BANK OF AMERICA

Federal taxpayer bailout funds received: [*]	$199.0 billion
Profits for the years 1998-2008[†]:	$135.0 billion
Profits for the first half of 2009:	$7.47 billion
Bank account fees for last 10 years:	$66.9 billion
Bank account fees for first half of 2009:	$5.26 billion
Change in bank account fee revenue (2003-08):	+104.6%
Percent of first half 2009 profit from fees:	70%
Credit card income for first half of 2009:	$5.01 billion
Median BofA bank teller wage:	$10.73/hour, or $22,328 annually
2007-08 CEO Ken Lewis pay:	$34.8 million (779 times the median teller wage)
2008 bonus pool[‡]:	$6.9 billion
First half 2009 bonuses and compensation pool:	$16.6 billion
Cash bonuses (top 5 execs) last 10 years[§]:	$459.9 million
Effective tax rate in 2008:	9.5%
Offshore subsidiaries in tax havens[**]:	143
Lobbying fees in 9 months after bailout:	$3.6 million
Campaign contributions in 2008 federal elections:[††]	$7.2 million

Role in subprime crisis:

- Bank of America had a hand in the worst of the subprime lending excesses, providing financing to four of the five largest subprime lenders during the years prior to the crash: It helped to finance Countrywide Financial, the country's #1 subprime lender; it purchased and securitized loans from Ameriquest, the #2 subprime lender; it financed loan originations by New Century Financial Corp, the #3 subprime lender; and the bank partnered with First Franklin, the #4 subprime lender, to securitize and sell its subprime loans. Between them, these four firms issued over $320 billion in subprime loans from 2005-2007.
- Merrill Lynch, which Bank of America acquired in 2009, owned the #4 subprime lender, the now-closed First Franklin Corp.
- In July 2008, BofA acquired Countrywide Financial, which at the end of 2007, had $15.1 billion worth of mortgages in its loan servicing portfolio in foreclosure.
- Countrywide was investigated by the FBI, the U.S. Justice Department, and multiple state attorney general offices in 2008 for predatory lending and securities fraud. BofA is still dealing with Countrywide's legal problems, which included numerous lawsuits, some of which have settled, that were brought against the company for its allegedly abusive lending practices and financial practices.
- Since taking over Countrywide, BofA has failed to adequately change course. BofA initially praised the Countrywide business model and offered its president and COO a $28 million

[*] Includes federal guarantee programs BofA recently announced it was exiting.
[†] Includes profits for Bank of America for 1999-2008 ($112.7 billion) and Merrill Lynch for 1998-2007 ($22.2 billion), since Merrill Lynch's 2008 losses largely wiped out all the profits from the previous ten years.
[‡] Includes bonuses at Bank of America ($3.3 billion) and Merrill Lynch ($3.6 billion).
[§] Includes bonuses at Bank of America ($138.7 million) and Merrill Lynch ($321.2 million) for 1998-2007.
[**] Includes 115 Bank of America subsidiaries, 21 Merrill Lynch subsidiaries and 7 Countrywide subsidiaries.
[††] Includes contributions made by the bank's political action committee and its employees in the 2008 federal election cycle. Includes both Bank of America and Merrill Lynch

retention bonus to stay and head BofA's mortgage operations. Although BofA agreed to get rid of him after a public outcry, he got to keep the $28 million anyway.

- Following the Countrywide acquisition, BofA became the largest underwriter of mortgage-backed securities in the country. While BofA itself stopped originating subprime mortgage loans in 2001, it continued to package subprime mortgage-backed securities. This allowed subprime lenders to bundle up their loans and sell them to investors without worrying about the borrowers' ability to repay. It encouraged other banks to keep making subprime loans, and made it possible for the subprime crisis to grow.
- BofA continues to make money off of subprime securitizations. In September it was announced that BofA will be underwriting a $239 million subprime securitization backed by loans from the CIT Group which was recently on the verge of filing for bankruptcy.

