

# William Michael Cunningham

Economist and Impact Investing Researcher



Monday February 14, 2022

Mr. Michael J. Hsu  
Acting Comptroller of the Currency  
100 F Street, NE  
Washington, D.C. 20549-1090

Dear Mr. Hsu,

We understand that "The Office of the Comptroller of the Currency (OCC) has identified the effects of climate change and the transition to a low carbon economy as presenting emerging risks to banks and the financial system." The OCC is inviting public feedback on a set of "draft principles..for the safe and sound management of exposures to climate-related financial risks.."

Given the fact that incompetence, anti-Black discrimination and exclusionary practices based on race are currently operational in investment and finance, including at the OCC and other regulatory bodies, we decline to directly address the questions raised, having done so over the past 30 years. Additional specific input would be futile. We note, however, Mr. Cunningham (WMC) has long been concerned with the failure of bank and financial institution regulatory agencies to protect the public interest. We base this on the following:

- We stated, on February 5, 2015, in testimony to the Norwegian Ministry of Finance (<http://www.creativeinvest.com/NorwayTestimonyFeb52015.pdf> ) and on April 22, 2015 in testimony to the Government of the United Kingdom:

*"As the market value of environmental, social and governance factors continues to grow, companies and investment managers will engage in fraudulent practices related to these factors. These practices will range from simple falsification of environmental, social and governance records to more sophisticated, but no less fraudulent methods related to environmental, social and governance ratings."*

On September 22, 2015 automaker Volkswagen admitted that "'defeat devices' used to cheat emissions testing were installed in 11 million vehicles worldwide."

- WMC designed the first mortgage security backed by Targeted Energy Efficient Mortgages in June 2006.  
<https://www.creativeinvest.com/EnergyEfficientMortgageMBSJune2006.pdf>

[info@creativeinvest.com](mailto:info@creativeinvest.com)  
[www.creativeinvest.com](http://www.creativeinvest.com)

# William Michael Cunningham

Economist and Impact Investing Researcher



- On July 3, 1993, WMC wrote to SEC Commissioner Mary Schapiro to notify the Commission about a certain, specific investing "scam." A timely warning was not issued to the investing public and members of the public were damaged. See: <https://www.creativeinvest.com/SECNigerianLetter.pdf>
- WMC designed the first mortgage security backed by home mortgage loans to low- and moderate-income persons and originated by minority-owned institutions. (See: Security Backed Exclusively by Minority Loans, at <https://www.creativeinvest.com/mbsarticle.html> )
- In October, 1995, the Washington Gas Light (WGL) Company retained WMC to create mortgage-backed securities (MBS) consisting of one to four family residential home loans originated by minority-owned financial institutions serving areas of high social need. Mr. Cunningham developed a completely original approach that involved geocoding and mapping, for the first time, the location of every loan in an MBS pool and tying that location to social data. A sample map WMC created in 1997 for this process is attached as Appendix A.
- On April 30, 1997, in Case 97-1256 at the US Court of Appeals for the DC Circuit, Mr. Cunningham opposed the merger of Citigroup and Travelers and the elimination of the Glass-Steagall Act.
- In November, 1997 and, again in December, 2003, WMC wrote to the Division of Market Regulation at the Securities and Exchange Commission, on behalf of WMC and Creative Investment Research to request that CIR be considered a nationally recognized statistical rating organization ("NRSRO"). WMC requested this status only with respect to rating securities issued by financial institutions owned by women and minorities. WMC never received a reply from the Commission. We have attached a copy of a letter sent to Ms. Nazareth, Director, Division of Market Regulation, Securities and Exchange Commission, as Appendix B.
- In October 1998, in a petition to the United States Court of Appeals for the District of Columbia Circuit in opposition to the Citigroup/Travelers merger, we cited evidence that growing financial market malfeasance greatly exacerbated risks in financial markets, reducing the safety and soundness of large financial institutions. We went on to note that:

[info@creativeinvest.com](mailto:info@creativeinvest.com)  
[www.creativeinvest.com](http://www.creativeinvest.com)

# William Michael Cunningham

Economist and Impact Investing Researcher



*"The nature of financial market activities is such that significant dislocations can and do occur quickly, with great force. These dislocations strike across institutional lines. That is, they affect both banks and securities firms. The financial institution regulatory structure is not in place to effectively evaluate these risks, however. Given this, the public is at risk."*

On July 25, 2012, the New York Times reported that Sanford I Weill, former chairman and chief executive of defendant Citigroup "called for a wall between a bank's deposit-taking operations and its risky trading businesses. In other words, he would like to resurrect the regulation (Glass-Steagall) that he once fought."

