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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

CITY NATIONAL BANK,

Defendant.

Case No. 2:23-00204

**COMPLAINT AND
DEMAND FOR JURY TRIAL**

Hon.
United States District Judge

COMPLAINT

Plaintiff, the United States of America (“United States”), alleges as follows:

I. INTRODUCTION

1. The United States brings this action against City National Bank (“City National” or the “Bank”) under the Fair Housing Act (“FHA”), 42 U.S.C. §§3601-3619, and the Equal Credit Opportunity Act (“ECOA”), 15 U.S.C. §§ 1691-16911f.

2. The FHA and ECOA prohibit creditors, such as banks, from discriminating in home loans or other residential credit transactions on the basis of race, color, national origin, and other characteristics.

3. “Redlining” is one type of discrimination prohibited under the FHA and ECOA and ECOA’s implementing regulation, known as “Regulation B,” 24 C.F.C. pt. 100, 12 C.F.R. pt. 1002. Redlining occurs when lenders deny or discourage applications or avoid providing loans and other credit services in neighborhoods based on the race, color, or national origin of the residents of those neighborhoods.

4. From 2017 through at least 2020 (the “Relevant Time Period”), City National Bank engaged in a pattern or practice of unlawful redlining. As alleged in detail herein, City National avoided providing home loans and other mortgage services in majority-

1 Black and Hispanic neighborhoods in the Los Angeles Metropolitan Division (“Los
2 Angeles MD” or “Los Angeles County”).¹

3 5. City National maintained only three of its 37 branches in majority-Black and
4 Hispanic neighborhoods during the Relevant Time Period, despite the fact that well over
5 50 percent of census tracts in Los Angeles County are majority-Black and Hispanic. The
6 Bank relied on unmonitored “relationship managers” to generate applications largely from
7 its existing customers, who are disproportionately white, instead of marketing or
8 advertising its loan products and services in majority-Black and Hispanic areas. City
9 National also failed to train or incentivize its lending staff to compensate for its lack of
10 branches, and failed to provide adequate staff resources to serve the mortgage lending
11 needs of residents in majority-Black and Hispanic neighborhoods.

12 6. Further, during the Relevant Time Period, the Bank’s internal fair-lending
13 oversight, policies, and procedures were inadequate to ensure that the Bank provided equal
14 access to credit to residents of majority-Black and Hispanic neighborhoods. Moreover,
15 City National failed to act on internal reports indicating fair lending and redlining risk.
16 Despite its capacity to hold affordable loan products in its portfolio, City National did not
17 develop or offer any affordable loan products.

18 7. As a result of the above-described conduct and practices, the Bank generated
19 disproportionately low numbers of loan applications and home loans during the Relevant
20 Time Period from majority-Black and Hispanic neighborhoods in the Los Angeles MD
21 compared to similarly-situated lenders.

22 8. City National Bank’s conduct and practices were intended to deny, and had
23 the effect of denying, residents of majority-Black and Hispanic neighborhoods equal
24

25 ¹ The complaint uses “majority-Black and Hispanic census tract,” “majority-Black
26 and Hispanic area,” and “majority-Black and Hispanic neighborhood” interchangeably to
27 mean a census tract where more than 50 percent of the residents are identified as either
28 “Black or African American” or “Hispanic or Latino” by the United States Census
Bureau.

1 access to home loans and otherwise discouraged these residents from applying for home
2 loans. The Bank's conduct was not justified by a business necessity and was not necessary
3 to achieve a substantial, legitimate, non-discriminatory interest.

4 II. JURISDICTION AND VENUE

5 9. This Court has subject-matter jurisdiction over this action under 28 U.S.C.
6 § 1331, 28 U.S.C. § 1345, 42 U.S.C. § 3614(a), and 15 U.S.C. § 1691e(h) because the
7 action arises under the laws of the United States, and the United States brings this case as
8 a plaintiff.

9 10. Venue is proper in this Court under 28 U.S.C. § 1391 and in this division
10 because a substantial part of the events or omissions giving rise to the claims occurred in
11 this District and division.

12 III. PARTIES

13 11. Plaintiff United States brings this action to enforce the provisions of the FHA
14 and ECOA. The FHA and ECOA authorize the Attorney General to bring a civil action in
15 federal district court whenever he has reason to believe that an entity is engaged in a
16 pattern or practice of resistance to the full enjoyment of rights secured by the FHA and
17 ECOA. 42 U.S.C. § 3614(a); 15 U.S.C. § 1691e(h). The FHA further authorizes the
18 Attorney General to bring suit where the defendant has denied rights to a group of persons
19 and that denial raises an issue of general public importance. 42 U.S.C. § 3614(a).

20 12. Defendant City National Bank is a national bank headquartered in Los
21 Angeles, California that offers commercial, consumer, mortgage, and wealth management
22 banking services. As of April 30, 2022, the Bank had total assets of \$90.9 billion and
23 operated 79 branches in California, Delaware, Florida, Georgia, Massachusetts,
24 Minnesota, Nevada, New York, Tennessee, Virginia, and the District of Columbia. Los
25 Angeles County is, by far, City National's largest market where it maintains 80 percent of
26 its deposits and presently operates 33 of its branches. City National is the largest bank
27 headquartered in the Los Angeles MD. City National is a wholly-owned subsidiary of
28 RBC USA Holdco Corp. ("RBC").

1 13. City National is subject to the regulatory authority of the Office of the
2 Comptroller of the Currency (“OCC”). Because its assets exceed \$10 billion, City National
3 is also regulated by the Consumer Financial Protection Bureau.

4 14. City National is subject to the FHA, ECOA, and their respective
5 implementing regulations, 24 C.F.R. pt. 100 and 12 C.F.R. pt. 1002.

6 15. City National is a “creditor” within the meaning of ECOA, 15 U.S.C.
7 § 1691a(e), and is engaged in “residential real estate-related transactions” under the FHA,
8 42 U.S.C. § 3605.

9 IV. FACTUAL ALLEGATIONS

10 A. The Los Angeles MD and City National’s Assessment Area

11 16. During the Relevant Time Period, the Los Angeles MD encompassed all of
12 Los Angeles County, which is the most populous county in the United States.

13 17. The Los Angeles MD has over 10 million residents. According to 2015 data
14 from the United States Census Bureau, the region’s residents are 27 percent non-Hispanic
15 white (“white”), 48 percent Hispanic or Latino, eight percent Black, and 14 percent Asian.
16 The Los Angeles MD has 2,346 census tracts of which 1,294, or approximately 55 percent,
17 are majority-Black and Hispanic.

18 18. As a depository bank, City National is subject to the requirements of the
19 Community Reinvestment Act (“CRA”), 12 U.S.C. §§ 2901-2908, and its enabling
20 regulations, which require most banks to meet the credit needs of the communities that
21 they serve. Each bank subject to the CRA self-identifies the communities that it serves in
22 the bank’s “assessment areas.” Federal regulators look at a bank’s assessment area in
23 evaluating whether an institution is meeting the credit needs of its entire community. As
24 of 2016, the Los Angeles MD was City National’s largest assessment area.

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