

FINAL INVESTIGATIVE SUMMARY

Complaints #EO-E-24-00003, #EO-E-24-00009 and #EO-E-24-00010

Type / Adverse Action

Public Accommodations/Disparate Treatment

Basis

Race, Color, National Origin and Sex

Background

The Equal Opportunity Office (EO) received a formal complaint of discrimination in public accommodations on June 4, 2024. Respondent is a local credit union (a place of public accommodation). Complainant1, African male, is a member of the credit union who alleges discrimination based on race (Black), color (dark-skinned), national origin (Nigerian) and sex (male). On November 22, 2024, EO received two formal complaints of discrimination based on race (White) and sex (female) against Respondent involving the same incident. The three Complainants are connected and were present during the interaction with Respondent that gave rise to the allegations of discriminatory conduct. The report documents the investigative findings of the allegations raised by the three Complainants, referred to as CP1, CP2 and CP3.

Complainants Position

Complainant1 (CP1) alleges disparate treatment based on his race, color, national origin and sex during a loan application meeting which resulted in the loan being denied and law enforcement called on the family. He is a Black, African male who went to the bank with his girlfriend (CP2) and their best friend (CP3), both White females. They all live together and have great financial status at the credit union. CP1 claims that they were denied a personal loan on suspicion that he was abusing CP2 and CP3. During the loan application meeting, the Member Service Representative (MSR) asked multiple times how they were related (they have the same last name) and focused on that as if she did not believe them. She ran credit on the two females, they answered additional loan questions, and she contacted the Branch Manager. CP1 states that the loan was denied verbally on the spot based on residency (CP2 and CP3 state that verbal denial reasons included length of employment). The Complainants left the building and went outside, discussed the incident and decided to go back inside and speak with the Manager. CP1 asked to speak with the Branch/Service Center Manager (SCM) who met with them in the lobby, with other customers present. The SCM said that the MSR was a seasoned employee, that she had told the MSR what to say and that the residency was not the sole reason for loan denial. She stated that one of the females had charge-offs and a very low credit score. CP1 states, however, that the loan notices they subsequently received have different reasons for the loan denial than what they were told. CP1 claims that the two females were denied a loan that they qualified for because he was with them, and that the credit union reported to law enforcement that he was abusing the two White females, that one had a black eye and that CP1 was aggressive.

CP2 and CP3 allege discriminatory conduct mirroring CP1's allegations, with additional details/documentation.

Respondent Position

Respondent (R) states that (1) on March 30, 2024, Complainants went to a branch of the credit union and met with the MSR; (2) CP3 and CP2 applied for a \$33,000 personal unsecured loan; (3) CP1 appeared to be controlling the application process even though he did not personally apply for the loan; (4) when the MSR asked who was applying for the loan, CP1 answered that it would just be the two females; (5) When asked about the purpose of the loan, all three said it was for "personal" reasons; (6) When asked about a specific purpose, CP2 said it was to purchase land and CP1 then stated it was to purchase a mobile home. Note that this was not a real estate or mortgage loan application, but an application for an unsecured personal loan. When asked about income, CP2 stated that she made \$30,000 annually. CP1 intervened and told her that she made \$4,000 monthly and needed to do the math right. When asked about their relationship to one another, the females initially stated "family" without providing any specific information. CP1 stated that his relationship to the women was "friend." When asked specifically about their relationship, the females stated they "were like sisters but technically cousins." CP3 stated that she had recently changed her last name to [CP1's last name]. In her complaint, she states that CP1 is a family member and the head of the females'

household. The loan application was reviewed by the SCM and was declined because it did not meet the in-branch loan approval guidelines:

1. CP3's reported length of current employment was 2 months, less than the minimum 24 months required.
2. CP3's reported length of current residency was 12 months.
3. CP3's unsecured loan balance would exceed the maximum permitted balance of \$30,000.
4. CP3's total unsecured aggregate debt with the credit union (\$38,000) would exceed the maximum of \$20,000 (she already had a credit union credit card with a \$5,000 limit).
5. CP3 had a number of accounts with reported delinquency on her credit report.
6. CP3 had a credit score of 604.
7. CP2's reported length of current employment was 3 months, less than the minimum required 24 months.
8. CP2's reported length of current residency was 14 months.
9. CP2's total unsecured aggregate debt with the credit union (\$43,000) would exceed the maximum of \$20,000 (she already had a credit card with a \$10,000 limit with the credit union).
10. The time since CP3's most recent account opening was too recent.
11. CP3 had too many open consumer finance company accounts.