- On June 15, 2000, we testified before the House Financial Services Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises (GSE's) of the US Congress. We suggested that the GSE's (Fannie Mae and Freddie Mac) be subject to a thorough "Social Audit." A Social Audit is an examination of the performance of an enterprise relative to certain social objectives. It also includes a review of ethical practices at the firm. Had they been subject to this audit, certain flaws in their operation which led to their failure, including ethical shortcomings, may have been revealed earlier. See:

<https://www.creativeinvest.com/fnma/>

- In 2001, Mr. Cunningham helped create the first wide scale home mortgage loan modification project. See: Property Flipping Remediation Yields Investment-grade Security at: <http://www.creativeinvest.com/remediation.pdf> and <https://www.creativeinvest.com/PropertyFlipping.pdf>

- On December 22, 2003, statistical models we created using the Fully Adjusted Return® Methodology predicted the financial crisis of 2008. See page 6: <http://www.sec.gov/rules/proposed/s71903/wmccir122203.pdf>

- On Monday, April 11, 2005, we testified before Judge William H. Pauley III in the U.S. District Court for the Southern District of New York on behalf of investors at a fairness hearing regarding the \$1.4 billion-dollar Global Research Analyst Settlement.

- In 2005, we served as an expert witness for homeowners in a case against PMI Group, Credit Suisse First Boston, Moody's, Standard and Poor's, Fairbanks Capital Corporation, Select Portfolio Servicing, US Bank National Association, as

[info@creativeinvest.com](mailto:info@creativeinvest.com)  
[www.creativeinvest.com](http://www.creativeinvest.com)

# William Michael Cunningham

Economist and Impact Investing Researcher



Trustee of CSFB ABS Series 2002-HEI, et. al., in the New Jersey Superior Court Law Division - Monmouth County. Our expert witness testimony held corporate parties responsible for facilitating predatory lending practices. Had this single case been successful, we believe the financial crisis of 2008 would not have occurred.

- On Monday, April 11, 2005, WMC testified before Judge William H. Pauley III in the U.S. District Court for the Southern District of New York on behalf of the public at a fairness hearing regarding the \$1.4 billion-dollar Global Research Analyst Settlement. See: <https://creativeinvest.com/fairness.html>
- On December 22, 2005, Mr. Cunningham met with Ms. Elaine M. Hartmann of the Division of Market Regulation at the U.S. Securities and Exchange Commission. At that meeting, he issued a strongly worded warning that system-wide economic and market failure was a growing possibility.
- On February 6, 2006, statistical models created by WMC using the Fully Adjusted Return ® Methodology signaled the probability of system-wide economic and market failure. (See page 2: <http://www.sec.gov/rules/proposed/s71005/wcunningham5867.pdf> )
- On June 18, 2009, WMC testified before the House Ways and Means Select Revenue Measures Subcommittee at a joint hearing with the Subcommittee on Domestic Monetary Policy and Technology of the Financial Services Committee concerning ways to improve the New Markets Tax Credit Program. See: <https://www.creativeinvest.com/nmtctestimony.html> and <https://financialservices.house.gov/media/file/hearings/111/printed%20hearings/111-47.pdf> )
- On January 25, 2012, WMC submitted a "Friend of the Court" brief in a case before the United States Court of Appeals for the Second Circuit (Case 11-5227). As a friend to the Court, Mr. Cunningham provides an independent, objective and unbiased view in support of broad public interests. His education and experience uniquely positioned him to provide objective, independent research and opinions concerning the issues central to the case.
- On August 13, 2015, Mr. Cunningham provided testimony on the Department of Labor's Fiduciary Rule. Online at <https://youtu.be/kOGS-DdLYe0>

[info@creativeinvest.com](mailto:info@creativeinvest.com)  
[www.creativeinvest.com](http://www.creativeinvest.com)

# William Michael Cunningham

Economist and Impact Investing Researcher



- Our June 11, 2016 forecast predicted the election of Donald J. Trump. See: *Why Trump Will Win*. <https://www.linkedin.com/pulse/why-trump-win-william-michael-cunningham-am-mba/>

- Following the election, our December 26, 2016 forecast stated:

*"Under any conceivable scenario, the current situation is very bad, and I mean toxic, for democratic institutions in general and for people of color specifically. Bottom line: our Fully Adjusted Return Forecast indicates that, over time, **things will get much, much worse.....**"*

See: Trumpism. <https://www.linkedin.com/pulse/trumpism-william-michael-cunningham-am-mba/>

- As we predicted on January 27, 2022, the Russian Federation and the Bank of Russia have agreed on a future regime..in which cryptocurrencies are recognized as an analogue of currencies, and not digital financial assets (DFA)." See: <https://youtu.be/n1i4J8df0t0>

