

JUSTICE NEWS

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Justice Department Reaches Settlement with Midwest BankCentre Regarding Alleged Lending Discrimination in St. Louis*Settlement Provides \$1.45 Million to Ensure Equal Lending Services to African-American Community*

WASHINGTON —Midwest BankCentre will open a full-service branch in an African-American neighborhood and invest approximately \$1.45 million in majority African-American areas of the St. Louis metropolitan area as part of a settlement to resolve allegations that they engaged in a pattern or practice of discrimination on the basis of race and color, the Justice Department announced today.

The settlement, which remains subject to court approval, was filed in conjunction with the department's complaint in the U.S. District Court for the Eastern District of Missouri. The complaint alleges that Midwest BankCentre violated the Fair Housing Act and the Equal Credit Opportunity Act, which prohibit financial institutions from discriminating on the basis of race and color in their mortgage lending practices. The lawsuit alleges that Midwest BankCentre has served the credit needs of the residents of predominantly white neighborhoods in the Missouri portion of the St. Louis metropolitan area to a significantly greater extent than they have served the credit needs of majority African-American neighborhoods. Those neighborhoods are in and to the north and west of the city of St. Louis. They are easily recognized because the Missouri portion of the St. Louis metropolitan area has long had highly-segregated residential housing patterns, especially for African-Americans.

"Lending discrimination deprives communities of access to credit and leaves the residents of minority neighborhoods vulnerable to predatory lenders. This type of discrimination is part of the web of intolerable practices that stripped vast amounts of wealth from communities of color in the last decade," said Thomas E. Perez, Assistant Attorney General for the Justice Department's Civil Rights Division. "We are pleased that Midwest BankCentre has begun working with community groups and agreed to invest and take creative steps to build credit in an area that has been long neglected by the banking community."

"Racial or other illegal discrimination has no place in our credit markets," said Federal Reserve Board Governor Elizabeth A. Duke. "We are pleased that this settlement is designed to expand fair access to credit."

Under the settlement, Midwest BankCentre will invest \$900,000 in a special financing program to increase the amount of credit the bank extends to majority African-American areas in the Missouri portion of the St. Louis metropolitan area, spend \$300,000 for consumer education and credit repair programs, and spend \$250,000 for outreach to potential customers and promotion of their products and services. Midwest BankCentre will also open a full-service branch in a majority African-American area within the Missouri portion of the St. Louis metropolitan area and conduct fair lending training for its employees. The agreement also prohibits Midwest BankCentre from discriminating on the basis of race or color in any aspect of a residential real estate-related or credit transaction.

The lawsuit originated from information gathered by the Metropolitan St. Louis Equal Housing Opportunities Council and provided to the Department of Justice in 2009, as well as a 2010 referral by the Board of Governors of the Federal Reserve System to the Justice Department's Civil Rights Division. As part of the settlement, Midwest will pay \$25,000 to compensate the Metropolitan St. Louis Equal Housing Opportunity Council for the resources that it diverted to this matter. Midwest BankCenter is a member of the Federal Reserve System.

The Civil Rights Division and the Board of Governors of the Federal Reserve System are members of the Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit www.StopFraud.gov.

A copy of the complaint, as well as additional information about fair lending enforcement by the Justice Department, can be obtained from the Justice Department's website at www.justice.gov/fairhousing.

11-784

Civil Rights Division