Please note - In-branch loan approval guidelines provide certain branch employees authority to instantly approve loans at the branch level standardized to allow employees across all branches to quickly make loan decisions. R has a Central Lending Department (CLD) with more experienced lending officers who have more discretion and greater authority to approve loans, particularly loans that may require an exception or a more in-depth review.

The MSR informed them that the loan application was declined and as she was providing the reasons for the denial, CP1 abruptly stood up and cut her off, said "let's go" to CP3 and CP2 and the three of them left the building. She was serving another member when CP2 and CP3 returned to her office a short time later, interrupting her and the other member, asking for an explanation for the loan denial. The MSR said she was assisting the other member and would meet with them when she was done. CP1 then went into the MSR's office and demanded an explanation for the loan denial while she was serving another member after she had asked them to wait until she was finished.

CP1 asked to speak to the manager and the MSR notified her. The MSR left her office to get a receipt for the other member. CP1 told CP2 and CP3 to get the MSR's name, business card, and phone number and CP1's demeanor at that time was alarming to her.

The SCM met with Complainants to explain why the loan did not meet the in-branch approval guidelines and offered to submit the loan application to the CLD for a more detailed review. CP1 stated that they needed the loan that day and could not wait and they left without submitting the loan application to Central Lending for reconsideration.

Later that day, the MSR sent an email to the Legal and Fraud Departments with a description of her interactions with them. This is standard, as branch staff are requested to report potential red flags of fraud or suspicious behavior to the Legal and Fraud Departments for additional review if deemed necessary. The MSR felt there were several red flags of potential fraud or suspicious activity including the inconsistent or inaccurate responses from CP3 and CP2 regarding income, the purpose of the loan, the reluctance to provide the nature of the relationship between the individuals, the way CP1 would answer for the ladies and appear to control the meeting although he was not applying for the loan, their aggressive behavior in returning to the branch and interrupting the MSR/the other member after the loan was declined and their insistence of needing the loan proceeds that day. The MSR also noted that CP3 was wearing sunglasses inside and appeared to have a black eye.

The MSR also noted in her email that CP1 conducted a large cash advance on his credit union credit card on Friday, March 29, 2024, and acted "weird" during that transaction as well. CP1 obtained a \$20,000 cash advance from his credit union credit card and a \$5,000 withdrawal from his savings account at that time.

On Monday, April 1, 2024, CP2 went to a branch by herself at about 10:00am and obtained a \$10,000 cash advance on her credit union credit card. She signed in to meet with Member Services regarding a loan, left after about two minutes without meeting with anyone, which was also reported to the Legal and Fraud Departments. That day, the Compliance Manager reviewed the emails from the MSR and made the decision that law enforcement should be contacted to request a well-being check for CP3 and CP2 based on the observations that were reported by staff. An employee in the Compliance Department called the non-emergency number of the Alachua County Sheriff's Office Combined Communications Center and reported the incident to law enforcement stating that it was a non-emergency, that staff did not know what was going on or if this was an abusive situation or not, but was requesting a well-being check since one of the ladies had an apparent black eye. A deputy went to the family home and met with CP1, the females were both at work, and the deputy Face-timed each of them individually. Both reported that everything was fine and they did not feel coerced/in danger in any way. The deputy reported that he had no fear for the females' safety and closed the case. CP1 was upset that the credit union contacted law enforcement, stated that he felt racially profiled and intended to file a complaint. Later that day, CP3 called the SCM and stated she was upset that the credit union requested law enforcement go to her home to check on her, informed the manager that CP1 was advocating for her and CP2 and she only spoke up to correct CP2 when she provided incorrect information. She also stated that her eye was swollen from an allergic reaction and told the manager that she felt the entire interaction on March 30 was cold and believed it was due to CP1's race. The SCM stated that it was not based on race, but staff wanted to ensure that she was safe based on the red flags observed and again offered to send the loan application to a Central Lender and CP3 stated that was not necessary because they had enough cash to finalize their transaction. At about 4:45pm that afternoon, CP1 arrived at a branch to meet with the SCM, was upset about the report to law enforcement, wanted and was given the names of the employees who made the call. He stated he was going to escalate his complaint, asked if the credit union would be lowering his credit card limit/changing his account in any way, and she assured him that the credit union would not.