- Mr. Cunningham has been concerned with using new financial technologies to maximize social and financial return. See: Bitcoin and Blockchain Explained IN 30 MINUTES FOR FREE. <https://www.udemy.com/course/bitcoin-explained/>

- Mr. Cunningham was in the pool of Corporate Governance Advisors and Diversity Investing Advisors to CalPERS. He is currently under contract for Portfolio Assistance (Non-Fiduciary) Investment Consulting Spring-Fed Pool 2020 to the fund. See: <http://www.creativeinvest.com/Calpers1.pdf>  
<http://www.creativeinvest.com/Calpers2.pdf> and  
<http://www.creativeinvest.com/Calpers3.pdf>

- Creative Investment Research was one of the first signatories to the UN Global Principles for Responsible Investment (www.unpri.org). See: <http://www.creativeinvest.com/PRINews2009land.jpg>

Mr. Cunningham has a long track record of analyzing and offering solutions as part of his response to proposed regulatory agency rules:

[info@creativeinvest.com](mailto:info@creativeinvest.com)  
[www.creativeinvest.com](http://www.creativeinvest.com)

# William Michael Cunningham

Economist and Impact Investing Researcher



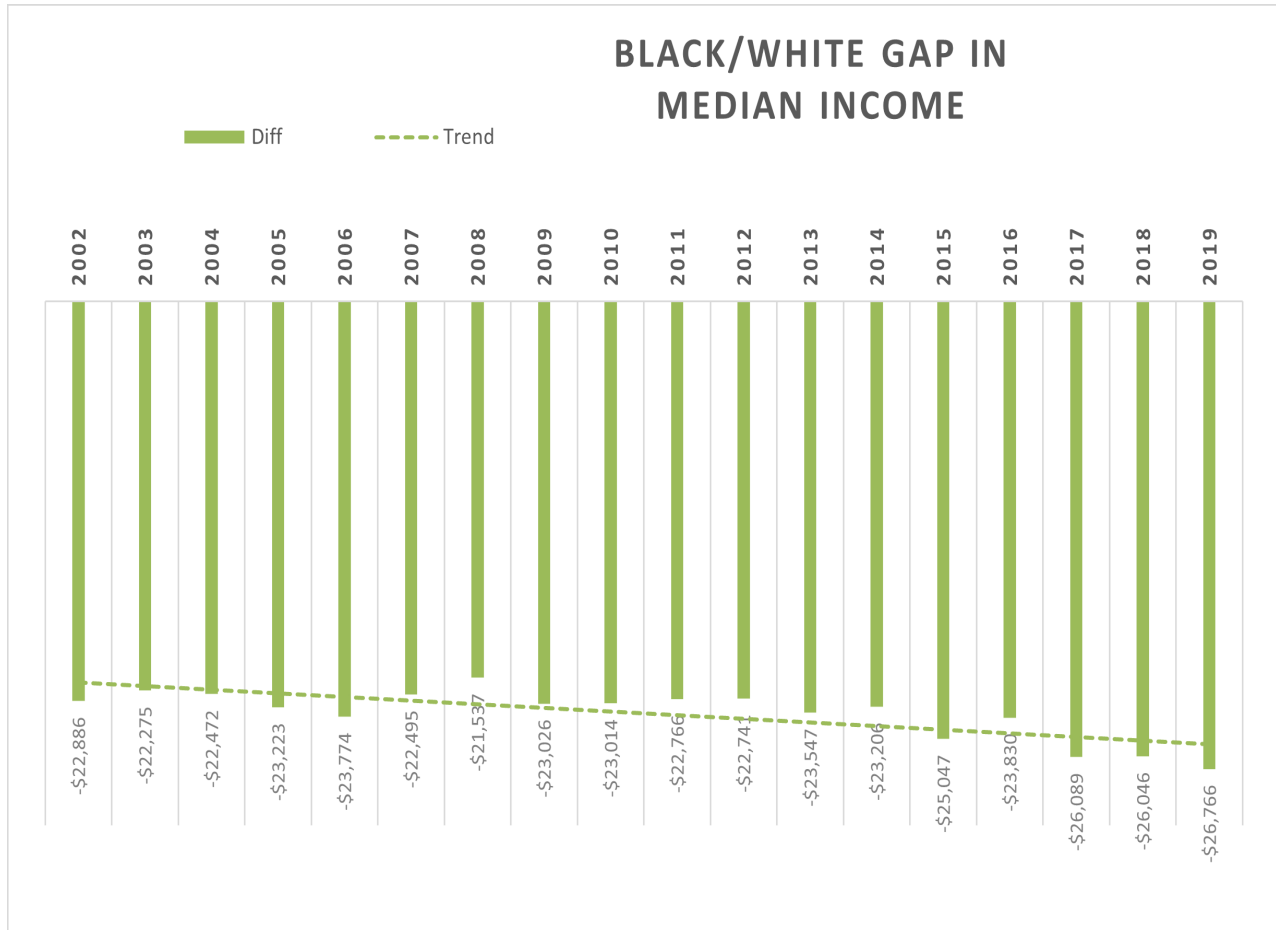
- October 04, 2006. Roundtable discussions relating to the use of eXtensible Business Reporting Language (XBRL). [File No. 4-515]. <https://www.sec.gov/news/press/4-515/wcunningham7465.pdf> Page 17.
- Our 2003 comments on proposed proxy voting rules that would, under certain circumstances, require companies to include in their proxy materials security holder nominees for election as director. <https://www.sec.gov/rules/proposed/s71903/wmccir122203.pdf>
- See: Comments on Proposed Rule: Internet Availability of Proxy Materials Release Nos. 34-52926 IC-27182 File No. S7-10-05. Confirmed that system-wide economic and market failure was a growing possibility. (See page 2: <http://www.sec.gov/rules/proposed/s71005/wcunningham5867.pdf> )
- Shareholder Proposals Relating to the Election of Directors. Release No. 34-56161 File No. S7-17-07 <https://www.sec.gov/comments/s7-16-07/s71607-495.pdf>
- We have requested that the U.S. Securities and Exchange Commission (SEC) develop mandatory rules for public companies to disclose high-quality, comparable, decision-useful information concerning BLM Pledge fulfillment. See: <https://www.sec.gov/rules/petitions/2021/petn4-774.pdf>

