, GA	623	28	386	88	58.2
Dawson County, GA	310	0	192	43	58.9
DeKalb County, GA	52	5	34	1	47.4
Douglas County, GA	144	3	93	30	60.8
Fayette County, GA	232	0	148	20	58.1
Forsyth County, GA	477	6	291	75	58.5
Fulton County, GA	343	54	195	16	55
Gwinnett County, GA	302	10	177	38	56
Hall County, GA	951	0	551	105	58.5
Haralson County, GA	526	1	321	97	56.5
Heard County, GA	368	11	227	36	55.9
Henry County, GA	393	20	240	48	58.2

Jasper County, GA	408	7	251	57	56
Lamar County, GA	367	11	220	45	59.5
Merriweather County, GA	620	39	334	73	57.7
Morgan County, GA	847	47	513	119	58.7
Newton County, GA	485	32	292	59	59.2
Paulding County, GA	384	0	212	47	57.3
Pickens County, GA	428	0	258	73	56.1
Pike County, GA	506	7	286	61	58.5
Rockdale County, GA	122	12	74	16	57.9
Spalding County, GA	363	2	225	48	61.4
Walton County, GA	687	11	437	106	59.5
Total/Average	13731	339	8319	1738	58.1

Table 4: Charlottesville, Virginia MSA —2017 Demographic Information

Counties of this MSA	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Albemarle County, VA	1583	9	913	171	60.8
Buckingham County, VA	655	24	408	110	58.8
Fluvanna County, VA	482	7	273	51	59.6
Greene County, VA	352	12	214	47	61.1
Nelson County, VA	713	14	409	111	58.5
Total/Average	3785	66	2217	490	59.8

Table 5: Deltona-Daytona Beach-Ormond Beach, Florida MSA —2017 Demographic Information

Counties of this MSA	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Flagler County, FL	228	0	116	31	59.6
Volusia County, FL	2684	50	1575	373	56.7
Total/Average	2912	50	1691	404	58.2

Table 6: Durham-Chapel Hill, North Carolina MSA —2017 Demographic Information

Counties of this MSA	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Chatham County, NC	1757	24	1116	242	58.4
Durham County, NC	376	16	241	54	56.1
Orange County, NC	1219	73	686	80	57.5
Total/Average	3352	113	2043	376	57.3

Table 7: Homosassa Springs, Florida MSA —2017 Demographic Information

County of this MSA	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Citrus County, FL	1114	38	609	116	58.9
Total/Average	1114	38	609	116	58.9

Table 8: Macon-Bibb County, Georgia MSA —2017 Demographic Information

Counties of this MSA	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Bibb County, GA	166	14	98	16	56
Crawford County, GA	350	14	192	33	53.5
Jones County, GA	311	12	165	30	54.1
Monroe County, GA	373	2	219	35	68.6
Twiggs County, GA	185	2	116	35	57
Total/Average	1385	44	790	149	57.8

Table 9: Roanoke, Virginia MSA —2017 Demographic Information

Counties of this MSA	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Botetourt County, VA	852	1	551	129	60.3
Craig County, VA	304	0	179	28	61.7
Franklin County, VA	1676	39	1019	339	55.6
Roanoke County, VA	392	2	262	88	63.6
Total/Average	3224	42	2011	584	60.3

Table 10: Staunton-Waynesboro, Virginia MSA —2017 Demographic Information

County of this MSA	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Augusta County, VA	2880	4	1665	475	57.1
Total/Average	2880	4	1665	475	57.1

Table 11: The Villages, Florida MSA —2017 Demographic Information

County of this MSA	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Sumter County, FL	2165	58	1307	331	59.1
Total/Average	2165	58	1307	331	59.1

Table 12: Virginia Beach-Norfolk-Newport News, Virginia/North Carolina MSA —2017 Demographic Information

Counties and Cities of this MSA	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Gloucester County, VA	300	12	166	30	54.9
Isle of Wight County, VA	422	3	237	25	54.8
James City County, VA	128	4	72	5	58.9
Matthews County, VA	66	0	43	8	59.3
York County, VA	78	2	40	1	52.1
Chesapeake City, VA	462	2	248	44	58
Hampton City, VA	n/a	n/a	n/a	n/a	n/a
Newport News, VA	n/a	n/a	n/a	n/a	n/a
Poquoson City, VA	n/a	n/a	n/a	n/a	n/a
Portsmouth City, VA	n/a	n/a	n/a	n/a	n/a
Suffolk City, VA	466	25	270	47	57.3
Virginia Beach City, VA	376	20	196	34	55.3
Williamsburg City, VA	n/a	n/a	n/a	n/a	n/a
Currituck County, NC	153	0	89	11	56.2
Gates County, NC	236	2	141	25	58.5
Total/Average	2687	70	1502	230	56.5

Table 13: Winston-Salem, North Carolina MSA —2017 Demographic Information

County where this MSA lies	Farmers	Black Farmers	Number of Operating Farms	Farms w/o Internet Access	Average Age of All Farmers
Forsyth, NC	908	10	557	163	59.6
Total/Average	908	10	557	163	59.6