On April 2, 2024, CP3 went to a different credit union service center and obtained a \$5,000 cash advance on her credit union credit card. On April 4, 2024, the Compliance Manager spoke with CP1, CP2 and CP3 on the phone and informed them that she was the one that made the decision to request a well-being check based on the information that was provided to the Legal and Fraud Departments. They stated that they felt the report was racially motivated, and she informed them that her decision was based solely on the red flags identified during the interaction with staff and the reported black eye, and that she did not even know their races or ethnicities. CP1 stated that he felt like the loan was declined due to his race and the Compliance Manager explained the factors reviewed in the underwriting process including length of employment, length of residency, and credit history. She asked why they didn't accept the manager's offer to have the loan application reconsidered by the CLD and CP1 responded that they were upset about the customer service they had received from the MSR.

On April 5, 2024, CP1 and CP2 returned to a branch to request a copy of her credit report and CP1's credit card statements. CP2 asked what credit score would qualify for a loan approval and the SCM explained that the underwriting is based on several factors besides a credit score. Both returned later that day and CP1 paid \$15,000 cash to pay both female's credit union credit card balances. On April 6, 2024, CP3 returned to a branch, requested a copy of her credit report and the Adverse Action Notice from her declined loan application and staff informed her she would receive the official notice in the mail. CP3 wanted to know the reasons for the loan denial and the MSR provided those to her from the loan application file. CP2 met with a different MSR to discuss the declined loan application, and CP3 joined them after she had met with the first MSR. CP2 also wanted to know the reasons for the loan denial, and those were reported to her from the loan application file.

On April 9, 2024, CP1 visited credit union headquarters and requested to meet with the employee who made the phone call to law enforcement. On April 16, 2024, CP2 returned to a branch and requested a copy of the Lending Policy and Suspicious Activity Procedures, was informed that the credit union does not provide internal policies and procedures to members and was provided with a copy of the credit union's Membership Manual.

Multiple employees have explained to the three members on several occasions why the loan application was denied. Adverse Action notices were also provided to CP2 and CP3. Multiple employees have explained the decision to contact law enforcement to request a well-being check based on the red flags and observations made during the interactions with the three. In the report to law enforcement, the employee in the Compliance Department did not make accusations against CP1, CP2 or CP3, stated she did not know what was going on or whether it was an abusive situation, but was just making a request for a well-being check. A cash advance itself is not necessarily a red flag, but the totality of the other factors outlined above were the reasons why the MSR reported the incident to the Legal and Fraud Departments and why the Compliance Manager requested a well-being check.

R did not discriminate against CP1, CP2 or CP3 based on race, color, sex, national origin, or any other prohibited factor. The credit union is firmly committed to treating all members and applicants without bias or discrimination, and all employees receive training on this policy annually. The loan application did not meet the standard underwriting requirements for in-branch loan approvals and was denied for those objective reasons. The Branch Manager offered on multiple occasions to submit the loan application to the credit union's Central Lending Department for a more detailed review, but the three members declined to do so.

The decision to contact law enforcement to request a well-being check was made by an individual that had no knowledge of the race/national origins of Complainants and was based on the red flags observed and reported by staff during the loan application meeting. When requesting the check, the employee in the Compliance Department stated it was a non-emergency, never lied to law enforcement or alleged abuse and stated she did not know what was going on but was requesting a well-being check because one of the ladies appeared to have a black eye and there were other red flags of suspicious behavior noted during the loan application.

As a place of public accommodation and as a credit union owned by its members, staff have always served CP1, CP2 and CP3 both before and after this incident, with equal treatment as with any other member and each of them has always been welcome at all credit union locations. The three regularly visited credit union locations before and after March 30, 2024, and have been assisted without incident. Although CP1 has made this complaint against R alleging discrimination in the denial of a loan based on race, color, national origin, and sex, CP1 never applied for the loan in question.

Complainants Rebuttal

Complainants disagree that CP1 was controlling in the loan application meeting and acknowledge that he and CP3 corrected a few responses to the MSR's questions, but they feel that they were denied a loan because CP1 was there. CP1 states that R called law enforcement and stated that the Friday prior to the loan application that CP1 was at the credit union to make a large withdrawal and acted weird/suspicious during that transaction and then came on Saturday with CP2 and CP3, that CP3 had a black eye, that CP1 was aggressive, and R suspected him of abusing the women. Complainants state that they were all wearing sunglasses but were not asked to remove the sunglasses per R's posted policy. They walked out as the MSR said the loan was denied and walked back in after they discussed it outside, about why they were denied the personal loan. They state that the Branch Manager gave their personal information in the lobby in front of others. They let her know the MSR was unpleasant, not very informative and needed better training, to which the manager stated, "she is a seasoned employee and is very good at what she does as an MSR. They state that the Branch Manager stated

that the loan was denied due to CP3's length of employment, residency and CP3's very low credit score but that the denial letter showed different adverse denial reasons than what was stated verbally.