As this record shows, over the past 30 years, Mr. Cunningham has sought to protect the public by working with private sector and Federal regulatory agencies, including the Federal Reserve Board (FRB), the Securities and Exchange Commission (SEC), the Federal Deposit Insurance Corporation (FDIC), the Financial Crisis Inquiry Commission (FCIC), the U.S. Department of Justice (DOJ), the Consumer Financial Protection Bureau (CFPB), the Federal Housing Finance Agency (FHFA), the Department of Commerce (Minority Business Development Agency) and the US Treasury, as an employee or as a contractor. Despite his education and experience, all offers to provide consulting services and all employment applications have been denied (due to age, racial and class discrimination.) Further attempts to work with these institutions would be futile. This leaves Mr. Cunningham no option but to file this comment in order to have his independent, objective technical knowledge and experience given consideration. Mr. Cunningham's interest in this matter stems from his role as an economist and an expert in marketplace innovation and ethics and rests upon his status as a citizen of the United States.

[info@creativeinvest.com](mailto:info@creativeinvest.com)  
[www.creativeinvest.com](http://www.creativeinvest.com)



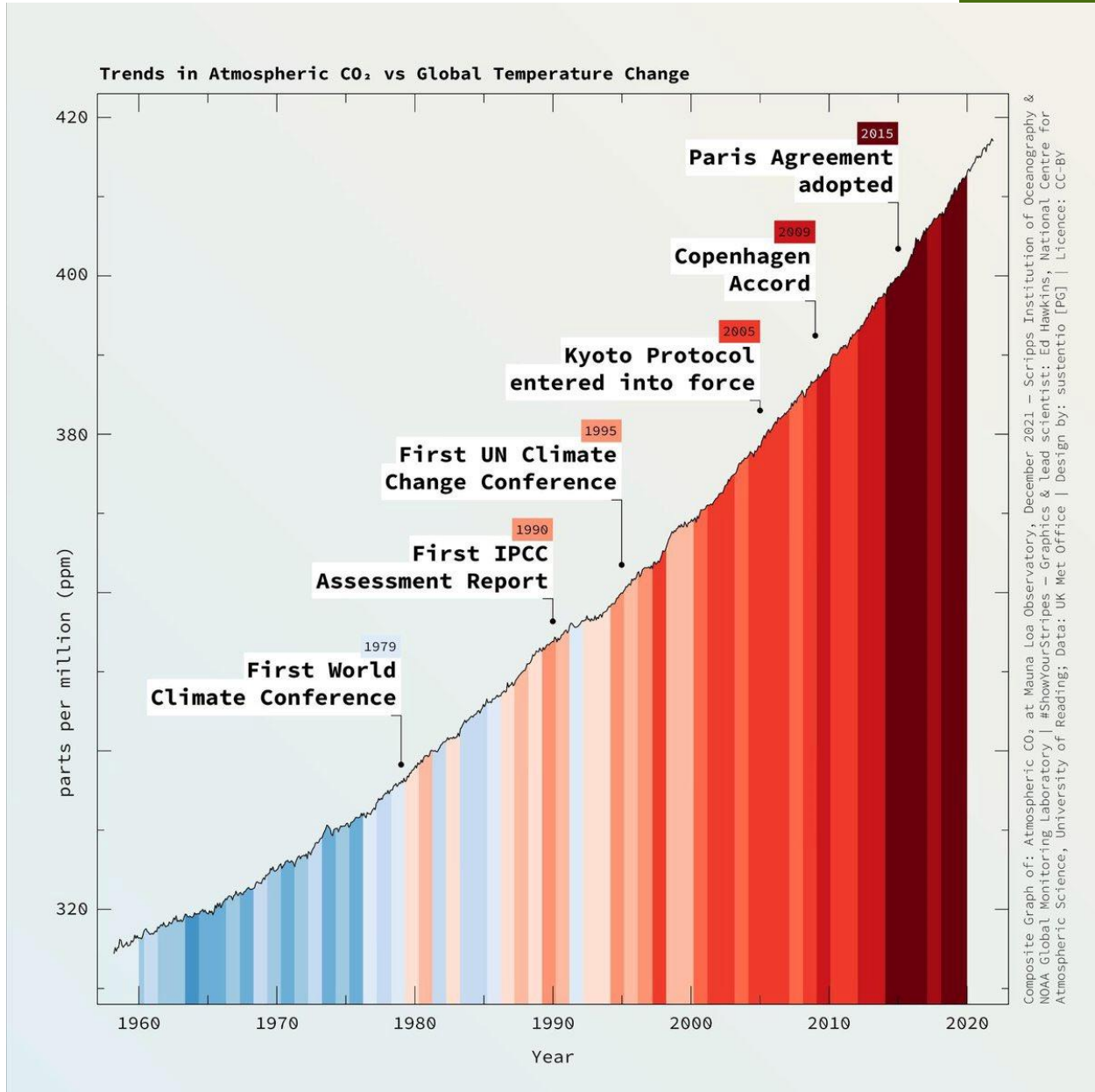
Our economic models clearly predict the outcome of this and related regulatory efforts. Detailing and describing these outcomes would serve no purpose other than



to enrich a set of non-African American individuals and entities while simultaneously damaging the public. While we decline to do so, note the following: As Mr. Cunningham has demonstrated, inadequate consideration of the public interest damaged the public and investors.<sup>1</sup> Current regulatory practices protect the monetary interest of a small set of non-African American persons, fail to protect the general public, and damage the Country’s long term economic prospects.

<sup>1</sup> For example, see: Fed Unveils Stricter Trading Rules Amid Fallout From Ethics Scandal. Jeanna Smialek, Oct. 21, 2021. The New York Times. Online at: <https://www.nytimes.com/2021/10/21/business/federal-reserve-trading-ethics.html> and Bankers Cast Doubt On Key Rate Amid Crisis [https://www.wsj.com/articles/SB120831164167818299?reflink=desktopwebshare\\_twitter](https://www.wsj.com/articles/SB120831164167818299?reflink=desktopwebshare_twitter) via @WSJ [info@creativeinvest.com](mailto:info@creativeinvest.com) [www.creativeinvest.com](http://www.creativeinvest.com)