Bailing out the Bank:

- Bank of America accepted bailouts and backstops totaling $199.2 billion, with taxpayers still on the hook for $57.8 billion, plus an unknown amount from the Federal Reserve's $8 trillion in emergency programs. This money was supposed to help the banks get the economy going again. But little of this money has gone to relieve struggling homeowners and increase the flow of credit to small businesses.
- Despite its large portfolio of at risk mortgages, Bank of America has started trial mortgage modifications for only 7% of its 835,680 borrowers who are eligible for the Obama Administration's Making Home Affordable Program (and are at least 60 days past due). At Wilshire Credit Corporation, which Bank of America acquired along with Merrill Lynch, the number of modifications is even lower, only 4% of 19,280 eligible borrowers. Ohio homeowners have filed suit against Bank of America for refusing to pursue loan modifications.
- Bank of America lending to American small business fell by $103 million (an 85.8% drop) through the SBA's flagship 7a program, from 2008 to 2009 (measuring each only for the first 11 months of each fiscal year). It had already fallen by more than 90% in 2008 from 2007 levels. In June 2009, the SBA instituted a new small business loan program called "America's Recovery Capital Loan Program" (ARC), designed to put working capital into the hands of small businesses quickly. Even though the SBA is offering a 100% guarantee on the loans, Bank of America has so far not elected to participate—and with the program due to end as of October 2009, more than $100 million was left unused in the ARC coffers.
- Although Bank of America's consumer lending declined in 2008, the bank's insider lending to directors and bank executives more than doubled last year to $624 million, the biggest dollar jump in the country.

Lavish spending

- Just months before Merrill Lynch had to be sold to BofA last year to avoid collapse, Merrill's CEO John Thain spent $1.2 million redecorating his office. His spending spree included an $87,000 area rug and a $1,400 trash can.
- With eight corporate jets, BofA had one of the largest corporate aircraft fleets on Wall Street, worth an estimated $360-400 million. It costs about $10,000 an hour to fly one of the jets, so the two-hour flight from the bank's headquarters in Charlotte to New York City can cost around $20,000 each way, as opposed to a $200 plane ticket. In February, BofA announced that it would sell three of the jets. However, while some of the other leading bailed-out banks imposed new constraints on the use of corporate jets after taking TARP funds, BofA has refused to follow suit, saying that its "existing policy is robust and direct…"
- BofA is spending $140 million for naming rights to Bank of America Stadium in Charlotte, home of the Carolina Panthers, and spent an estimated $10 million hosting a five-day "Super Bowl Fun Fest" this February, even after taking taxpayer bailout funds.

Back to Bonuses as Usual

- BofA and Merrill Lynch awarded its traders and executives $6.9 billion in bonuses for 2008, despite receiving a $45 billion taxpayer bailout. 11 Merrill Lynch executives and traders were paid more than $10 million each, while nearly 700 were received at least $1 million. With this money, BofA could have given each of its bank tellers an estimated $200,000 raise, nearly nine times their median salary.
- Now Bank of America is increasing senior employees' base salaries to get around limits on bonuses for TARP recipients.
- Bank of America is offering signing packages to its new Merrill Lynch hires that are even richer than what Merrill paid out at the peak of the economic boom in 2006 and 2007.
- Ken Lewis, recently announced that he will be stepping down as Bank of America's CEO at the end of the year. His announcement comes at a time when he and the company are under investigation by Congress, the SEC and the New York Attorney General Office and in the midst of lawsuits regarding BofA's merger with Merrill Lynch. When he leaves, he'll take with him an exit package valued at $125 million based on September 30th's closing share.
- To help pay for its executives' bloated bonuses, Bank of America has made itself the beneficiary on $17.24 billion in life insurance policies for its employees and former employees. The bank gets annual tax-free income from investments in the insurance contracts, helping to offset executive compensation expenses, and then receives another tax-free windfall when employees and former employees die.

