

18th annual National Black Business Month™

July 3, 2021

The Honorable Joyce Beatty, D-OH
Chair
Subcommittee on Diversity and Equity
House Financial Services Committee
U.S. Capitol
Washington, D.C.

Dear Chair Beatty,

Your recent hearing one year after the death of George Floyd bears a resemblance to the events in Minneapolis. If you recall, the official police report indicated nothing unusual, just a death by natural causes. Had it not been for the video from bystanders, the event would have gone unnoticed.

Similarly, the testimony by the Bank Policy Institute and Business Roundtable was analogous to the official police report. With the questioning from the committee, it emerged even from their Lake Wobegon prism, that only two percent of the stated pledges have actually come to fruition.

Imagine going into one of the money center banks and offering to pay a penny on the dollar for an obligation. That bank would have called the police, and the customer might likely wound up face down on the ground.

The 18th annual National Black Business Month applauds the several bills from the committee seeking transparency in compliance with the Civil Rights Act of 1964, Dodd-Frank and the Community Reinvestment Act.

Our Truth in Equity petition for rulemaking to the Securities and Exchange Commission filed in February urges the SEC to make it a material fact in any release professing to demonstrate a covered entity's equal opportunity performance to specify whether the firm meets the FFIEC's Joint Standards and to disclose its EEO-1 data.

In our How to Do Equity four-part symposium in April and May, we talked to the African-American businesses on the sidewalk. Among them was Mathematical Modelling Inc., founded by double MIT graduate Dr. Frederick Foreman, inventor of 40 products.

He revealed that after creating a 13.5 million bit encryption TEN YEARS AGO, compared to the 256-bit standard being regularly hacked by criminals and foreign states, he approached more than 200 venture funders, only getting responses from eight. Once, those eight learned he was an African-American, that was the end of the conversation.

It stuck out to me that Paypal was cited as the best example of corporate response in the past year. When Dr. Foreman was registering for the How to Do Equity symposium, his staff found that it took several weeks to pay the registration fee. We've used PayPal for 22 years. The assessment from these world class mathematicians was that algorithms were being used to deliberately block my customers from completing transactions. When I raised the issue, I found Paypal retaliated by blocking transfers from my checking account to the Paypal account. This is consistent with testimony last year to the House Judiciary and Small Business Committees about anti-competitive behavior by network platforms against African-American firms.

You and Chair Waters were appropriately skeptical of the reports from major banks. I covered the passage of the Community Reinvestment Act in 1975 and was first journalist to use Home Mortgage Disclosure Act data in 1978. In the 40 years since, I have longitudinally tracked 120

black communities for 150 data points for *Come This Far By Faith: African-Americans 1980-2020*. Voluntary compliance has never worked for equal opportunity compliance. Despite the legal requirements to act fairly, regulated financial institutions have drawn three multi-billion bailouts from the federal government since the Reagan era, in 1987, 2008 and 2020. It was banks that rebelled against the new provisions for loan forgiveness for long-suffering Black farmers.

The \$12 billion allocated towards MDIs is consistent with our recommendations in our annual State of Black Business reports for a focused monetary policy for the African-American community, which has an annual income comparable to the GDPs of Russia or India.

Over the past 30 years, the African Development Bank has been the catalyst for a four fold increase in GDP in sub-Saharan Africa.

A similar entity targeted to the 105 counties of the Black Belt, leveraging their own pension holdings and other assets, is the kind of transformative policy which will move us beyond square one.

Wall Street has failed to meet the demands of equal opportunity and by all indications is moving backward. There are fewer Black CEOs in large corporations than in the 1980s.

We would encourage the committee to hear from the Black-owned businesses that we survey in our annual State of Black Business report and our monthly Journal of Black Innovation.

You can get more details by contacting me at johnwtempleton@blackbusinessmonth.com or 415-240-3537.

Sincerely,

John William Templeton

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