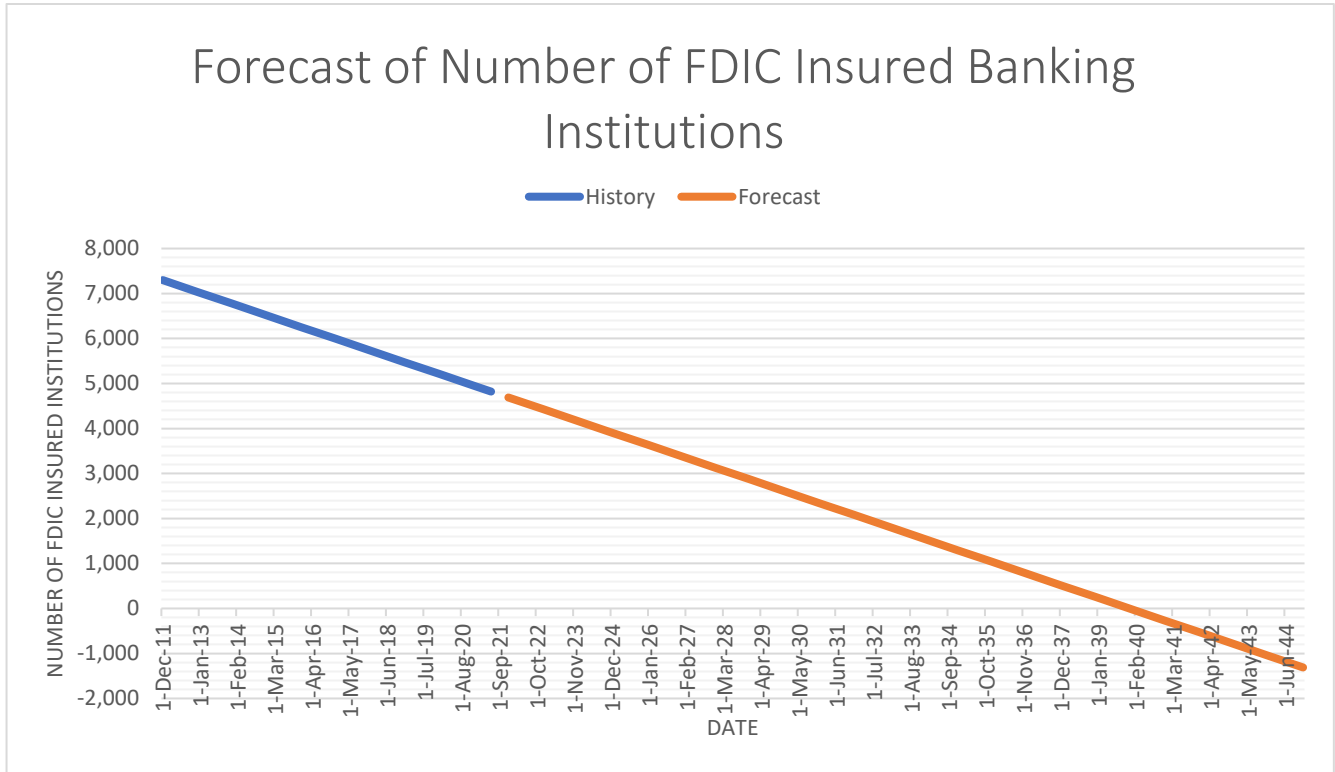


These regulatory failings have real implications for the public.





Regulators may have abdicated their responsibility to consider the public interest, if that interest includes maintaining a fair, competitive financial services industry. Our forecast indicates that by 12/31/2039, if current trends continue in a