Bad employer

- Since 2004, the Bank of America has cut more than 34,000 jobs. Now, despite receiving a $45 billion taxpayer bailout, BofA has announced plans to eliminate an additional 30-35,000 jobs over the next three years in what would be one of the largest rounds of layoffs in the history of the financial services industry.
- BofA has had to pay over $41 million since 2001 to settle lawsuits alleging overtime violations.
- Of the companies whose employees qualify for and receive state health subsidies, BofA is the only financial services firm that regularly ranks in the top ten among states with public data. In some states, BofA employees and their dependents are among the top users of state-subsidized healthcare programs—costing taxpayers an estimated $50 million a year.

Unreasonable bank fees

- In 2008, 66 percent of BofA's noninterest income, such as income from fees and credit cards, came from individual consumers and small businesses rather than corporate deals and investments.
- Throughout part of 2009, despite receiving billions in bailouts, BofA more than doubled its daily overdraft limit from $160 to $350, and increased the monthly maintenance fee its MyAccess Checking Accounts by 50%.
- BofA has automatically enrolled customers in overdraft protection, and when often unknowing customers made charges or withdrawals that overdraw an account, Bank of America charged them $35 per transaction and another $35 if the balance remains unpaid after five consecutive business days, one of the highest rates in the industry. As a result, if a customer incurred a $100 overdraft that remained unpaid for seven days, the APR on what amounts to a consumer loan would be a staggering 3,640%. Also BofA reorders transactions in such a way to maximize fee revenue. Only now that federal legislation to curb overdraft fees is imminent, Bank of America recently announced that it will reduce its overdraft fees, overhaul the fee structure, and the way it clears checks, effective October 19th.

- BofA recently agreed to pay $35 million to settle a class-action lawsuit in California that claimed the bank manipulated customers' bank accounts to increase overdraft fees.
- Some states have signed deals with Bank of America to pay unemployment benefits using a Bank of America debit card rather than writing recipients checks. Bank of America hits recipients of unemployment benefits with arbitrary fees. The bank charges fees for using the money, for calling customer service, and for making multiple withdrawals in one day.

Credit card abuses
- After taking bailout money BofA continues running up credit card interest rates on customers even if they have made every payment on time. In 2007, the bank arbitrarily hiked interest rates on one million play-by-the-rules, pay-on-time customers. Recent reports reveal that BofA has continued to raise interest rates on cardholders who have never missed a payment, even after taking billions in bailout funds. The bank also cancels credit cards, notifying cardholders only after the fact. Millions of Americans have been hurt by the credit crunch as banks like BofA tighten credit to consumers.
- Former employees of MBNA, which is now BofA's credit card arm, say that they were trained to (1) offer customers higher interest rates even if they qualified for lower ones, (2) deliberately fail to inform spouses of active military servicemen and women that they were legally entitled to a lower interest rate, (3) aggressively sell overpriced credit protection plans with false or misleading information, and (4) convince customers to take on debt levels they could not afford.

Reverse redlining
- A recent report by the Center for American Progress (CAP) examining bank lending practices in 2006 (the height of the housing boom) reveals that Bank of America and its recently acquired subsidiaries were much more likely to steer Black and Latino applicants than White applicants into higher priced subprime mortgages: 28.1% of Black borrowers and 21.6% of Latino borrowers compared to 11.4% of White borrowers.
- The CAP reports also shows that the racial disparity was even greater for borrowers earning $100,000 or more: while the percentage of high income borrowers receiving high priced mortgages declined to 8.2% for Whites, the percentage remained above 20% among both Blacks and Latinos. The extent of the disparity and its accentuation among higher income earners raise questions about discrimination in the bank's lending practices. This practice is known as reverse redlining and is prohibited under the federal Fair Housing Act.