Record Evidence

- Record evidence shows Complainants' charges claiming disparate treatment in loan denial and Respondent's request to law enforcement for a well-being check, based on race, color, national origin, sex and association with each other. Complainants also state that they were subsequently approved for a loan in a higher amount by another financial institution.
- Record evidence shows Respondent's position statement denying discrimination and that the loan did not meet the standard underwriting requirements for in-branch approvals, listing 11 reasons for a personal loan denial. Both parties agree that Complainants left abruptly as the MSR was stating reasons for loan denial.
- Record evidence shows CP3/CP2's loan application on 3.30.24, 11:01:24am and SCM reasons for CP2's loan denial as collections or other negative public records, length of employment, length of residence and new R loans too new to rate; and SCM reasons for CP3's loan denial as length of residence and length of employment.
- Record evidence shows CP3's Adverse Action Notice (dated 4.9.24): the \$33,000 personal loan application cannot be approved at this time, that R's decision was based in whole/in part of consumer reporting agency listed below: Equifax, Credit score reported on 3.30.24: 604, key factors that adversely affected your credit score: SERIOUS DELINQUENCY, NUMBER OF ACCOUNTS WITH DELINQUENCY and are reasons for an adverse credit score, not reasons for loan denial. CP2's Adverse Action Notice (dated 4.9.24): the \$33,000 personal loan application cannot be approved at this time, that R's decision was based in whole/in part of consumer reporting agency listed below: Equifax, Credit score reported on 3.30.24: 748, key factors that adversely affected your credit score: TIME SINCE MOST RECENT ACCOUNT OPENING IS TOO SHORT, TOO MANY CONSUMER FINANCE ACCOUNTS and are reasons for an adverse credit score, not reasons for loan denial.
- Record evidence shows CP2 and CP3 loan applications that were subsequently approved by another financial institution: CP2 was approved for an \$8k personal line of credit on 4.6.24; CP3 was approved for a \$20k credit card limit with CP2 as Borrower2 on 4.5.24; CP3 and CP1's father were joint applicants and pre-approved for a \$45k mortgage loan on 5.2.24.
- Record evidence shows that the subsequent loans approved by another financial institution are not comparable to CP3's/CP2's \$33,000 joint personal loan application with R because the loan/credit applications were not similar in loan type, applicants, institution and other assessment factors.
- Record evidence includes an email chain regarding R's decision to contact law enforcement to conduct a well-being check on the women. The "Suspicious Activity 3/30/24" email chain began on 3/30/24, 12:16pm from the MSR to "Legal" and "Fraud Investigation" cc SCM and ended with the Compliance Department employee's update to the Chief Legal Officer and another on 4.1.24, 12:27pm. R states that the Compliance Manager made the decision to contact law enforcement to request a well-being check for CP2 and CP3 based on the MSR's email about red flags, without knowledge of race or ethnicity. However, record evidence of the call to law enforcement (4.1.24, 13:03:08pm) shows that the call made by the Compliance Department employee included visual descriptions of Complainants by race and sex by their IDs, question of abuse, that CP1 was very aggressive/acted weird in a transaction the day prior/that one of the females was wearing sunglasses because she got/was covering up a black eye.

- Record evidence reveals that CP3 and CP2 were individually at credit union service centers but not asked about their safety hours before law enforcement was called, that law enforcement closed the case with no fear for the women's safety.

Summary of Findings

Alachua County Human Rights Ordinance prohibits discrimination in public accommodations based on protected characteristics. Complainants (a Black male and 2 White females) alleged disparate treatment based on race, color, national origin and sex during a loan application meeting which resulted in the loan being denied and a decision made by Respondent to contact law enforcement to conduct a well-being check on the women.

Based on the evidence reviewed and the testimony received in this complaint, there is sufficient evidence to make an inference finding of disparate treatment in violation of the Human Rights Ordinance, based on the following:

- The inconsistent reasons given for denying the loan - the position statement lists 11 reasons that vary from reasons stated in Adverse Action notices, that differ from the internal loan application and the verbal reasons given by the MSR and the verbal reasons explained by the SCM at the time the loan was immediately denied.
- The decision to call law enforcement to conduct a well-being check on the women. Record evidence contradicts Respondent's position that the Compliance Manager did not know the race/ethnicities of the Complainants or imply abuse as the audio record of the call to law enforcement shows that descriptions of Complainants by race were given to law enforcement and that CP1 was described as acting weird/aggressive. Law enforcement closed the case after conducting the well-being check on the women with the officer reporting no fear for their safety.