linear manner, the number of FDIC insured institutions will be approximately 1-2.



Note that, with growing competition from fintech firms and alternatives, like bitcoin, this may imply the wholesale exit of banking institutions from the OCC, FDIC and Federal Reserve systems.

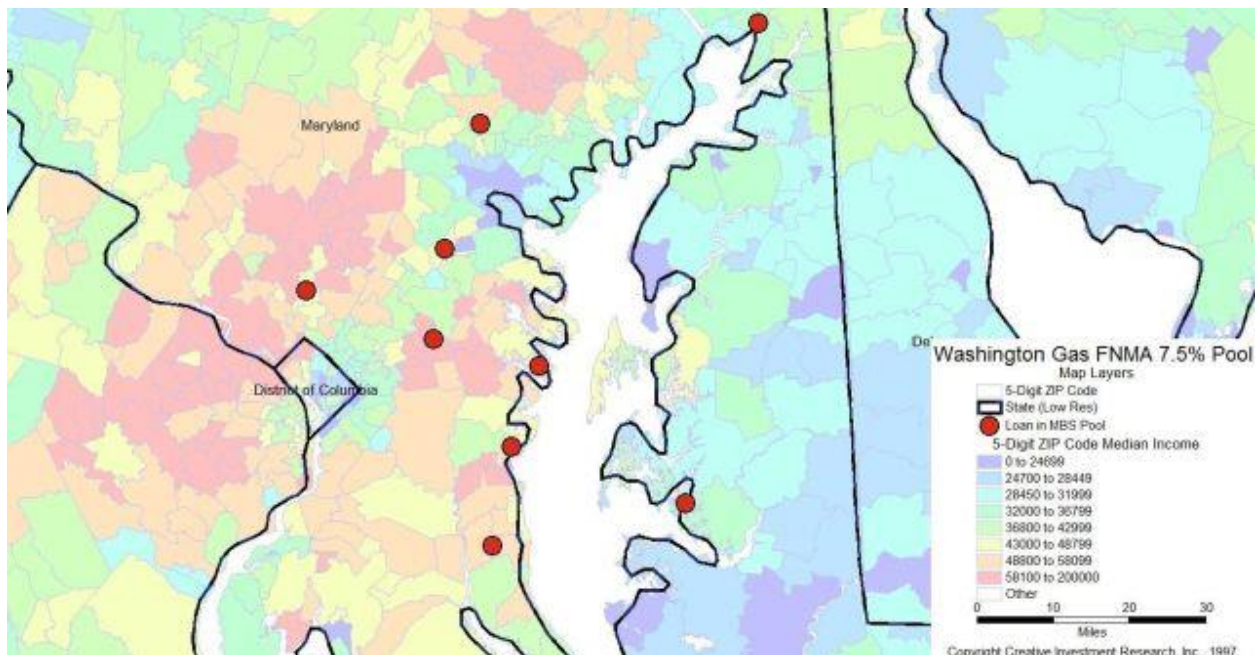
This would not be in the public interest.