Exploiting vulnerable customers
- Between 1993 and 2003, Bank of America collected an estimated $284 million of Social Security funds from the accounts of elderly and disabled customers in order to get bank fees. In 2004, a California jury awarded damages to the affected customers that could exceed $1 billion.
- A class-action lawsuit filed in March alleges that Bank of America knowingly "assisted, facilitated and furthered" a $380 million Ponzi scheme affecting 1,500 investors, many of whom were blue-collar workers and civil servants.
- Former employees have accused Bank of America of exploiting Latino customers who were recruited at embassies and community events. Employees were "coached" to push multiple products on unwitting customers who lacked knowledge of their hidden costs.
- Former employees also report being pushed to falsely threaten legal action in order to collect on delinquent debt.

Failing Taxpayers and Investors:

- The SEC has brought a lawsuit against BofA for failing to disclose that it had authorized up to $5.8 billion in bonuses to Merrill Lynch employees even before shareholders voted on the deal. BofA management tried to settle the lawsuit by having shareholders pay a $33 million fine. Since the US government is the largest investor in the bank, American taxpayers would have had to pay the fine to make up for management's misdeeds. A federal judge refused to approve the settlement.
- American taxpayers and other BofA shareholders will have to pay the legal fees former Countrywide Financial executives like Angelo Mozilo and David Sambol whom the SEC has sued for insider trading. Even though these men allegedly defrauded shareholders, BofA is making the same shareholders foot at least part of the bill for their legal fees, which could top $20 million.
- In August 2009, BofA agreed to pay $150 million to settle claims that Merrill Lynch had misled investors about bond and preferred stock sales.
- New York State Attorney General Andrew Cuomo is considering charges against BofA executives over failure to disclose material information to investors on at least four separate occasions.
- Five public pension funds from Ohio, Texas, Sweden and the Netherlands are suing Bank of America, Ken Lewis and other key executives for millions in damages, alleging that the executives concealed information about Merrill Lynch's losses prior to the shareholder vote on the merger. The pension funds lost millions on their investment in the bank when the share price plummeted subsequent to the merger.

Lobbying against workers and consumer interests

- BofA's Liam McGee sits on the board of directors and executive committee of the Financial Services Roundtable, which lobbied against the Employee Free Choice Act in every quarter of 2008 and has made joining with the U.S. Chamber of Commerce to defeat it a top priority for 2009. The Employee Free Choice Act will ensure bank workers have a voice on the job and allow them to bargain for stronger whistleblower protections so they can speak out about harmful consumer practices, allow workers to negotiate for job security and better benefits and wages, and increase consumer spending to benefit our communities. In an analyst report, even Bank of America has acknowledged that the bill "would be a *de facto* wage and benefit increase" and would therefore increase the "spending power of lower income consumer" [sic].
- Just three days after receiving $25 billion in federal bailout funds, Bank of America was caught holding a conference call with clients to organize opposition to the Employee Free Choice Act and fundraise for those efforts.
- Together, according to data obtained on Open Secrets, BofA and Merrill Lynch spent $11.0 million on lobbying in 2008 and the first half of 2009, of which $3.6 million was spent in the three quarters since the bailout.
- During 2008 and the first half of 2009, BofA opposed bills like the Credit Cardholders Bill of Rights and the Foreclosure Prevention Act, Helping Families Save their Homes Act, Truth-in Lending Act, Mortgage Reform and Anti-Predatory Lending Act which would directly benefit consumers.
- To carry out its agenda, Bank of America has hired any number of unsavory lobbyists, including, in 2009, Andrew Barbour of the Smith-Free Group. Prior to working for Bank of America, Barbour represented the Financial Services Roundtable in its fight against legislation to restrict payday lending to the military because it would have capped interest rates on loans extended to soldiers and their families at 36%. Bank of America also opposed the bill.
- John Collingwood, one of Bank of America's top in-house lobbyists, cut his teeth at credit card company MBNA (now owned by Bank of America) by driving the passage of the

Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) in 2005. BAPCPA altered bankruptcy laws to heavily favor creditors, making credit card debt more difficult to dispel in bankruptcy, and implementing a “means” test which prevents people above a certain income from being able to get rid of their debt in bankruptcy proceedings.