## Appendix A

William Michael Cunningham manages an investment advisory and research firm, Creative Investment Research, founded in 1989 to expand the capacity of capital markets to provide capital, credit and financial services in minority and underserved areas and markets.

We have done so by creating new financial instruments and by applying existing financial market technology to underserved areas. The Community Development Financial Institution Fund of the US Department of the Treasury certified the firm as a Community Development Entity on August 29, 2003. The Small Business Administration certified the firm as an 8(a)-program participant on October 19, 2005. (We did not receive any benefit or revenue due to our participation in the 8(a) program.)

In 1991, Mr. Cunningham created the first systematic bank analysis system using social and financial data, the Fully Adjusted Return® methodology. In 1992, he developed the first CRA securitization, a Fannie Mae MBS security backed by home mortgage loans originated by minority banks and thrifts.



# William Michael Cunningham

Economist and Impact Investing Researcher



In 2001, he helped create the first predatory lending remediation/repair MBS security.<sup>2</sup>

Also see:

- BLACK LIVES MATTER: CORPORATE AMERICA HAS PLEDGED \$1.678 BILLION SO FAR. June 10, 2020.  
<https://www.blackenterprise.com/black-lives-matter-corporate-america-has-pledged-1-678-billion-so-far/>
- BLACK WOMENOMICS Maternal Mortality Reparation Facility  
<https://blackwomenomics.com/>
- CHILD TAX CREDIT <https://www.childtaxcredit.net/>
- FIFTEEN DOLLAR MINIMUM WAGE <https://fifteendollarminimumwage.com/>
- THE FAIRNESS ECONOMY <https://thefairnesseconomy.com/>
- The Crisis in Black Housing  
<https://drive.google.com/file/d/11jFtWfQY5Rpdbpw0s6stHhawY0iero6/view>

2

Pool	Client	Originator	Social Characteristics
FN374870	Faith-based Pension Fund	National Mortgage Broker	Mortgages originated by minority and women-owned financial institutions serving areas of high social need.
FN296479			
FN300249			
GN440280	Utility Company Pension Fund	Minority-owned financial institutions	
FN374869			
FN376162			
FN254066	Faith-based Pension Fund	Local bank	Predatory lending remediation

[info@creativeinvest.com](mailto:info@creativeinvest.com)  
[www.creativeinvest.com](http://www.creativeinvest.com)

# William Michael Cunningham

Economist and Impact Investing Researcher



## Appendix B

December 8, 2005

Ms. Elaine M. Hartmann  
Division of Market Regulation  
U.S. Securities and Exchange Commission  
450 5th Street, NW  
Washington, DC 20549

Dear Ms. Hartmann,

Creative Investment Research (CIR) has requested that the Division of Market Regulation not recommend enforcement action to the U.S. Securities and Exchange Commission if CIR is recognized as a Nationally Recognized Statistical Rating Organization (NRSRO) for purposes of applying Rule 15c3-1 under the Securities and Exchange Act of 1934, as amended and codified at 17 C.F.R. 240.15c3-1 with respect to rating short term debt vehicles issued by women and minority owned financial institutions.

As part of the NRSRO recognition process, we have provided you and your staff with information regarding our qualifications, including confidential, nonpublic information on our trade secret protected Fully Adjusted Return ® methodology.

Thank you.

Sincerely,

William Michael Cunningham  
CEO and Social Investment Advisor

Sample page below

[info@creativeinvest.com](mailto:info@creativeinvest.com)  
[www.creativeinvest.com](http://www.creativeinvest.com)

Creative Investment Research, Inc. Minority Bank & Thrift Report

Page No.:71

Dryades Saving Bank

233 Carondelet St  
New Orleans

LA 70130

Phone: (504) 581-5891  
Fax: (504) 598-7233

Route #: 265070516

Certificate #: 1470512650

INSTTYPE: Savings Bank

Branches: 4

Employees: 54

Ethnic Group: Black

Community Reinvestment Act Rating:

Latest Rating: Outstanding

Rating t-1: Outstanding

Rating t-2: Satisfactory

Rating t-3: Satisfactory

Management

President: Virgil Robinson  
CFO: Frank J Oliveri  
Loan Officer: Tomorr LeBeouf  
Operations Officer: Hedy Hebert

Fully Adjusted Return (TM): 173

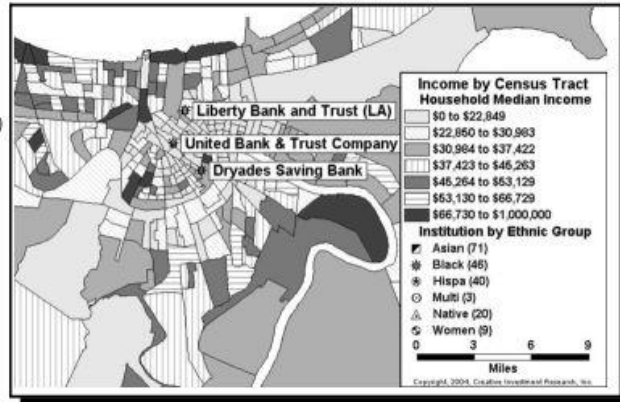
Index of social and financial performance.  
Range 300 to 0. (Higher is better.)

Regulatory and Business Status

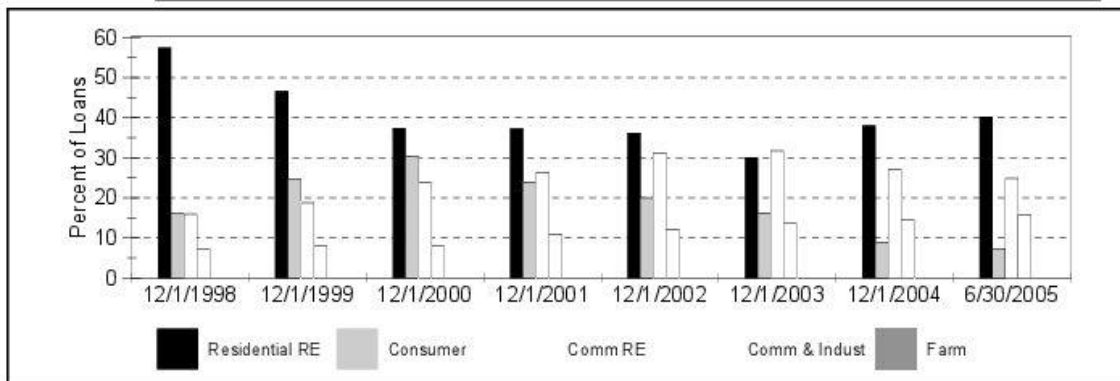
Trading Status: Not Publicly Traded  
Insurance Type: Savings Association Insurance Fund(SAIF)  
Holding Company: Dryades Bancorp, Inc.

Social Data

COUNTY: Orleans  
Unemployment, %, 7/1/2005: 5.60  
Population, 7/1/04: 462,269  
Population change, % 2000 to 2004: -4.6 %  
Offices of FDIC-Insured Inst, 8/22/05: 108  
Minority population, % of total in County: 73.4 %  
Per Capital personal income, 2003: \$30,152  
Minority firms in County, % of total, 1997: 28.6 %  
Women-owned firms in County, % of total, 1997: 26.6 %



Year	12/1/1998	12/1/1999	12/1/2000	12/1/2001	12/1/2002	12/1/2003	12/1/2004	6/30/2005
Assets	\$88,946	\$95,937	\$105,717	\$122,844	\$123,349	\$92,773	\$103,456	\$111,051
GrLns	\$68,952	\$74,217	\$82,735	\$76,801	\$61,982	\$56,390	\$62,766	\$66,165
Deposits	\$79,132	\$83,939	\$87,046	\$116,073	\$114,874	\$75,938	\$86,965	\$94,535
Equity	\$6,112	\$5,886	\$5,779	\$5,832	\$7,119	\$8,484	\$7,046	\$6,978
Salaries	\$2,697	\$3,039	\$3,151	\$3,132	\$2,921	\$2,793	\$2,839	\$1,428
Net Inc.	\$365	\$292	\$3	(\$44)	\$302	\$1,733	(\$427)	(\$4)
Net Ch	0.14	0.16	0.61	0.43	0.30	2.16	0.66	1.35
Offs%	0.56	0.82	1.42	1.03	1.50	2.83	2.23	1.34
NonPerfLns	0.44	0.32	0.00	-0.04	0.23	1.71	-0.42	-0.01
%	6.21	4.85	0.05	-0.75	4.66	20.00	-5.35	-0.11
ROA								
ROE								



Data from sources believed reliable, but a advisor not responsible for errors or omissions contained here in. May not be copied without express permission of the Author. Call 866-867-3795 to obtain. This document registered with the United States Library of Congress Copyright Office.